



SOUTH FEATHER WATER & POWER AGENCY

AGENDA

**Regular Meeting of the Board of Directors of the
South Feather Water & Power Agency
Board Room, 2310 Oro-Quincy Highway, Oroville, California
Tuesday; September 28, 2021; 2:00 P.M.**

In Compliance with the State of California Governor's Office Executive Order N-29-20, N-25-20 and N-35-20, SFWPA will limit "in-person" attendance for the September 28, 2021 Board Meeting.

Individuals that are not critical to agenda items below may fully participate in the meeting via Zoom by logging into:

<https://us02web.zoom.us/j/89538664320>

Meeting ID: 895 3866 4320

1-669-900-6833 US (San Jose)

Phone Users: *9 to raise your hand

A. Roll Call –

B. Business Item

Annual Financial Report with Independent Auditor's Report

(Tab 1)

Review and requested acceptance of the Independent Auditor's Report and Financial Statements the years ended December 31, 2020 and 2019.

C. Approval of Minutes – Regular Meeting on August 24, 2021

(Tab 2)

D. Approval of Checks/Warrants

(Tab 3)

E. Staff Reports

(Tab 4)

F. Closed Session

(Tab 5)

Conference with Real Property Negotiators (Government Code § 54956.8)

Real property negotiators Agency staff and Agency legal counsel to discuss price and terms of payment of proposed Power Purchase Agreement (including critical infrastructure schematics) between South Feather Water and Power Agency and Northern California Power Agency.

Conference with Legal Counsel – Existing Litigation

(Paragraph (1) of subdivision (d) of Government Code section 54956.9

A. Name of Case: North Yuba Water District v. South Feather Water & Power Agency et al., Butte County Superior Court Case No. 21CV01563

B. Name of Case: South Feather Water & Power Agency v. North Yuba Water District et al., Butte County Superior Court Case No. 21CV00815

Conference with Legal Counsel – Existing Litigation

(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)

Name of case: Glaze v. South Feather Water & Power Agency, Butte County Superior Court Case No. 20CV01283

G. Open Session

Report of closed session actions.

H. Business Items

Power Purchase Agreement (Tab 6)
Consider Adoption of Resolution No. 21-28-09 authorizing the General Manager to execute a proposed power purchase agreement with Northern California Power Agency (NCPA) and to take such other actions reasonably necessary to transition to a new power purchase agreement with a term effective on December 19, 2021.

Palermo Water Consolidation Project (Tab 7)
Requesting approval to authorize the General Manager to execute a Memorandum of Understanding with The County of Butte and South Feather Water and Power Agency Regarding development, implementation, and administration of the Palermo Drinking Water Consolidation Project.

I. Public Comment – Consistent with Executive Order N-29-20, N-25-20 and N-35-20 from the Executive Department of the State of California the Board Chambers will not be physically open to the public and can be teleconferenced with the instructions above. Public comment for Directors can be submitted anytime via e-mail. However, in order to be read into the record during the meeting it must be submitted to PublicRelations@southfeather.com by 12:00 P.M. Tuesday September 28, 2021. Individuals will be given an opportunity to address the Board regarding matters within the Agency's jurisdiction that are not scheduled on the agenda, although the Board cannot take action on any matter not on the agenda. Comments will be limited to 5 minutes per speaker. An opportunity for comments on agenda items will be provided at the time they are discussed by the Board. Comments will be limited to five minutes per speaker per agenda item.

J. Information Item (Tab 8)

Notice of Vacancy Division 4
The Directors seat for Division 4 is open and will be filled by appointment during October's regularly scheduled Board Meeting.

Water Theft and Storage (Tab 9)
Director's request for an agenda item to discuss water theft and increased water storage within South Feather's Sphere of Influence.

K. Directors' Reports

Directors may make brief announcements or reports for the purpose of providing information to the public or staff, or to schedule a matter for a future meeting. The Board cannot take action on any matter not on the agenda and will refrain from entering into discussion that would constitute action, direction or policy, until the matter is placed on the agenda of a properly publicized and convened Board meeting.

L. Adjournment

The Board of Directors is committed to making its meetings accessible to all citizens. Any persons requiring special accommodation to participate should contact the Agency's secretary at 530-533-2412, preferably at least 48 hours in advance of the meeting.



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Steve Wong, Finance Division Manager

DATE: September 21, 2021

RE: Annual Financial Report with Independent Auditor's Report
9/28/21 Board of Directors Meeting

The 2020 Annual Financial Report accompanied by the independent auditor's opinion is hereby submitted. The auditors, Richardson & Company, issued an "unqualified" opinion as stated on the second page of their report:

In our opinion, the financial statements . . . present fairly, in all material respects, the financial position of the Agency, as of December 31, 2020 and 2019 and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. . .

Letters to the Board regarding internal control, the Agency's Appropriations Limit, a governance letter and a management letter are also included.

Governmental accounting standards report most of the data in a summarized form, presenting the Agency's financial activity and position in various consolidated formats. Activity within the Agency's two funds (General Fund and Joint Facilities Operating Fund) is presented as Supplementary Information in the Combining Schedules on pages 46 through 54. As detailed in the Report, the Agency's net financial position was \$92,594,339 for the year ended December 31, 2020. Current assets exceeded current liabilities by \$22,613,748. Liabilities for both pension and Other Post-Employment Benefits (OPEB) are accounted for in this report in full compliance with current governmental accounting standards.

Brian Nash, Managing Partner from Richardson & Company, will present a brief report to the Board and will be available to answer questions.

I would like to take this opportunity to acknowledge the members of the Finance Division team and the other Agency administrative staff for their participation, assistance and cooperation in assembling this report and for their good work exhibited throughout the year. Their efforts are much appreciated.

If the Board is satisfied with the Auditor's report and staff's responses at this time, the following action is requested:

"I move acceptance of the Independent Auditor's Report and Financial Statements for the Years Ended December 31, 2020 and 2019."

SOUTH FEATHER WATER AND POWER AGENCY

AUDITED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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SOUTH FEATHER WATER AND POWER AGENCY

AUDITED FINANCIAL STATEMENTS

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Feather Water and Power Agency
Oroville, California

Report on the Financial Statements

We have audited the accompanying financial statements of South Feather Water and Power Agency (the Agency) as of December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
South Feather Water and Power Agency

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Contributions to the Pension Plan and Schedule of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control

To the Board of Directors
South Feather Water and Power Agency

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Richardson & Company, LLP

September 16, 2021

**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

This discussion and analysis is part of the overall financial report. The basic financial statements that follow make up the other part of the report.

The South Feather Water and Power Agency, formerly Oroville-Wyandotte Irrigation District (OWID), was formed in 1919 as an irrigation district under the Irrigation District Law, Division 11 of the Water Code (§ 20500 et seq.) of the State of California, for purposes of supplying water for irrigation. The Agency presently includes approximately 54,000 acres in south eastern Butte County and encompasses the unincorporated areas adjacent to the City of Oroville, as well as the unincorporated communities of Kelly Ridge, Bangor, and Palermo. The Agency area has a population of approximately 17,500, and currently provides water services to approximately 7,000 residential customers (domestic water) and 600 irrigation customers (raw water).

The Agency has water rights from the south fork of the Feather River and certain tributaries for hydroelectric generation purposes, which water may also be diverted by the Agency each year for consumptive uses. The Agency owns certain hydroelectric facilities, the power from which is presently sold to Pacific Gas and Electric Company (PG&E).

FINANCIAL HIGHLIGHTS

- The South Feather Water & Power Agency December 31, 2020 net position of \$92,594,339 a decrease of \$3,827,965 (3.97%) when compared with the December 31, 2019 net position of \$96,422,304.
- The Agency's operating revenues decreased by \$9,483,025 or 38.01% from the prior year. Drought conditions caused revenue from hydropower generation to be significantly less than what has been historically received. The Agency's 2020 operating expenses decreased slightly by \$491,102 or 2.39% from 2019.
- The Agency's capital contributions increased by \$435,734 to the 2020 amount of \$627,699, which includes grants for the Miners Ranch Canal road repairs offset by a decrease in system capacity charges levied.
- Construction-in-Progress decreased by \$311,060 from last year to \$113,317. The projects in progress at December 31, 2020 included the water distribution system remote monitoring program, Community Line, Foothill Blvd/Oro Bangor Hwy-Grange domestic water project, the Oro Bangor Hwy/Red Hawk Ranch irrigation water project, replacement of the Kelly Ridge Powerhouse septic system and the California Independent System Operator (CAISO) meter installation project.
- Relicensing costs accumulated through 2012 in the amount of \$5,716,306 will be amortized over the life of the license beginning when the FERC license is issued. Costs incurred subsequent to 2012 have been expensed.
- The total of the Agency's long-term liabilities increased by \$885,696, the increase resulting from the annual calculation of the liabilities associated with pension and other post-employment benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. They are comprised of two components: 1) fund financial statements and, 2) notes to the financial statements.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency presents one major proprietary fund on the Statement of Net Position.

**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Proprietary funds provide the same type of information as the government-wide financial statements. As such, the Agency has chosen to present only fund financial statements.

The 2020 proprietary fund financial statements may be found on pages 13 - 17 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Year-over-year changes in net position may serve over time as a useful indicator of a government's financial position. In the case of South Feather Water & Power Agency, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$92,594,339 as of December 31, 2020.

The largest portion of the Agency's net position (87.5%) are invested in capital assets (e.g. land and water rights, source of supply, hydroelectric facilities, pumping plant, water treatment facilities, transmission and distribution facilities, buildings and equipment, construction-in-progress and relicensing-in-progress), less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to the community; consequently these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities.

The following table summarizes the Agency's assets, liabilities and net position as of December 31, 2020, December 31, 2019 and December 31, 2018.

SOUTH FEATHER WATER & POWER AGENCY'S NET POSITION

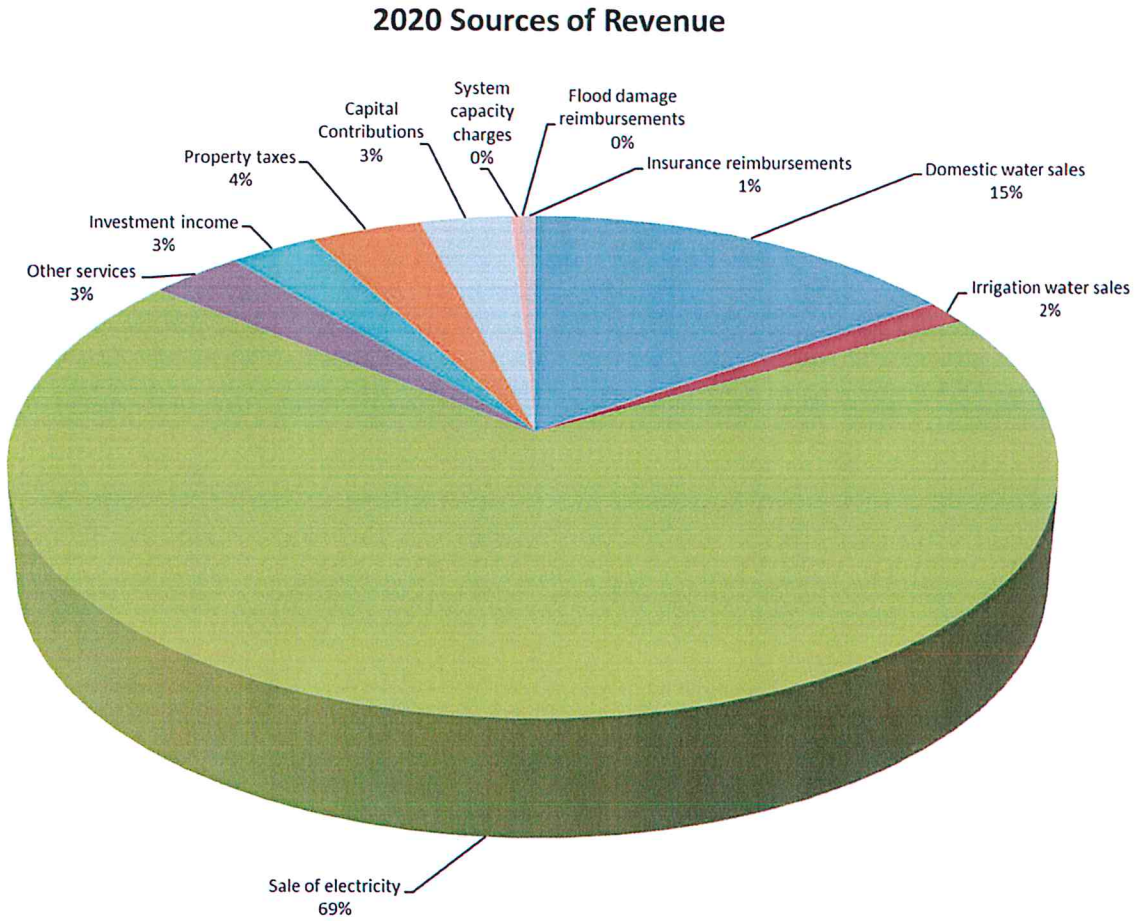
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 34,537,643	\$ 37,587,162	\$ 32,711,703
Restricted assets	576	574	574
Net capital assets	<u>112,213,976</u>	<u>114,734,446</u>	<u>114,673,312</u>
TOTAL ASSETS	<u>146,752,195</u>	<u>152,322,182</u>	<u>147,385,589</u>
Deferred outflows of resources	<u>4,517,801</u>	<u>3,590,140</u>	<u>1,874,622</u>
TOTAL DEFERRED OUTFLOWS	<u>4,517,801</u>	<u>3,590,140</u>	<u>1,874,622</u>
Current liabilities	3,623,672	5,043,037	4,476,528
Long-term liabilities	<u>53,947,819</u>	<u>53,062,123</u>	<u>52,654,367</u>
TOTAL LIABILITIES	<u>57,571,491</u>	<u>58,105,160</u>	<u>57,130,895</u>
Deferred inflows of resources	<u>1,104,166</u>	<u>1,384,858</u>	<u>1,157,630</u>
Net investment in capital assets	81,018,033	81,444,986	79,899,651
Restricted	263,357	193,556	
Unrestricted	<u>11,312,949</u>	<u>14,783,762</u>	<u>11,072,035</u>
TOTAL NET POSITION	<u>\$ 92,594,339</u>	<u>\$ 96,422,304</u>	<u>\$ 90,971,686</u>

The portion of the Agency's Net Position categorized as Unrestricted Net Position \$11,312,949 (12.2%) may be used to meet the Agency's ongoing obligations to the public and its customers. As of December 31, 2020, the Agency reported positive balances in all three categories of net position.

**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

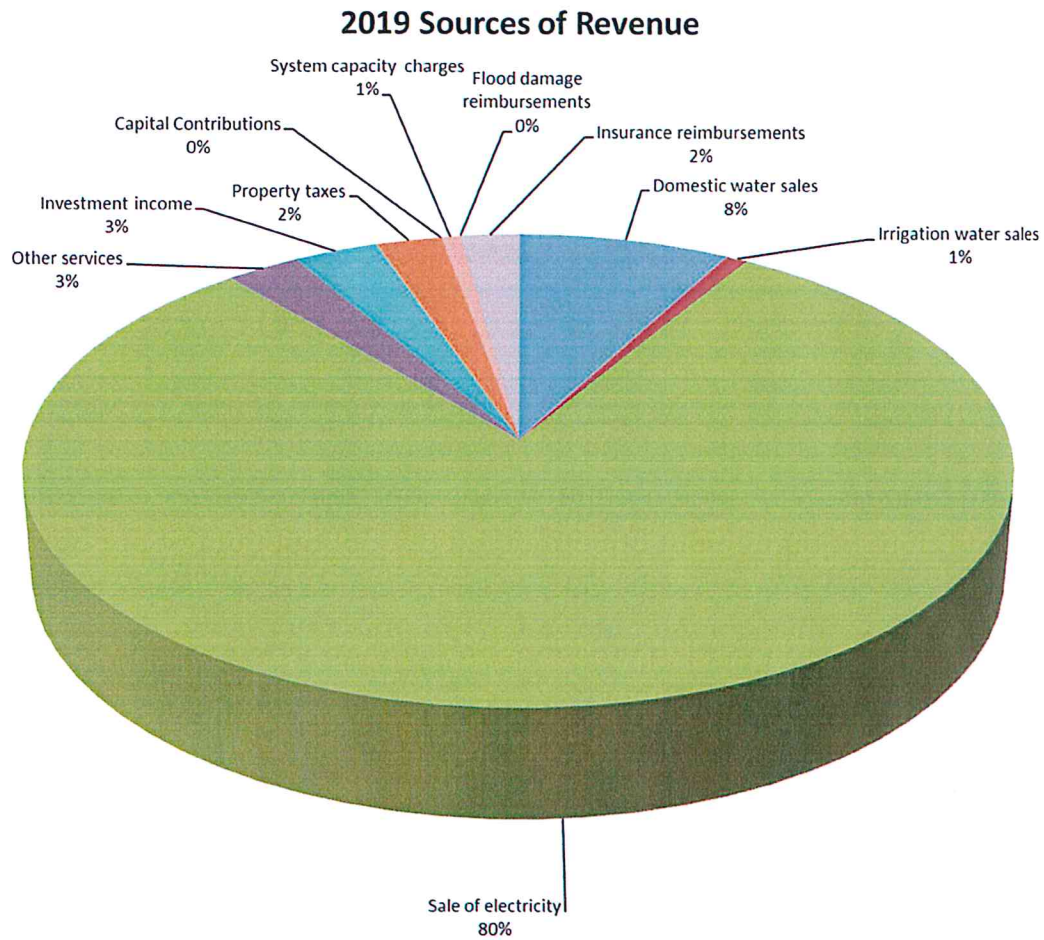
Analysis of the Agency's operations:

The following chart provides a summary of the Agency's Sources of Revenue for the year ended December 31, 2020.



**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

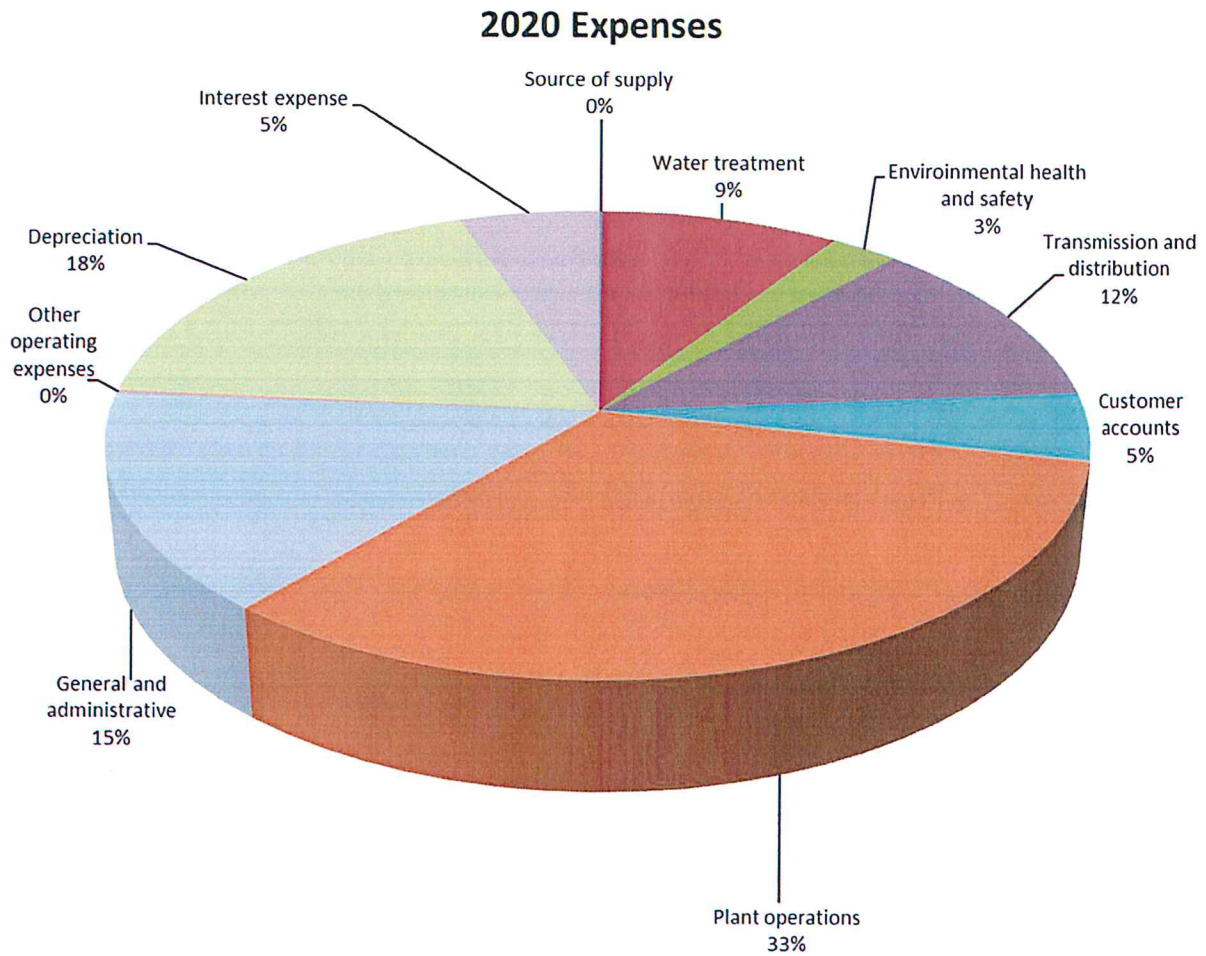
The following chart provides a summary of the Agency's Sources of Revenue for the year ended December 31, 2019.



As the Sources of Revenue Chart above shows, \$11,962,972, or 69% of the Agency's 2020 revenue came from the generation of hydroelectric power. An additional \$2,938,032 or 17% came from Domestic and Irrigation Water Sales, \$535,945 or 3% from interest earnings, \$681,269 or 4% from property taxes, \$627,699 or 3% from capital contributions and \$645,625 or 4% from a variety of other sources.

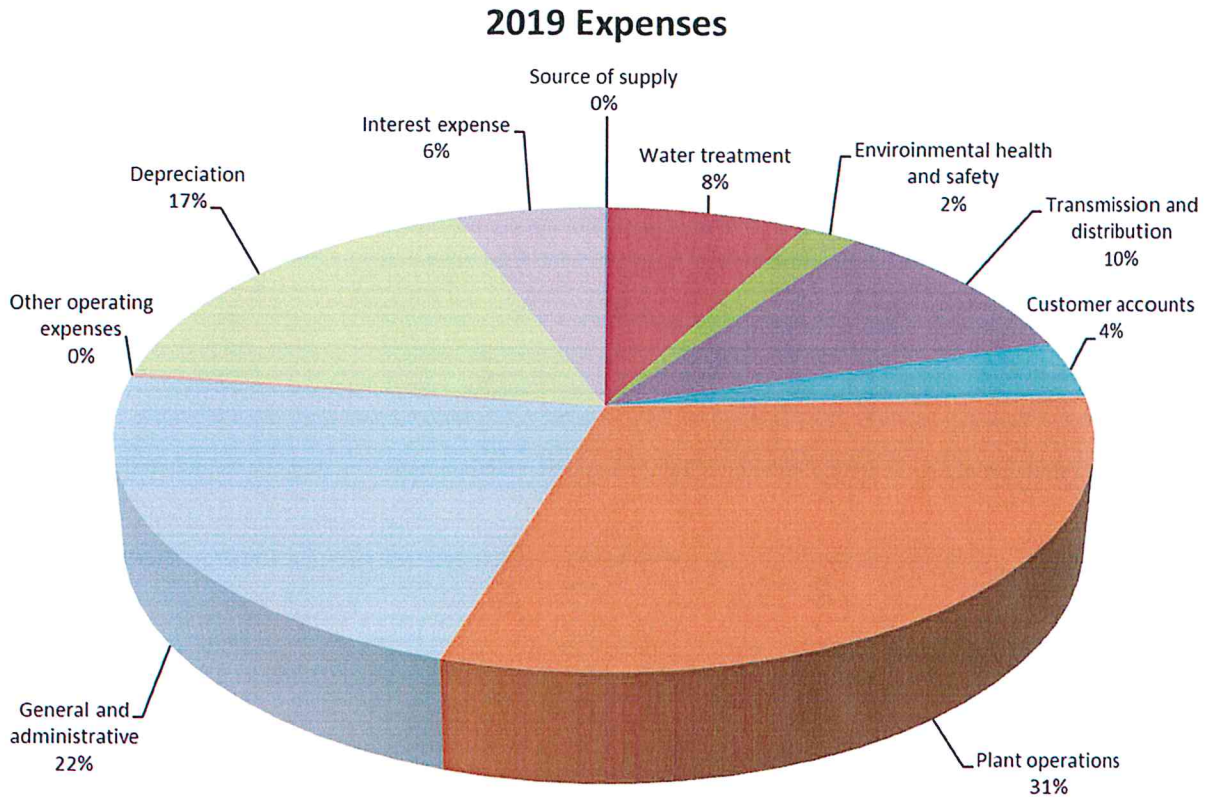
**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following chart provides a summary of the Agency's Expenses for the year ended December 31, 2020.



**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following chart provides a summary of the Agency's Expenses for the year ended December 31, 2019.



The Expenses Chart above shows 2020 expenses for plant operations of \$6,962,168 or 33%. 2020 depreciation and amortization expense was \$3,884,633, or 18%. General and administrative expenses accounted for \$3,189,614, or 15% of the total; transmission and distribution accounted for \$2,528,136 or 12% of the total; water treatment accounted for \$1,923,428, or 9%, and the remaining \$2,731,528, or 13%, was made up of various other expenses as shown above.

**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following table provides a summary of the Agency's operations for the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

SOUTH FEATHER WATER & POWER AGENCY'S CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES			
Operating Revenues			
Domestic water sales	\$ 2,674,305	\$ 2,138,729	\$ 2,151,414
Irrigation water sales	263,727	218,507	222,699
Sales of electricity	11,962,972	21,848,149	14,811,825
Other services	565,173	743,817	902,850
Total operating revenue	<u>15,466,177</u>	<u>24,949,202</u>	<u>18,088,788</u>
Non-operating revenues:			
Property taxes	681,269	663,748	585,383
Investment earnings	535,945	859,928	422,595
Insurance refund	80,452	601,929	2,612,050
Gain or loss on sale of fixed assets		2,600	(619,010)
Miscellaneous non-operating revenue			2,099,530
Total non-operating revenue	<u>1,297,666</u>	<u>2,128,205</u>	<u>5,100,548</u>
Capital contributions	<u>627,699</u>	<u>191,965</u>	<u>2,819,509</u>
TOTAL REVENUES	<u>17,391,542</u>	<u>27,269,372</u>	<u>26,008,845</u>
EXPENSES			
Operating	20,084,321	20,575,423	19,816,365
Non-operating	<u>1,135,186</u>	<u>1,243,331</u>	<u>1,080,524</u>
TOTAL EXPENSES	<u>21,219,507</u>	<u>21,818,754</u>	<u>20,896,889</u>
CHANGE IN NET POSITION	<u>(3,827,965)</u>	<u>5,450,618</u>	<u>5,111,956</u>
NET POSITION AT BEGINNING OF YEAR	<u>96,422,304</u>	<u>90,971,686</u>	<u>85,859,730</u>
NET POSITION END OF YEAR	<u>\$ 92,594,339</u>	<u>\$ 96,422,304</u>	<u>\$ 90,971,686</u>

As the table above shows, the Agency received operating revenues of \$15,466,177 or 89% of the 2020 total revenue, \$24,949,202, or 91% of the 2019 total revenue and \$18,088,788, or 70% of the 2018 total revenue. Operating revenues consist of domestic and irrigation water sales, generation of hydroelectric power, water transfer sales, customer services and installations.

Non-operating revenues account for \$1,297,666, or 7%, \$2,128,205 or 8%, and \$5,100,548, or 20%, of total revenue in 2020, 2019 and 2018 respectively. Non-operating revenues come from property taxes, investment earnings, insurance refunds and any gains or losses on the sale or disposal of an asset.

Total revenue decreased by \$9,877,830, or 36%, between 2020 and 2019. Sale of electricity revenue decreased because of hydrological conditions in 2020 compared with water availability in prior years. Total revenue increased by \$1,260,527, or 5%, between 2019 and 2018, due to unusual hydropower generation pricing in February and March and wetter than average winter storms in 2019.

**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total expenses decreased by \$599,247, or 3%, in 2020 compared to 2019, reflective of efforts to control spending in response to the revenue decreases.

CAPITAL ASSETS

The South Feather Water & Power Agency's investment in capital assets (net of accumulated depreciation) amounts to \$112,213,976 as of December 31, 2020. In 2020, the net capital assets made up 76% of the Agency's total assets.

The following table provides a detailed breakdown of net capital assets for 2020, 2019 and 2018.

CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land, land rights and water rights	\$ 2,138,103	\$ 2,138,103	\$ 2,138,103
Construction in progress	113,317	424,377	61,070
FERC relicensing in progress	5,716,306	5,716,306	5,716,306
Source of supply	149,301,940	147,963,548	144,974,866
Pumping plant	362,297	362,297	362,297
Miners Ranch Treatment Plan, treatment and transmission and distribution facilities	57,097,653	56,896,467	56,805,611
General plant and yard	12,336,144	12,317,831	12,034,548
Tailwater Depression System	124,445	124,445	124,445
Photovoltaic System - MRTTP	2,258,931	2,142,701	2,142,701
Recreational facilities	1,183,989	1,183,989	1,134,095
	<u>(118,419,149)</u>	<u>(114,535,618)</u>	<u>(110,820,730)</u>
Less: Accumulated Depreciation			
TOTAL CAPITAL ASSETS	<u><u>\$ 112,213,976</u></u>	<u><u>\$ 114,734,446</u></u>	<u><u>\$ 114,673,312</u></u>

Major capital asset events during 2020 included completion of the Rockridge and Coventry Drive pipeline replacement, replacement of the Kelly Powerhouse turbine shutoff valve and Miners Ranch Canal road repair.

Additional information on the Agency's capital assets can be found in note C of this report.

DEBT ADMINISTRATION

As of December 31, 2020, 2019 and 2018, the Agency's debt consisted of the following:

OUTSTANDING FINANCING DEBT

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Loan payable to PG&E			\$ 8,113,749
Certificates of Participation	\$ 25,010,000	\$ 25,610,000	26,190,000
Installment payment agreement	5,749,840	7,226,452	
TOTAL FINANCING DEBT	<u><u>\$ 30,759,840</u></u>	<u><u>\$ 32,836,452</u></u>	<u><u>\$ 34,303,749</u></u>

In 2016, the Agency issued Certificates of Participation to defease outstanding 2012 Water Revenue Refunding Bonds and provide funds to complete construction of the Miners Ranch Treatment Plant Improvement Project. In March, 2020, Standard and Poors Global Ratings affirmed its 'A/Stable' rating on the certificates.

**SOUTH FEATHER WATER & POWER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

In 2019, a five year Installment Purchase Agreement was entered into for the reimbursement to PG&E for the Agency's share of the Lost Creek Dam Crest Modification project.

Additional information on the Agency's long-term debt can be found in note D of the financial statements.

ECONOMIC FACTORS & SIGNIFICANT EVENTS

In May of 2005 an agreement was reached with Yuba County Water District, now the North Yuba Water District (NYWD) that defines the settlement of water rights and disposition of net hydroelectric project revenues effective July 1, 2010. SFWP will continue to own, in its own name - not jointly - its historic consumptive water rights on the South Fork of the Feather River. NYWD will be given sole title to the previously jointly held permits – 11516 and 11518. Both districts supported the other's efforts to extend the permits and jointly pursued the environmental documents to receive permit time extensions. The CEQA processing was completed in May of 2006 for the water-right permit time extension application and the petition was filed with the State Resources Control Board in June of 2006.

The FERC License that allows the Agency to operate its hydroelectric project operations expired in March of 2009. In January of 2002, the Agency approved a FERC Relicensing consulting services agreement between SFWPA and Devine Tarbell and Associates (DTA). The draft license application was distributed in July of 2006. The license application was filed with FERC in March of 2007. The Agency and its consultants continue to cooperate in all matters with FERC related to the relicensing process. Until the relicensing process is completed, operations continue under the current FERC license conditions.

In July, 2008, the Agency joined the California Public Employees Retirement System (CalPERS) to serve as the retirement program for Agency employees. In July, 2012, the Agency purchased 25% Prior Service to enhance the Agency's retirement program.

Winter storms in 2017 and 2019, the Oroville Dam Spillway collapse in 2017 and wildfires in 2018, 2019 and 2020 all caused damage to the Agency's infrastructure. All facilities are fully operational and all of the damage has been completely repaired. FEMA, CalOES and insurance proceeds provided significant funding towards the repair and replacement costs and the lost business income.

A 50 year power-purchase agreement with PG&E terminated on June 30, 2010. At its April 28, 2009 Board meeting, the Agency agreed to enter into a ten-year power purchase agreement with PG&E beginning July 1, 2010. Revenue to the Agency from this agreement is based on hydropower generation and a combination of variable, market based payments, and a fixed monthly payment. Because of the recent disasters in the area, the agreement with PG&E has been continued to a termination date of December 18, 2021. Payments to the Agency were not impacted by the PG&E bankruptcy proceedings. Negotiations for a new power purchase agreement are in process.

The Miners Ranch Water Treatment Plant Improvement Program has been completed, significantly increasing its production capacity. In February, 2020, the Agency increased its basic service rate by \$4.00 per month to increase revenue from domestic and irrigation water sales. A review of opportunities for additional customers and adjustments to the rates in order to increase revenue from domestic and irrigation water sales is on-going.

The Lost Creek Dam Improvement Project has been completed. The project was funded by a short-term loan from PG&E. The PG&E loan was paid off on May 31, 2019 with funding provided from a five year Installment Purchase Agreement.

The COVID-19 pandemic had no significant impact on Agency revenues and expenses. Operations have been modified in order for the Agency to safely continue services and meet its on-going obligations. A water transfer, a new power purchase agreement, and adjustments to domestic and irrigation water rates are all in process to address revenue shortfalls.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the South Feather Water and Power Agency's finances for those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to South Feather Water and Power Agency, at 2310 Oro-Quincy Hwy, Oroville, California 95966.

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF NET POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 22,495,182	\$ 23,332,937
Accounts receivable	2,191,937	4,172,637
Accrued interest receivable	28,731	109,934
Property taxes receivable	329,249	312,564
Inventory	848,994	809,715
Prepaid expenses	333,879	255,670
Loans receivable	9,448	6,417
TOTAL CURRENT ASSETS	26,237,420	28,999,874
NONCURRENT ASSETS		
Restricted cash and cash equivalents	576	574
Investments	8,300,223	8,587,288
Capital assets:		
Not being depreciated	7,967,726	8,278,786
Being depreciated	222,665,399	220,991,278
Less: accumulated depreciation	(118,419,149)	(114,535,618)
Total Capital Assets, Net	112,213,976	114,734,446
TOTAL NONCURRENT ASSETS	120,514,775	123,322,308
TOTAL ASSETS	146,752,195	152,322,182
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	1,583,273	1,566,799
OPEB plan	2,886,297	1,962,522
Deferred loss on bond refunding	48,231	60,819
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,517,801	3,590,140

(Continued)

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF NET POSITION (Continued)

December 31, 2020 and 2019

	2020	2019
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 360,349	\$ 1,780,514
Accrued payroll	158,718	344,349
Accrued interest payable	274,948	296,983
Deposits	64,075	30,175
Retainage payable	99,518	
Other payables	106,587	97,772
Current portion of long-term liabilities	2,559,477	2,493,244
TOTAL CURRENT LIABILITIES	3,623,672	5,043,037
NONCURRENT LIABILITIES		
Long-term debt, noncurrent	29,033,935	31,213,421
Compensated absences, noncurrent	779,712	784,117
Net pension liability	5,940,529	5,238,532
Net OPEB liability	18,193,643	15,826,053
TOTAL NONCURRENT LIABILITIES	53,947,819	53,062,123
TOTAL LIABILITIES	57,571,491	58,105,160
DEFERRED INFLOWS OF RESOURCES		
Pension plan	210,172	295,194
OPEB plan	893,994	1,089,664
TOTAL DEFERRED INFLOWS OF RESOURCES	1,104,166	1,384,858
NET POSITION		
Net investment in capital assets	81,018,033	81,444,986
Restricted for capacity expansion	263,357	193,556
Unrestricted	11,312,949	14,783,762
TOTAL NET POSITION	\$ 92,594,339	\$ 96,422,304

The notes to the financial statements are an integral part of this statement.

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Domestic water sales	\$ 2,674,305	\$ 2,138,729
Irrigation water sales	263,727	218,507
Sale of electricity	11,962,972	21,848,149
Other services	565,173	743,817
TOTAL OPERATING REVENUES	15,466,177	24,949,202
OPERATING EXPENSES		
Source of supply	16,117	17,468
Water treatment	1,923,428	1,662,851
Environmental health and safety	539,831	461,578
Transmission and distribution	2,528,136	2,277,470
Customer accounts	990,535	869,709
Plant operations	6,962,168	6,641,390
General and administrative	3,189,614	4,851,407
Other operating expenses	49,859	67,263
Depreciation	3,884,633	3,726,287
TOTAL OPERATING EXPENSES	20,084,321	20,575,423
NET INCOME (LOSS) FROM OPERATIONS	(4,618,144)	4,373,779
NON-OPERATING REVENUE (EXPENSES)		
Property taxes	681,269	663,748
Investment earnings	535,945	859,928
Insurance reimbursements	80,452	601,929
Gain on disposal of capital assets		2,600
Interest expense	(1,135,186)	(1,243,331)
TOTAL NON-OPERATING REVENUES (EXPENSES)	162,480	884,874
CAPITAL CONTRIBUTIONS		
Capital grants:		
Federal	443,135	
State	114,763	
System capacity charges	69,801	191,965
TOTAL CAPITAL CONTRIBUTIONS	627,699	191,965
CHANGE IN NET POSITION	(3,827,965)	5,450,618
Net position at beginning of year	96,422,304	90,971,686
NET POSITION AT END OF YEAR	\$ 92,594,339	\$ 96,422,304

The notes to the financial statements are an integral part of this statement.

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 17,480,777	\$ 26,850,774
Cash paid to suppliers for goods and services	(5,436,144)	(5,851,413)
Cash paid to employees for services	(9,362,018)	(9,131,682)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,682,615	11,867,679
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	664,584	632,069
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	664,584	632,069
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	557,898	(564,570)
System capacity charges received	69,801	191,965
Acquisition of capital assets	(2,559,168)	(4,668,127)
Proceeds from sale of capital assets		41,603
Proceeds from insurance refund	80,452	601,929
Proceeds from loans payable		8,000,000
Principal paid on bonds and loans payable	(2,076,612)	(9,467,297)
Interest paid	(1,161,536)	(1,166,183)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,089,165)	(7,030,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	572,623	681,580
Purchases of investments	(3,481,798)	(2,649,398)
Proceeds from sales and maturities of investments	3,813,388	3,274,806
NET CASH PROVIDED BY INVESTING ACTIVITIES	904,213	1,306,988
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(837,753)	6,776,056
Cash and cash equivalents at beginning of year	23,333,511	16,557,455
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 22,495,758	\$ 23,333,511
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 22,495,182	\$ 23,332,937
Cash and cash equivalents with fiscal agents	576	574
TOTAL CASH AND CASH EQUIVALENTS	\$ 22,495,758	\$ 23,333,511

(Continued)

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF CASH FLOWS (Continued)

For the years ended December 31, 2020 and 2019

	2020	2019
RECONCILIATION OF NET INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income (loss) from operations	\$ (4,618,144)	\$ 4,373,779
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	3,884,633	3,726,287
Abandoned construction in progress reported in operating expenses	144,523	
Changes in operating assets and liabilities:		
Accounts receivable	1,980,700	2,069,444
Inventory	(39,279)	(7,885)
Prepaid expenses	(78,209)	(13,171)
Loans receivable	(3,031)	1,398
Accounts payable	(270,165)	37,086
Accrued payroll	(185,631)	3,533
Deposits	33,900	(167,872)
Other payables	8,815	(16,166)
Compensated absences	(24,143)	69,173
Net pension liability	701,997	654,403
Net OPEB liability	2,367,590	2,638,548
Deferred outflows related to pension plan	(16,474)	234,416
Deferred outflows related to OPEB plan	(923,775)	(1,962,522)
Deferred inflows related to pension plan	(85,022)	50,499
Deferred inflows related to OPEB plan	(195,670)	176,729
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,682,615	\$ 11,867,679
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of bond premiums and discounts	\$ (16,903)	\$ (16,904)
Change in fair value of investments	44,525	157,487
Change in capital asset purchases included in liabilities	(1,150,000)	150,729

The notes to the financial statements are an integral part of this statement.

SOUTH FEATHER WATER AND POWER AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the South Feather Water and Power Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

Reporting Entity: The South Feather Water and Power Agency (formerly known as Oroville-Wyandotte Irrigation District) was formed November 18, 1919, under Irrigation Law, Division II, of the California Water Code. The Agency presently includes approximately 54,000 acres in southeastern Butte County and encompasses the unincorporated areas adjacent to the City of Oroville, as well as the unincorporated communities of Kelly Ridge, Bangor, and Palermo. The Agency area has a population of approximately 17,500, and currently provides water services to approximately 7,000 residential customers (domestic water) and 600 irrigation customers (raw water).

The Agency has water rights from the south fork of the Feather River and certain tributaries for hydroelectric generation purposes, which water may also be diverted by the Agency each year for consumptive uses. The Agency owns certain hydroelectric facilities, the power from which is sold to Pacific Gas and Electric Company (PG&E).

In April 1995, the Agency approved the formation of the Oroville-Wyandotte Irrigation District Financing Corporation, now known as the South Feather Water and Power Agency Financing Corporation (the Corporation). This corporation is a nonprofit public benefit corporation and is organized under the Nonprofit Public Benefit Corporation Law (commencing at Section 5110 of the California Corporations Code). The purpose of the Corporation is to provide assistance to public agencies in the State of California, in the financing, acquiring, constructing, rehabilitating or financing various public facilities, land and equipment for the use, benefit and enjoyment of the public.

Although the Agency and Corporation are legally separate entities, the Agency exercises oversight responsibility over the Corporation. The Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the Agency and its sole purpose is to provide financing to the Agency under the debt issuance documents of the Agency. Debt issued by the Corporation is reflected as debt of the Agency in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation: The Agency's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the fund are included on the statement of net position. Net

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

In the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the Agency are charges to customers for sales and services and the sale of electricity. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenses. The Agency's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For the purposes of the Statement of Cash Flows, the Agency's cash and cash equivalents include restricted and unrestricted cash on hand, bank deposits and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the California Local Agency Investment Fund (LAIF).

The Agency has adopted a formal investment policy as required by Section 53600et seq., of the California Government Code. The Agency Treasurer has responsibility for selecting depositories and investing idle funds in accordance with the adopted investment policy. See Note B for additional information on the Agency's cash and investments.

Receivables and Payables: Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. Delinquent water charges are submitted to the County Tax Assessor annually to be encumbered on the secured property tax bills. Therefore, no allowance was deemed necessary at December 31, 2020 and 2019. Activities between combining units that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of the interfund loans) or "advances to/from other funds" (i.e. the non-current portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These internal transactions are eliminated for reporting in the enterprise funds.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property Taxes: Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Butte levies, bills and collects property taxes and special assessments for the Agency. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Agency in the fiscal year they are assessed.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

Inventories and Prepaid Items: Inventories are valued at average cost using the first-in, first out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Loans Receivable: The Agency has a computer acquisition program, where the Agency purchases a computer for an employee and is then repaid through payroll deductions from the employee's pay.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets, are reported on the Statement of Net Position. Capital assets are currently defined by the Agency as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest was capitalized on assets acquired with debt. The amount of interest to be capitalized is offset by interest earned in invested debt proceeds over the construction period. Depreciation is provided over the useful lives of assets using the straight-line method. Estimated useful lives of all depreciable assets are as follows:

Dams, powerhouses and treatment plants	40 - 50 years
Pipelines	50 years
Other general assets	3 - 10 years
Other power-related assets	5 - 50 years

Compensated Absences: The Agency's policy allows employees to accumulate earned but unused annual leave, which will be paid to employees upon separation from the Agency's service. The cost of annual leave is recognized in the period earned. Upon separation from the Agency, employees can elect to be paid one-half of their accumulated sick leave time. This amount is also recognized in the period earned.

Long-Term Liabilities: Long-term liabilities and other long-term obligations are reported on the Statement of Net Position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Amortization of bond premiums or discounts and deferred amounts on refunding is included in interest expense. The cost of issuing debt is expensed as incurred.

Interfund Transactions: Transactions between combining units of the Agency are recorded as interfund transfers on the Combining Schedule of Revenues, Expenses and Changes in Net Position. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds. These amounts are eliminated for reporting in the enterprise fund financial statements.

Net Position: The net position amount is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net investment in capital assets is capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets excluding unspent debt proceeds. Net position is reported as restricted when there are legal limitations imposed on their use by the Agency or external restrictions by other governments, creditors or grantors.

Management Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Agency's California Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources and OPEB expense, information about the fiduciary net position of the plan held by CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if applicable, are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at purchase of one year or less, which are reported at cost.

Deferred Inflows and Outflows: The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Agency's pension plan as described in Note F and OPEB Plan as described in Note G.

New Pronouncements: In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

capital asset (example is decommissioning a water treatment plant). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The requirements of this Statement are effective for periods beginning after June 15, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in the notes to government financial statements and clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences and significant subjective acceleration clauses. For notes to the financial statement there is a requirement that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets in a business-type activity or enterprise fund and interest cost incurred by a fund using the current financial resources measurement focus before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93 as well as Implementation Guide No's 2018-1, 2019-1 and 2019-2. Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The requirements of this Statement are effective immediately. The implementation dates listed in the paragraphs above were adjusted as indicated in this paragraph.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

The Agency is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

Cash and investments were classified in the financial statements as shown below at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 22,495,182	\$ 23,332,937
Restricted cash and cash equivalents	576	574
Investments	<u>8,300,223</u>	<u>8,587,288</u>
Total cash and investments	<u>\$ 30,795,981</u>	<u>\$ 31,920,799</u>

Cash and investments were comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 950	\$ 950
Deposits with financial institutions	<u>1,823,060</u>	<u>1,170,713</u>
Total cash	<u>1,824,010</u>	<u>1,171,663</u>
Money market mutual funds	13,260	223,568
Local Agency Investment Fund (LAIF)	19,232,796	20,558,987
Certificates of deposit	6,982,758	7,195,825
U.S. Treasury note	251,681	248,599
U.S. government agency securities	1,065,784	1,142,864
Investment Trust of California (CalTRUST)	<u>1,425,692</u>	<u>1,379,293</u>
Total investments	<u>28,971,971</u>	<u>30,749,136</u>
Total cash and investments	<u>\$ 30,795,981</u>	<u>\$ 31,920,799</u>

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE B – CASH AND INVESTMENTS (Continued)

The table below identifies the investment types that are authorized by the Agency’s investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Total of Portfolio	Maximum Investment in One Issuer
Bonds issued by the Agency	None	No Limit	None
U.S. Treasury obligations	None	No Limit	None
State of California obligations	None	No Limit	None
Local Agency Investment Fund (LAIF)	N/A	\$ 40,000,000	None
Banker's acceptances	270 days	40%	30%
Commercial paper - U.S. companies	180 days	15%	None
Certificates of deposit	None	30%	None
Repurchase agreements	None	Per Government Code	Per Government Code
Medium term notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	None
Mortgage obligations	5 years	30%	None
Other investments as permitted by the California Government Code	N/A	Per Government Code	Per Government Code

Investments Authorized by Debt Agreements: Investments held by the bond/COP fiscal agents (trustees) are governed by the provisions of the various debt indenture agreements rather than the general provisions of the Agency's investments policy or the California Government Code.

Disclosures relating to Interest Rate Risk and Credit Risk: Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for Agency operations.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by the bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity, as well as the credit ratings, as applicable from Standard & Poor's or Moody's as of December 31:

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE B – CASH AND INVESTMENTS (Continued)

	Credit Rating	Remaining Maturity		Fair Value
		12 months or less	1-5 years	
<u>December 31, 2020</u>				
Money market mutual funds	Not Rated	\$ 13,260		\$ 13,260
LAIF	Not Rated	19,232,796		19,232,796
Certificates of deposits	Not Rated	3,460,134	\$ 3,522,624	6,982,758
U.S. Treasury note	AAA		251,681	251,681
U.S. government agency securities	AAA		1,065,784	1,065,784
CalTRUST	AA	396	1,425,296	1,425,692
		<u>\$ 22,706,586</u>	<u>\$ 6,265,385</u>	<u>\$ 28,971,971</u>

	Credit Rating	Remaining Maturity		Fair Value
		12 months or less	1-5 years	
<u>December 31, 2019</u>				
Money market mutual funds	Not Rated	\$ 223,568		\$ 223,568
LAIF	Not Rated	20,558,987		20,558,987
Certificates of deposits	Not Rated	2,692,674	\$ 4,503,151	7,195,825
U.S. Treasury note	AAA		248,599	248,599
U.S. government agency securities	AA+	349,981	792,883	1,142,864
CalTRUST	AAf	390	1,378,903	1,379,293
		<u>\$ 23,825,600</u>	<u>\$ 6,923,536</u>	<u>\$ 30,749,136</u>

Fair Value Measurement: The Agency categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency has the following recurring fair value measurements as of December 31:

	2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Certificates of deposit	\$ 6,982,758		\$ 6,982,758	
U.S. Treasury note	251,681		251,681	
U.S. government agency securities	1,065,784		1,065,784	
Total investments by fair value level	<u>8,300,223</u>	<u>\$ -</u>	<u>\$ 8,300,223</u>	<u>\$ -</u>
Assets measured at net asset value:				
Money market mutual funds	13,260			
Investments not categorized:				
LAIF	19,232,796			
CalTRUST	1,425,692			
	<u>\$ 28,971,971</u>			

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE B – CASH AND INVESTMENTS (Continued)

	2019			
	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Certificates of deposit	\$ 7,195,825		\$ 7,195,825	
U.S. Treasury note	248,599		248,599	
U.S. government agency securities	1,142,864		1,142,864	
Total investments by fair value level	<u>8,587,288</u>	<u>\$ -</u>	<u>\$ 8,587,288</u>	<u>\$ -</u>
Assets measured at net asset value:				
Money market mutual funds	223,568			
Investments not categorized:				
LAIF	20,558,987			
CalTRUST	1,379,293			
	<u>\$ 30,749,136</u>			

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, which include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

Concentration of Credit Risk: The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of December 31, 2020 and 2019 there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total Agency investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure of custodial risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal to at least 100% of the total amount deposited by public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE B – CASH AND INVESTMENTS (Continued)

As of December 31, 2020 and 2019, the deposits with financial institutions, in excess of the federal depository insurance limit, were collateralized by the pledging financial institution's assets as required by law, which are not held in the name of the district. As of December 31, 2020 and 2019, the carrying amount of the Agency's bank deposits totaled \$1,823,060 and \$1,170,713 and the bank balances totaled \$1,901,292 and \$1,272,095, respectively. The differences between the carrying amounts and the bank balances are due to the normal deposits in transit and outstanding checks. At December 31, 2020 and 2019, the uninsured balances were \$1,401,292 and \$841,274, respectively, which were collateralized by securities held by the pledging financial institution, but not in the name of the Agency. Negotiable certificates of deposit, which are all below the federal depository insurance limit, are excluded from the amounts above.

U.S. Treasury and U.S. government agency securities in the amount of \$1,317,465 and \$1,391,463 as of December 31, 2020 and 2019, respectively, were held by the same broker-dealer (counterparty) that was used to buy the securities.

Investment in LAIF: The Agency is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. LAIF is managed by the State Treasurer. Of the amount invested in LAIF, 3.28% and 2.79% at December 31, 2020 and 2019 was invested in structured notes and asset-backed instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the amount provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in Investment Trust of California (CalTRUST): The Agency is a voluntary participant in the Investment Trust of California (CalTRUST), which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. The Agency invests in CalTRUST's short-term and medium-term pools. Amounts that may be withdrawn from the short-term and medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance at January 1, 2020	Additions	Disposals	Transfers	Balance at December 31, 2020
Capital assets, not being depreciated:					
Land, land rights and water rights	\$ 2,138,103				\$ 2,138,103
Construction in progress	424,377	\$ 1,190,492		\$ (1,501,552)	113,317
FERC relicensing in progress	5,716,306				5,716,306
Total capital assets, not being depreciated	<u>8,278,786</u>	<u>1,190,492</u>		<u>(1,501,552)</u>	<u>7,967,726</u>
Capital assets, being depreciated:					
Source of supply	147,963,548	116,841	\$ (144,523)	1,366,074	149,301,940
Pumping plant	362,297				362,297
Miners Ranch Treatment Plant, treatment and transmissions and distribution facilities	56,896,467	66,810	(1,102)	135,478	57,097,653
General plant and yard	12,317,831	18,313			12,336,144
Tail water depression system	124,445				124,445
Photovoltaic system	2,142,701	116,230			2,258,931
Recreational facilities	1,183,989				1,183,989
Total capital assets being depreciated	<u>220,991,278</u>	<u>318,194</u>	<u>(145,625)</u>	<u>1,501,552</u>	<u>222,665,399</u>
Less: accumulated depreciation:					
Source of supply	(82,913,356)	(1,968,295)			(84,881,651)
Pumping plant	(329,321)	(4,255)			(333,576)
Miners Ranch Treatment Plant, treatment and transmissions and distribution facilities	(20,732,653)	(1,305,071)	1,102		(22,036,622)
General plant and yard	(8,651,075)	(529,101)			(9,180,176)
Tail water depression system	(124,445)				(124,445)
Photovoltaic system	(833,264)	(53,568)			(886,832)
Recreational facilities	(951,504)	(24,343)			(975,847)
Total accumulated depreciation	<u>(114,535,618)</u>	<u>(3,884,633)</u>	<u>1,102</u>		<u>(118,419,149)</u>
Total capital assets being depreciated, net	<u>106,455,660</u>	<u>(3,566,439)</u>	<u>(144,523)</u>	<u>1,501,552</u>	<u>104,246,250</u>
CAPITAL ASSETS, NET	<u>\$ 114,734,446</u>	<u>\$ (2,375,947)</u>	<u>\$ (144,523)</u>	<u>\$ -</u>	<u>\$ 112,213,976</u>

Depreciation expense for the year ended December 31, 2020 totaled \$3,884,633.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE C – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance at January 1, 2019	Additions	Disposals	Transfers	Balance at December 31, 2019
Capital assets, not being depreciated:					
Land, land rights and water rights	\$ 2,138,103				\$ 2,138,103
Construction in progress	61,070	\$ 935,967	\$ (15,144)	\$ (557,516)	424,377
FERC relicensing in progress	5,716,306				5,716,306
Total capital assets, not being depreciated	<u>7,915,479</u>	<u>935,967</u>	<u>(15,144)</u>	<u>(557,516)</u>	<u>8,278,786</u>
Capital assets, being depreciated:					
Source of supply	144,974,866	2,568,815		419,867	147,963,548
Pumping plant	362,297				362,297
Miners Ranch Treatment Plant, treatment and transmission and distribution facilities	56,805,611	33,104	(11,000)	68,752	56,896,467
General plant and yard	12,034,548	238,644	(24,258)	68,897	12,317,831
Tail water depression system	124,445				124,445
Photovoltaic system	2,142,701				2,142,701
Recreational facilities	1,134,095	49,894			1,183,989
Total capital assets being depreciated	<u>217,578,563</u>	<u>2,890,457</u>	<u>(35,258)</u>	<u>557,516</u>	<u>220,991,278</u>
Less: accumulated depreciation:					
Source of supply	(81,069,820)	(1,843,536)			(82,913,356)
Pumping plant	(325,066)	(4,255)			(329,321)
Miners Ranch Treatment Plant, treatment and transmission and distribution facilities	(19,445,806)	(1,298,246)	11,399		(20,732,653)
General plant and yard	(8,148,402)	(502,673)			(8,651,075)
Tail water depression system	(124,445)				(124,445)
Photovoltaic system	(779,696)	(53,568)			(833,264)
Recreational facilities	(927,495)	(24,009)			(951,504)
Total accumulated depreciation	<u>(110,820,730)</u>	<u>(3,726,287)</u>	<u>11,399</u>		<u>(114,535,618)</u>
Total capital assets being depreciated, net	<u>106,757,833</u>	<u>(835,830)</u>	<u>(23,859)</u>	<u>557,516</u>	<u>106,455,660</u>
CAPITAL ASSETS, NET	<u>\$ 114,673,312</u>	<u>\$ 100,137</u>	<u>\$ (39,003)</u>	<u>\$ -</u>	<u>\$ 114,734,446</u>

Depreciation expense for the year ended December 31, 2019 totaled \$3,726,287.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE D – LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows for the years ended December 31:

	January 1, 2020	Additions	Reductions	December 31, 2020	Due Within One Year	Due After One Year
2016 Certificates of Participation	\$ 25,610,000		\$ (600,000)	\$ 25,010,000	\$ 615,000	\$ 24,395,000
Installment Purchase Agreement	7,226,452		(1,476,612)	5,749,840	1,547,584	4,202,256
Total	32,836,452		(2,076,612)	30,759,840	2,162,584	28,597,256
Unamortized premiums	453,582		(16,903)	436,679		436,679
Total Debt and Loans	33,290,034		(2,093,515)	31,196,519	2,162,584	29,033,935
Compensated absences	1,200,748	\$ 622,496	(646,639)	1,176,605	396,893	779,712
Net pension liability	5,238,532	701,997		5,940,529		5,940,529
Net OPEB liability	15,826,053	2,874,078	(506,488)	18,193,643		18,193,643
Total Long-Term Liabilities	\$ 55,555,367	\$ 4,198,571	\$ (3,246,642)	\$ 56,507,296	\$ 2,559,477	\$ 53,947,819

	January 1, 2019	Additions	Reductions	December 31, 2019	Due Within One Year	Due After One Year
2016 Certificates of Participation	\$ 26,190,000		\$ (580,000)	\$ 25,610,000	\$ 600,000	\$ 25,010,000
Loan Payable	8,113,749		(8,113,749)			
Installment Purchase Agreement		\$ 8,000,000	(773,548)	7,226,452	1,476,613	5,749,839
Total Long-Term Debt	34,303,749	8,000,000	(9,467,297)	32,836,452	2,076,613	30,759,839
Unamortized premiums	470,486		(16,904)	453,582		453,582
Total Debt and Loans	34,774,235	8,000,000	(9,484,201)	33,290,034	2,076,613	31,213,421
Compensated absences	1,131,575	711,873	(642,700)	1,200,748	416,631	784,117
Net pension liability	4,584,129	654,403		5,238,532		5,238,532
Net OPEB liability	13,187,505	3,411,531	(772,983)	15,826,053		15,826,053
Total Long-Term Liabilities	\$ 53,677,444	\$ 12,777,807	\$ (10,899,884)	\$ 55,555,367	\$ 2,493,244	\$ 53,062,123

A description of the long-term liabilities is as follows:

2016 Certificates of Participation: In October 2016, the Agency issued \$27,010,000 of Certificates of Participation (Certificates). The 2016 Certificates were issued to refund the 2012 Revenue Refunding Bonds and finance the Miners Ranch Water Treatment Plant Improvement Project. The 2012 Revenue Refunding Bonds were issued to refund the remaining balance of the 1980 Miners Ranch Domestic Revenue Bonds and 2003 Certificates of Participation. The Agency is required to collect rates, fees, and charges that will be sufficient to yield net water system and hydroelectric system revenues equal to 125% of debt service payments on outstanding debt and any future parity debt issued. Annual principal payments, ranging from \$570,000 to \$1,395,000, are due on April 1 through April 1, 2046 and semi-annual interest payments ranging from \$45,338 to \$436,738 are due on April 1 and October 1 through April 1, 2046 at 2% to 4%. In the event of default, the remaining balance will immediately be due and payable. The default interest rate would be the JPMorgan Chase Bank Prime Rate plus 3%.

Loan Payable: In February 2010, the Agency entered into a cost-sharing agreement with PG&E for funding of the Sly Creek Dam and the Lost Creek Dam Crest Modification Projects. The agreement stated that the Agency will reimburse PG&E 60% of the final project costs incurred from January 1, 2009, plus simple interest that accrues monthly at a rate equal to the Wall Street Journal Prime Rate. If the actual costs exceeded the initial cost estimate, the Agency was required to reimburse PG&E 80% of the costs. All amounts due to PG&E from the Agency were due and payable by May 31, 2019. The loan was repaid with the proceeds of the installment purchase agreement described below.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE D – LONG-TERM LIABILITIES (Continued)

Installment Purchase Agreement (Direct Placement): In May 2019, the District obtained a loan in the amount of \$8,000,000 from a finance company to fund repayment of a loan from PG&E for the Sly Creek Dam Crest Modification and Lost Creek Dam Crest Modification projects. The Agency is required to collect rates, fees, and charges that will be sufficient to yield net water system and hydroelectric system revenues equal to 125% of debt service payments on outstanding debt and any future parity debt issued. The loan bears interest of 4.75% and will be repaid in semi-annual principle and interest payments of \$901,270, from October 1, 2019 to April 1, 2024. In the event of default, the remaining balance will immediately be due and payable. The default interest rate would be the lower of 12% or the maximum permitted by law.

Future minimum payments on long-term liabilities will be as follows as of December 31:

Year ended December 31,	2020			Year ended December 31,	2019		
	Principal	Interest	Totals		Principal	Interest	Totals
				2020	\$ 600,000	\$ 844,675	\$ 1,444,675
2021	\$ 615,000	\$ 826,675	\$ 1,441,675	2021	615,000	826,675	1,441,675
2022	635,000	808,225	1,443,225	2022	635,000	808,225	1,443,225
2023	655,000	789,175	1,444,175	2023	655,000	789,175	1,444,175
2024	675,000	769,525	1,444,525	2024	675,000	769,525	1,444,525
2025	695,000	749,275	1,444,275	2025-2029	3,755,000	3,457,575	7,212,575
2026-2030	3,905,000	3,307,375	7,212,375	2030-2034	4,520,000	2,698,775	7,218,775
2031-2035	4,665,000	2,554,725	7,219,725	2035-2039	5,250,000	1,961,625	7,211,625
2036-2040	5,415,000	1,796,013	7,211,013	2040-2044	6,155,000	1,059,663	7,214,663
2041-2045	6,355,000	859,625	7,214,625	2045-2046	2,750,000	134,713	2,884,713
2046	1,395,000	45,338	1,440,338				
Total	<u>\$ 25,010,000</u>	<u>\$ 12,505,951</u>	<u>\$ 37,515,951</u>		<u>\$ 25,610,000</u>	<u>\$ 13,350,626</u>	<u>\$ 38,960,626</u>

Year ended December 31,	2020			Year ended December 31,	2019		
	Principal	Interest	Totals		Principal	Interest	Totals
				2020	\$ 1,476,613	\$ 325,927	\$ 1,802,540
2021	\$ 1,547,584	\$ 254,955	\$ 1,802,539	2021	1,547,585	254,955	1,802,540
2022	1,621,968	180,572	1,802,540	2022	1,621,968	180,572	1,802,540
2023	1,699,926	102,614	1,802,540	2023	1,699,926	102,614	1,802,540
2024	880,362	20,910	901,272	2024	880,360	20,910	901,270
Total	<u>\$ 5,749,840</u>	<u>\$ 559,051</u>	<u>\$ 6,308,891</u>		<u>\$ 7,226,452</u>	<u>\$ 884,978</u>	<u>\$ 8,111,430</u>

Pledged Revenue: The Agency pledged future water system and hydroelectric system revenues, net of specified expenses, to repay the 2016 Certificates and Installment Purchase Agreement (the Instruments) in the original amounts of \$27,010,000 and \$8,000,000, respectively. The purpose of the Instruments are described above. The Instruments are payable solely from net water system and hydroelectric system revenues (net revenues) and are payable through April 2046. Annual principal and interest payments on the Instruments are expected to require less than 50% of net revenues. Total principal and interest remaining to be paid on the Certificates was \$37,515,951 and \$38,960,626 at December 31, 2020 and 2019, respectively, and the remaining principal and interest remaining to be paid on the Installment Purchase Agreement was \$6,308,891 and \$8,111,430 at December 31, 2020 and 2019, respectively. Total principal and interest paid on the 2016 Certificates from net revenues was \$1,444,675 and \$1,442,075 in 2020 and 2019, respectively, and total principal and interest paid on the Installment Purchase Agreement

SOUTH FEATHER WATER AND POWER AGENCY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE D – LONG-TERM LIABILITIES (Continued)

was \$1,802,540 and \$901,270 in 2020 and 2019, respectively. The total net revenues were \$564,155 and \$10,225,671 for the years ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the District’s net revenues were 17% and 436%, respectively, of cash basis debt service payments on the Instruments. During the year ended December 31, 2020, the Agency was not in compliance with the rate covenants contained in the Instruments’ agreements due to reduced power revenues in 2020. Management believes the creditors will waive this noncompliance.

NOTE E – NET POSITION

Restrictions: Restricted net position consists of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position for capacity expansion represents system capacity fees to be used to construct new capital facilities to benefit existing Agency customers.

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. Designations included the following as of December 31:

	2020	2019
Retiree benefits	\$ 3,660,895	\$ 3,594,547
Designated for North Yuba Water District Agreement	7,652,054	11,189,215
Total Unrestricted Net Position	\$ 11,312,949	\$ 14,783,762

See Note L for a description of the 15% working capital and \$18 million contingency reserve designated for the North Yuba Water District Agreement. Amount above is limited to total unrestricted net position.

NOTE F – PENSION PLAN

The Agency has a defined benefit pension plan and a defined contribution pension plan.

Defined Benefit Plan Description: All qualified permanent and probationary employees are eligible to participate in the Agency’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The Board participates in the CalPERS Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Rate Plan
- PEPRM Miscellaneous Rate Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE F – PENSION PLAN (Continued)

Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at December 31, 2020 and 2019, are summarized as follows:

	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)
Hire date		
Benefit formula (at full retirement)	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required employer contribution rates:		
July 1 to December 31, 2020	14.729%	7.732%
January 1 to June 30, 2020	13.692%	6.985%
July 1 to December 31, 2019	13.692%	6.985%
January 1 to June 30, 2019	12.759%	6.842%
Required employee contribution rates:		
July 1 to December 31, 2020	8.000%	6.750%
January 1 to June 30, 2020	8.000%	6.250%
July 1 to December 31, 2019	8.000%	6.250%
January 1 to June 30, 2019	8.000%	6.250%

The Miscellaneous Rate Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended December 31, 2020 and 2019, the actuarially required contributions made to the Plan were \$1,064,159 and \$970,912, respectively.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources: As of December 31, 2020 and 2019, the Agency reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$5,940,529 and \$5,238,532, respectively.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE F – PENSION PLAN (Continued)

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability of the Miscellaneous Risk Pool. The net pension liability of the Plan is measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 and 2018 rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of December 31, 2020 and 2019 was as follows:

Proportion - December 31, 2019	0.13082%
Proportion - December 31, 2020	0.14084%
Change - Increase (Decrease)	0.01002%
Proportion - December 31, 2018	0.12164%
Proportion - December 31, 2019	0.13082%
Change - Increase (Decrease)	0.00918%

For the years ended December 31, 2020 and 2019, the Agency recognized pension expense of \$1,664,660 and \$1,910,230, respectively. At December 31, the Agency reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 580,366		\$ 384,827	
Differences between actual and expected experience	306,133		363,838	\$ (28,190)
Changes in assumptions		\$ (42,371)	249,797	(88,551)
Differences between the employer's contribution and the employer's proportionate share of contributions		(167,801)		(86,867)
Change in employer's proportion	520,301		568,337	
Net differences between projected and actual earnings on plan investments	176,473			(91,586)
Total	\$ 1,583,273	\$ (210,172)	\$ 1,566,799	\$ (295,194)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense over the 3.8 year average service life of participants as follows:

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE F – PENSION PLAN (Continued)

Year Ended December 31	2020	2019
2020		\$ 671,877
2021	\$ 276,365	110,033
2022	259,235	86,361
2023	172,494	18,507
2024	84,641	
	\$ 792,735	\$ 886,778

Actuarial Assumptions: The total pension liability in the June 30, 2020 and 2019 actuarial valuation for the Plan was determined using the following actuarial assumptions:

	2020	2019
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll growth	2.875%	3.00%
Projected salary increase	0.4% - 8.5% (1)	3.2% - 12.2% (1)
Investment rate of return	7.15%(2)	7.15%(2)
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 and 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% in the June 30, 2020 and 2019 valuations. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan it administers, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE F – PENSION PLAN (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	2020			2019		
	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%		(0.92)%	1.0%		(0.92)%
Total	100.0%			100.0%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2020	2019
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 10,246,554	\$ 9,210,170
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 5,940,529	\$ 5,238,532
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 2,382,597	\$ 1,960,225

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE F – PENSION PLAN (Continued)

Payable to the Pension Plan: At December 31, 2020 and 2019, the Agency reported payables for the outstanding amount of contributions payable to the Plan of \$36,890 and \$26,652, respectively.

Defined Contribution Pension Plans, Plan Descriptions: The Agency offers two defined contribution retirement plans organized under Internal Revenue Code Section 401(a) to its employees. The first defined contribution retirement plan is a Governmental Volume Submitter Money Purchase Plan offered through Massachusetts Mutual Life Insurance Company called the South Feather Water & Power 401(a) Plan (the Plan). The second defined contribution retirement plan is a Governmental Defined Contribution Volume Submitter Plan offered through Lincoln Retirement Services Company. Employees are eligible for both plans after 30 days of service. The Plans are administered by the Agency.

Benefit terms, including contribution requirements, to the Plans are established and may be amended by the Board of Directors subject to the requirements of the Agency's Memorandum's of Understanding with bargaining units. The Agency is currently not required to contribute to the Plans and has not made any contributions since 2010. Employees may make voluntary contributions to the Plans up to 25% of their pay as defined in the Plan Documents. Employees immediately vest in their contributions and Agency contributions. No contributions were made to the Plan by employees or the Agency during the years ended December 31, 2020 or 2019.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description: The Agency's single employer defined benefit OPEB plan, South Feather Water and Power Agency Retiree Benefits Plan (the Plan), provides OPEB benefits for all permanent full-time employees of the Agency. Benefits are set by the Memoranda of Understandings with the applicable employee bargaining units and may be amended by agreement between the Agency and the bargaining units. The Plan is administered by the Agency. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. As of December 31, 2020 and 2019 the Agency had \$3,660,895 and \$3,594,547, respectively, designated in its Retiree Benefits Fund for future OPEB obligations. Since these funds are not held in an irrevocable trust to provide benefits to plan members, these funds do not meet the criteria for plan assets in paragraph 4 of Statement 75.

Benefits Provided: The Plan provides healthcare, dental and vision insurance benefits to all permanent full-time employees who retire directly from the Agency, at a minimum age of 55, with a minimum of ten years of service. Eligible employees' surviving spouses are also eligible for benefits. The Agency participates in the Public Employees' Medical and Hospital Care Act (PEMHCA) provided through the California Public Employees' Retirement System (CalPERS). Employees may choose one of five medical options: Anthem Blue Cross HMO, Blue Shield HMO, PERSCheck PPO, PERSSelect PPO and PERSCare PPO. The maximum monthly contribution is based on the rate equal to the average of the premiums for all CalPERS plans available, excluding the plan with the lowest premium and the plan with the highest premium. This amount was \$2,706 and \$2,397 in 2020 and 2019, respectively. In addition, dental and vision insurance are provided to employees and spouses through the Association of California Water Agencies Joint Power Insurance Authority (ACWA-JPIA).

Employees Covered by Benefit Terms: At December 31, 2020 and 2019, the following current and former employees were covered by the benefit terms under the Plan:

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	2020	2019
Inactive employees or beneficiaries currently receiving benefit payments	37	37
Active employees	57	57
Total	94	94

Contributions: The Agency currently finances health insurance premiums on a pay-as-you-go basis. Total health insurance premiums paid, including implicit rate subsidies, during the years ended December 31, 2020 and 2019 were \$506,488 and \$400,584, respectively, including the implicit subsidy.

Total OPEB Liability: The Agency's total OPEB liability as of December 31, 2020 and 2019 was measured as of the same date, and was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2020	2019
Actuarial assumptions:		
Inflation	2.25%	2.25%
Salary increases	3.00%	3.00%
Discount rate	2.12%	2.74%
Pre-retirement mortality	RP-2014 Mortality	RP-2014 Mortality
Pre-retirement turnover	Crocker-Sarason Table T-5 less mortality, reduced by 20% for all ages	Crocker-Sarason Table T-5 less mortality, reduced by 20% for all ages
Mortality improvement	Sale MP-2016 graded from 100% through 2029 down to 20% in 2050	Sale MP-2016 graded from 100% through 2029 down to 20% in 2050
Percent of retirees with spouses	60%	60%
Percent waiving coverage	10%	10%
Healthcare trend rate	Medical 6% for 2020, 5.5% for 2021, 5% for 2022 and 4.5% for 2023 and after. Dental and vision 4%.	Medical 6% for 2020, 5.5% for 2021, 5% for 2022 and 4.5% for 2023 and after. Dental and vision 4%.

The discount rate was based on the Bond Buyer 20-bond General Obligation Index at December 31, 2020 and Standard and Poor's Municipal Bond 20 Year High Grade Index at December 31, 2019. Mortality information was based on the Society of Actuaries (SOA) RP-2014 Mortality Tables based on the results of an actuarial experience study for the period 2004 to 2008. The experience study report may be accessed on the SOA website at <https://www.soa.org/research/topics/pension-exp-study-list/>.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability

	2020	2019
	Increase (Decrease)	Increase (Decrease)
	Total OPEB Liability	Total OPEB Liability
Balance at January 1	\$ 15,826,053	\$ 13,187,505
Changes in the year:		
Service cost	660,062	591,746
Interest	446,009	366,632
Difference between expected and actual experience	89,656	(372,399)
Changes of assumptions	1,678,351	2,453,153
Benefit payments	(506,488)	(400,584)
Net changes	<u>2,367,590</u>	<u>2,638,548</u>
Balance at December 31	<u>\$ 18,193,643</u>	<u>\$ 15,826,053</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2020			2019		
	Current			Current		
	1% Decrease 1.12%	Discount Rate 2.12%	1% Increase 3.12%	1% Decrease 1.74%	Discount Rate 2.74%	1% Increase 3.74%
Net OPEB liability	\$ 21,470,912	\$ 18,193,643	\$ 15,597,379	\$ 18,568,573	\$ 15,826,053	\$ 13,639,564

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2020			2019		
	Current Healthcare Cost			Current Healthcare Cost		
	1% Decrease Initial 5%	Trend Rates Initial 6%	1% Increase Initial 7%	1% Decrease Initial 5%	Trend Rates Initial 6%	1% Increase Initial 7%
Net OPEB liability	\$ 15,549,064	\$ 18,193,643	\$ 21,601,726	\$ 13,545,732	\$ 15,826,053	\$ 18,816,172

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the years ended December 31, 2020 and 2019, the Agency recognized OPEB expense of \$1,754,633 and \$1,253,339, respectively. The Agency had deferred inflows related to the OPEB plan from the following sources at December 31:

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 71,725	\$ (223,439)		\$ (297,919)
Changes of assumptions	2,814,572	(670,555)	\$ 1,962,522	(791,745)
Total	<u>\$ 2,886,297</u>	<u>\$ (893,994)</u>	<u>\$ 1,962,522</u>	<u>\$ (1,089,664)</u>

Amortization of deferred inflows and outflows were as follows at December 31:

Year Ended June 30	2020	2019
2020		\$ 294,961
2021	\$ 648,562	294,961
2022	648,562	294,961
2023	648,561	294,960
2024	232,413	(121,190)
2025	(121,190)	(121,190)
2026	(64,605)	(64,605)
2027		
	<u>\$ 1,992,303</u>	<u>\$ 872,858</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Various claims have been filed against the Agency. In the opinion of the Agency's management and legal counsel, the claims will not have a material impact on the basic financial statements.

In 2012, the Agency was sued by the State Water Contractors (SWC) alleging the Agency's activities have a negative effect on the temperature of the Feather River. The SWC, through the Department of Water Resources (DWR), agreed as part of their renewal of the FERC license to operate the Oroville facilities to maintain water temperature standards in the Feather River. The SWC's lawsuit claimed the Agency's water discharge from the Kelly Ridge Powerhouse affects DWR's ability to meet the temperature requirements. The Agency reached a settlement with the SWC resulting in the dismissal of the lawsuit. As part of the agreement, DWR may request the Agency to discharge water in Lake Oroville instead of through the Kelly Ridge Powerhouse for periods of seven to twenty-one days. As a result, the Agency would lose the capability to generate power, but would be reimbursed by DWR for the lost power revenue.

The Agency and PG&E are currently corresponding on whether the power purchase agreement allows PG&E, at its option, to extend the term of the agreement beyond its natural termination on June 30, 2020 due to the Oroville Spillway incident causing the Kelly Ridge Powerhouse to suspend power generation operations from February, 2017 through July, 2018. PG&E's position expressed in correspondence is that the agreement is extended for all of the Agency's powerhouses. The Agency's position is that the term

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

of the agreement may only be extended as to the affected powerhouse. Delay in the implementation of a new power purchase agreement could result in the loss of additional power generation revenue to the Agency if terms of the new power purchase agreement terms were more favorable to the Agency than the existing agreement.

The Agency has on file before the California State Water Resource Control Board (SWRCB) petitions to extend its currently held water rights permits on the South Fork of the Feather River. These water rights permits, which otherwise were due to expire in December 2004, are the subject of an administrative process before the SWRCB. The Agency has taken all steps required to extend the permits, including making the necessary filings, providing the appropriate environmental documentation, as well as required agreements with the other entity using the same water supply, the North Yuba Water District. No adverse comments, protests, or requests for hearings were filed by any party in connection with this application. In January 2009, the SWRCB's staff issued an order denying the extension. The result of such order would require the Agency to limit its consumptive demand to current use, to license those quantities, and would require it, at substantial expense, to file a new application for new rights to accommodate growth. The Agency has sought rehearing of that order. No action has been taken. The Agency has also sought to engage the SWRCB in discussion but have received no response. If the staff decision is upheld by the SWRCB, the Agency will consider an appeal to the court. The order limits the water rights to current consumptive use and would impact potential, future consumptive use only. The order does not apply to water used for power generation.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on citizens, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain. One possible effect could be lack of the ability of certain customers to pay for water services if the pandemic were to continue for an extended period.

In June 2021 NYWD filed a lawsuit against the Agency asserting breach of contract and breach of fiduciary duty and access to accounting records associated with the Agency's calculation of the net power revenue distribution described in Note L. The lawsuit claims NYWD is owed \$2.2 million from 2019 net power revenues. The outcome of this claim is currently unknown.

NOTE I – ECONOMIC DEPENDENCY

During 2020 and 2019, the Agency received 69% and 81%, respectively, of its total operating and nonoperating revenue from PG&E for power generated from the Agency's power plants. A loss of this revenue source would have a significant impact on the Agency's operations.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE J – RISK MANAGEMENT

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials' liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained. The Agency pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The Agency's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (Includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property Damage	100,000	500,000,000	\$ 1,000 to 50,000
Fidelity	100,000	1,000,000	1,000
Workers' Compensation Liability	2,000,000	Statutory	None
Employers Liability	2,000,000	2,000,000	None
Crime	100,000	1,000,000	1,000
Cyber Liability		5,000,000	10,000 to 50,000

The Agency continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the Agency is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K – AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY

The Agency's power purchase agreement with PG&E ended on July 1, 2010, but continues on a month to month basis. The Agency is currently exploring options for a new power purchase agreement. Revenue to the Agency from this agreement is a combination of variable, market-based payments and a fixed monthly payment. Operations of the facilities are the responsibility of the Agency.

NOTE L – AGREEMENT WITH NORTH YUBA WATER DISTRICT

In May of 2005, an agreement was reached with North Yuba Water District (NYWD), previously known as the Yuba County Water District, which defines the settlement of water rights and the disposition of net hydroelectric project revenues beginning July 1, 2010. The agreement provides first for the payment of normal operating and maintenance expenses for the project, repayment of re-licensing expenses incurred by the Agency, payment of a minimal annual amount to the Agency and NYWD, the creation of a 15% working capital reserve, and the creation of an \$18,000,000 contingency reserve. Following the satisfaction of the obligations, the remaining funds, or net power revenues, are distributed equally between the Agency and NYWD. The net power revenue is also adjusted by loans payable and unexpected expenditures. There was no distribution of net power revenue for the years ended December 31, 2020 and 2019. Due to the uncertainty of the amount, and whether a distribution will be made, the Agency did not accrue this amount as a liability at year-end.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020 and 2019

NOTE M – RELICENSING

The Agency has been preparing for the relicensing of its Power Projects as required by the Federal Energy Regulatory Commission (FERC). In connection with the relicensing, the Agency has incurred expenses, entered into service contracts, and established cash reserves to pay for anticipated costs. Initial costs incurred for the relicensing are being capitalized and will be amortized over the life of the new license once it has been issued by FERC. Total costs capitalized as of December 31, 2020 and 2019 amounted to \$5,716,307. Current costs in the relicensing process are minimal and are being expensed. The relicensing process is nearing its completion. The current FERC license expired on March 31, 2009. Until the relicensing process is completed, operations continue under the current FERC license conditions.

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REQUIRED SUPPLEMENTARY INFORMATION

SOUTH FEATHER WATER AND POWER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Last Ten Years

	Year Ended December 31:						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.140835%	0.130820%	0.121640%	0.120450%	0.111181%	0.101384%	0.110077%
Proportionate share of the net pension liability	\$ 5,940,529	\$ 5,238,532	\$ 4,584,129	\$ 4,748,058	\$ 3,862,276	\$ 2,781,438	\$ 2,720,542
Covered payroll - measurement period	\$ 5,949,907	\$ 5,867,873	\$ 5,952,396	\$ 5,627,825	\$ 5,570,519	\$ 5,746,942	\$ 5,118,332
Proportionate share of the net pension liability as a percentage of covered payroll	99.84%	89.27%	77.01%	84.37%	69.33%	48.40%	53.15%
Plan fiduciary net position as a percentage of the total pension liability	81.64%	82.26%	83.29%	81.13%	74.06%	78.40%	79.82%

Notes to Schedule:

Change in Benefit Terms: None.

Changes in assumptions: In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN
Last 10 Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution employer calendar year	\$ 1,064,159	\$ 970,912	\$ 861,704	\$ 801,403	\$ 596,806	\$ 729,747	\$ 431,342
Contributions in relation to the contractually required contributions	(1,064,159)	(970,912)	(861,704)	(801,403)	(596,806)	(729,747)	(431,342)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - calendar year	\$ 5,896,357	\$ 6,012,159	\$ 5,897,229	\$ 5,843,236	\$ 5,374,903	\$ 5,527,640	\$ 5,382,338
Contributions as a percentage of covered - employee payroll	18.05%	16.15%	14.61%	13.72%	11.10%	7.57%	8.01%
Date contributions were computed:							
July 1 to December 31	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
January 1 to June 30	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial method							
Amortization method				Entry age normal cost method			
Remaining amortization period				Level percentage of payroll, closed			
Asset valuation method				Not stated			
Inflation	2.625%	2.75%	2.75%	5-year smoothed market	2.75%	2.75%	2.75%
Salary increases				Varies by entry age and service			
Investment rate of return	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%	7.50%
Retirement age				50-67 years			

Note: The 2017 contributions in the table above were revised in 2018 to represent accrual basis contributions.

Omitted years: GASB Statement No. 68 was implemented during the year ended December 31, 2014. No information was available prior to this date. Future years will be added prospectively as they become available.

SOUTH FEATHER WATER AND POWER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Ten Years

	Year Ended December 31:			
	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 660,062	\$ 591,746	\$ 574,511	\$ 557,075
Interest	446,009	366,632	421,918	404,270
Differences between expected and actual experience	89,656	(372,399)		
Changes of assumptions	1,678,351	2,453,153	(1,034,125)	
Benefit payments	(506,488)	(400,584)	(379,032)	(298,629)
Net change in total OPEB liability	2,367,590	2,638,548	(416,728)	662,716
Total OPEB liability - beginning	15,826,053	13,187,505	13,604,233	12,941,517
Total OPEB liability - ending	<u>\$ 18,193,643</u>	<u>\$ 15,826,053</u>	<u>\$ 13,187,505</u>	<u>\$ 13,604,233</u>
Covered-employee payroll - measurement period	<u>\$ 6,721,463</u>	<u>\$ 6,525,692</u>	<u>\$ 6,288,405</u>	<u>\$ 5,843,236</u>
Total OPEB liability as percentage of covered-employee payroll	<u>270.68%</u>	<u>242.52%</u>	<u>209.71%</u>	<u>232.82%</u>
Notes to schedule:				
Valuation date	December 31, 2019	December 31, 2019	December 31, 2017	December 31, 2017
Measurement period - calendar year ended	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Discount Rate	2.12%	2.74%	3.71%	3.16%

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes. None since December 31, 2017.

Changes of assumptions. The discount rate changes listed above represent a change of assumptions.

Omitted years: GASB Statement No. 75 was implemented during the year ended December 31, 2017. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SUPPLEMENTARY INFORMATION

SOUTH FEATHER WATER AND POWER AGENCY

DESCRIPTION OF COMBINING BUDGET UNITS

December 31, 2020 and 2019

Fund 01 - General Fund: This unit is used to account for the Agency's general operations, as well as activities related to the Sly Creek Power Project.

Fund 06 - Legacy Projects: This unit is used to account for activities related to the Agency's remaining cost-sharing projects under the Power Purchase Agreement with Pacific Gas & Electric.

Fund 07 - Joint Facilities Fund: This unit is used to account for revenues and expenses in accordance with the Agency's 2005 agreement with North Yuba Water District.

Fund 12 - Miners Ranch Treatment Plant (MRTP) System Capacity Fees: This unit is used to account for activity related to increasing the Miners Ranch Treatment Plant system capacity. The source of funds for these expenses are system capacity charges (one-time development fees) collected with the installation of new accounts.

Fund 51 - Retiree Benefits Fund: This unit is used to account for the Agency's Other Postemployment Benefits (OPEB) obligations.

Fund 59 - Debt Service Fund: This unit is used to account for the issuance of the 2016 Certificates of Participation.

SOUTH FEATHER WATER AND POWER AGENCY

COMBINING SCHEDULE OF NET POSITION

December 31, 2020

	General Fund	Legacy Projects	Joint Facilities
ASSETS AND DEFERREED OUTFLOWS			
CURRENT ASSETS			
Cash and cash equivalents			\$ 22,495,182
Accounts receivable	\$ 612,987		1,578,950
Accrued interest receivable	28,731		
Property taxes receivable	329,249		
Inventory	208,856		640,138
Prepaid expenses	178,213		155,666
Loans receivable	9,448		
TOTAL CURRENT ASSETS	<u>1,367,484</u>		<u>24,869,936</u>
NONCURRENT ASSETS			
Restricted cash and cash equivalents	576		
Investments	2,176,732		6,123,491
Capital assets:			
Not being depreciated	1,069,432		6,898,294
Being depreciated	78,986,896		143,678,503
Less: accumulated depreciation	<u>(37,801,803)</u>		<u>(80,617,346)</u>
Total Capital Assets, Net	<u>42,254,525</u>		<u>69,959,451</u>
TOTAL NONCURRENT ASSETS	<u>44,431,833</u>		<u>76,082,942</u>
TOTAL ASSETS	<u>45,799,317</u>		<u>100,952,878</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	924,937		658,336
OPEB plan	1,587,463		1,298,834
Deferred loss on bond refunding	<u>48,231</u>		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,560,631</u>		<u>1,957,170</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	94,649		265,700
Accrued payroll	99,179		59,539
Accrued interest payable	206,669		68,279
Deposits	64,075		
Retainage payable			99,518
Other payables	103,279		3,308
Current portion of long-term liabilities	<u>843,404</u>		<u>1,716,073</u>
TOTAL CURRENT LIABILITIES	<u>1,411,255</u>		<u>2,212,417</u>
NONCURRENT LIABILITIES			
Long-term debt, noncurrent	24,831,679		4,202,256
Compensated absences, noncurrent	376,643		403,069
Net pension liability	3,172,329		2,768,200
Net OPEB liability	<u>10,064,214</u>		<u>8,129,429</u>
TOTAL NONCURRENT LIABILITIES	<u>38,444,865</u>		<u>15,502,954</u>
TOTAL LIABILITIES	<u>39,856,120</u>		<u>17,715,371</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	109,538		100,634
OPEB plan	<u>491,696</u>		<u>402,298</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>601,234</u>		<u>502,932</u>
NET POSITION			
Net investment in capital assets	16,808,422		64,209,611
Restricted for capacity expansion	263,357		
Unrestricted	<u>(9,169,185)</u>		<u>20,482,134</u>
TOTAL NET POSITION	<u>\$ 7,902,594</u>	<u>\$ -</u>	<u>\$ 84,691,745</u>

<u>M RTP System Capacity</u>	<u>Retiree Benefits</u>	<u>Debt Service</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Final</u>
			\$ 22,495,182		\$ 22,495,182
			2,191,937		2,191,937
			28,731		28,731
			329,249		329,249
			848,994		848,994
			333,879		333,879
			9,448		9,448
			<u>26,237,420</u>		<u>26,237,420</u>
			576		576
			8,300,223		8,300,223
			7,967,726		7,967,726
			222,665,399		222,665,399
			(118,419,149)		(118,419,149)
			<u>112,213,976</u>		<u>112,213,976</u>
			120,514,775		120,514,775
			146,752,195		146,752,195
			1,583,273		1,583,273
			2,886,297		2,886,297
			48,231		48,231
			<u>4,517,801</u>		<u>4,517,801</u>
			360,349		360,349
			158,718		158,718
			274,948		274,948
			64,075		64,075
			99,518		99,518
			106,587		106,587
			2,559,477		2,559,477
			<u>3,623,672</u>		<u>3,623,672</u>
			29,033,935		29,033,935
			779,712		779,712
			5,940,529		5,940,529
			<u>18,193,643</u>		<u>18,193,643</u>
			<u>53,947,819</u>		<u>53,947,819</u>
			<u>57,571,491</u>		<u>57,571,491</u>
			210,172		210,172
			893,994		893,994
			<u>1,104,166</u>		<u>1,104,166</u>
			81,018,033		81,018,033
			263,357		263,357
			<u>11,312,949</u>		<u>11,312,949</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,594,339</u>	<u>\$ -</u>	<u>\$ 92,594,339</u>

SOUTH FEATHER WATER AND POWER AGENCY

COMBINING SCHEDULE OF NET POSITION

December 31, 2019

	General Fund	Legacy Projects	Joint Facilities
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 416,315		\$ 19,177,119
Accounts receivable	579,481		3,593,156
Accrued interest receivable	109,934		
Property taxes receivable	312,564		
Inventory	220,507		589,208
Prepaid expenses	145,349		110,321
Loans receivable	6,417		
Due from other funds			9,442,857
TOTAL CURRENT ASSETS	1,790,567		32,912,661
NONCURRENT ASSETS			
Restricted cash and cash equivalents			
Investments	8,587,288		
Capital assets:			
Not being depreciated	1,053,074		7,225,712
Being depreciated	78,655,054		142,336,224
Less: accumulated depreciation	(35,923,075)		(78,612,543)
Total Capital Assets, Net	43,785,053		70,949,393
TOTAL NONCURRENT ASSETS	52,372,341		70,949,393
TOTAL ASSETS	54,162,908		103,862,054
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	915,877		650,922
OPEB Plan	1,079,387		883,135
Deferred loss on bond refunding	60,819		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,056,083		1,534,057
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	103,076		1,677,438
Accrued payroll	213,588		130,761
Accrued interest payable			85,814
Deposits	30,175		
Other payables	97,835	\$ (63)	
Due to other funds	6,400,548	2,666,634	
Current portion of long-term liabilities	249,951		1,643,293
TOTAL CURRENT LIABILITIES	7,095,173	2,666,571	3,537,306
NONCURRENT LIABILITIES			
Long-term debt, noncurrent			5,749,839
Compensated absences, noncurrent	362,664		421,453
Net pension liability	2,786,231		2,452,301
Net OPEB liability	8,762,039		7,064,014
TOTAL NONCURRENT LIABILITIES	11,910,934		15,687,607
TOTAL LIABILITIES	19,006,107	2,666,571	19,224,913
DEFERRED INFLOWS OF RESOURCES			
Pension plan	156,300		138,894
OPEB	599,315		490,349
TOTAL DEFERRED INFLOWS OF RESOURCES	755,615		629,243
NET POSITION			
Net investment in capital assets	16,245,432		65,199,554
Restricted for capacity expansion			
Unrestricted	20,211,837	(2,666,571)	20,342,401
TOTAL NET POSITION	\$ 36,457,269	\$ (2,666,571)	\$ 85,541,955

<u>MTRP System Capacity</u>	<u>Retiree Benefits</u>	<u>Debt Service</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Final</u>
\$ 192,893	\$ 3,545,610	\$ 1,000	\$ 23,332,937		\$ 23,332,937
			4,172,637		4,172,637
			109,934		109,934
			312,564		312,564
			809,715		809,715
			255,670		255,670
			6,417		6,417
663	48,937		9,492,457	\$ (9,492,457)	
<u>193,556</u>	<u>3,594,547</u>	<u>1,000</u>	<u>38,492,331</u>	<u>(9,492,457)</u>	<u>28,999,874</u>
		574	574		574
			8,587,288		8,587,288
			8,278,786		8,278,786
			220,991,278		220,991,278
			(114,535,618)		(114,535,618)
			<u>114,734,446</u>		<u>114,734,446</u>
		574	<u>123,322,308</u>		<u>123,322,308</u>
<u>193,556</u>	<u>3,594,547</u>	<u>1,574</u>	<u>161,814,639</u>	<u>(9,492,457)</u>	<u>152,322,182</u>
			1,566,799		1,566,799
			1,962,522		1,962,522
			60,819		60,819
			<u>3,590,140</u>		<u>3,590,140</u>
			1,780,514		1,780,514
			344,349		344,349
		211,169	296,983		296,983
			30,175		30,175
			97,772		97,772
		425,275	9,492,457	(9,492,457)	
		600,000	2,493,244		2,493,244
		<u>1,236,444</u>	<u>14,535,494</u>	<u>(9,492,457)</u>	<u>5,043,037</u>
		25,463,582	31,213,421		31,213,421
			784,117		784,117
			5,238,532		5,238,532
			15,826,053		15,826,053
		<u>25,463,582</u>	<u>53,062,123</u>		<u>53,062,123</u>
		<u>26,700,026</u>	<u>67,597,617</u>	<u>(9,492,457)</u>	<u>58,105,160</u>
			295,194		295,194
			1,089,664		1,089,664
			<u>1,384,858</u>		<u>1,384,858</u>
			81,444,986		81,444,986
193,556			193,556		193,556
	3,594,547	(26,698,452)	14,783,762		14,783,762
<u>\$ 193,556</u>	<u>\$ 3,594,547</u>	<u>\$ (26,698,452)</u>	<u>\$ 96,422,304</u>	<u>\$ -</u>	<u>\$ 96,422,304</u>

SOUTH FEATHER WATER AND POWER AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

For the year ended December 31, 2020

	General Fund	Legacy Projects	Joint Facilities
OPERATING REVENUE			
Domestic water sales	\$ 2,674,305		
Irrigation water sales	263,727		
Sale of electricity	1,322,616		\$ 10,640,356
Other services	553,042		12,131
TOTAL OPERATING REVENUE	4,813,690		10,652,487
OPERATING EXPENSES			
Source of supply	16,117		
Water treatment	1,923,428		
Environmental health and safety	239,864		299,967
Transmission and distribution	2,528,136		
Customer accounts	990,535		
Plant operations	1,136,847		5,825,321
General and administrative	1,298,092		1,891,522
Other operating expenses	49,859		
Depreciation	1,879,830		2,004,803
TOTAL OPERATING EXPENSES	10,062,708		10,021,613
NET INCOME (LOSS) FROM OPERATIONS	(5,249,018)		630,874
NON-OPERATING REVENUES (EXPENSES)			
Property taxes	681,269		
Investment earnings	108,903		427,042
Insurance reimbursements			80,452
Interest expense	(826,793)		(308,393)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(36,621)		199,101
CAPITAL CONTRIBUTIONS			
Capital grants:			
Federal			443,135
State			114,763
System capacity charges	69,801		
TOTAL CAPITAL CONTRIBUTIONS	69,801		557,898
INCOME (LOSS) BEFORE TRANSFERS	(5,215,838)		1,387,873
TRANSFERS			
Transfers in	3,359,615	\$ 2,666,571	1,617,546
Transfers out	(26,698,452)		(3,855,629)
TOTAL TRANSFERS	(23,338,837)	2,666,571	(2,238,083)
CHANGE IN NET POSITION	(28,554,675)	2,666,571	(850,210)
Net position at beginning of year	36,457,269	(2,666,571)	85,541,955
NET POSITION AT END OF YEAR	\$ 7,902,594	\$ -	\$ 84,691,745

<u>M RTP System Capacity</u>	<u>Retiree Benefits</u>	<u>Debt Service</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Final</u>
			\$ 2,674,305		\$ 2,674,305
			263,727		263,727
			11,962,972		11,962,972
			565,173		565,173
			<u>15,466,177</u>		<u>15,466,177</u>
			16,117		16,117
			1,923,428		1,923,428
			539,831		539,831
			2,528,136		2,528,136
			990,535		990,535
			6,962,168		6,962,168
			3,189,614		3,189,614
			49,859		49,859
			<u>3,884,633</u>		<u>3,884,633</u>
			<u>20,084,321</u>		<u>20,084,321</u>
			(4,618,144)		(4,618,144)
			681,269		681,269
			535,945		535,945
			80,452		80,452
			<u>(1,135,186)</u>		<u>(1,135,186)</u>
			162,480		162,480
			443,135		443,135
			114,763		114,763
			69,801		69,801
			<u>627,699</u>		<u>627,699</u>
			(3,827,965)		(3,827,965)
		\$ 26,698,452	34,342,184	\$ (34,342,184)	
\$ (193,556)	\$ (3,594,547)		<u>(34,342,184)</u>	<u>34,342,184</u>	
<u>(193,556)</u>	<u>(3,594,547)</u>	<u>26,698,452</u>			
(193,556)	(3,594,547)	26,698,452	(3,827,965)		(3,827,965)
<u>193,556</u>	<u>3,594,547</u>	<u>(26,698,452)</u>	<u>96,422,304</u>		<u>96,422,304</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,594,339</u>	<u>\$ -</u>	<u>\$ 92,594,339</u>

SOUTH FEATHER WATER AND POWER AGENCY
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION

For the year ended December 31, 2019

	General Fund	Legacy Projects	Joint Facilities
OPERATING REVENUE			
Domestic water sales	\$ 2,138,729		
Irrigation water sales	218,507		
Sale of electricity	2,216,278		\$ 19,631,871
Other services	718,999		24,818
TOTAL OPERATING REVENUE	5,292,513		19,656,689
OPERATING EXPENSES			
Source of supply	17,468		
Water treatment	1,662,851		
Environmental health and safety	213,742		247,836
Transmission and distribution	2,277,470		
Customer accounts	869,709		
Plant operations	1,181,094		5,460,296
General and administrative	1,953,158		2,897,149
Other operating expenses	67,263		
Depreciation	1,865,236		1,861,051
TOTAL OPERATING EXPENSES	10,107,991		10,466,332
NET INCOME (LOSS) FROM OPERATIONS	(4,815,478)		9,190,357
NON-OPERATING REVENUES (EXPENSES)			
Property taxes	663,748		
Investment earnings	85,266		665,557
Insurance refund			601,929
Gain (loss) on sale and disposition of capital assets	2,600		
Interest expense	(12,588)		(398,697)
TOTAL NON-OPERATING REVENUES (EXPENSES)	739,026		868,789
CAPITAL CONTRIBUTIONS			
System capacity charges			
TOTAL CAPITAL CONTRIBUTIONS			
INCOME (LOSS) BEFORE TRANSFERS	(4,076,452)		10,059,146
TRANSFERS			
Transfers in	1,420,584		1,096,094
Transfers out	(1,043,046)	\$ (1,096,092)	(1,440,703)
TOTAL TRANSFERS	377,538	(1,096,092)	(344,609)
CHANGE IN NET POSITION	(3,698,914)	(1,096,092)	9,714,537
Net position at beginning of year	40,156,183	(1,570,479)	75,827,418
NET POSITION AT END OF YEAR	\$ 36,457,269	\$ (2,666,571)	\$ 85,541,955

M RTP System Capacity	Retiree Benefits	Debt Service	Total	Eliminating Entries	Final
			\$ 2,138,729		\$ 2,138,729
			218,507		218,507
			21,848,149		21,848,149
			743,817		743,817
			<u>24,949,202</u>		<u>24,949,202</u>
			17,468		17,468
			1,662,851		1,662,851
			461,578		461,578
			2,277,470		2,277,470
			869,709		869,709
			6,641,390		6,641,390
		\$ 1,100	4,851,407		4,851,407
			67,263		67,263
			<u>3,726,287</u>		<u>3,726,287</u>
		<u>1,100</u>	<u>20,575,423</u>		<u>20,575,423</u>
		(1,100)	4,373,779		4,373,779
			663,748		663,748
\$ 1,591	\$ 107,352	162	859,928		859,928
			601,929		601,929
			2,600		2,600
		(832,046)	<u>(1,243,331)</u>		<u>(1,243,331)</u>
1,591	107,352	(831,884)	884,874		884,874
191,965			191,965		191,965
<u>191,965</u>			<u>191,965</u>		<u>191,965</u>
193,556	107,352	(832,984)	5,450,618		5,450,618
	52,200	1,010,963	3,579,841	\$ (3,579,841)	
			<u>(3,579,841)</u>	<u>3,579,841</u>	
	<u>52,200</u>	<u>1,010,963</u>			
193,556	159,552	177,979	5,450,618		5,450,618
	3,434,995	(26,876,431)	90,971,686		90,971,686
<u>\$ 193,556</u>	<u>\$ 3,594,547</u>	<u>\$ (26,698,452)</u>	<u>\$ 96,422,304</u>	<u>\$ -</u>	<u>\$ 96,422,304</u>

SOUTH FEATHER WATER AND POWER AGENCY

OTHER SUPPLEMENTARY INFORMATION
DEBT SERVICE COVERAGE RATIOS

For the Years Ended December 31, 2020 and 2019

	2020	2019
REVENUES		
Operating revenues	\$ 15,466,177	\$ 24,949,202
Investment earnings	535,945	859,928
Property taxes	681,269	663,748
Insurance reimbursements	80,452	601,929
TOTAL REVENUES	16,763,843	27,074,807
EXPENSES		
Total Operating Expenses	20,084,321	20,575,423
Less: Depreciation	(3,884,633)	(3,726,287)
TOTAL EXPENSES	16,199,688	16,849,136
NET REVENUES	564,155	10,225,671
ACTUAL DEBT SERVICE PAYMENTS (CASH BASIS)		
2016 Certificates of Participation - principal	600,000	580,000
2016 Certificates of Participation - interest	844,675	862,075
Installment Purchase Agreement - principal	1,476,612	773,548
Installment Purchase Agreement - interest	325,928	127,722
TOTAL ACTUAL DEBT SERVICE PAYMENTS	3,247,215	2,343,345
Debt Coverage Ratio - Actual	0.17	4.36
Required Ratio	1.25	1.25
DEBT SERVICE COVERAGE RATIO WITH FULL YEAR OF INSTALLMENT PURCHASE AGREEMENT PAYMENTS		
Net revenues	\$ 564,155	\$ 10,225,671
Total 2016 Certificates of Participation debt service payments	1,444,675	1,442,075
Installment Purchase Agreement - principal (represent 2020 payments) *	1,476,612	1,547,585
Installment Purchase Agreement - interest (represent 2020 payments) *	325,928	254,955
TOTAL	3,247,215	3,244,615
Debt Coverage Ratio - Including Full Year of Installment Purchase Agreement Payments	0.17	3.15
Required Ratio	1.25	1.25

* Payments represent calendar year 2020 payments, which is the first calendar year that both semi-annual payments will be made.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
South Feather Water and Power Agency
Oroville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Feather Water and Power Agency (the Agency) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated September 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2020-001, that we consider to be a significant deficiency.

To the Board of Directors
South Feather Water and Power Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Agency's Response to Finding

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

September 16, 2021

SOUTH FEATHER WATER AND POWER AGENCY

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING

CURRENT YEAR FINDINGS

FINDING 2020-001 – SIGNIFICANT DEFICIENCY

Criteria: Government Auditing Standards effective during the 2020 audit result in more scrutiny of nonaudit services provided auditors, such as assistance with audit adjustments and closing entries, because nonaudit services are considered to be a threat to the auditor's independence. The expectation is that issuers provide effective internal controls over financial reporting and employ external resources if time constraints exist or more knowledge is needed to ensure financial activities are reported in accordance with Generally Accepted Accounting Principles without the assistance of the auditor.

Condition: Numerous adjustments and closing entries were posted during the audit, including entries to close net income into net position to agree opening net position to the balance in the prior year financial statements, reposting prior year entries, closing entries for pension and OPEB accounts, recording current portion of debt, trueing up the net investment in capital assets, adjusting payables, balancing budget unit borrowings, recording overhead entries among budget units, trueing up restricted cash and cash equivalents and other entries.

Effect: The audit began in April and was completed in August. The adjustments and closing entries delay completion of the audit and result in the audit taking more hours to complete than if the general ledger was final at the start of the audit. It is harder to determine whether the reported balances are appropriate if the balances change during the audit and it is difficult to stop the audit and pick it back up weeks or months later and remember the issues that need to be addressed. It increases the risk that an error exists that will not be identified during the audit. It is also difficult to schedule staff time when the audit has to stop and be resumed as entries and supporting documentation are received.

Cause: The Agency's closing process did not identify all entries necessary to record the District's financial activity in accordance with generally accepted accounting principles. We believe the Finance Manager may need additional help to close the books for the audit. It is the issuer's responsibility to have appropriate staffing and internal controls over financial reporting necessary to make sure the general ledger is final at the start date of the audit.

Recommendation: We recommend the Agency add additional review procedures necessary to ensure general ledger accounts are reconciled and updated prior to the start of the audit in the future. The Agency also should not close net income into net position for the year until the audit is complete to ensure any audit adjustments may be posted in the year under audit. Net position should be reconciled to the audited financial statements after closing net income after the financial statements are issued. The closing process takes a significant amount of time. It is often cited as a second full-time job by accounting staff. Since the Agency does not have a qualified accountant to assist the Finance Division Manager with the closing as do most governments the Agency's size, we recommend considering whether temporary help is needed during the closing process from a qualified CPA or other person familiar with governmental accounting to ensure the Agency's staff has time to fully reconcile all accounts prior to the start date of the audit.

Management's Response: The Agency will implement the recommendations prior to the December 31, 2021 audit.

PRIOR YEAR FINDINGS

Current Status: Finding 2020-001 was a continuation of Finding 2019-001 that was not addressed during the year.



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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT TESTING

To the Board of Directors
South Feather Water and Power Agency
Oroville, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriations Limit of the South Feather Water and Power (the Agency) for the year ended December 31, 2020. The Agency is responsible for complying with the Appropriations Limit Calculation. The Agency and the League of California Cities (as presented in the publication entitled *Agreed-Upon Procedures applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist the Agency in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings were as follows:

1. We obtained the Agency's calculation of the 2020 Appropriations Limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost-of-living adjustment component to Article XIII B, which states that the Agency may annually adjust the component for either the change in California per capita personal income or, the percentage change in the Agency's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

Finding: It appeared the 2020 calculation began with the 2018 ending Appropriations Limit of \$1,051,465 as the starting point for the 2020 limit rather than the 2019 Appropriations Limit of \$1,051,763. In addition, we noted the District used the change in the unincorporated County of Butte population of -12.07% when it had the option of using the change in the County Total population of -5.07%. The Appropriations Limit would have been higher by \$76,641 had these two changes been reflected in the calculation.

Recommendation: We recommend the District revised the 2020 Appropriations Limit calculation to reflect the changes discussed above recommend the District revise the 2020 Appropriations Limit used in the 2021 Appropriations Limit calculation.

3. We compared the methodology used to determine the population adjustment component to Article XIII B which states that the Agency may annually choose to adjust the component for either the change in population in the County in which the Agency is located, or the change in population within the unincorporated area of the County in which the Agency is located. We recalculated the factor based on the above information.

Finding: See the finding under item 2 above.

Recommendation: See the recommendation under item 2 above.

4. We compared the prior year Appropriations Limit presented in the accompanying Appropriations Limit Calculation to the prior year Appropriations Limit adopted by the Board of Directors for the prior year.

Finding: See the finding under item 2 above.

Recommendation: See the recommendation under item 2 above.

5. We recalculated the 2020 Appropriations Limit by multiplying the product of the two above factors by the prior year Appropriations limit.

Finding: See the finding under item 2 above.

Recommendation: See the recommendation under item 2 above.

6. We compared the Agency's budgeted and actual revenues to the computed Appropriations Limit for 2020.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by the Agency to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We are not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. No procedures have been performed with respect to the determination of the Appropriations Limit for the base year, as defined by *Article XIII-B* of the California Constitution.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the use of the Board of Directors and management of the Agency and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

September 16, 2021

South Feather Water and Power Agency

Appropriation Limit Calculation

Year Ended December 31, 2020

Appropriation Limit
Adopted by Agency:

Recorded in Final 2020 Budget \$ 959,039

Appropriation Limit
Computation Per Review:

2019 Appropriation Limit \$ 1,051,763

Cost of Living Factor:

Change in California per Capita Income 1.0373

Population Adjustment Factor:

Population Change 0.9493

Auditor Computed Limitation 1,035,680

Variance \$ (76,641)



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GOVERNANCE LETTER

To the Board of Directors
South Feather Water and Power Agency
Oroville, California

We have audited the financial statements of the South Feather Water and Power Agency (the Agency) for the year ended December 31, 2020, and have issued our report thereon dated September 16, 2021. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in the engagement letter dated February 6, 2019 and to a member of the Board of Directors during the audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transaction entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives used to depreciate capital assets, the grant receivables recognized, the accrual of liabilities, and the liability and related deferred inflows and outflows of resources for pension and other postemployment benefits. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The liability for the unfunded pension liability was determined by an actuarial valuation performed by CalPERS, which is performed annually. The liability for postemployment benefits was determined by an actuarial valuation, which is required to be performed every two years and updated every year.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the following:

- Information on the Agency's pension plans shown in Note F.
- The postemployment benefit (OPEB) plan disclosure in Note G. The Agency has designated \$3,660,895 in its Retiree Benefits fund for the OPEB, but since these funds are not held in an

irrevocable trust specifically for retiree health benefits, these amounts are not considered to be plan assets and do not offset the total OPEB liability.

- The commitments and contingencies disclosed in Note H, including the lawsuit filed by North Yuba Water District over the net power revenue distribution from the Joint Facilities Fund.
- The agreement with North Yuba Water District is discussed in Note L of the financial statements, which describes the amount held by the Agency in excess of required reserves, if any. The actual liability, if any, is typically not known until after the audited financial statements are completed and can be adjusted for significant events occurring prior to the distribution. As a result, no liability was accrued at December 31, 2020.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments included 35 closing entries and audit adjustments, related to the following:

- Adjust net position to match the prior year ending balance.
- Eliminate negative cash and record interfund borrowings.
- Reclassify cash equivalents recorded as investments.
- True-up cash and cash equivalents restricted for capacity expansion.
- Reclassify current portion of debt.
- True-up pension balances to CalPERS valuation.
- To close budget units so the District only reports the General Fund and Joint Facilities units.
- To true-up net investment in capital assets.

The attached schedule summarizes uncorrected misstatements in the financial statements. Management has determined that the effects are immaterial, both individually and in the aggregate to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 16, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Agency’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Contributions to the Pension Plan and the Schedule of Changes in the Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Supplementary Information identified in the table of contents of the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

September 16, 2021

SOUTH FEATHER WATER AND POWER AGENCY
SUMMARY OF UNADJUSTED DIFFERENCES
YEAR ENDED DECEMBER 31, 2020

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets and Deferred Outflows	Total Liabilities and Deferred Inflows	Net Position	Change in Net Position
To accrue interest receivable on investments.	\$ (23,728)		\$ (23,728)	\$ (23,728)
To record LAIF at fair market value.	(43,684)		(43,684)	(43,684)
To accrue grant revenue.	(43,105)		(43,105)	(43,105)
Unreconciled difference between payroll system and general ledger.		\$ (15,197)	15,197	15,197
To reverse the estimate of the 2019 unbilled receivable so not included in 2020 income. An estimate of the unbilled receivable was accrued in 2020.				81,735
To report half of the State of California water rights fee as prepaid expenses.	25,562		(25,562)	(25,562)
To record three fourths of the U.S.Geological Survey Streamgaging Program fee as prepaid expenses.	20,715		(27,620)	(27,620)
Net Unadjusted Audit Differences - This Year	(64,240)	(15,197)	(148,502)	(66,767)
Financial Statement Caption Totals	151,269,996	58,675,657	92,594,339	(3,827,965)
Net Audit Differences as % of Financial Statement Captions	-0.04%	-0.03%	-0.16%	1.74%



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MANAGEMENT LETTER

To the Board of Directors and Management
South Feather Water and Power Agency
Oroville, California

In planning and performing our audit of the financial statements of the South Feather Water and Power Agency (the Agency) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency.

Closing Process

As discussed in the compliance report in the audited financial statements, we identified numerous audit adjustments and posted a number of closing entries during the audit, which delayed completion of the audit and made the audit take more hours to complete. The compliance report describes the issues, effect and recommendations to improve internal controls over financial reporting.

We noted the following additional items during our audit that warrant consideration:

Inventory Controls

We noted there is not a formal requisition process for inventory items in the Power Division. We recommend employees be required to fill out a requisition form indicating the parts to be used and the project for which the parts are to be used. Ideally, these forms would be approved by a supervisor or the Power Division Manager prior to taking the parts.

Capital Assets

It is time consuming to agree the capital asset detail list to the general ledger because the Agency has a significant number of capital asset accounts in the general ledger, numerous categories on the capital asset detail lists and numerous individual items on the capital asset detail lists. We noted a number of fully depreciated assets were included on the capital asset detail list that are below the capitalization threshold disclosed in the financial statements. We recommend the Agency write-off amounts under \$5,000 original cost to conform to the reported policy. This would reduce the size of the depreciation lists, making it easier to review activity. We also recommend simplifying capital asset accounts by combining accounts into the line items reported in the capital asset footnote in the financial statements and by adding subtotals on the capital asset detail lists to match the categories disclosed.

Net Position Accounts

Net position did not rollforward for many of the budget units and by over \$38 million in total. This appears to be due to prior year net income amounts not being closed into the net position accounts. We recommend the Agency leave the year open until after the audit is over and then close net income into unrestricted net position accounts. Net position accounts should be reviewed as part of the closing process to make sure the balances agree to the prior year financial statements.

Internal controls

- During our review of cash disbursements we noted one invoice that was missing the sign-offs by the reviewer. Management indicated the invoice was reviewed. We recommend that all controls performed be documented with an initial and date by the preparer and reviewer. The initial would indicate whether separation of duties exists and the date how long it took for the review to be completed after the transaction is processed.
- Because the Finance Division Manager performs most accounting functions and Journal Entries are a common way to conceal unauthorized transactions, we recommend another member of management review all Journal Entries prior to their entry. If that is not possible, a review as quickly as possible after the entry is posted should be performed.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

September 16, 2021

MINUTES of the REGULAR MEETING of the BOARD of DIRECTORS of SOUTH FEATHER WATER & POWER AGENCY

**Tuesday, August 24, 2021, 2:00 P.M.,
Agency Board Room, 2310 Oro-Quincy Hwy., Oroville, California**

In Compliance with the State of California Governor's Office Executive Order N-29-20, SFWPA will limit "in-person" attendance for the August 24, 2021 Board Meeting.

General Manager Moseley explained the August board meeting format and performed roll call for the limited individuals in the room and for those participating via Zoom Meeting.

Individuals that are not critical to agenda items below may fully participate in the meeting via Zoom by

<https://us02web.zoom.us/j/87185567164>

Meeting ID: 871 8556 7164

+1 669 900 6833 US (San Jose)

Meeting by Phone: dial *9 to raise your hand

DIRECTORS PRESENT (In Person): Tod Hickman, Rick Wulbern, Dennis Moreland, John Starr

DIRECTORS ABSENT: James Edwards

STAFF PRESENT (In Person): Rath Moseley, General Manager; Dustin Cooper, Legal Counsel; Jaymie Perrin EH&S Manager; Art Martinez, Manager Information Systems; Steve Wong, Finance Division Manager; Dan Leon, Power Division Manager; Regulatory Compliance Manager, Kristen McKillop; Water Treatment Superintendent, John Shipman

STAFF PRESENT (By Zoom): None

STAFF ABSENT: None

OTHERS PRESENT (Via Zoom): Ruth Wright, Charles Sharp, Steve Lucas, Rulik Perla, Unknown 916-390-6780

CALL TO ORDER

President Wulbern called the meeting to order at 2:00 p.m., and led the Pledge of Allegiance.

APPROVAL OF MINUTES

M/S: (Moreland/Starr) approving the Minutes of the regular meeting of July 27, 2021.

Ayes: Wulbern, Hickman

Absent: Edwards

No public comment

APPROVAL OF CHECKS AND WARRANTS

M/S (Hickman/Moreland)

Ayes: Wulbern, Starr

Absent: Edwards

Approving the total General Fund and Joint Facilities operating fund expenditures for the month of July 2021 in the amount of \$1,585,512.10 and authorize the transfer of \$1,900,000.00 from the TCB General Fund to the TCB Accounts Payable and Payroll Fund for the payment of regular operating expenses.
No public comment

GENERAL MANAGER'S REPORT

The General Manager communicated the following:

Domestic Water Treatment Operations

The total Miners Ranch Treatment Plant (MRTP) treated water production for the month of July totaled 291.08 million gallons.

The total Bangor Treatment Plant (BTP) treated water production for the month of July totaled 1.247 million gallons

All bacteriological requirements were good for the MRTP, BTP, and the Strawberry campground. Quarterly disinfection by-products testing were good for MRTP & BTP. Miners Ranch production was 104% of average over the past 5 years. Bangor's production was 96% of average over the past 5 years. Bangor raw water pump station delivered 1.3 MG and continues to run with no issues.

All canals and ditches are in operation.

The primary focus during August has been on the HWY 162 / Arbol Ave. Caltrans Road Widening Project.

Hwy 162 Road Widening Project

The pipeline realignment, replacement and removal of water distribution (including meter sets) has been completed. The crew worked nights on this project while also maintaining day shift responsibilities and emergency on-call services. All staff contributed in one way or another to make this project successful.

Tuscan Water District

An application for District Formation was submitted to LAFCO by the proposed TWD.

In reaction to the proposed formation, three opposing members of the public requested a meeting with South Feather in regards to the formation and inquired feedback about an alternate proposal of a Butte County Water District. It was agreed that a draft "study" resolution would be provided to SF for review and consideration. No resolution was provided for the board to review.

River Ranch Development

Preparation for domestic tie-in to support the River Ranch Development Project at Ophir Road and Lincoln Blvd. is in process and the contractor may be ready for initial connection to the water mainline in September. Director Moreland asked who the contractor was and how many homes were being built at this location.

Property Development

Several Will-Serve letters have been requested to confirm water availability for development within the district.

FINANCE MANAGER'S REPORT

The Finance Manager communicated the following:

CalPERS Actuarial Valuations

The CalPERS retirement contribution rates for the period of July 1, 2022 through June 30, 2023 have been released. The Agency's employer contribution rate for its classic employees will be 14.53%, a slight decrease from the 2021-22 rate of 14.54%. For comparison, the 2020-21 and 2019-20 rates were 14.729% and 13.692% respectively. The PEPRA employer contribution rate (applies to employees entering the CalPERS system after January 1, 2013) will be 7.47%, also a slight decrease from the 2021-22 rate of 7.59%. And for comparison, the 2020-21 and 2019-20 rates were 7.732%, and 6.985% respectively. The

2021-22 required unfunded accrued liability contribution is \$548,858. At June 30, 2020, the Agency's funded ratio, the Plan's market value of assets divided into the Agency's accrued liability, was 79.5% compared with 80.5%, 80.3% and 82.4% for the prior three years. As of June 30, 2020, the total unfunded accrued liability for CalPERS pensions was \$6,992,005. The complete annual actuarial valuation reports are available on the CalPERS website at <http://www.calpers.ca.gov>; the "Employers" banner; "I Want To Search Actuarial Reports"; and search by Name, South Feather Water and Power Agency.

Red Hawk Ranch

Irrigation service to Red Hawk Ranch parcels, the Oro-Bangor Highway/Bangor Treatment Plant-Avacado project (2020-0200), are all complete and operable. Full payments or payment arrangements for installation have been received from all but one parcel receiving service.

CalPERS Health Insurance

CalPERS health insurance premium rates for 2022 have been announced. The Agency's cap, or maximum monthly premium contribution, is \$2,824.93, a slight decrease from the 2021 maximum monthly premium contribution of \$2,947.19. In accordance with Government Code requirements, resolutions to set the maximum monthly employer contribution for employee and retiree health insurance will be prepared and presented to the Board for approval at a future meeting. The open enrollment period is from September 20, 2021 through October 15, 2021, to be effective on January 1, 2022.

Finance Division vacations

I am pleased to report that this summer all Finance Division employees were able to take at least one uninterrupted week of vacation time.

POWER DIVISION MANAGER'S REPORT

The Power Division Manager communicated the following:

OPERATIONS

Power Division Summary Report, Reservoir Storage Report, and Precipitation Report for July 2021 are attached.

South Fork tunnel average flow was 80 CFS. Slate Creek tunnel was closed. At month's end, Little Grass Valley and Sly Creek Reservoirs combined storage was 94 kAF and no project reservoirs were spilling.

MAINTENANCE

Powerhouses

- Woodleaf Powerhouse: Fully operational.
- Forbestown Powerhouse: Fully operational.
- Kelly Ridge Powerhouse: Fully operational.
- Sly Creek Powerhouse: Fully operational.

Other Project Assets

- Inspect spillways and gate mechanisms
- Inspect and operate sluice gate at South Fork Diversion Dam
- Inspect and clean project roadways, canals and ditches
- Inspect and clean canal intake screens, remove vegetation

- Remove woody debris from Sly Creek Dam face
- Fabricate personnel crossings for Miners Ranch Canal
- Recoat interior and exterior of Lost Creek Dam building
- Recoat interior of Station 2, Station 8 and SF-16 buildings
- Repair lighting in Power Div shops
- Inspect and recalibrate outlying station water monitoring equipment
- Test synchronizing relays at powerhouses
- Provide access to PG&E for installation of their radio at Sunset Comm site
- Maintain radio telemetry for remote sites

PROJECTS

Lost Creek Dam Mid-Level Valve Access. Agency crew are fabricating new metal walkways and placing concrete footings for mid-level access.

Forbestown HQ Yard. Agency crew have placed a new concrete driveway apron in front of the hazardous material storage room, which will facilitate safe movement of materials using forklifts and carts.

Sunset Standby Generator Replacement. Agency crew have placed new concrete pads at the Sunset comm site, and installed a new standby generator and LPG storage tank. Crew have also constructed a roofed enclosure for the generator. This new equipment will significantly improve the reliability of the electrical power system at the site.

Energy Delivery Transition Projects. The Agency's Energy Transition Program includes the following projects that are in various states of progress. **Comm Network Project.** Agency crew are installing and testing new communication hardware and wiring at various power project locations. **CAISO Meter Installation Project.** Agency staff attended acceptance testing for new CAISO meter equipment at contractor's office in Sacramento. Field installation and commissioning scheduled for November 2021. **Scada Replacement Project.** Agency crew and contractor are building and configuring the replacement Scada system. Field installation and commissioning scheduled for November 2021.

PERSONNEL

Hydro Civil Engineer Recruitment. Agency is recruiting for a Hydro Civil Engineer with structural engineering experience. The position requires experience in the following areas. Administer Dam Safety Programs within Agency as a senior level Civil Engineer and FERC Chief Dam Safety Engineer, in compliance with FERC, DSOD and regional requirements for Dams and other Hydro project assets. Design and develop systems, specifications, standards, work practices and performance criteria for Agency, fulfilling engineering and technical requirements of applicable regulatory entities.

REGULATORY COMPLIANCE MANAGER'S REPORT

August 24th is National Hydropower Day! For over 135 years, hydropower has powered this nation with clean, renewable energy. National Hydropower Day celebrates hydropower's undeniable contributions to America's clean energy infrastructure.

Dam Safety. Operation crews continue to complete O&M compliance items documented during the 2020 Division of Safety of Dams (DSOD) inspections. Annual photo documentation events have been completed.

Monthly Urban Water User Report. At the second State Water Board meeting of September, State Water Board staff will begin the process of providing monthly summaries of cumulative monthly data, starting with July 2021, as compared to cumulative values from the corresponding time period in 2020 in an effort to determine compliance with the Governor's call on "all Californians to voluntarily reduce their water use by 15 percent from their 2020 levels" in Executive Order N-10-21 on July 8, 2021.

Statewide Drought Update. According to the US Drought Monitor, during the week of August 16th Butte County, along with roughly 47% of the state of California, fell into the Exceptional Drought category, which is the worst in that ranking system. To date, July 2021 was the driest month, and the year 2021 to date is the 8th driest year over the past 127 years of record keeping for Butte County. The Butte County Drought Task Force will meet again on September 7, 2021, and all pertinent updates will be presented to management and this Board.

Miners Ranch Canal flow is at 251 CFS (close to maximum flow) and Storage at Miners Ranch Reservoir is 675 AF.

Little Grass Valley Reservoir will remain at 5022.00' elevation until after Labor Day. Due to drought conditions, it is unknown at this time whether whitewater flows will be available this year.

INFORMATION ITEM

Notice of Vacancy - Division 4

The General Manager communicated that the Division 4 Director seat will become vacant on September 24th, 2021 and the board will fill via appointment. Information to seek consideration will be available at the regularly scheduled September 28th, 2021 board meeting.

PUBLIC COMMENT

Consistent with Executive Order N-29-20 from the Executive Department of the State of California the Board Chambers will not be physically open to the public and can be joined via Zoom with the instructions above. Public comment for Directors can be submitted anytime via e-mail. However, in order to be read into the record during the meeting it must be submitted to PublicRelations@southfeather.com by 12:00 P.M. Tuesday August 24, 2021.

Charles Sharp communicated that SF needs a public relations resource to "get the message" out to Yuba County and NYWD customers. Mr. Sharp also commented about PRA listed in the closed session agenda.

Rulik Perla thanked SF and stated that NYWD's customers are watching, cheering and supporting. Concluded by saying "we need water".

No e-mail public participation provided by any attendees.

Note: A full audio recording is available on the Agency website capturing all public comments in its entirety. (southfeather.com/board-agenda-information)

BUSINESS ITEM

Rules and Regulations – Backflow and Meter Charge

Board approval to update Backflow and Meter Charges to reflect current costs as a result of material increases.

M/S (Hickman/Starr)

Ayes: Wulbern, Moreland

Absent: Edwards

(No public comment)

DIRECTORS' REPORTS

Director Starr: No report for the month of August.

Director Moreland: With COVID and all the fires, it seems like people have negative attitudes.

Hopes people are getting vaccinated.

Serious drought and need for storage. Asking for Federal and State support. Recreation issues Lake Oroville.

Requesting water storage to be added the agenda.

Director Edwards: Absent

Director Wulbern: No Report for the month of August.

Director Hickman: Has storage concerns as well and would like to pursue implementation as Director Moreland Described.

RECESS (3:34 p.m.)

President Wulbern offered opportunity for public comment on closed session items.

CLOSED SESSION (convened at 3:39 p.m.)

The following items were discussed during closed session.

Conference with Legal Counsel – Existing Litigation

(Paragraph (1) of subdivision (d) of Government Code section 54956.9

In re Force Majeure Term Extension Dispute between South Feather Water & Power Agency and Pacific Gas & Electric Co.

Conference with Legal Counsel – Existing Litigation

(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)

Name of case: Glaze v. South Feather Water & Power Agency, Butte County Superior Court Case No. 20CV01283

Conference with Legal Counsel – Existing Litigation

(Paragraph (1) of subdivision (d) of Government Code section 54956.9

A. Name of Case: North Yuba Water District v. South Feather Water & Power Agency et al., Butte County Superior Court Case No. 21CV01563

B. Name of Case: South Feather Water & Power Agency v. North Yuba Water District et al., Butte County Superior Court Case No. 21CV00815

Conference with Legal Counsel – Anticipated Litigation

(Paragraph (4) of subdivision (d) of Government Code section 54956.9. One Case. North Yuba Water District's Failure to Comply with the California Public Records Act and respond to South Feather Water & Power Agency's February 10, 2021 Public Records Act Request

OPEN SESSION (reconvened at 4:31 p.m.) – President Wulbern announced that legal counsel was given direction during the closed session.

ADJOURNMENT (4:32 p.m.)

Rath T. Moseley, Secretary

Rick Wulbern, President



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors
FROM: Steve Wong, Finance Division Manager
DATE: September 21, 2021
RE: Approval of Warrants and Checks
Agenda Item for 9/28/21 Board of Directors Meeting

August, 2021 expenditures are summarized as follows:

Checks:	<u>60582</u> to <u>60761</u>	\$ <u>762,468.25</u>
Electronic Fund Transfers:	<u>210801</u> to <u>210810</u>	\$ <u>365,606.90</u>
Payroll Expenses:		\$ <u>441,879.10</u>
TOTAL EXPENDITURES FOR AUGUST, 2021		\$ <u>1,569,954.25</u>

At August 31, 2021, the authorized balance available was \$743,622.27.

Action to approve all expenditures:

"I move approval of expenditures for the month of August, 2021 in the amount of \$1,569,954.25 and authorize the transfer of \$2,000,000.00 from the TCB General Fund to the TCB Accounts Payable and Payroll Fund for the payment of regular operating expenses."

South Feather Water and Power Agency
Checks Paid, August, 2021

Date	Check #	Vendor Name	Account	Description	Amount
08/04/2021	60582	A D P, Inc.	01-50-50201	Payroll processing, July 2021	1,620.05
08/04/2021	60583	Empower Retirement/MassMutual	01-00-22908	Employee 457 contributions PE 7/24/2021	100.00
08/04/2021	60584	Mission Square Retirement	01-00-22908	Employee 457 contributions PE 7/24/2021	2,381.77
08/04/2021	60585	Nationwide Retirement	01-00-22908	Employee 457 contributions PE 7/24/2021	1,304.35
08/04/2021	60586	Reliance Standard Life	01-50-50402	Employee life insurance, August 2021	933.50
08/04/2021	60587	State of California Franchise Tax Board	01-00-25209	Employee wage garnishment	1,010.54
08/04/2021	210801	Cal PERS	01-50-50400	Employee health insurance, August 2021	180,001.59
08/04/2021	210802	CalPERS	01-50-50413	Employee retirement contributions, PE 7/24/21	44,804.05
08/04/2021	210803	CalPERS 457 Plan	01-00-22908	Employee 457 contributions, PE 7/24/21	2,068.99
08/04/2021	210804	Lincoln Financial Group	01-00-22908	Employee 457 contributions, PE 7/24/21	1,437.59
08/06/2021	60588	Home Depot Credit Service	07-64-64370	Paint	230.79
08/06/2021	60589	NorthStar Engineering	07-67-67201	Dam monitoring	4,338.75
08/06/2021	60590	Oroville Cable & Equipment Co.	07-66-66100	Oxygen, argon	305.27
08/06/2021	60591	Power Up Electric	07-00-11202/2021-0979	Generator, LP gas engine	25,471.88
08/06/2021	60592	Ray's General Hardware	07-00-11202/2021-0982	Rebar, nails, lumber, stakes, wire	166.75
08/06/2021	60593	Riebes Auto Parts	07-66-66150	Antifreeze, timing cover set, exhaust gas recirculate	72.29
08/06/2021	60594	Valley Iron Inc. Oroville	07-00-11202/2021-0982	Rebar, stakes	625.52
08/06/2021	60595	Accularm Security Systems	01-50-50201	Alarm monitoring, August 2021	188.00
08/06/2021	60596	Advanced Document Concepts	01-50-50380	Printer/copier maintenance, July 2021	781.43
08/06/2021	60597	AT&T	07-68-68251	Circuit service, 6/19/21-7/18/21	163.00
08/06/2021	60598	Badger Meter	01-00-22300	1 1/2 turbo meters	2,529.84
08/06/2021	60599	Basic Laboratory	01-53-53201	Water testing	176.00
08/06/2021	60600	Better Deal Exchange	01-00-15213	PVC pipe, check valve, fittings, impact bit	145.92
08/06/2021	60601	Butte Co. Dept. of Public Health	07-62-62501	CUPA fees	6,329.00
08/06/2021	60602	CDW Government, Inc.	07-68-68100	Transceivers	116.30
08/06/2021	60603	Leroy Christophersen	01-58-58394	Employee health benefit reimbursement, Jun & Jul 20	82.00
08/06/2021	60604	Hach Co.	01-53-53260	Lab turbidity sample	70.52
08/06/2021	60605	InfoSend, Inc.	01-53-53201	CCR inserts	386.61
08/06/2021	60606	K-Gas, Inc.	01-56-56160	Propane	13.04
08/06/2021	60607	Jennifer Lacey	01-55-55394	Employee health benefit reimbursement, Jun & Jul 20	120.00
08/06/2021	60608	McMaster Carr Supply Co.	01-53-53260	Fittings	70.93
08/06/2021	60609	O'Reilly Auto Parts	01-53-53260	Drain pan	12.98
08/06/2021	60610	Orkin Pest Control	07-64-64201	Pest control service, July 2021	1,042.10
08/06/2021	60611	Oroville Cable & Equipment Co.	01-56-56150	Hydraulic hose, zip ties, pins, fittings	105.63
08/06/2021	60612	P G & E	01-54-54250	Service, 6/3/21-7/5/21	10,662.80
08/06/2021	60613	R&B a Core & Main Company	01-00-22300	Pipe fittings, tubings and parts	2,740.17
08/06/2021	60614	Recology Butte Colusa Counties	01-56-56250	Garbage service, July 2021	958.31
08/06/2021	60615	Josh Reynolds	07-63-63394	Employee health benefit reimbursement, July 2021	60.00
08/06/2021	60616	Riebes Auto Parts	01-56-56150	Gear oil	224.99
08/06/2021	60617	John Shipman	01-53-53394	Employee health benefit reimbursement, July 2021	60.00

South Feather Water and Power Agency
Checks Paid, August, 2021

<u>Date</u>	<u>Check #</u>	<u>Vendor Name</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
08/06/2021	60618	Spherion Staffing LLC	01-55-55201	Temporary staffing assistnace, PE 7/18, 7/25 & 8/1/21	2,099.14
08/06/2021	60619	Triangle Rock Products, LLC	01-00-11202/2021-0205	Crushed rock	2,664.82
08/06/2021	60620	Underground Service Alert of Northern CA & N	01-54-54501	Annual fees, 2021 membership plus 2020 billable	2,710.25
08/06/2021	60621	Weimer and Sons	01-00-11202/2021-0205	Utility sand, pea gravel, recycled base	1,903.77
08/13/2021	60622	Access Information Management	01-50-50201	Shred service, July 2021	160.76
08/13/2021	60623	AT&T Long Distance	07-60-60251	Service, 6/23/21-7/22/21	7.71
08/13/2021	60624	Batteries Plus Bulbs	01-53-53260	12V batteries	420.38
08/13/2021	60625	Chemtrade Chemicals US LLC	01-53-53102	MRTP supplies	6,250.70
08/13/2021	60626	Comcast	01-53-53251	MRTP communications, August 2021	2,420.42
08/13/2021	60627	Dawn Cook	01-56-56394	Employee health benefit reimbursement, July 2021	50.00
08/13/2021	60628	Gold Country Hydraulic & Hose	01-56-56150	Hydraulic cylinder nut removal	116.25
08/13/2021	60629	Grid Subject Matter Experts	07-60-60201	Professional services, July 2021	4,550.00
08/13/2021	60630	HDR Engineering, Inc.	07-60-60201	Water transfer services, 6/27/21-7/31/21	405.22
08/13/2021	60631	Knife River Construction	01-54-54264	Asphalt	4,296.33
08/13/2021	60632	Zenaido Martinez	01-54-54501	Employee reimbursement for D3 certificate renewal	90.00
08/13/2021	60633	McMaster Carr Supply Co.	01-54-54104	PRV plumbing	5,060.23
08/13/2021	60634	Cory Nevers	07-63-63394	Employee health benefit reimbursement, July 2021	60.00
08/13/2021	60635	Northgate Petroleum Co.	01-53-53260	Oil	195.79
08/13/2021	60636	Office Depot, Inc.	01-50-50106	Copy paper, toner, tape, cord gomet	275.72
08/13/2021	60637	Oroville, City of	01-00-22907	Utility users tax, July 2021	2,798.39
08/13/2021	60638	Riebes Auto Parts	01-56-56150	Battery, filters, lights, mud flaps, diesel exhaust fluid	661.58
08/13/2021	60639	Ted Travis	01-54-54394	Employee health benefit reimbursement, July 2021	60.00
08/13/2021	60640	U S A Blue Book	01-53-53260	Pump tube, stenner index plate, lead gaskets	584.94
08/13/2021	60641	Valley Iron Inc. Oroville	01-00-15213	Perforated sheet metal, pipe, fittings	785.98
08/13/2021	60642	Van Ness Feldman, LLP	07-60-60201	FERC 401 ruling shared expense	4,652.50
08/13/2021	60643	Vista Net, Inc.	01-50-50251	Internet filtering, backup license	3,112.74
08/13/2021	60644	Weimer and Sons	01-00-11202/2021-0205	Utility sand, recycled base	4,522.42
08/13/2021	60645	William Wong	01-50-50394	Employee health benefit reimbursement, July 2021	60.00
08/13/2021	60646	Better Deal Exchange	07-00-11202/2021-0979	Spray paint, pipe fittings	28.48
08/13/2021	60647	Capital One	07-63-63100	Bottled water, distilled water, wasp spray	110.86
08/13/2021	60648	Comcast Business	07-63-63251	CAISO meters, 8/3/21-9/2/21	135.07
08/13/2021	60649	Dan's Electrical Supply	07-00-11202/2021-0979	Wire, fittings, electrical box	49.19
08/13/2021	60650	Home Depot Credit Service	07-64-64370	Paint, painting supplies	322.22
08/13/2021	60651	Brian Howerton	07-66-66150	Reimbursement for camshaft for T#35	119.21
08/13/2021	60652	Mendes Supply Company	07-63-63100	Paper products	40.25
08/13/2021	60653	Northern Calif. Gloves	07-62-62102	Nitrile gloves, sqwincher electrolyte	220.24
08/13/2021	60654	NorthStar Engineering	07-67-67201	Dam monitoring	8,786.25
08/13/2021	60655	Oroville Cable & Equipment Co.	07-66-66171	Tank rental for July 2021	233.75
08/13/2021	60656	Oroville Safe & Lock	07-66-66100	Padlocks, keyed alike	155.82
08/13/2021	60657	P G & E - Sacramento	07-63-63501	Gen interconnection agmt, Aug 2021	7,010.37

South Feather Water and Power Agency
Checks Paid, August, 2021

<u>Date</u>	<u>Check #</u>	<u>Vendor Name</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
08/13/2021	60658	Ramos Oil Co.	07-66-66160	Gas & diesel	5,591.99
08/13/2021	60659	Ray's General Hardware	07-00-11202/2021-0978	Paint, pipe fittings, lumber, screws, stakes	166.33
08/13/2021	60660	Recology Yuba-Sutter	07-65-65250	Garbage service, Strawberry Cmpgrd, Aug 2021	524.95
08/13/2021	60661	Riebes Auto Parts	07-00-11202/ 2021-0979	Battery, hose clamps, power steering fluid	257.82
08/20/2021	60662	Allied Electronics & Automation	07-00-11202/2021-0971	Wire & cable, connectors, heat shrink tubing	913.88
08/20/2021	60663	Alpine Portable Toilet Service	01-61-61171	Portable toilet service, Aug 2021	845.00
08/20/2021	60664	AT&T	07-66-66251	Local calls, 8/10/21-9/9/21	3,769.43
08/20/2021	60665	AT&T	07-60-60251	Circuits, 8/10/21-9/9/21	354.64
08/20/2021	60666	Bank of America - Bank Card	07-60-60256	ASDSO training, safety supplies, retirement lunch	240.05
08/20/2021	60667	Capital One	07-66-66100	Bottled water, paper and cleaning supplies	100.68
08/20/2021	60668	Dan's Electrical Supply	07-00-11202/2021-0982	Wire, fittings	59.76
08/20/2021	60669	M J B Welding Supply	07-63-63100	Welding supplies	343.02
08/20/2021	60670	Mt. Shasta Spring Water	07-66-66100	Bottled water	95.25
08/20/2021	60671	P G & E	07-63-63250	Electrical service, 6/3/21-7/27/21	6,622.51
08/20/2021	60672	Ramos Oil Co.	07-66-66160	Gas & diesel	5,062.94
08/20/2021	60673	Ray's General Hardware	01-61-61370	Paint, round stakes, pipe fittings, brooms, angle	204.65
08/20/2021	60674	Tehama Tire Service, Inc.	07-66-66150	Tire, T-122	169.80
08/20/2021	60675	Valley Iron Inc. Oroville	07-64-64100	Sanding discs	163.06
08/20/2021	60676	Western Renewable Energy Generation Inf. Sy	07-63-63201	WREGIS for Jul and Aug 2021	24.59
08/20/2021	60677	ACWA/JPIA	07-62-62390	Property insurance renewal, 7/1/21-6/30/22	189,081.02
08/20/2021	60678	AECOM USA, Inc.	07-00-11140/2010-0828	Professional services, 6/12/21-7/16/21	10,708.07
08/20/2021	60679	AT&T	01-50-50251	Local calls, 8/10/21-9/9/21	3,370.20
08/20/2021	60680	AT&T Long Distance	01-53-53251	Service, 6/14/21-7/30/21	8.33
08/20/2021	60681	AT&T Mobility	07-68-68100	Modem, routers, antennas, cell phone serv 8/3-9/2/21	8,081.14
08/20/2021	60682	Better Deal Exchange	01-53-53260	Masking tape, adhesive numbers, brush, V belts	53.07
08/20/2021	60683	Capital One	01-53-53260	Light bulbs, batteries, cleaning & office supplies	214.03
08/20/2021	60684	Dan's Electrical Supply	01-00-15213	Strut straps	6.01
08/20/2021	60685	Fastenal Company	01-56-56100	Batteries	11.43
08/20/2021	60686	Home Depot Credit Service	01-00-11202/2021-0205	Battery packs, concrete mix, lumber, shovels	1,570.05
08/20/2021	60687	Mendes Supply Company	01-53-53260	Paper products	58.20
08/20/2021	60688	NALCO Company	01-53-53201	Nuclear, 55 lb sacks	2,203.84
08/20/2021	60689	North Yuba Water District	07-69-69990	Apr-Jun 2021 minimum annual payment	177,250.00
08/20/2021	60690	Northern Calif. Gloves	01-54-54103	Hip boots for ditch tenders	262.29
08/20/2021	60691	Office Depot, Inc.	01-50-50106	Batteries, toner, stamp	216.90
08/20/2021	60692	Oroville Cable & Equipment Co.	01-56-56150	Air fitting	21.43
08/20/2021	60693	Powerplan - OIB	01-56-56150	Hydraulic cylinders, E-223 repair 2012 John Deere	4,160.54
08/20/2021	60694	Riebes Auto Parts	01-56-56150	Air, oil, fluid filters, fuel pump, belt	114.68
08/20/2021	60695	U.S. Bank	01-56-56150	Rear end for T-301, diesel, web conferencing	2,222.41
08/23/2021	210805	CA Dept of Tax & Fee Administration	07-00-11202/2018-0944	Use tax, VAG USA	2,215.52
08/30/2021	210806	CalPERS	01-50-50201	GASB 68 services	700.00

South Feather Water and Power Agency
Checks Paid, August, 2021

Date	Check #	Vendor Name	Account	Description	Amount
08/31/2021	60696	ACWA-JPIA	01-50-50461	Employee vision and dental insurance, Sep 2021	9,624.20
08/31/2021	60697	AFLAC	01-00-22915	Employee supplemental insurance PE 6/26 & 7/10/91	2,536.88
08/31/2021	60698	Butte County Sheriff's Office	01-00-25209	Employee wage garnishment PE 8/7 & 8/21/21	1,582.18
08/31/2021	60699	Empower Retirement/MassMutual	01-00-22908	Employee 457 contributions, PE 8/7 & 8/21/21	200.00
08/31/2021	60700	IBEW #1245	01-00-25207	Member dues, August 2021	5,750.49
08/31/2021	60701	Mission Square Retirement	01-00-22908	Employee 457 contributions, PE 8/7 & 8/21/21	5,263.34
08/31/2021	60702	Nationwide Retirement	01-00-22908	Employee 457 contributions, PE 8/7 & 8/21/21	2,646.87
08/31/2021	60703	Standard Insurance	01-50-50403	Employee disability insurance, Sep 2021	3,032.89
08/31/2021	60704	State of California Franchise Tax Board	01-00-25209	Employee wage garnishment PE 8/7 & 8/21/21	1,962.09
08/31/2021	60705	Harold & Jennifer Bennett	01-00-22200	Refund check, UB 15028	32.17
08/31/2021	60706	Jack & Mary Brown	01-00-22200	Refund check, UB 14351	22.78
08/31/2021	60707	David & Tammara Cass	01-00-22200	Refund check, UB 13690	24.10
08/31/2021	60708	Socorro and Rommie Contreras	01-00-22200	Refund check, UB 16363	25.72
08/31/2021	60709	Trenton & Nai Saetern Hill	01-00-22200	Refund check, UB 15048	33.66
08/31/2021	60710	Cristina Preza	01-00-22200	Refund check, UB 16675	28.66
08/31/2021	60711	A-1 Appliance	01-56-56201	Dishwasher repair, 8/10/21	128.65
08/31/2021	60712	AT&T	01-53-53251	MRTTP internet connection 8/14/21-9/13/21	74.90
08/31/2021	60713	AT&T	07-68-68251	Circuit billing, 7/19/21-8/18/21	163.00
08/31/2021	60714	AT&T Mobility	01-58-58251	Cell phone & tablet service, 7/19/21-8/18/21	371.66
08/31/2021	60715	Basic Laboratory	01-53-53201	Water testing	204.00
08/31/2021	60716	Basin Enterprises	01-00-11204/2021-0205	Traffic control & lighting rental, 8/2/21-8/13/21	46,257.50
08/31/2021	60717	Better Deal Exchange	01-00-15213	PVC check valve, fittings, garden hose, spray paint	75.67
08/31/2021	60718	Bobcat of Chico	01-56-56150	Hydraulic filters, bucket teeth	264.08
08/31/2021	60719	Butte LAFCO	01-57-57501	Annex & SOI fees, 027-010-037, 033-010-038, 079-3	24,011.00
08/31/2021	60720	Copy Center	01-53-53201	Shipping fees	156.31
08/31/2021	60721	Dan's Electrical Supply	01-54-54104	Terminals, couplings, conduit bodies	35.61
08/31/2021	60722	Dish Network	01-50-50251	Satellite service, 9/8/21-10/7/21	139.77
08/31/2021	60723	Fastenal Company	01-00-11202/2021-0205	Lazor blades, drill bit	35.33
08/31/2021	60724	Francotyp-Postalia, Inc.	01-50-50171	Postage machine rental, 8/20/21-11/19/21	146.14
08/31/2021	60725	Grainger Inc.	01-53-53260	HART calibration communicator, vibration meter	7,046.67
08/31/2021	60726	InfoSend, Inc.	01-55-55114	Billing services, July 2021 cycles 1-10	5,092.32
08/31/2021	60727	Jennifer Lacey	01-55-55408	Tuition, course materials reimbursement	2,625.00
08/31/2021	60728	Luhdorff & Scalmanini Consulting Engineers	01-50-50201	Professional services thru 7/25/21	193.75
08/31/2021	60729	Matco Tools	01-56-56274	40" extendable ratchet	272.74
08/31/2021	60730	McMaster Carr Supply Co.	01-54-54104	Fittings	69.88
08/31/2021	60731	Minasian, Meith, Soares	07-60-60208	Professional services, July 2021	37,778.68
08/31/2021	60732	Normac	01-55-55205	Relief valve assembly	2,198.81
08/31/2021	60733	Oroville Ford	01-56-56150	Air and oil filters, brake pads	327.55
08/31/2021	60734	Pace Supply Corp.	01-00-22300	Pipe, fittings, couplers, tees	1,244.97
08/31/2021	60735	R&B a Core & Main Company	01-54-54104	Pipe, clamps, coupler, Clay-Val rebuild kits	6,819.10

South Feather Water and Power Agency
Checks Paid, August, 2021

<u>Date</u>	<u>Check #</u>	<u>Vendor Name</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
08/31/2021	60736	Ramos Oil Co.	01-56-56160	Fuel and diesel	6,871.79
08/31/2021	60737	Riebes Auto Parts	01-56-56150	Air, fuel and oil filters, belts, towels	346.70
08/31/2021	60738	Spherion Staffing LLC	01-55-55201	Temporary staffing assistance, PE 8/8, 8/15, 8/22/21	1,692.00
08/31/2021	60739	Tehama Tire Service, Inc.	01-56-56150	New tires, 2, T-302	363.30
08/31/2021	60740	Thomas Hydraulic & Hardware	01-56-56150	O rings, backup ring, poly pak, wiper, seal	32.64
08/31/2021	60741	Tractor Supply Credit Plan	01-56-56150	Lopper, tow strap & hitch kit, lifting sling	187.18
08/31/2021	60742	U S A Blue Book	01-53-53260	MRTP supplies	304.31
08/31/2021	60743	United Rentals (North America), Inc.	01-00-11204/2021-0205	Dump truck rental, 10 yard and 5 yard	6,309.66
08/31/2021	60744	Valley Iron Inc. Oroville	01-54-54295	Sheet and plate	111.54
08/31/2021	60745	Verizon Wireless	01-53-53251	Cell phone bills, 7/11/21-8/10/21	121.61
08/31/2021	60746	W.G. Civil Engineers, Inc.	01-57-57201	Engineering services, APN 027-010-037, 033-010-083	1,789.75
08/31/2021	60747	Weimer and Sons	01-00-11202/2021-0205	Recycled base, concrete drop off	1,025.59
08/31/2021	60748	Allied Electronics & Automation	07-00-11202/2021-0971	Enclosure wall boxes, modular jack connector	738.33
08/31/2021	60749	AT&T	07-60-60251	Fiber optic connection, Aug 2021	1,139.74
08/31/2021	60750	California Surveying & Drafting Supply	07-60-60106	Plotter ink cartridges	187.45
08/31/2021	60751	Dan's Electrical Supply	07-00-11202/2021-0971	Pipe and fittings, cement sealant compound material	269.28
08/31/2021	60752	Interstate Battery Sacramento Valley	07-66-66150	Truck battery	146.11
08/31/2021	60753	K-Gas, Inc.	07-00-11202/2021-0979	Propane tank, propane, delivery and hook-up	6,152.16
08/31/2021	60754	David Leach	07-66-66140	Reimbursement for mileage callout	29.12
08/31/2021	60755	Mathews Readymix, LLC	07-00-11202/2021-0982	Cement for hazmat room approach	1,502.04
08/31/2021	60756	Oroville Cable & Equipment Co.	07-63-63100	Nitrogen	43.30
08/31/2021	60757	P G & E	07-63-63250	Electric service, 7/3/21-8/3/21	4,229.59
08/31/2021	60758	Ray's General Hardware	01-61-61370	Lumber, paint, brushes, bolts, mortar, tape	177.19
08/31/2021	60759	Riebes Auto Parts	07-66-66150	Tail lamp block, socket, brake cleaner	114.56
08/31/2021	60760	STAPLES CREDIT PLAN	07-60-60106	Laminator, batteries, ink cartridge, office supplies	572.35
08/31/2021	60761	Valley Iron Inc. Oroville	07-64-64260	Metal, bolts, nuts, paint, steel, brushes	599.07
08/31/2021	210807	Cal PERS	01-50-50414	Unfunded accrued liability, Aug 2021	38,046.08
08/31/2021	210808	CalPERS	01-50-50413	Employee retirement contributions, PE 8/7/21 & 8/21/21	88,297.74
08/31/2021	210809	CalPERS 457 Plan	01-00-22908	Employee 457 contributions, PE 8/7/21 & 8/21/21	4,159.68
08/31/2021	210810	Lincoln Financial Group	01-00-22908	Employee 457 contributions, PE 8/7/21 & 8/21/21	3,875.66
				Total August, 2021 checks	1,128,075.15

**SOUTH FEATHER WATER AND POWER AGENCY
PAYROLL
August, 2021**

PAYROLL STATE & FED TAXES	\$	151,649.82
PAYROLL NET		290,229.28
TOTAL AUGUST, 2021		\$ 441,879.10

**CREDIT CARD DETAIL
AUGUST 2021 PAYMENTS**

<u>Check #</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
60666	08/20/2021	Bank of America - Bank Card	
		ASDSO training	\$ 99.00
		Safety supplies	\$ 27.75
		Employee retirement lunch supplies	\$ 113.30
			\$ 240.05
 60695	 08/20/2021	 U.S. Bank	
		Rear end for T-301	\$ 2,060.81
		Diesel fuel for rental truck	\$ 145.94
		Web conferencing	\$ 15.66
			\$ 2,222.41



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Steve Wong, Finance Division Manager

DATE: September 22, 2021

RE: General Information (regarding matters not scheduled on the agenda)
9/28/21 Board of Directors Meeting

Investments

Investment activity in August, 2021 – A \$245,000 Toyota Savings Bank CD was purchased on August 5, 2021, .550%, maturing August 5, 2024; a \$245,000 Enerbank USA CD matured on August 17, 2021 with the funds returned to SFWPA; a \$250,000 Federal Home Loan Mortgage note with an original maturity of May 25, 2023 was called with the funds returned to SFWPA and on August 18 a \$60,000 Federal Home Loan Mortgage note with an original maturity of November 18, 2022 was called and the funds remain in the brokerage cash account.

SWRCB Drinking Water Arrearages Survey

The State Water Resources Control Board announced the required participation in a survey to determine arrearages throughout the State for water charges. As described by the SWRCB, the survey is the first phase in the roll out of the \$985 million California Water and Wastewater Arrearage Payment Program. The Program will initially address community water system residential and commercial customer arrearages that have accrued between March 4, 2020 and June 15, 2021. Funding will go directly to water systems to cover their losses from residential and commercial customer arrearages. The survey was completed reporting 101 accounts with total arrearages of \$6,993.

Berry Creek Community Services District

Agency expenses of \$24,646.36 incurred providing mutual aid assistance to the Berry Creek Community Services District during and following the 2020 North Complex fire have been reimbursed (9/22/2020-10/8/2020, project 2020-0202). EH&S Manager Jaymie Perrin did a great job organizing and compiling the documentation necessary for submittal to FEMA resulting in this eventual reimbursement.

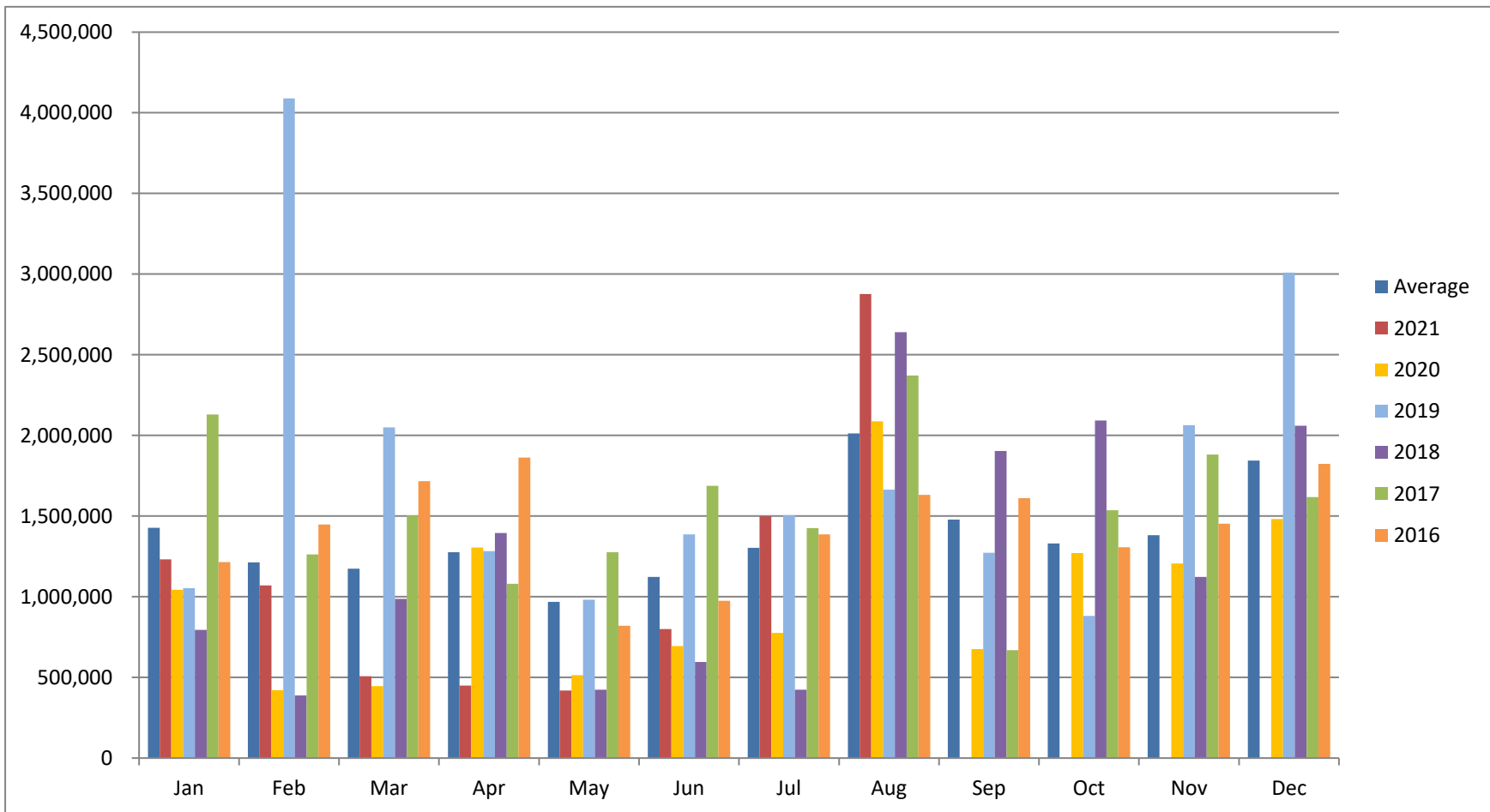
Finance Division Team training

The Finance Division team has now completed part one of a planned three-part governmental accounting training course designed to illustrate how governmental accounting theory and concepts are implemented in current Agency practices.

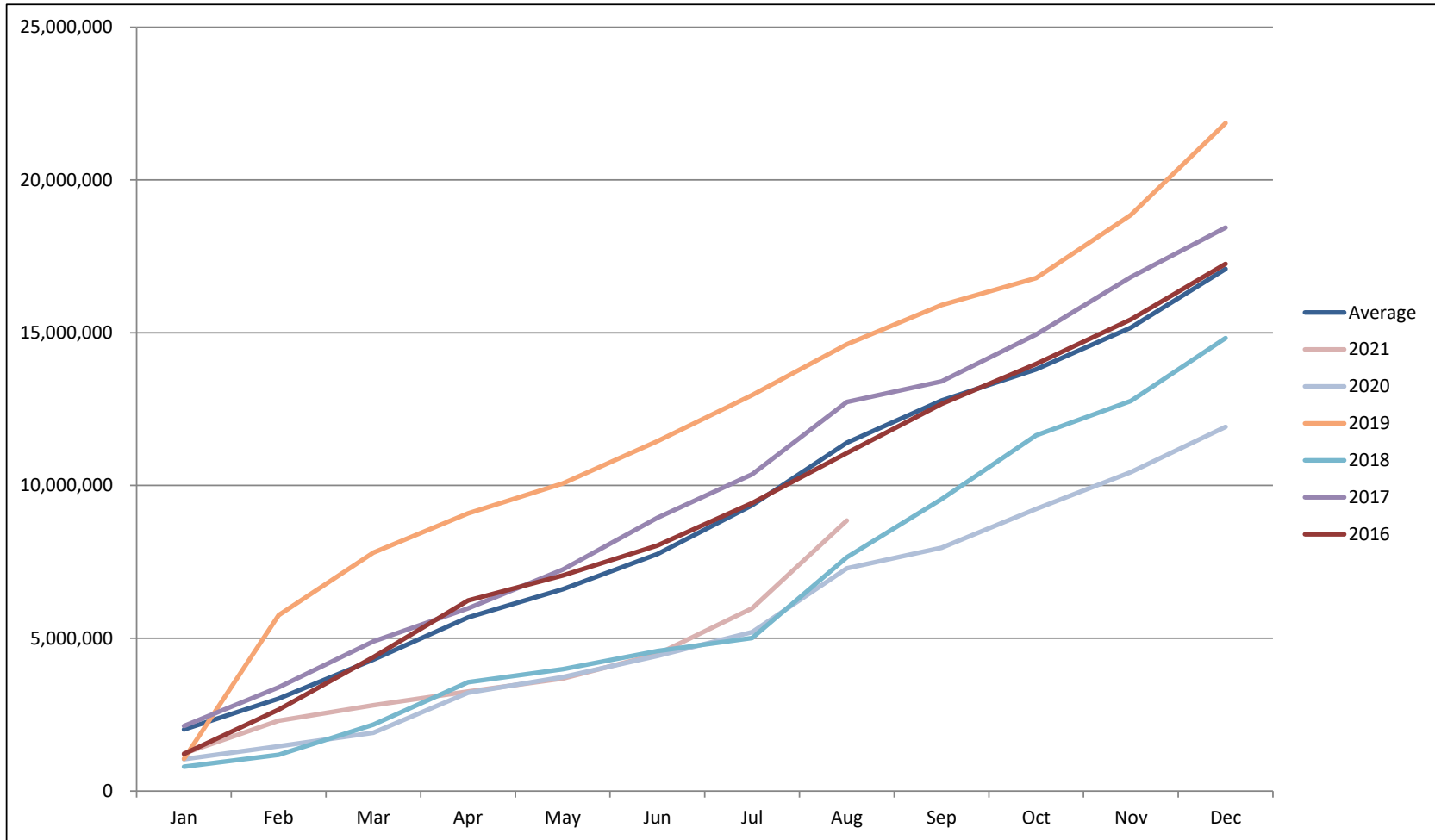
2022 Budget

Work papers and schedules for next year's budget have been prepared are now available for staff to review and complete. The Finance Committee, comprised of Directors Wulbern and Hickman, is scheduled to review the Proposed Budget on Tuesday, November 9, 2021, with adoption by the full Board at the November 23, 2021 regularly scheduled meeting.

South Feather Water and Power Agency Power Sold By Month



South Feather Water and Power Agency
Cumulative Power Purchases
All Powerhouses



South Feather Water and Power Agency
 Joint Facilities Operating Fund Financial Report
 September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018 ACTUAL</u>	<u>2019 ACTUAL</u>	<u>2020 ACTUAL</u>	<u>2021 BUDGET</u>	<u>2021 ESTIMATED</u>	<u>2021 ACTUAL Thru 8/31/2021</u>	<u>% of Budget</u>
REVENUE:								
41150	Sale of Electricity	13,176,083	19,631,871	10,640,356	15,225,000	10,500,000	7,742,216	51%
41502	Water Sales	0	0	0	4,250,000	4,250,000	0	0%
42306	Current Service Charges	12,748	15,512	12,131	12,500	17,500	17,476	140%
42331	Concession Income	0	0	0	0	0	0	0%
49250	Interest Income	249,218	665,557	427,042	50,000	50,000	0	0%
49321	State of CA, DWR	0	0	0	0	0	0	0%
49405	Insurance Reimbursement	2,612,050	601,929	80,452	75,000	67,865	67,865	90%
49521	JFOF FEMA	2,099,530	0	443,135	0	43,105	43,105	0%
49522	JFOF CalOES	0	0	114,763	0	42,500	42,500	0%
49929	Miscellaneous Income	425,360	9,306	0	1,000	2,700	2,700	270%
	Total Revenue	18,574,989	20,924,175	11,717,879	19,613,500	14,973,670	7,915,862	40%
OPERATING EXPENSES:								
	JFOF Administration, 7-60	1,723,713	1,784,397	1,553,895	1,213,500	1,213,500	828,874	68%
	JFOF Environ Health & Safety, 7-62	229,584	249,927	301,601	317,683	317,683	136,602	43%
	JFOF Power Plant Operations, 7-63	3,742,733	2,598,221	3,064,477	2,943,388	2,943,388	1,650,363	56%
	JFOF Water Collection, 7-64	880,262	1,407,771	1,360,772	1,081,468	1,081,468	807,534	75%
	JFOF Campgrounds, 7-65	124,600	63,417	68,420	105,295	38,000	7,955	8%
	JFOF Plant & Shop, 7-66	466,854	631,973	610,160	608,758	836,145	578,823	95%
	JFOF Regulatory Compliance, 7-67	555,488	366,331	301,879	708,763	708,763	198,037	28%
	JFOF Communications & IT, 7-68	218,997	203,186	196,466	265,630	265,630	216,242	81%
	TOTAL OPERATING EXPENSES	7,942,231	7,305,223	7,457,670	7,244,483	7,404,575	4,424,430	61%
	SUB-TOTAL, REVENUES OVER OPER EXP	10,632,758	13,618,952	4,260,209	12,369,018	7,569,095	3,491,432	
Other Non-Operating Expenses:								
	North Yuba Water District	(709,000)	(709,000)	(709,000)	(709,000)	(709,000)	(354,500)	50%
	2019 Install Purch Agmt Principal	0	(773,548)	(1,476,613)	(5,875,907)	(5,875,907)	(764,711)	13%
	Interest Expense	(220,113)	(399,896)	(308,393)	(236,578)	(236,578)	(136,559)	58%
	Pension Expense	(238,342)	(434,687)	0	0	0	0	0%

South Feather Water and Power Agency
 Joint Facilities Operating Fund Financial Report
 September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018 ACTUAL</u>	<u>2019 ACTUAL</u>	<u>2020 ACTUAL</u>	<u>2021 BUDGET</u>	<u>2021 ESTIMATED</u>	<u>2021 ACTUAL Thru 8/31/2021</u>	<u>% of Budget</u>
	Capitla Outlay							
2010-0828	LCD Crest Modification			1,005,477	82,000	51,245	51,245	0%
2018-0944	JFOF PP-KPH TSV 2019			330,612	26,000	2,130	2,130	8%
2019-0949	FPH Cooling Water Flow Device Rebuild			3,597	0	0	0	0%
2019-0950	WPH Cooling Water Flow Device Rebuild			7,994	0	0	0	0%
2019-0952	MRC road repair, Panels 300 and 526			641,291	65,000	0	0	0%
2019-0960	KPH Septic System Repair / Replacement			6,144	10,000	10,000	0	0%
2020-0197	IT-Email exchange server			3,887	0	0	0	0%
2020-0965	PH booster pump impellers			8,352	0	0	0	0%
2020-0966	JS-Sly Creek Access Road Pavement Patching			45,750	0	0	0	0%
2020-0967	WC-SCD 30KW Propane Generator			60,787	0	0	0	0%
2020-0968	PP-WPH #2 cooling water pump and motor			13,090	0	0	0	0%
2020-0969	PP-KPH HVAC			6,740	0	0	0	0%
2020-0970	CO-CAISO meter installation			23,357	45,000	45,000	13,610	30%
2021-0971	CO-SCADA upgrade				150,000	150,000	99,267	66%
2021-0972	FPH New Sump Oil Skimmer (Abanaki model SM8C02-F)				6,000	7,316	7,316	100%
2021-0973	Vehicle replacement-F350 utility worker truck w/utility bed, T-117				70,000	70,000	53,728	77%
2021-0974	WC-South Fork Div Dam Safety Buoys and Log Booms				12,000	8,907	8,949	75%
2021-0975	CO-Sunset SCADA master install				30,000	30,000	28,138	0%
2021-0976	PP-FPH Guide Bearing Oil Coolers				63,000	63,000	0	0%
2021-0977	JS-Truck Replacement for Comm Tech, replace T-101, 2004 Ford Expedition				40,000	40,000	36,521	91%
2021-0978	WC-STA 8 Bridge Deck Replacement				15,000	9,000	8,538	0%
2021-0979	CO-Sunset backup generator, pad and appurtenances				42,500	42,500	25,743	0%
2021-0980	PP-Forbestown Div Dam SF-17 Access. Repl Stairs, Bridge, Trail				12,000	11,000	8,336	69%
2021-0981	CO-Generator Building at Sunset Hill Main Comm Site				12,000	12,500	12,302	0%
2021-0982	JS-Concrete aprons and approach, welding shop and hazmat				15,000	15,000	3,890	0%
2021-63a	PP-FPH TSV Seal Kit				55,000	0	0	0%
2021-63f	PP-FPH oil level device upgrade				18,000	0	0	0%
2021-63g	PP-WPH oil level device upgrade				18,000	0	0	0%
2021-63d	PP-FPH sump pump and motor				14,000	0	0	0%
2021-63f	PP-FPH Cooling Water Strainer System				200,000	0	0	0%
2021-63g	PP-FPH Repaint Generator Housing, Circuit Breaker, and Transformer				150,000	0	0	0%
2021-63h	PP-WPH Repaint Generator Housing and TWD System				130,000	0	0	0%
2021-63i	PP-Metal Worker, Pirahna				35,000	0	0	0%

South Feather Water and Power Agency
 Joint Facilities Operating Fund Financial Report
 September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018 ACTUAL</u>	<u>2019 ACTUAL</u>	<u>2020 ACTUAL</u>	<u>2021 BUDGET</u>	<u>2021 ESTIMATED</u>	<u>2021 ACTUAL Thru 8/31/2021</u>	<u>% of Budget</u>
	Capital Outlay (con't)							
2021-63j	PP-Welding Shop Cabinets				20,000	0	0	0%
2021-63l	PP-Shop Press				7,500	0	0	0%
2021-63p	PP-HART Communicator				7,500	7,500	0	0%
2021-63q	PP-WPH outside welder for runner repairs				7,500	0	0	0%
2021-64a	WC-SPH PSV & penstock recoating				175,000	0	0	0%
2021-64b	WC-LGV Res penstock drain valve replacement				60,000	0	0	0%
2021-64c	WC-LGV Res Fish Flow Valve Replacement				20,000	0	0	0%
2021-64e	WC-Bangor Canal at SF 25 shotcrete				10,000	0	0	0%
2021-64f	WC-Bobcat Skid Steer with Power Broom Attachment				41,000	0	0	0%
2021-64g	WC-Rock Drills, Bits, and Hydraulic Splitter				20,000	0	0	0%
2021-64i	WC-MRC repair, panel 210, 50'				50,000	0	0	0%
2021-64m	WC-Waterways dredging				500,000	0	0	0%
2021-64o	WC-RTU Water Logger HS522+ GOES Xmitter Forbestown Ditch				7,500	0	0	0%
2021-65a	CM-Sly Creek Campground food lockers, fire rings and picnic tables				25,000	0	0	0%
2021-66a	JS-PDHQ 35KW Propane Generator				35,000	0	0	0%
2020-66d	JS-DC Load Bank Tester				28,000	0	0	0%
2021-66b	JS-Grader tires, 6				18,000	18,000	0	0%
2021-66d	JS-Water tank truck				70,000	0	0	0%
2021-66e	JS-Dump truck				100,000	0	0	0%
2021-66g	JS-Boom Truck				150,000	0	0	0%
2021-66h	JS-All Terrain Telehandler Forklift				100,000	0	0	0%
2021-66i	JS-CMMS Software System				50,000	0	0	0%
2021-66j	JS-Truck Replacement for Roving Operator, replace 2005 Chevy				40,000	0	0	0%
2021-66l	JS-Welding Shop 3-Ph Propane Generator				35,000	0	0	0%
2021-66m	JS-Mini Excavator				65,000	0	0	0%
2021-67a	RC-Sly spillway rockfall mitigation				120,000	0	0	0%
2021-68b	CO-CAISO meter installations, 4				85,000	85,000	0	0%
2021-68c	CO-WPH PSV Valve Trip System				30,000	0	0	0%
	Total Capital Outlay	(1,809,738)	(3,573,487)	(2,157,078)	(3,192,500)	(678,098)	(359,713)	11%

South Feather Water and Power Agency
 Joint Facilities Operating Fund Financial Report
 September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018 ACTUAL</u>	<u>2019 ACTUAL</u>	<u>2020 ACTUAL</u>	<u>2021 BUDGET</u>	<u>2021 ESTIMATED</u>	<u>2021 ACTUAL Thru 8/31/2021</u>	<u>% of Budget</u>
Transfers In:								
	Power Division Legacy Fund	0	1,096,094	0	0	0	0	0%
	Retiree Benefit Trust	0	0	1,617,546	0	0	0	0%
Transfers Out:								
	General Fund-Minimum Payment	(709,000)	(709,000)	(709,000)	(709,000)	(709,000)	(177,250)	0%
	General Fund-Overhead	(557,565)	(621,688)	(480,058)	(675,000)	(500,000)	0	0%
	Retiree Benefit Trust	(214,513)	(201,179)	0	0	0	0	0%
Net Non-operating, Capital Outlay and Transfers								
		(4,458,271)	(7,422,485)	(4,222,596)	(11,397,985)	(8,708,583)	(1,792,733)	
	NET REVENUE OVER EXPENSES	6,174,487	6,196,467	37,613	971,033	(1,139,488)	1,698,699	
	Beginning Balance	18,266,571	18,653,584	24,541,141	21,473,810	24,578,754	24,578,754	
	NYWD-Additional Payment	(1,393,737)	0	0	(978,678)	(978,678)	0	
	General Fund-Additional Payment	(1,393,737)	0	0	(978,678)	(978,678)	0	
	Loan Payable to PG&E	(3,000,000)	(308,910)	0	0	0	0	
	Ending Balance	18,653,584	24,541,141	24,578,754	20,487,487	21,481,910	26,277,453	

NOTES: Per NYWD agreement, 15% working capital reserve of \$1,125,850, and \$18,000,000 contingency reserve is required.
 Ending 12/31/20 balance includes designated reserves of \$1,617,546 for retiree benefits.

South Feather Water and Power Agency
 General Fund Financial Report
 September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ACTUAL</u>	<u>2020</u> <u>ACTUAL</u>	<u>2021</u> <u>BUDGET</u>	<u>2021</u> <u>ESTIMATED</u>	<u>2021</u> <u>ACTUAL</u> <u>Thru 8/31/21</u>	<u>% of</u> <u>BUDGET</u>
REVENUE:								
Water Sales Rev								
41100	Domestic Water	2,151,409	2,138,729	2,674,305	2,500,000	2,500,000	1,626,739	65%
41400	Irrigation Water	222,699	218,507	263,727	300,000	300,000	183,841	61%
41420	Water Sales, NYWD to Yuba City	181,314	190,388	195,300	200,000	200,000	0	0%
	Sub-Total Water Sales Rev	2,555,422	2,547,624	3,133,332	3,000,000	3,000,000	1,810,580	60%
Power Revenue								
41305	Sly Cr Pwr Generation	1,544,956	2,128,918	1,297,452	1,625,000	1,300,000	866,507	53%
41306	Surplus Wtr	90,786	87,360	25,164	55,000	50,000	0	0%
	Sub-Total Power Rev	1,635,742	2,216,278	1,322,616	1,680,000	1,350,000	866,507	52%
Water Serv Chgs								
42301	Sundry Billing (Job Orders)	54,785	173,718	57,108	55,000	200,000	88,028	160%
42341	System Capacity Charges	NA	NA	69,801	50,000	35,000	30,541	61%
	Other Water Serv Charges	64,271	132,685	29,249	50,000	30,000	17,094	34%
	Sub-Total Water Serv Chgs	119,056	306,403	156,158	155,000	265,000	135,663	88%
Non-Oper Revenue								
49250	Interest Earnings	110,229	85,264	108,903	10,000	1,000	49,195	492%
49311	Property Taxes	585,383	663,748	681,269	685,000	690,000	323,337	47%
49405	ACWA/JPIA RPA	41,973	82,631	103,294	50,000	40,381	40,381	81%
49625	Back Flow Installation	16,920	14,021	9,400	15,000	5,000	4,230	28%
49630	Back Flow Inspection	119,570	123,738	127,236	125,000	135,000	86,128	69%
	Other Non-Oper Rev	(4,820)	4,413	31,455	1,000	2,500	2,323	232%
	Sub-Total Non-Oper Rev	869,255	973,815	1,061,557	886,000	873,881	505,594	57%
	TOTAL GENERAL FUND REVENUE	5,179,475	6,044,120	5,673,663	5,721,000	5,488,881	3,318,344	58%

South Feather Water and Power Agency
 General Fund Financial Report
 September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ACTUAL</u>	<u>2020</u> <u>ACTUAL</u>	<u>2021</u> <u>BUDGET</u>	<u>2021</u> <u>ESTIMATED</u>	<u>2021</u> <u>ACTUAL</u> <u>Thru 8/31/21</u>	<u>% of</u> <u>BUDGET</u>
OPERATING EXPENSES:								
General Admin, 1-50		1,381,008	1,182,674	977,703	1,011,199	1,011,199	509,208	50%
Water Source, 1-51		15,891	17,468	16,117	17,500	17,500	14,888	85%
Environmental Health & Safety, 1-52		258,473	213,741	239,863	240,339	240,479	81,869	34%
Water Treatment, 1-53		1,330,741	1,662,849	1,923,429	1,823,400	1,823,400	1,252,327	69%
Transmission & Distribution, 1-54		1,973,758	2,277,469	2,528,134	2,669,875	2,669,875	1,358,885	51%
Customer Accounts, 1-55		693,341	869,709	990,535	907,048	907,048	570,494	63%
General Plant & Shop, 1-56		702,545	682,711	698,537	701,725	701,725	380,871	54%
Sundry, 1-57		42,724	67,263	49,859	55,000	112,000	67,449	123%
Information Systems, 1-58		366,897	420,975	499,957	474,127	476,627	277,722	59%
Sly Creek Power Plant, 1-61		324,215	498,384	438,309	413,550	413,650	186,846	212%
TOTAL OPERATING EXPENSES		7,089,593	7,893,243	8,362,443	8,313,762	8,373,502	4,700,559	57%
SUB-TOTAL, REVENUES OVER OPER EXP		(1,910,118)	(1,849,123)	(2,688,780)	(2,592,762)	(2,884,621)	(1,382,215)	53%
Other Non-Operating Expenses								
	Supplies & Services	1,000	1,100	3,600	2,500	2,500	2,500	100%
	Interest	847,823	844,634	826,793	812,839	812,839	413,337	51%
	Principal	570,000	580,000	600,000	615,000	615,000	615,000	100%
	Pension Expense	294,211	349,513	0	0	0	0	0%
CAPITAL OUTLAY:								
2013-0135	MRTP Improvement program			55,322				
2019-0191	TD-Rockridge and Coventry Dr pipeline replacement			79,765	0	1,000	821	
2019-0192	TD-Distribution System Remote Monitoring			14,477	10,000	10,000	9,551	96%
2019-0193	GS-Generator, Admin Offices			34,227				
2020-0196	Bangor shotcrete Patty Dutters and Warren property, 1000'			11,282				
2020-0197	IT-Email exchange server			3,887				
2020-0198	Community Line, Foothill Blvd./Oro Bangor Hwy to Grange			21,196	75,000	70,000	68,058	91%
2020-0199	GP-MRTP solar inverter replacement			40,681				
2020-0200	Oro-Bangor Hwy/BTP to Avacado			38,968	7,000	100,000	48,187	688%
2020-0970	SPH-CAISO meter installation			7,786	15,000	15,000	4,537	30%
2021-0204	MRTP #2 raw water pump replacement				125,000	65,000	64,907	52%
2021-0205	Hwy 162 / Arbol				137,000	137,000	101,195	74%
2021-0206	IT-MRTP SAN replacement				26,000	26,000	23,185	89%
2021-0207	CA-Meter reader communications				15,000	15,000	0	0%
2021-0971	SPH-SCADA upgrade				50,000	50,000	24,817	50%

South Feather Water and Power Agency
General Fund Financial Report
September 28, 2021 Board Meeting

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>2018</u> <u>ACTUAL</u>	<u>2019</u> <u>ACTUAL</u>	<u>2020</u> <u>ACTUAL</u>	<u>2021</u> <u>BUDGET</u>	<u>2021</u> <u>ESTIMATED</u>	<u>2021</u> <u>ACTUAL</u> Thru 8/31/21	<u>% of</u> <u>BUDGET</u>
CAPITAL OUTLAY (con't):								
2021-54h	Irwin Esperanza Williams, 2000'				100,000	0	0	0%
2021-54j	Community Line, Wyandotte domestic pipeline				40,000	40,000	0	0%
2021-54m	Palermo shotcrete Pinecrest, 1000'				60,000	0	0	0%
2021-54n	Miller Hill Gauging Station				12,000	12,000	0	0%
2021-56a	Replace 2009 Ford F-350, T-82				60,000	60,000	0	0%
2021-56b	Replace 1998 Bobcat mini excavator, E-123				65,000	65,000	0	0%
2021-56d	Replace 2010 Ranger 4x4, ditchtender, T-386				35,000	0	0	0%
2021-56g	Replace 2011 Ranger 4x4, ditchtender, T-302				35,000	0	0	0%
2020-58c	IT-Fiber optic and switches replacement				21,000	21,000	0	0%
2020-61c	SPH-PSV roof replacement and rockfall protection				75,000	0	0	0%
2020-61e	SPH-Oil flow device upgrade				20,000	0	0	0%
2020-61g	SPH-bitronics lins side metering xducer				8,000	8,000	0	0%
2021-61l	SPH Exciter upgrade				200,000	0	0	0%
2021-61m	SPH station air compressor				10,000	10,000	0	0%
	Total Capital Outlay	102,680	239,171	307,591	1,201,000	704,000	344,437	29%
Transfers:								
	SFPP Jt Facil Oper Fd-Minimum Payment	709,000	709,000	709,000	709,000	709,000	177,250	25%
	SFPP Jt Facil Oper Fd-Additional Payment	1,393,737	0	0	978,678	0	0	0%
	SFPP Jt Facil Oper Fd-Overhead	557,565	621,688	480,058	675,000	500,000	0	0%
	Debt Service Fund, 2016 COP	2,186,233	0	0	0	0	0	0%
	System Capacity Fund, MRTP Impr Proj	(1,248,243)	0	0	0	0	0	0%
	System Capacity Fund	0	0	194,946	0	0	0	0%
	Retiree Benefit Trust Fund	(266,911)	(320,821)	0	0	0	0	0%
	Retiree Benefit Trust Fund	0	0	1,977,001	0	0	0	0%
	Net Non-operating, Capital Outlay and Transfers	1,515,667	(1,004,551)	1,623,021	(268,661)	(925,339)	(1,198,024)	446%
	NET REVENUE OVER EXPENSES	(394,451)	(2,853,674)	(1,065,759)	(2,861,423)	(3,809,960)	(2,580,239)	
	Beginning Balance	7,290,825	6,896,374	4,042,700	2,022,090	2,976,941	2,976,941	
	Ending Balance	6,896,374	4,042,700	2,976,941	(839,333)	(833,019)	396,703	

NOTE: Ending 12/31/20 balance includes designated reserves of \$1,977,001 for retiree benefits.

South Feather Water & Power Agency
 Irrigation Water Accounting
 For The Period Of 1/1/2021 - 8/31/2021

<u>ACCT CODE</u>	<u>DESCRIPTION</u>	<u>REVENUE</u>	<u>EXPENSES</u>
2021-0504	Palermo Canal	\$ 71,772	\$ 171,784
2021-0505	Bangor Canal	\$ 79,296	\$ 177,993
2021-0506	Forbestown Canal	\$ 13,270	\$ 150,135
2021-0507	Community Line	\$ 19,503	\$ 30,006
	Totals	<hr/> \$ 183,841	<hr/> \$ 529,918

SOUTH FEATHER WATER AND POWER AGENCY
SCHEDULE OF CASH AND INVESTMENTS
31-Aug-21

General Fund Cash and Savings Account	\$ 126,758
LAIF	19,698,372
CalTrust	1,427,054
Five Star Bank	1,108,713

<u>Fixed Income portfolio</u>	<u>Rate</u>	<u>Purch Date</u>	<u>Purch Price</u>	<u>Face Value</u>	<u>Maturity</u>	<u>Mkt Value</u>	<u>Est Ann Income</u>
Cash						75,592	\$ -
Bank of Rhode Island CD	1.700%	9/16/2019	245,000	245,008	9/27/2021	245,301	4,165
Third Federal S & L of Cleveland CD	3.150%	10/22/2018	245,000	245,000	10/22/2021	246,093	7,718
Merrick Bank CD	3.200%	11/28/2018	245,008	245,000	11/29/2021	246,896	7,840
BMW Bank North America CD	3.050%	12/28/2018	245,000	245,000	12/28/2021	247,416	7,473
Federal Farm Credit Bonds	2.600%	1/28/2019	250,000	249,999	1/18/2022	252,367	6,500
Goldman Sachs CD	2.850%	2/14/2019	185,000	185,000	2/14/2022	187,394	5,273
Centerstate Bank CD	1.000%	3/20/2020	245,008	245,000	3/21/2022	246,291	2,450
US Treasury Note	2.250%	5/8/2019	245,326	245,000	4/15/2022	248,293	5,513
Eclipse Bank CD	0.350%	5/29/2020	240,000	240,000	5/30/2022	240,055	840
Flagstar Bank CD	2.450%	6/12/2019	246,000	246,000	6/13/2022	250,613	6,027
Sallie Mae Bank CD	2.150%	7/24/2019	245,000	245,000	7/25/2022	249,528	5,268
Bank Hapoalim Bm Ny CD	0.250%	8/26/2020	245,000	245,000	8/26/2022	245,257	613
Wells Fargo Bank CD	1.850%	9/18/2019	245,000	245,000	9/19/2022	249,354	4,533
Goldman Sachs CD	1.850%	12/12/2019	60,000	60,000	12/12/2022	61,266	1,110
Morgan Stanley Private Bank CD	1.850%	12/19/2019	50,000	50,000	12/19/2022	51,068	925
First Heritage Bank CD	0.250%	6/23/2020	140,000	140,000	12/19/2022	140,073	350
Marlin Business Bank CD	1.650%	1/15/2020	203,000	203,000	1/17/2023	206,983	3,350
Wells Fargo Natl Bank West CD	1.900%	1/17/2020	245,000	245,000	1/17/2023	250,652	4,655
People First Bank CK	1.350%	3/6/2020	134,000	134,000	3/6/2023	136,226	1,809
American Express Natl Bank CD	1.450%	1/31/2020	245,000	245,000	3/31/2023	249,579	3,553
Luana Savings Bank CD	0.200%	8/14/2020	245,000	245,000	8/14/2023	244,326	490

SOUTH FEATHER WATER AND POWER AGENCY
SCHEDULE OF CASH AND INVESTMENTS
31-Aug-21

General Fund Cash and Savings Account	\$ 126,758
LAIF	19,698,372
CalTrust	1,427,054
Five Star Bank	1,108,713

<u>Fixed Income portfolio</u>	<u>Rate</u>	<u>Purch Date</u>	<u>Purch Price</u>	<u>Face Value</u>	<u>Maturity</u>	<u>Mkt Value</u>	<u>Est Ann Income</u>
Medallion Bank CD	0.250%	10/26/2020	135,000	135,000	10/27/2023	134,575	338
New York Community Bank CD	0.300%	11/9/2020	245,000	245,000	11/9/2023	244,424	735
Federal Home Loan Bond	0.190%	12/29/2020	249,777	250,000	12/22/2023	249,617	475
Bankunited Bank CD	0.350%	3/15/2021	245,000	245,008	3/19/2024	243,976	858
Web Bank CD	0.400%	5/11/2021	245,000	245,000	5/17/2024	243,924	980
UBS Bank CD	0.350%	6/23/2021	245,000	245,000	6/24/2024	243,329	858
Texas Exchange Bank	0.500%	7/9/2021	105,000	105,000	7/9/2024	104,683	525
Toyota Finl Svgs Bank CD	0.550%	8/5/2021	245,000	245,000	8/5/2024	244,439	1,348
State Bank of India CD	1.000%	6/10/2021	245,000	245,000	6/10/2026	245,069	2,450
Total Fixed Income Portfolio						6,524,659	\$ 79,961
TOTAL CASH & INVESTMENTS AT 8/31/21						\$ 28,885,556	1.23%

I certify that all investment actions have been made in full compliance with Policy #470- Investments, and that South Feather Water and Power Agency will meet its expenditure obligations for the next six months.

Submitted by: Steve Wong, Finance Division Manager 9/22/21



SOUTH FEATHER WATER & POWER AGENCY

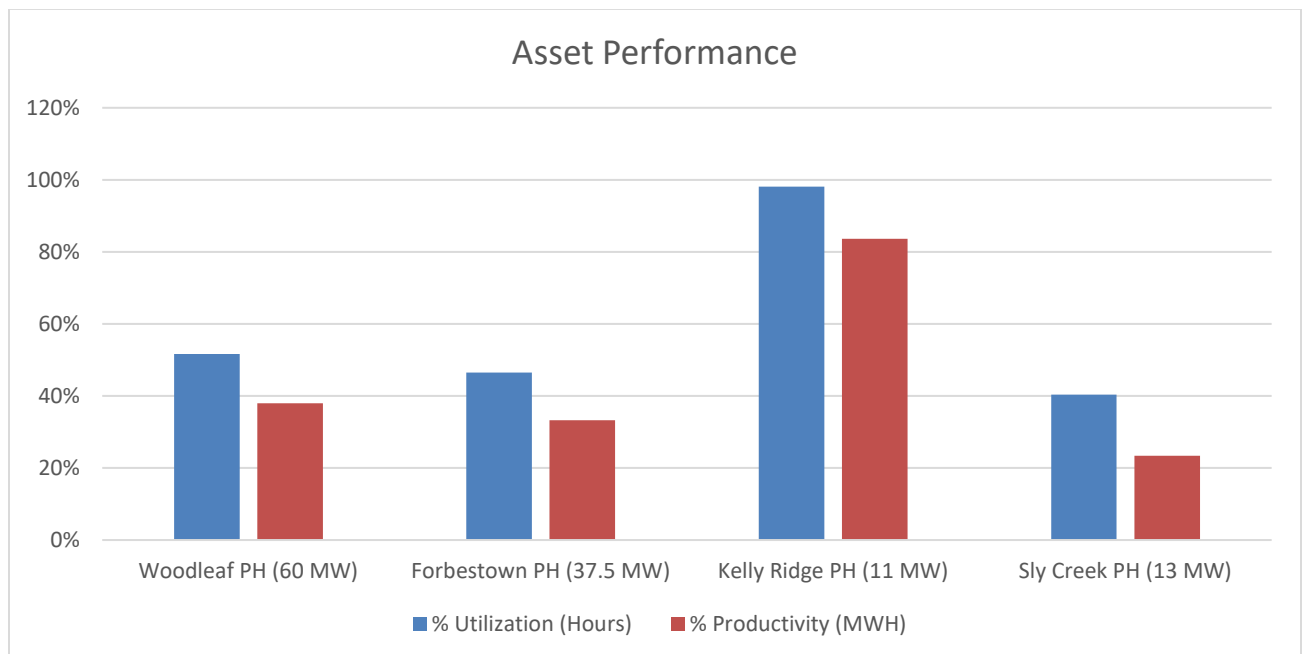
TO: Board of Directors
FROM: Dan Leon, Power Division Manager
DATE: September 22, 2021
RE: General Information (regarding matters not scheduled on agenda)
September 28, 2021 Board of Directors Meeting

OPERATIONS

Power Division Summary Report, Reservoir Storage Report, and Precipitation Report for August 2021 are attached.

South Fork tunnel average flow was 6.4 CFS. Slate Creek tunnel was closed. At month's end, Little Grass Valley and Sly Creek Reservoirs combined storage was 79 kAF and no project reservoirs were spilling.

Asset performance and availability for August 2021 are summarized in the following tables:



Powerhouse	Capacity MW	Available for Generation Hrs	Generation Dispatched at Full Output Hrs	Additional Gen. <u>not</u> Dispatched at Full Output Hrs	Generation Dispatched at Part. Output Hrs
Woodleaf	60.0	744	139	605	245
Forbestown	37.5	742	164	578	181
Kelly Ridge	11.0	744	303	441	427
Sly Creek	13.0	744	0	744	300

CAISO Index Pricing	Monthly On-Peak Average Price per MWh	Monthly Hourly Average Price per MWh
Monthly Prices	\$65.31	\$59.90
Average since 2010	\$44.37	\$38.64

MAINTENANCE

Powerhouses

- Woodleaf Powerhouse: Fully operational.
- Forbestown Powerhouse: Fully operational. Repair exciter slip ring brushes.
- Kelly Ridge Powerhouse: Fully operational. Repair cooling water pump no.2. Test station service circuit breakers.
- Sly Creek Powerhouse: Fully operational.

Other Project Assets

- Fabricate personnel crossings for Miners Ranch Canal
- Repair damaged roadway access gates at MRC Station 3
- Remove wood and debris from Ponderosa and Lost Creek Reservoir surfaces
- Inspect and clean canal intake screens, remove vegetation
- Inspect MRC embankments for rock fall hazards
- Apply sealer to Station 8 bridge deck
- Recoat interior and exterior of SF-14 building
- Prep for MRC bin wall installation
- Repair Diesel storage tank pump at yard
- Perform standby generator monthly checks
- Perform communication system monthly checks

PROJECTS

Energy Delivery Transition Projects. The Agency's Energy Transition effort includes the following projects that are in various states of progress.

Comm Network Project. Agency crew are installing and testing new communication hardware and wiring at various power project locations.

CAISO Meter Installation Project. Field installation and commissioning by vendor scheduled for November 2021.

Scada Replacement Project. Field installation and commissioning by vendor scheduled for November 2021.

Lost Creek Dam Mid-Level Valve Access. Agency crew are installing new metal walkways for mid-level valve access.

Sly Creek Powerhouse Restroom. Agency crew placed concrete to raise bathroom floor.

PERSONNEL

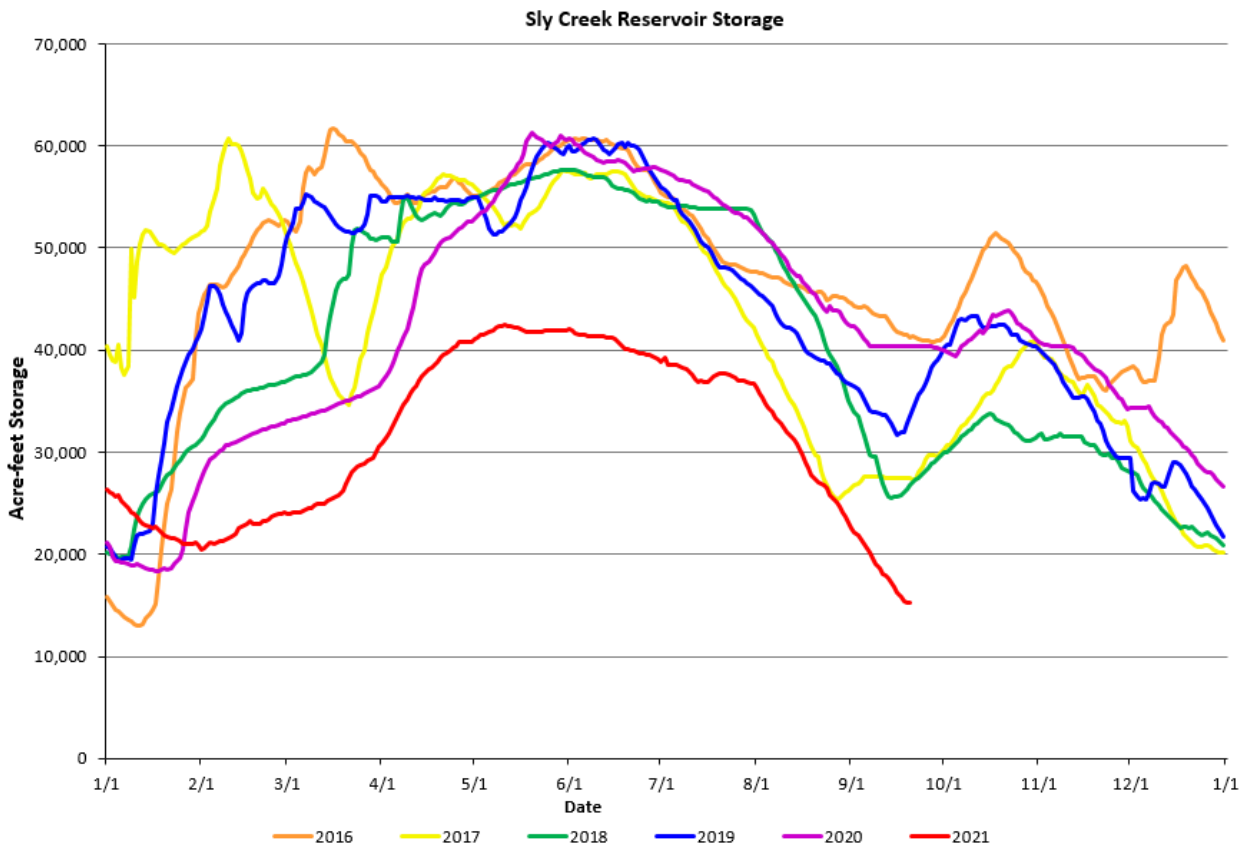
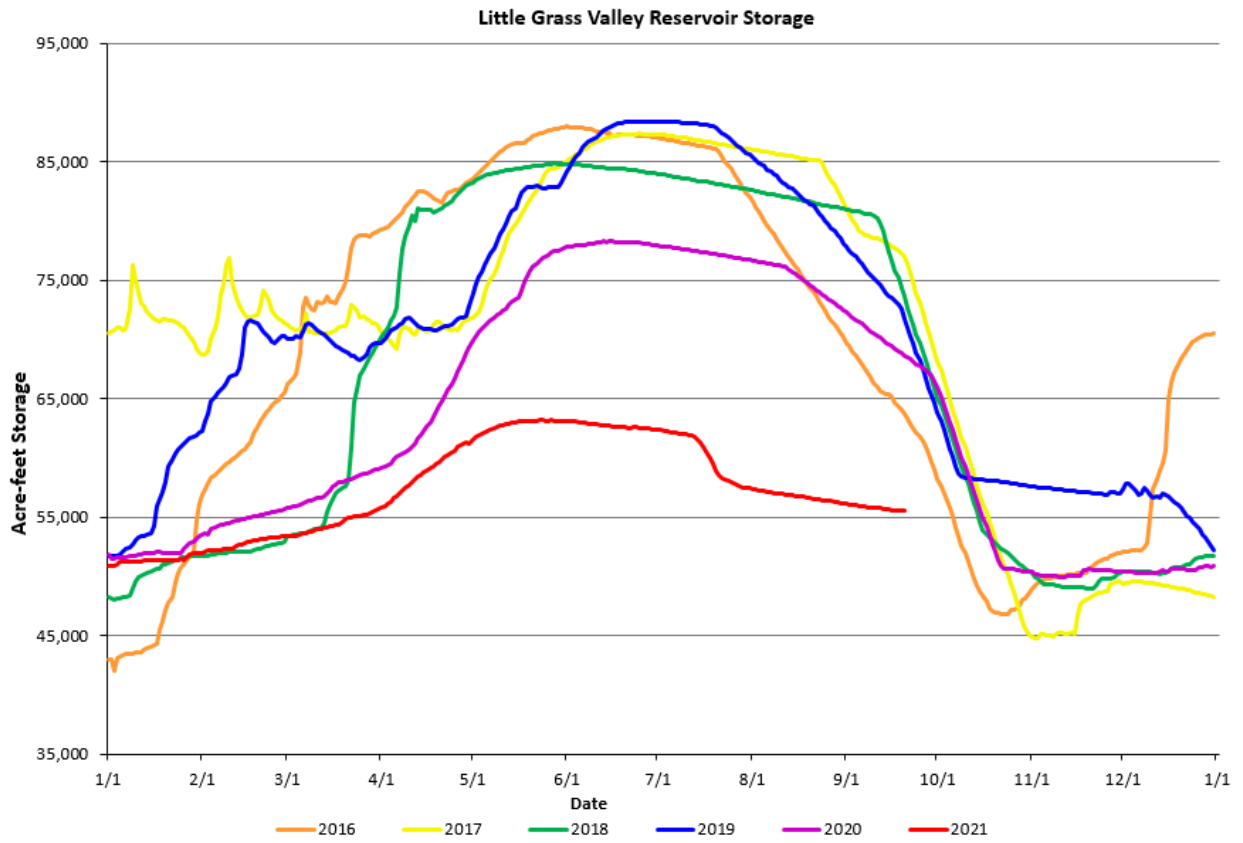
Hydro Civil Engineer Recruitment. Agency is recruiting for a Hydro Civil Engineer with structural engineering experience. The position requires experience in the following areas: Administer Dam Safety Programs within Agency as a senior level Civil Engineer and FERC Chief Dam Safety Engineer, in accordance with FERC, DSOD and regional requirements for Dams and other Hydro project assets. Design and develop systems, specifications, standards, work practices and performance criteria for Agency, fulfilling engineering and technical requirements of applicable regulatory entities.

**SOUTH FEATHER WATER AND POWER
SOUTH FEATHER POWER PROJECT
2021
Reservoir and Stream Operations**

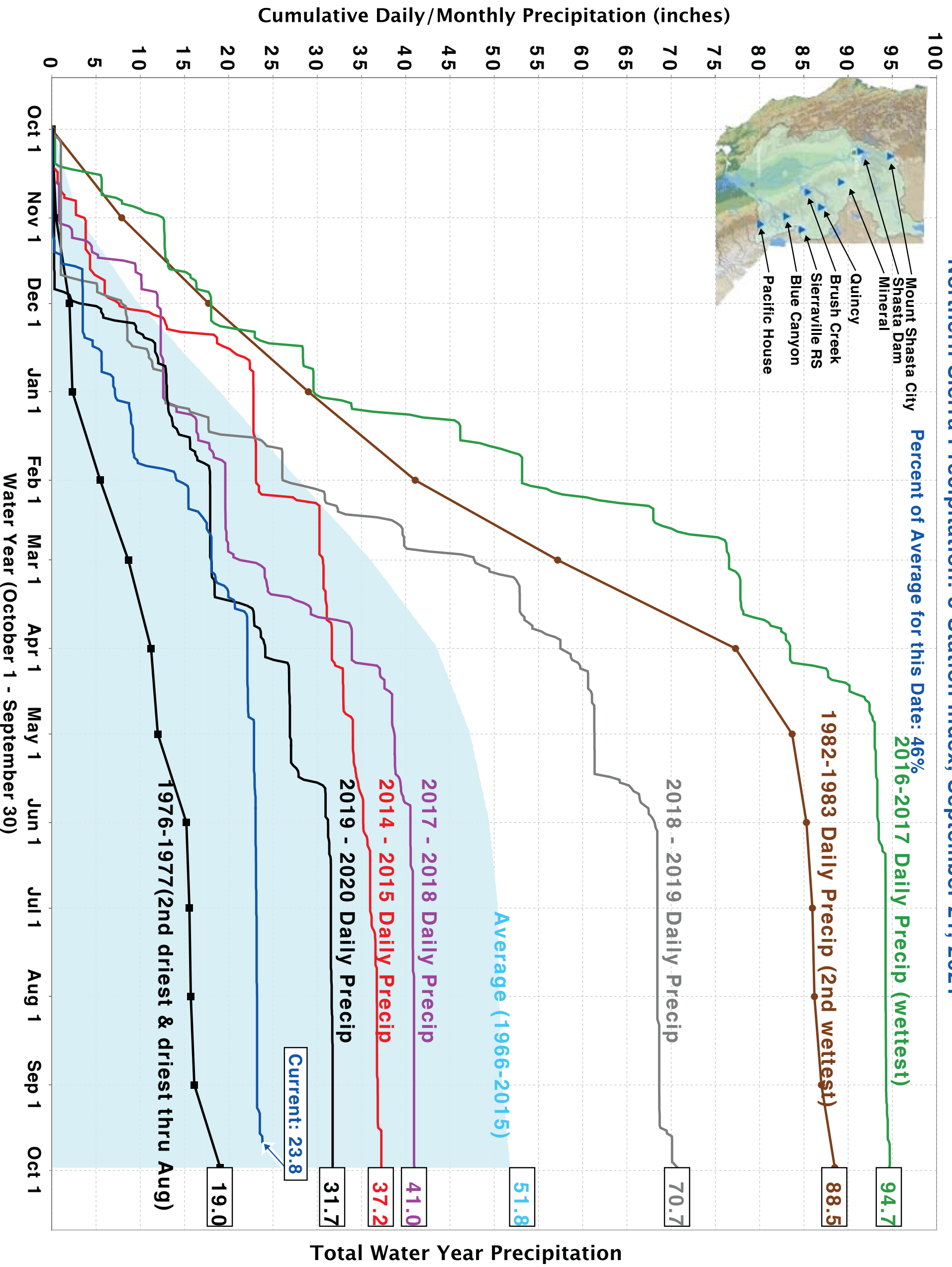
		RESERVOIR ELEVATIONS		MONTHLY AVERAGE STREAM RELEASES		
Little Grass Valley		Sly Creek	Release to SFFR	Release to SFFR	Release at	Release at
Maximum Elevation	5,046.50 Feet	3,530.00 Feet	at LGV Dam	at Forbestown Div.	Lost Creek Dam	Slate Creek Div.
End of Month						
Conditions						
January	5,020.04 Feet	3,440.41 Feet	8.40 cfs	6.37 cfs	6.08 cfs	37.50 cfs
February	5,021.21 Feet	3,449.99 Feet	8.96 cfs	6.65 cfs	8.25 cfs	87.70 cfs
March	5,023.07 Feet	3,466.74 Feet	6.96 cfs	38.70 cfs	6.13 cfs	75.20 cfs
April	5,027.62 Feet	3,489.94 Feet	14.20 cfs	7.36 cfs	9.40 cfs	28.60 cfs
May	5,028.94 Feet	3,492.29 Feet	16.00 cfs	12.80 cfs	9.30 cfs	16.90 cfs
June	5,028.38 Feet	3,486.21 Feet	13.80 cfs	13.10 cfs	8.91 cfs	11.60 cfs
July	5,024.50 Feet	3,480.64 Feet	80.20 cfs	13.00 cfs	9.37 cfs	5.91 cfs
August	5,023.49 Feet	3,447.16 Feet	14.00 cfs	13.00 cfs	9.49 cfs	4.58 cfs
September	0.00 Feet	0.00 Feet	0.00 cfs	0.00 cfs	0.00 cfs	0.00 cfs
October	0.00 Feet	0.00 Feet	0.00 cfs	0.00 cfs	0.00 cfs	0.00 cfs
November	0.00 Feet	0.00 Feet	0.00 cfs	0.00 cfs	0.00 cfs	0.00 cfs
December	0.00 Feet	0.00 Feet	0.00 cfs	0.00 cfs	0.00 cfs	0.00 cfs

Powerhouse Operations

		Woodleaf	Forbestown	Kelly Ridge	Energy Revenue
Sly Creek					
January	1,201.20 MWH	11,378.82 MWH	6,298.40 MWH	5,604.49 MWH	\$1,232,234.63
February	262.83 MWH	3,259.77 MWH	2,774.31 MWH	3,173.08 MWH	\$1,070,508.10
March	72.95 MWH	1,314.95 MWH	744.94 MWH	1,825.84 MWH	\$507,800.92
April	109.13 MWH	574.09 MWH	669.42 MWH	965.26 MWH	\$450,053.12
May	220.36 MWH	780.30 MWH	467.06 MWH	235.80 MWH	\$418,666.33
June	617.89 MWH	3,486.17 MWH	1,861.84 MWH	1,517.58 MWH	\$799,131.76
July	1,084.58 MWH	6,947.94 MWH	3,678.35 MWH	2,903.12 MWH	\$1,499,242.27
August	2,266.71 MWH	16,935.15 MWH	9,266.93 MWH	6,846.13 MWH	\$2,631,102.04
September	0.00 MWH	0.00 MWH	0.00 MWH	0.00 MWH	\$0.00
October	0.00 MWH	0.00 MWH	0.00 MWH	0.00 MWH	\$0.00
November	0.00 MWH	0.00 MWH	0.00 MWH	0.00 MWH	\$0.00
December	0.00 MWH	0.00 MWH	0.00 MWH	0.00 MWH	\$0.00
	<u>5,835.63 MWH</u>	<u>44,677.19 MWH</u>	<u>25,761.24 MWH</u>	<u>23,071.30 MWH</u>	<u>\$8,608,739.17</u>



Northern Sierra Precipitation: 8-Station Index, September 21, 2021





SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Kristen McKillop, Compliance and Regulatory Manager

DATE: September 21, 2021

RE: General Information (regarding matters not scheduled on agenda)
September 28, 2021 Board of Directors Meeting

WATER RIGHTS - BENEFICIAL USES AND COMPLIANCE

POWER

Operations. In addition to the impacts to human and environmental needs, crop failures and wildfire emergencies, the historic drought conditions are wreaking havoc on hydropower production across the west. Fortunately, this Agency has balanced pre-curtailment diversions to storage in a manner that allows for continued operation of all of our powerhouses.

Dam Safety. DSOD inspections of all nine Agency dams are scheduled for October 19-21.

DOMESTIC

Sacramento-San Joaquin Delta Watershed Curtailment Order. In response to ongoing drought conditions and associated water supply shortages in the Delta watershed, the State Water Board adopted an emergency regulation authorizing the curtailment of diversions when water is determined to be unavailable at a water right holder's or claimant's priority of right. The regulation was approved by the Office of Administrative Law, and on August 20, 2021, the SWRCB announced that it had issued curtailment orders to approximately 4,500 of 6,000 water right holders in the Delta, including holders of pre-1914 appropriative water rights and riparian water rights. The regulation will remain in effect for up to one year but could be repealed if water supply conditions improve. The State Water Board may readopt the regulation if drought conditions continue through next year. These curtailment orders include all rights held by SFWPA. The Agency is considered a "large diverter", as we have rights to divert over 5,000 acre-feet per year, and therefore are subject to enhanced monthly reporting requirements. Staff are required to monitor the curtailment status of each water right on a weekly basis, and by the 10th of each month, the Agency must submit the previous months actual diversions and/or use of stored water, and the projected demands for the next three months.

Statewide Drought Update. According to the US Drought Monitor, August 2021 was the driest August in Butte County over the 127 years of record keeping. The Butte County Drought Task Force will meet again in December, and all pertinent updates will be presented to management and this Board.

IRRIGATION

The irrigation season will end between October 15th and November 1st to allow for anticipated hydrologic conditions and maintenance. Targeted locations for conveyance (water loss) improvements are being prioritized as the district continues to manage water availability through the system.

RECREATION

The US Forest Service has lifted any Dixie Fire related access restrictions within our project area; however Sly Creek Reservoir and Campground remain closed due to the 2020 fire complex. Little Grass Valley Reservoir remains at or above the 5022.00' elevation, however whitewater flows will not be available this year.



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Rath Moseley, General Manager

DATE: September 21, 2021

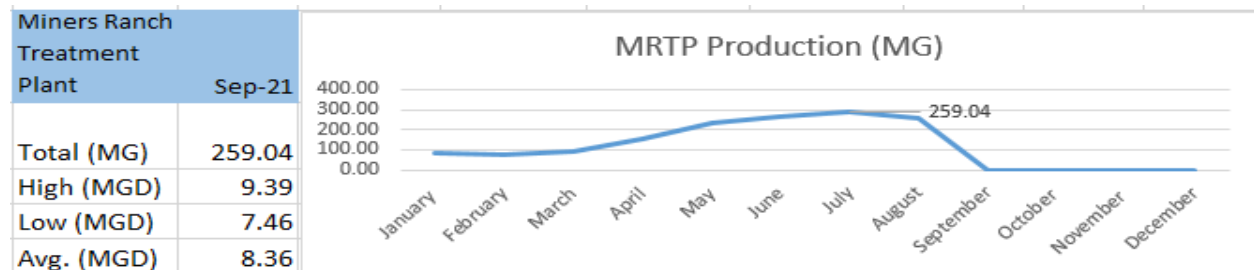
RE: General Information (regarding matters not scheduled on the agenda)
9/28/21 Board of Directors Meeting

Domestic Water Treatment Operations

The total Miners Ranch Treatment Plant (MRTP) treated water production for the month of August totaled 259.04 million gallons.

The total Bangor Treatment Plant (BTP) treated water production for the month of August totaled 1.108 million gallons.

Redhawk Ranch Raw Water delivery ~1.0 million gallons. Two new services connected this month and one planned for October.



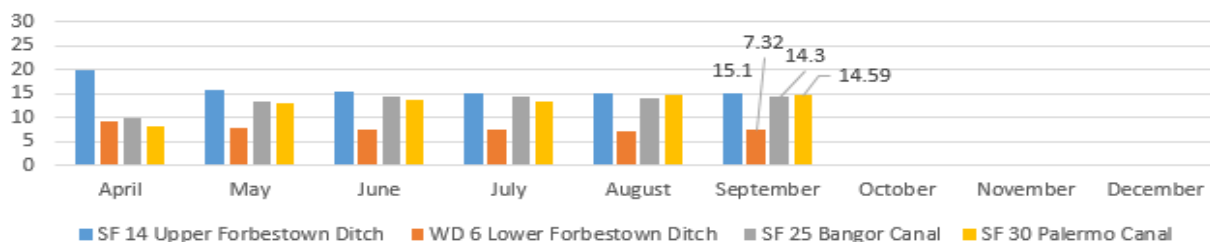
All bacteriological requirements were good for the MRTP, BTP, and the Strawberry campground. Annual Perchlorate testing results were good for MRTP & BTP. Miners Ranch production was 97% of average over the past 5 years. Bangor's production was 93% of average over the past 5 years.

2021 Irrigation Season

All canals and ditches are in operation. The irrigation season will end between October 15th and November 1st to allow for anticipated hydrologic conditions and maintenance.

Design and installation of an in-line secondary mechanical filter will be installed on the Bangor Canal by the next irrigation season to assist with raw water turbidity reaching both the package treatment plant and reduce filter cleaning on the Redhawk Ranch raw water pumping station.

2021 Irrigation Flow (CFS)



District Wide Water Operations

Staff was busy this month with leak repairs, new service installations and ditch maintenance.

September	Raise Valve Boxes	Install Backflow	Install Service	Ditch Maintenance	Replace Service	Replace Backflow	Leak Repair	Locate Main	Install Station	Install Culvert
	Las Plumas Ave.	Coach Dr.	Pinecrest	Palermo Canal	Oro Quincy	Vista Del Cerro	Oro Quincy	Lincoln/Ophir	Little Grass	Sunnyslope
	Olive Hwy/Oakvale		Margo Ln.	Lost Horizon	Segura		Hillcrest			
			Silver Leaf	Sunnyslope			Westelle			
			Foothill Avacado	Black Bart			South Villa/Citrus			
							Oro Pond			
							South Villa			
							Van Duzers			

Hwy 162 Road Widening Project

As reported last month, the pipeline realignment, replacement and removal of water distribution (including meter sets) is completed. The District was notified by Caltrans that the road widening will not start until next season so SF needs to replace the cold patch road areas with hot mix asphalt. Due to traffic volume, the work is required to be performed at night with traffic control and anticipated to be performed in October with a work sequence schedule of one night.

PG&E Settlement Agreement

The force majeure dispute has been finalized and the matter is now concluded.



SOUTH FEATHER WATER & POWER AGENCY

TO: Public Recipients of Agenda Information

FROM: Rath Moseley, General Manager

DATE: September 20, 2021

**RE: Real Property Negotiations, and Anticipated and Existing Litigation
Closed Session Agenda Item for 9/28/21 Board of Directors Meeting**

The information provided to directors for this agenda item is not available to the public. The purpose for this item is to give the Board an opportunity to confer with legal counsel about litigation in which the Agency is already involved or is anticipating. The Board is permitted by law (Brown Act) to confidentially discuss information that might prejudice its legal position, to have a confidential and candid discussion about meet-and-confer issues. Such discussions are exempt from the Brown Act's requirement that matters before the Board be discussed in public. Attendance during the closed-session will be limited to directors, together with such support staff and legal counsel as determined necessary by directors for each subject under discussion.



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Rath Moseley, General Manager

DATE: September 22, 2021

**RE: Power Purchase Agreement SFWPA - NCPA
Agenda Item for 9/28/21 Board of Directors Meeting**

The purpose of this item is to seek approval and adoption of a resolution to enter into a power purchase agreement with Northern California Power Agency (NCPA) effective December 19th, 2021.

The recommended form of action is:

"I move to approve resolution 21-28-09 approving the General Manager to execute a power purchase agreement with Northern California Power Agency effective December 19th, 2021".

POWER PURCHASE AGREEMENT

BETWEEN

SOUTH FEATHER WATER AND POWER AGENCY

AND

NORTHERN CALIFORNIA POWER AGENCY

Dated as of [_____], 20[__]

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**POWER PURCHASE AGREEMENT
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SOUTH FEATHER WATER AND POWER AGENCY**

THIS POWER PURCHASE AGREEMENT (this “*Agreement*”), dated as of this [____] day of [____], 20[___], is being entered into by and between the NORTHERN CALIFORNIA POWER AGENCY (“*Buyer*”), a joint powers agency and a public entity organized under the laws of the State of California and created under the provisions of the California Joint Exercise of Powers Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, beginning at California Government Code Section 6500, et. seq., (“*Act*”) and the “Amended and Restated Northern California Power Agency Joint Powers Agreement” entered into pursuant to the provisions of the Act among Buyer and Buyer’s members, dated as of January 1, 2008, and SOUTH FEATHER WATER AND POWER AGENCY, an irrigation district formed under the Irrigation District Act (Division 11 of the California Water Code) of the State of California (“*Seller*”). Each of Buyer and Seller is referred to individually in this Agreement as a “*Party*” and together as the “*Parties*.”

RECITALS

WHEREAS, Buyer’s members have adopted or are adopting policies that are designed to increase the amount of energy that they provide to their retail customers from eligible renewable energy resources and carbon free resources to comply with the California Renewable Energy Resources Act and other applicable requirements; and

WHEREAS, Seller owns and operates four existing hydroelectric generating plants operating under a FERC license (FERC Project No. 2088): the Forbestown Powerhouse (37.5 MW), the Kelly Ridge Powerhouse (11.0 MW), the Sly Creek Powerhouse (13.0) MW and the Woodleaf Powerhouse (60.0 MW) (the “Facility or as otherwise referred to as the South Feather Power Project”); and

WHEREAS, the Seller’s license for the South Feather Power Project was issued for a period ending March 31, 2009; on March 26, 2007, Seller filed an Application for a New License pursuant to the Federal Power Act and FERC’s regulations thereunder; and Seller currently operates the South Feather Power Project under an annual license issued from year-to-year under the terms and conditions of the prior license until a new license is issued, or the project is otherwise disposed of as provided in the Federal Power Act; and

WHEREAS, the Kelly Ridge Powerhouse and Sly Creek Powerhouse (“the Renewable Facilities”) are eligible renewable energy resource certified by the CEC; and

WHEREAS, Buyer is interested in purchasing Products from the Facilities; and

WHEREAS, Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, certain energy, capacity rights and associated environmental attributes for the purchase price set forth in Appendix A; and

WHEREAS, the Parties desire to set forth the terms and conditions pursuant to which such sales and purchases shall be made.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein, the mutual covenants and agreements herein set forth, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

The following terms in this Agreement and the appendices hereto shall have the following meanings when used with initial capitalized letters:

“**Act**” has the meaning set forth in the preamble of this Agreement.

“**Affiliate**” means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or, as is appropriate given the context, is a director or officer of such Person or of an Affiliate of such Person. As used in this Agreement, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble of this Agreement, and includes the Appendices attached hereto.

“**Agreement Term**” has the meaning set forth in Section 2.2(a).

“**Annual True-Up Credit**” has the meaning set forth in Appendix A.

“**ASME**” means American Society of Mechanical Engineers.

“**Assumed Daily Deliveries**” has the meaning set forth in Section 11.3(c).

“**ASTM**” means American Society for Testing and Materials.

“**Authorized Auditors**” means representatives of Buyer or Buyer’s Authorized Representative who are authorized to conduct audits on behalf of Buyer.

“**Authorized Representative**” means, with respect to each Party, the Person designated as such Party’s authorized representative pursuant to Section 12.1.

“**Available Generating Capacity**” means the Contract Capacity less the amount of capacity that is not available due to an outage.

“**Availability Incentive Payment**” has the meaning set forth in the CAISO Tariff.

“Availability Standard” has the meaning set forth in the CAISO Tariff.

“AWS” means American Welding Society.

“Bankruptcy” means any case, action or proceeding under any bankruptcy, reorganization, debt arrangement, insolvency or receivership law or any dissolution or liquidation proceeding commenced by or against a Person and, if such case, action or proceeding is not commenced by such Person, such case, action or proceeding shall be consented to or acquiesced in by such Person or shall result in an order for relief or shall remain undismissed for ninety (90) days.

“Base Output” has the meaning set forth in Appendix A.

“Base Output Compensation” has the meaning set forth in Appendix A.

“Base Output Monthly Payment” has the meaning set forth in Appendix A.

“Brown Act” has the meaning set forth in Section 12.21(b).

“Business Day” means any day that is not a Saturday, a Sunday, or a day on which commercial banks are authorized or required to be closed in Los Angeles, California or New York, New York.

“Buyer” has the meaning set forth in the preamble of this Agreement.

“Buyer Curtailment” has the meaning set forth in Section 6.5(b).

“Buyer Indemnitee” has the meaning set forth in Section 12.19(a).

“Cal-OSHA” means the California Occupational Safety & Health Administration.

“CAISO” means the California Independent System Operator.

“CAISO Costs” means (i) all current and future costs, expenses, fees, charges, credits and other amounts assessed by the CAISO to Seller or to Buyer in connection with the Facilities and (ii) any and all costs, expenses, fees, charges and other amounts incurred in connection with performing Scheduling services, settlement services and serving as the Scheduling Coordinator.

“CAISO Master File” has the meaning set forth in the CAISO Tariff.

“CAISO Tariff” means the CAISO FERC Electric Tariff, Fifth Replacement Volume, including the rules, protocols, procedures and standards attached thereto and any replacement thereof or successor thereto in effect.

“**CAMD**” means the Clean Air Markets Division of the EPA and any other state, regional or federal or intergovernmental entity or Person that is given authorization or jurisdiction or both over a program involving the registration, validation, certification or transferability of Environmental Attributes.

“**Capacity Rights**” means the rights, whether in existence as of the Effective Date or arising thereafter during the Agreement Term, to capacity, Resource Adequacy Attributes, Local Capacity Requirement Attributes, flexible capacity attributes, operating reserves, regulation services, and other associated attributes or reserves, or any of the foregoing as may in the future be defined by the CAISO, or any other balancing authority, reliability entity or Governmental Authority, associated with the electric generating capability of the Facilities, including the right to resell such rights.

“**CEC**” means California’s State Energy Resources Conservation and Development Commission, also known as the California Energy Commission.

“**CEC Certified**” means that the CEC has certified that the Facility is an eligible renewable energy resource in accordance with RPS Law.

“**CEC Performance Standard**” means, at any time, the applicable greenhouse gas emissions performance standard in effect at such time for electric generation facilities that are owned or operated (or both) by local publicly owned electric utilities, or for which a local publicly owned electric utility has entered into a contractual agreement for the purchase of power from such facilities, as established by the CEC or other Governmental Authority having jurisdiction over Buyer.

“**CEQA**” means the California Environmental Quality Act, California Public Resources Code §§ 21000, et seq.

“**Change in Law**” means a material change to any WREGIS standards, rules, or requirements, or a change to any federal, state, local or other law (including any environmental law, EPS Law or RPS Law), resolution, standard, code, rule, ordinance, directive, regulation, order, judgment, decree, ruling, determination, permit, certificate, authorization, or approval of a Governmental Authority, including the adoption of any new law, resolution, standard, code, rule, ordinance, directive, regulation, order, judgment, decree, ruling, determination, permit, certificate, authorization, or approval.

“**Compliance Showings**” means the applicable load serving entities compliance with the resource adequacy requirements of its applicable regulatory authority for an applicable Showing Month.

“**Conditional Use Permit**” means the conditional use permits for the Facility.

“**Confidential Information**” has the meaning set forth in Section 12.21(a).

“Contract Capacity” means the amount of installed Facility capacity set forth in Appendix B.

“Contract Price” means, for any period of time, the Contract Price set forth in Appendix A.

“Contract Year” means (a) with respect to the first (1st) Contract Year, the period beginning on the Initial Delivery Date and extending through December 31 of the calendar year in which the Initial Delivery Date occurs, (b) with respect to the second (2nd) through the twentieth (20th) Contract Years, the applicable calendar year, and (c) with respect to the twenty first (21st) Contract Year, the period beginning on January 1 of the applicable calendar year and extending through the day before the anniversary of the Initial Delivery Date.

“Costs” has the meaning set forth in Section 11.3(f)(iii).

“CPRA” has the meaning set forth in Section 12.21(b).

“Curtailed Period” means a period of time during the Delivery Term during which the generation of Facility Energy is required to be curtailed or reduced (in whole or part) as a result of an order, direction, alert, request, notice, instruction or directive from a Transmission Provider, the CAISO, WECC, NERC, or any other reliability entity due to (a) a System Emergency, (b) system improvements, curtailments, or scheduled and unscheduled repairs or maintenance at or downstream from the Point of Delivery, (c) an event of Force Majeure at or downstream from the Point of Delivery, (d) over-generation or any other reason adversely affecting the normal function and operation of the CAISO grid or a Transmission Provider’s system, as may from time to time be identified by the CAISO, the Transmission Provider, WECC, NERC, or any other reliability entity. For the avoidance of doubt, the term “Curtailed Period” shall not include curtailments directed by CAISO for economic reasons as described in Section 6.5(b) or any curtailment by Buyer pursuant to Section 6.5(b).

“Day-Ahead Market” has the meaning set forth in the CAISO Tariff.

“Deemed Generated Energy” has the meaning set forth in Section 6.5(c).

“Default” has the meaning set forth in Section 11.1.

“Defaulting Party” has the meaning set forth in Section 11.1.

“Delivery Term” has the meaning set forth in Section 2.2(b).

“Dispute” has the meaning set forth in Section 12.3(a).

“Dispute Notice” has the meaning set forth in Section 12.3(a).

“Early Termination Date” has the meaning set forth in Section 11.3(a).

“**EI**” means Edison Electric Institute.

“**Effective Date**” means the date on which Buyer and Seller have both executed this Agreement.

“**Electric Metering Devices**” means all meters, metering equipment, and data processing equipment used to measure, record, or transmit data relating to the Facility Energy. Electric Metering Devices include the metering current transformers and the metering voltage transformers.

“**Energy**” means electrical energy.

“**Environmental Attribute Reporting Rights**” means all rights to report ownership of the Environmental Attributes to any Person, including under Section 1605(b) of the Energy Policy Act of 1992, as amended from time to time or any successor statute, or any other current or future international, federal, state or local law, regulation or bill, or otherwise.

“**Environmental Attributes**” means RECs, and any and all other current or future credits, benefits, emissions reductions, offsets or allowances, howsoever entitled, named, registered, created, measured, allocated or validated (A) that are at any time recognized or deemed of value (or both) by Buyer, applicable law, or any voluntary or mandatory program of any other Governmental Authority or other Person and (B) that are attributable to (i) generation by the Facility during the Delivery Term or Replacement Energy required to be delivered by Seller to Buyer during the Delivery Term and (ii) the emissions or other environmental characteristics of such generation or such Replacement Energy or its displacement of conventional or other types of Energy generation. Environmental Attributes include any of the aforementioned arising out of legislation or regulation concerned with oxides of nitrogen, sulfur, carbon, or any other greenhouse gas or chemical compound, particulate matter, soot, or mercury, or implementing the United Nations Framework Convention on Climate Change (the “**UNFCCC**”), the Kyoto Protocol to the UNFCCC, California’s greenhouse gas legislation (including RPS Law and California Assembly Bill 32 (Global Warming Solutions Act of 2006) and any regulations implemented pursuant to that act, including any compliance instruments accepted under the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms regulations of the California Air Resources Board or any successor regulations thereto) or any similar international, federal, state or local program or crediting “early action” with a view thereto, laws or regulations involving or administered by the CAMD and all Environmental Attribute Reporting Rights, including all evidences (if any) thereof such as renewable energy certificates of any kind. Environmental Attributes for purposes of this definition are separate from the Energy produced from the Facility and do not include (a) investment tax credits, any local, state or federal production tax credits, depreciation deductions or other tax credits providing a tax benefit to Seller or any other Person based on an ownership or security interest in the Facility, (b) any other depreciation deductions and benefits, and other tax benefits arising from ownership of the Facility and (c) cash grants or other financial incentives from any local, state or federal government available to Seller with respect to the Facility.

“**EPA**” means the United States Environmental Protection Agency.

“EPS Compliance” or **“EPS Compliant”** when used with respect to the Facility, means that the Facility satisfies both the PUC Performance Standard and the CEC Performance Standard in effect at the time; *provided*, if it is impossible for the Facility to satisfy both the PUC Performance Standard and the CEC Performance Standard in effect at any time, the Facility shall be deemed EPS Compliant if it satisfies the CEC Performance Standard in effect at the time and those portions of the PUC Performance Standard in effect at the time that it is possible for the Facility to satisfy while at the same time satisfying the CEC Performance Standard in effect at the time.

“EPS Law” means Sections 8340 and 8341 of the California Public Utilities Code or its successor or comparable state or federal programs.

“Extended Delivery Term” has the meaning set forth in Section 2.2(b).

“Facility” means the four (4) hydroelectric generating facilities described in the Recitals hereto, and Appendix B, including all property interests and related Interconnection Facilities owned by Seller.

“Facility Energy” means Energy generated by the Facility, less station load, transformation losses and transmission losses to the Point of Delivery, as measured by CAISO-approved Electric Metering Devices.

“Facility Monthly Variable Output” has the meaning set forth in Appendix A.

“FERC” means the Federal Energy Regulatory Commission.

“Fixed Monthly Payment” has the meaning set forth in Appendix A.

“Force Majeure” has the meaning set forth in Section 12.6(b).

“Force Majeure Notice” has the meaning set forth in Section 12.6(a).

“Forced Outage” means the removal of service availability of the Facility, or any portion of the Facility, for emergency reasons or conditions in which the Facility, or any portion thereof, is unavailable due to unanticipated failure, including as a result of Force Majeure.

“Full Capacity Deliverability Status” or **“FCDS”** has the meaning set forth in the CAISO Tariff.

“GAAP” means generally accepted accounting principles set forth in opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, in each case as the same are applicable to the circumstances as of the date of determination.

“**Gains**” has the meaning set forth in Section 11.3(f)(i).

“**Governmental Authority**” means any federal, state, regional, city or local government, any intergovernmental association or political subdivision thereof, or other governmental, regulatory or administrative agency, court, commission, administration, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority with jurisdiction over the Parties, the Facility, or this Agreement, or any Person acting as a delegate or agent of any Governmental Authority; provided that “Governmental Authority” specifically excludes Buyer, any successor or assignee of Buyer and the Participating Members.

“**Gross Facility Energy**” means the amount of Facility Energy delivered to the Point of Delivery during a Buyer Curtailment plus the amount of MWh calculated to approximate the amount of Energy that could have been produced and delivered to the Point of Delivery during the Buyer Curtailment, based on the volume of water bypassed at the Facility during a Buyer Curtailment. For the avoidance of doubt, volumes of water bypassed at the Facility for any reason other than a Buyer Curtailment, including natural spill conditions that may occur, shall not be included in the calculation of Gross Facility Energy.

“**IEEE**” means the Institute of Electrical and Electronics Engineers.

“**Insurance**” means the policies of insurance as set forth in Appendix E.

“**Interest Rate**” has the meaning set forth in Section 9.3.

“**Initial Delivery Date**” means December 19, 2021 and is the first day of the Delivery Term.

“**Initial Delivery Term**” has the meaning set forth in Section 2.2(b).

“**ISA**” means the Instrument Society of America.

“**Interconnection Agreement**” means the interconnection agreement entered into by Seller pursuant to which the Facility will be interconnected with the Transmission System, and pursuant to which Seller’s Interconnection Facilities and any other Interconnection Facilities will be constructed, operated and maintained during the Delivery Term.

“**Interconnection Facilities**” means the interconnection facilities, control and protective devices and metering facilities required to connect the Facility with the Transmission System in accordance with the Interconnection Agreement.

“**Licensed Professional Engineer**” means an independent, professional engineer reasonably acceptable to Buyer, licensed in the State of California, and otherwise qualified to perform the work required hereunder.

“**Lien**” means any mortgage, deed of trust, lien, security interest, retention of title or lease for security purposes, pledge, charge, encumbrance, equity, attachment, claim, easement, right of way, covenant, condition or restriction, leasehold interest, purchase right or other right of any kind, including any option, of any other Person in or with respect to any real or personal property.

“**Local Capacity Requirement Attributes**” means the benefits or attributes now or existing in the future based on the procurement obligations of Buyer with respect to local resource capacity requirements as prescribed by the PUC, the CAISO or other regional entity, and that are associated with the electric generating capability of the Facility.

“**Locational Marginal Price**” or “**LMP**” has the meaning set forth in the CAISO Tariff.

“**Losses**” has the meaning set forth in Section 11.3(f)(ii).

“**Major Maintenance Blockout**” has the meaning set forth in Section 3.5(a).

“**Month**” means a calendar month commencing at 00:00 Pacific Prevailing Time on the first day of such month and ending at 24:00 Pacific Prevailing Time on the last day of such month.

“**Monthly Base Output**” has the meaning set forth in Appendix A.

“**MW**” means megawatt in alternating current, or ac.

“**MWh**” means megawatt-hours.

“**NERC**” means the North American Electric Reliability Corporation.

“**Net Qualifying Capacity**” has the meaning set forth in the CAISO Tariff; provided, however, the amount of Net Qualifying Capacity provided by the Facility shall be equal to the amount of Resource Adequacy Capacity that is eligible to be used by Buyer to satisfy Compliance Showing requirements, including adjustments to account for Facility availability, operational limitations and Scheduled Outages.

“**Non-Defaulting Party**” has the meaning set forth in Section 11.3(a).

“**Non-Availability Charge**” has the meaning set forth in the CAISO Tariff.

“**Notice of Termination**” has the meaning set forth in Section 2.2(c).

“**Notifying Party**” has the meaning set forth in Section 12.3(a).

“**OSHA**” means the Occupational Safety and Health Administration of the United States Department of Labor.

“**Pacific Prevailing Time**” means the local time in the State of California.

“Participating Members” means the Cities of Healdsburg, Lodi, Lompoc, Roseville, Santa Clara and Ukiah, and the San Francisco Bay Area Rapid Transit District, and the City of Oakland, acting by and through its Board of Port Commissioners.

“Party” or **“Parties”** has the meaning set forth in the preamble of this Agreement.

“Permits” means all applications, permits, licenses, franchises, certificates, concessions, consents, authorizations, certifications, self-certifications, approvals, registrations, orders, filings, entitlements and similar requirements of whatever kind and however described that are required to be filed, submitted, obtained or maintained by any Person with respect to the development, siting, design, acquisition, construction, equipping, financing, ownership, possession, shakedown, start-up, testing, operation or maintenance of the Facility, the production, sale and delivery of Products from the Facility, including Facility Energy, Capacity Rights and Environmental Attributes, or any other transactions or matter contemplated by this Agreement (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements), including the, Conditional Use Permit, CEQA determinations and the Permits as may be applicable.

“Person” means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization, entity, government or other political subdivision.

“PNode” means the CAISO Pricing Node for the Facility as defined in the CAISO Tariff to be established by CAISO, as set forth in Appendix B.

“Point of Delivery” mean the Point of Interconnection for each Facility.

“Point of Interconnection” has the meaning set forth in Appendix B.

“Present Value Rate” means, at any date, the sum of 0.50% plus the yield reported on page “USD” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally-recognized trading screen reporting on-line intraday trading in United States government securities) at 11:00 a.m. (New York City, New York time) for the United States government securities having a maturity that most nearly matches the Remaining Term at that date.

“Products” means any and all Facility Energy, Capacity Rights, Environmental Attributes, and ancillary products, services or attributes similar to the foregoing that are or can be produced by, or are associated with, the Facility, whether now attainable or established in the future, including delivered energy, renewable attributes, operating reserves and renewable energy credits.

“Prudent Utility Practices” means those practices, methods, and acts, that are commonly used by a significant portion of the hydroelectric electric generation industry in prudent engineering and operations to design, construct, and operate and maintain electric equipment lawfully and with safety, dependability, reliability, efficiency, and economy, including any applicable practices, methods, acts, guidelines, standards and criteria of the CAISO, FERC, NERC, WECC, as each may be amended from time to time, and all applicable Requirements of Law.

Prudent Utility Practices are not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the hydroelectric generation industry.

“**Public Utilities Code**” means the Public Utilities Code of the State of California, as may be amended from time to time.

“**PUC**” means the California Public Utilities Commission and any successor thereto.

“**PUC Performance Standard**” means, at any time, the greenhouse gas emission performance standard in effect at such time for electric generation facilities owned or operated (or both) by load-serving entities and not local publicly-owned electric utilities, or for which a load-serving entity and not a local publicly owned electric utility has entered into a contractual agreement for the purchase of power from such facilities, as established by the PUC or other Governmental Authority under the EPS Law.

“**QRE**” has the meaning set forth in Section 7.4.

“**RA Capacity Monthly Payment**” has the meaning set forth in Appendix A.

“**RA Capacity Rate**” has the meaning set forth in Appendix A.

“**RA Deficiency Amount**” means the liquidated damages payment that Seller shall pay to Buyer for an applicable RA Shortfall Month as calculated in accordance with Section 8.4.

“**RA Shortfall Month**” means, for purpose of calculating an RA Deficiency Amount under Section 8.4, any month which the amount of Resource Adequacy Capacity supplied from the Facility for such month was less than the Net Qualifying Capacity for such month.

“**Real-Time Market**” has the meaning set forth in the CAISO Tariff.

“**REC**” or “**Renewable Energy Credit**” means a certificate of proof associated with the generation of electricity from an eligible renewable energy resource, which certificate is issued through the accounting system established, used or approved by the CEC pursuant to the RPS Law, evidencing that one (1) MWh of Energy was generated and delivered from such eligible renewable energy resource. Such certificate is a tradable environmental commodity (also known as a “green tag” or “renewable energy certificate”) for which the owner of the REC can evidence that it has purchased Energy that is CEC Certified.

“**Recipient Party**” has the meaning set forth in Section 12.3(a).

“**Remaining Term**” means, at any date, the remaining portion of the Delivery Term at that date without regard to any early termination of this Agreement.

“**Replacement RA**” has the meaning set forth in Section 8.4(c).

“Requirements” means, collectively, (a) any standards or requirements of ASTM, ASME, AWS, EPA, EEI, IEEE, ISA, National Electrical Code, NERC, National Electric Safety Code, OSHA, Cal-OSHA, Uniform Building Code, or Uniform Plumbing Code applicable to the design or construction of the Facility, (b) any applicable local county fire department standards or codes, (c) Prudent Utility Practices, (d) FERC licenses, and federal and state dam safety regulations, (e) all applicable Requirements of Law, including the UCC, and (f) all other requirements of this Agreement.

“Requirement of Law” means any federal, state, local or other law (including any environmental law, EPS Law or RPS Law), resolution, standard, code, rule, ordinance, directive, regulation, order, judgment, decree, ruling, determination, permit, certificate, authorization, license or approval of a Governmental Authority, including those pertaining to electrical, building, zoning, environmental, dam safety, cyber and physical security, and occupational safety and health requirements.

“Resource Adequacy Attributes” of **“Resource Adequacy Capacity”** means the benefits or attributes, including flexible attributes, if any, now or existing in the future based on the procurement obligations of Buyer with respect to Resource Adequacy as prescribed by the PUC, the CAISO or any other regional entity, and that are associated with the electric generating capability of the Facility.

“RPS Compliance” or **“RPS Compliant”** means, when used with respect to the Facility, that all Energy generated by such facility at all times shall, together with all of the associated Environmental Attributes, qualify as a “portfolio content category 1” eligible renewable resource, as such term is defined in Public Utilities Code Section 399.12 or Section 399.16, or equivalent if the RPS Law is changed, under the RPS Law.

“RPS Law” means the California Renewable Energy Resources Act, including the California Renewables Portfolio Standard Program, Article 16 of Chapter 2.3, Division 1 of the Public Utilities Code, California Public Resources Code § 25740 through 25751, any related regulations or guidebooks promulgated by the CEC or, as applicable, the PUC or its successor or equivalent state or federal programs.

“SCADA” means the supervisory control and data acquisition system for the Facility.

“Schedule” or **“Scheduling”** means the actions of Seller and Buyer, their Authorized Representatives, the Scheduling Coordinator and the Transmission Providers, if applicable, of notifying, requesting and confirming to the CAISO the amounts of Facility Energy expected to be delivered consistent with the Scheduling Interval at the Point of Delivery on any given date during the Delivery Term, all in the manner contemplated by the CAISO Tariff.

“Scheduled Outage” means any outage with respect to the Facility other than a Forced Outage.

“Scheduled Outage Projection” has the meaning set forth in Section 3.5(a).

“**Scheduling Coordinator**” has the meaning set forth in the CAISO Tariff.

“**Seller**” has the meaning set forth in the preamble of this Agreement.

“**Seller Indemnitees**” has the meaning set forth in Section 12.19(b).

“**Settlement Interval**” has the meaning set forth in the CAISO Tariff.

“**Settlement Statement**” has the meaning set forth in the CAISO Tariff.

“**Showing Month**” means the calendar month of the Delivery Period that is subject of the related Compliance Showing.

“**Subcontract**” means any agreement or contract entered into on or after the Effective Date by Seller and a Person other than Buyer, which Person is providing goods or services to Seller that are related to the performance of Seller’s obligations under this Agreement. Subcontracts specifically include any agreement or contract that is referred to or defined as a “subcontract” in the policies, ordinances, codes or laws with which Seller must comply pursuant to this Agreement, or that is made with a “subcontractor” as such term is used or defined in such policies, ordinances, codes, or laws.

“**Subcontractor**” means any party to a Subcontract with Seller.

“**System Emergency**” means each of the following: (i) “System Emergency” as set forth in the CAISO Tariff and (ii) a condition or situation that in the judgment of Buyer (a) is imminently likely to endanger life or property; or (b) is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, reliability of, or damage to the Transmission System, Transmission Provider’s interconnection facilities (as defined in the Interconnection Agreement) or the transmission systems of others to which the Transmission System is directly connected.

“**Tax**” or “**Taxes**” means each federal, state, county, local and other (a) net income, gross income, gross receipts, sales, use, ad valorem, business or occupation, transfer, franchise, profits, withholding, payroll, employment, excise, property or leasehold tax and (b) customs, duty or other fee, assessment or charge of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amount with respect thereto.

“**Termination Notice**” has the meaning set forth in Section 11.3(a).

“**Termination Payment**” means a payment in an amount equal to the Non-Defaulting Party’s (a) Losses, plus (b) Costs, minus (c) Gains; *provided, however*, that if such amount is a negative number, the Termination Payment shall be equal to zero.

“**Transmission Provider**” means the Person operating the Transmission System to and from the Point of Delivery.

“**Transmission Services**” means the transmission and other services required to transmit Facility Energy to or from the Point of Delivery.

“**Transmission System**” means the facilities utilized to provide Transmission Services.

“**Unexcused Cause**” has the meaning set forth in Section 12.6(b).

“**UNFCCC**” has the meaning set forth in the definition of “Environmental Attributes.”

“**Variable Output**” has the meaning set forth in Appendix A.

“**Variable Output Monthly Payment**” has the meaning set forth in Appendix A.

“**Variable Output Rate**” has the meaning set forth in Appendix A.

“**Variable Output True-Up**” has the meaning set forth in Appendix A.

“**WECC**” means the Western Electricity Coordinating Council.

“**WREGIS**” means Western Renewable Energy Generation Information System.

“**WREGIS Certificates**” has the meaning set forth in Section 7.4.

“**WREGIS Operating Rules**” means the rules describing the operations of the WREGIS, as published by WREGIS.

Other terms defined herein have the meanings so given when used in this Agreement with initial-capitalized letters.

Section 1.2 Interpretation. In this Agreement, unless a clear contrary intention appears:

- (a) time is of the essence;
- (b) the singular number includes the plural number and vice versa;
- (c) reference to any Person includes such Person’s successors and assigns (regardless of whether such Person’s successors and assigns are expressly referenced in the provision) but, in case of a Party hereto, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (d) reference to any gender includes the other;
- (e) reference to any agreement (including this Agreement), document, act, statute, law, instrument, tariff or Requirement means such agreement, document, act, statute, law,

instrument, or tariff, or Requirement, as amended, modified, replaced or superseded and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, regardless of whether the reference to the agreement, document, act, statute, law, instrument, tariff, or Requirement expressly refers to amendments, modifications, replacements, or successors;

(f) reference to any Article, Section, or Appendix means such Article of this Agreement, Section of this Agreement, or such Appendix to this Agreement, as the case may be, and references in any Article or Section or definition to any clause means such clause of such Article or Section or definition;

(g) “hereunder,” “hereof,” “hereto” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article or Section or other provision hereof or thereof;

(h) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term, regardless of whether words such as “without limitation” are expressly included in the applicable provision;

(i) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including”;

(j) unless otherwise indicated, reference to time shall always refer to Pacific Prevailing Time; and reference to any “day” shall mean a calendar day, unless otherwise indicated; and

(k) the term “or” is not exclusive, regardless of whether “and/or” is used in the applicable provision.

ARTICLE II EFFECTIVE DATE, TERM, AND EARLY TERMINATION

Section 2.1 Effective Date. This Agreement is effective as of the Effective Date. On or prior to the Effective Date, each of the following has occurred: (a) both Parties have executed and delivered this Agreement; (b) Buyer has received copies of all requisite resolutions and incumbency certificates of Seller and any other documents evidencing all actions taken by Seller to authorize the execution and delivery of this Agreement, such resolutions to be certified as of the Effective Date by an authorized representative of Seller; and (b) Seller has received copies of all requisite resolutions and incumbency certificates of Buyer authorizing the execution and delivery of this Agreement, such resolutions to be certified as of the Effective Date by an authorized official of Buyer.

Section 2.2 Term.

(a) **Agreement Term.** The term of this Agreement (the “*Agreement Term*”) shall commence on the Effective Date and end on the last day of the Delivery Term, or upon the earlier termination of this Agreement in accordance with the terms hereof.

(b) **Delivery Term.** The initial delivery term of this Agreement (the “**Initial Delivery Term**”) shall begin on the Initial Delivery Date and shall continue uninterrupted through 11:59 pm on December 31, 2031, unless sooner terminated in accordance with the terms of this Agreement. At the end of the Initial Delivery Term of this Agreement, the term of this Agreement shall automatically extend for an additional ten (10) year period (the “**Extended Delivery Term**”) unless Seller provides written Notice of Termination pursuant to Section 2.2(c), of its election to not automatically extend the term of this Agreement.

(c) **Notice of Termination.** This Agreement may be terminated by Seller at the end of the Initial Delivery Term by providing written notice to the Buyer at least three hundred sixty five (365) Calendar Days prior to the end of the Initial Delivery Term of this Agreement (“**Notice of Termination**”).

Section 2.3 Survivability. The provisions of this ARTICLE II, ARTICLE X, ARTICLE XI, Section 12.9 and Section 12.21 shall survive for a period of one year following the termination of this Agreement. The provisions of ARTICLE IX shall survive for a period of four (4) years following final payment made by Buyer hereunder or the expiration or termination date of this Agreement, whichever is later. The provisions of ARTICLE V, ARTICLE VII, and ARTICLE VIII shall continue in effect after termination to the extent necessary to provide for final billing, adjustments, and deliveries related to any period prior to termination of this Agreement.

Section 2.4 Early Termination.

(a) **Early Termination by Mutual Agreement.** This Agreement may be terminated by mutual written agreement of the Parties.

(b) **Early Termination for Default.** Upon the occurrence of a Default, the Non-Defaulting Party may terminate this Agreement as set forth in Section 11.3.

(c) **Early Termination for Force Majeure.** This Agreement may be terminated pursuant to Section 12.6(c) or Section 12.6(d).

(d) **Effect of Termination.** Except as otherwise provided herein, any early termination of this Agreement under this Section 2.4 shall be without prejudice to the rights and remedies of a Party for Defaults occurring prior to such termination.

ARTICLE III OPERATION AND MAINTENANCE OF THE FACILITY

Section 3.1 General Operational Requirements. Seller shall, at all times:

(a) At its sole expense, operate and maintain the Facility (i) in accordance with the Requirements and (ii) in a manner that is reasonably likely to result in a useful life for the Facility of not less than the Delivery Term;

(b) Use qualified and trained personnel for managing, operating and maintaining the Facility and for coordinating with Buyer, and ensure that necessary personnel are available on-site or on-call twenty-four (24) hours per day during the Delivery Term;

(c) Operate and maintain the Facility with due regard for the safety, security and reliability of the Interconnection Facilities; and

(d) Operate and maintain the Facility in accordance with the CAISO Tariff and other applicable requirements, including, but not limited to, submitting Facility technical and modeling information to the CAISO, as may be required; and

(e) Comply with operating and maintenance standards recommended or required by the Facility's equipment suppliers, and in accordance with Prudent Utility Practices.

Section 3.2 Operation and Maintenance Plan.

(a) Seller shall devise and implement a plan of inspection, maintenance, and repair for the Facility and the components thereof in order to maintain such equipment in accordance with Prudent Utility Practices, and shall keep records with respect to inspections, maintenance, and repairs thereto. The aforementioned plan and all records of such activities shall be available for inspection by Buyer during Seller's regular business hours upon reasonable notice.

(b) In addition to the other required and preventative maintenance actions required by this Agreement, Seller shall: (i) conduct regular visual equipment inspections and log significant parameters; (ii) identify and perform all preventative maintenance requirements for the following calendar year; (iii) schedule and assign routine maintenance during operations, planned outages, as well as maintenance that can be conducted in parallel; (iv) conduct periodic maintenance to various equipment; (v) conduct periodic quality assurance and quality control activities and inspections; and (vi) hire Subcontractors, as applicable to meet the Facility's maintenance, betterment, and improvement needs. Notwithstanding the requirements of this Section 3.2(b), Seller shall retain full discretion in budgeting and determining the priority in which it performs preventive maintenance in relation to Seller's other projects and actions.

Section 3.3 Decommissioning and Other Costs. Buyer shall not be responsible for any cost of decommissioning or demolition of the Facility or any environmental or other liability associated with the decommissioning or demolition of the Facility without regard to the timing or cause of the decommissioning or demolition.

Section 3.4 Environmental Credits. Seller shall, if applicable, obtain in its own name and at its own expense all pollution or environmental credits or offsets necessary to operate the Facility in compliance with any Requirement of Law; *provided* for the avoidance of doubt, Seller shall not use any Environmental Attributes to satisfy the foregoing obligation.

Section 3.5 Outages.

(a) Buyer and Seller shall cooperate to minimize Scheduled Outages during specified periods of time during each calendar year in accordance with Prudent Utility Practices and this Section 3.5 (such periods, the “**Major Maintenance Blockout**”). No later than May 1 prior the commencement of each Contract Year, Buyer shall provide Seller with its specified Major Maintenance Blockout. In the absence of such updated notification, the period of May 1 through September 30 shall apply. Seller shall attempt to minimize its Scheduled Outages during the Major Maintenance Blockout consistent with Prudent Utility Practices. No later than ninety (90) days prior to the first day of the Delivery Period, and for each calendar year thereafter, no later than four (4) months prior to the deadline for providing the CAISO Resource Adequacy filings and proposed maintenance outages for the following year as described in the CAISO Tariff, Seller shall provide Buyer and the Scheduling Coordinator with its non-binding written projection of all Scheduled Outages for the succeeding calendar year (the “**Scheduled Outage Projection**”) reflecting Seller’s attempt to minimize scheduled maintenance during the Major Maintenance Blockout. In addition, Seller shall cooperate in good faith with maintenance scheduling requests by Buyer consistent with Prudent Utility Practices, and Buyer and Seller shall strive to develop a final Scheduled Outage plan no later than three (3) months prior to the deadline for providing the CAISO Resource Adequacy filings and proposed maintenance outages for the following year as described in the CAISO Tariff. Notwithstanding the process described herein for coordination of Scheduled Outages between Buyer and Seller, both Buyer and Seller acknowledge that all Scheduled Outages submitted to the CAISO may be accepted or rejected by the CAISO as described in the CAISO Tariff. In the event the CAISO rejects a Scheduled Outage request submitted by Seller, Buyer and Seller agree to cooperate in good faith to timely coordinate and develop a revised final Scheduled Outage plan to account for any Scheduled Outages that are not approved by the CAISO. The Scheduled Outage Projection shall include information concerning all projected Scheduled Outages during such period, including (a) the anticipated start and end dates of each Scheduled Outage; (b) a description of the maintenance or repair work to be performed during the Scheduled Outage; and (c) the anticipated MW of operational capacity, if any, during the Scheduled Outage. Seller shall use commercially reasonable efforts to notify Buyer and its Scheduling Coordinator of any change in the Scheduled Outage Projection sixty-five (65) days prior to first day of the month of the originally-scheduled date of the Scheduled Outage but in no event shall Seller notify Buyer later than fifty-five (55) days prior to the first day of the month of the originally-scheduled date of the Scheduled Outage. Seller shall use commercially reasonable efforts to accommodate reasonable requests of Buyer with respect to the timing of Scheduled Outages and shall, to the extent feasible and consistent with Prudent Utility Practices, arrange for Scheduled Outages to occur between October 1 and May 1 of each year (or such other period as reasonably determined by Buyer from time to time) and coincident, to the extent known by Seller, with the Transmission Provider’s planned transmission outages, but not to overlap with the Major Maintenance Blockout. In the event of a System Emergency, Seller shall consider and decide in its discretion if it is commercially reasonable to reschedule any Scheduled Outages previously scheduled so that it does not occurs during the System Emergency. In addition, Seller shall use commercially reasonable efforts to coordinate Scheduled Outages with a total duration of 30 calendar days or less to occur within a single calendar month period.

(b) In addition to reporting outages to Buyer and the Scheduling Coordinator within any applicable time period for reporting outages under the CAISO Tariff and applicable rules and regulations of the CAISO, immediately upon identification of a situation likely to result

in a Forced Outage occurring within a twenty-four (24) hour period that is likely to cause or require removal of the Facility from service, or a reduction in the maximum output capability of the Facility by one (1) MW or more from the value most recently recorded in the generation outage reporting system for the CAISO, Seller shall notify Buyer and the Scheduling Coordinator. For all other Forced Outages, Seller shall provide Buyer and the Scheduling Coordinator with as much advance notice as practicably possible, but in all cases, shall notify Buyer and the Scheduling Coordinator within 30 minutes after the commencement of the Forced Outage. Seller shall provide detailed information concerning each Forced Outage, including (i) the start and anticipated end dates of the Forced Outage; (ii) a description of the cause of the Forced Outage; (iii) a description of the maintenance or repair work to be performed during the Forced Outage; and (iv) the anticipated MW of operational capacity, if any, during the Forced Outage. Seller shall take all reasonable measures and exercise commercially reasonable efforts to avoid Forced Outages and to limit the duration and extent of any such outages.

(c) In addition to the requirements set forth in Section 3.5(a) and Section 3.5(b), the Parties shall cooperate to develop mutually acceptable procedures for addressing Scheduled Outages and any other outages arising in connection with the Facility.

(d) In the event of any inconsistency between the provisions in this Section 3.5 and any applicable requirements of CAISO, the provisions of CAISO shall govern.

ARTICLE IV COMPLIANCE DURING OPERATIONS

Section 4.1 Buyers' Rights to Monitor in General. Buyer shall have the right, and Seller shall permit Buyer and its Authorized Representative, and any other advisors, engineers and consultants agreed by the Parties (where such agreement shall not be unreasonably withheld), to observe, inspect, and monitor the operations and activities of the Facility; provided that such activities on the part of Buyer and its Authorized Representative shall be coordinated with Seller so as to not interfere with the Facility, and as to other advisors, engineers and consultants, such third parties executing an agreement setting forth the terms and conditions required by the Parties, including insurance, indemnity and non-disclosure terms. Seller shall cause its personnel, consultants, and contractors to be available to, and cooperate in all reasonable respects with, Buyer and its Authorized Representative, advisors, engineers, and consultants at reasonable times and with prior notice for purposes of discussing any aspect of the Facility testing, performance, operation, or maintenance thereof and Buyer's exercise of its rights under this Section 4.1. Buyer's rights to access the Facility shall be subject to Seller's reasonable safety protocols.

Section 4.2 Effect of Review by Buyer. Any review by Buyer or a Buyer's Authorized Representative of the operation or maintenance of the Facility, or observation of any testing, is solely for the information of Buyer. Buyer shall have no obligation to share the results of any such review or observations with Seller, nor shall any such review or the results thereof (whether or not the results are shared with Seller), nor any failure to conduct any such review, nor any observation of testing or failure to observe testing, relieve Seller from any of its obligations under this Agreement. By making any such review or observing any such testing, Buyer makes no representation as to the economic and technical feasibility, operational capability or reliability of

the Facility. Seller shall in no way represent to any third party that any such review by Buyer or Buyer's Authorized Representative of the Facility thereof, including any review of the operation or maintenance, is a representation by Buyer as to the economic and technical feasibility, operational capability or reliability of the Facility. Seller is solely responsible for the economic and technical feasibility, operational capability and reliability thereof.

Section 4.3 No Liens. Except as otherwise permitted by this Agreement: (a) the Facility shall be owned by Seller during the Agreement Term; and (b) Seller shall not sell or otherwise dispose of or create, incur, assume or permit to exist any Lien on any portion of the Facility or any other property or assets that are related to the operation, maintenance and use of the Facility without the prior written approval of Buyer, which such written approval shall not be unreasonably withheld.

ARTICLE V PURCHASE AND SALE OF PRODUCT

Section 5.1 Purchases by Buyer. Subject to the terms and conditions of this Agreement, during the Delivery Term, Buyer will purchase and receive all the Products produced by or associated with the Facility at the Contract Price and in accordance with Appendix A, and Seller shall supply and deliver to Buyer all the Products produced by or associated with the Facility. At its sole discretion, Buyer may during the Delivery Term re-sell or use for another purpose all or a portion of the Products, provided that no such re-sale or use shall relieve Buyer of any obligations hereunder. During the Delivery Term, Buyer will have exclusive rights to offer, bid, or otherwise submit the Product from the Facility after the Point of Delivery for resale in the market or to any third party, and retain and receive any and all related revenues. Buyer has no obligation to purchase from Seller any Products for which the associated Facility Energy is not or cannot be delivered to the Point of Delivery as a result of an outage of the Facility, a Force Majeure Event, or a Curtailment Period.

Section 5.2 Sale of Environmental Attributes. During the Delivery Term, Seller shall sell and deliver to Buyer, and Buyer shall purchase and receive from Seller, all Environmental Attributes attributable to the Facility Energy generated by the Facility.

ARTICLE VI TRANSMISSION AND SCHEDULING; TITLE AND RISK OF LOSS

Section 6.1 Delivery.

(a) Energy and Capacity. Subject to the provisions of this Agreement, during the Delivery Term, Seller shall supply and deliver the Products to Buyer at the Point of Delivery, and Buyer shall take delivery of the Products at the Point of Delivery in accordance with the terms of this Agreement. Seller will be responsible for paying or satisfying when due any costs or charges imposed in connection with the delivery of Facility Energy to the Point of Delivery, including without limitation, Station Use, Electrical Losses, and any operation and maintenance charges imposed on Seller by the Transmission Provider directly relating to the Facility's operations. Buyer shall be responsible for all costs, charges and penalties, if any, imposed in connection with

the delivery of Facility Energy at and after the Point of Delivery, including without limitation transmission costs and transmission line losses. Throughout the Delivery Term, Buyer shall Schedule and dispatch the Facilities in accordance with Prudent Utility Practices and shall have the exclusive right to bid or schedule all Products from each Facility, and provide (or cause to be provided), at its own expense, and will be solely responsible for the performance of all Scheduling Coordinator services required under the term of this Agreement, the CAISO Tariff, applicable protocols and scheduling practices, and any other applicable law, rule or regulatory requirement applicable to Scheduling Coordinators, for the Facilities. The Facility Energy will be scheduled and dispatched with the CAISO by Buyer (or Buyer's designated Scheduling Coordinator for the Facility) in accordance with Appendix C.

(b) Environmental Attributes. All Environmental Attributes associated with the Facility during the Delivery Term are exclusively dedicated to and will be conveyed to Buyer. Seller represents and warrants that Seller holds the rights to all Environmental Attributes from the Facility, and Seller agrees to convey and hereby conveys all such Environmental Attributes to Buyer as included in the delivery of the Product from the Facility.

Section 6.2 Scheduling Coordinator; CAISO Cost Allocation. Buyer or Buyer's designee shall act as Scheduling Coordinator for the Facility and shall have the full right and obligation to Schedule and dispatch all Facility Energy and capacity in accordance with the CAISO Tariff and other applicable requirements. Seller shall provide the capability to implement dispatch order, including adjustments to operating constraints, such as ramp rates, megawatt output, and megavar output, in real-time by means of set points received by the SCADA system or Facility controller of Seller, provided that the dispatch order is consistent with the Facility's operational characteristics as then-currently modeled in the CAISO Master File. The Facility shall have one or more designed resource IDs with CAISO for scheduling purposes, as set forth in the CAISO Master File. Buyer shall be financially responsible for and shall pay for all CAISO Costs; provided however, that notwithstanding the foregoing, Seller shall assume all liability and reimburse Buyer for any and all costs or charges under a Settlement Statement incurred by Buyer because of Seller's failure to perform any covenant or obligation set forth in this Agreement.

Section 6.3 Interconnection Facilities. Seller shall maintain an Interconnection Agreement and applicable Interconnection Facilities with the Transmission Provider to enable the Facility to interconnect with the Transmission System at the Point of Delivery. Seller shall be solely responsible for and pay all costs and charges arising under the Interconnection Agreement in compliance with the Interconnection Agreement and applicable rules and requirements in place throughout the Delivery Term.

Section 6.4 Forecasting. Seller shall provide the forecasts described below at its sole expense and in a format reasonably acceptable to Buyer (or Buyer's designee). Seller shall use reasonable efforts to provide forecasts that are accurate and, to the extent not inconsistent with the requirements of this Agreement, shall prepare such forecasts, or cause such forecasts to be prepared, in accordance with Prudent Operating Practices.

(a) Annual Forecast of Energy. No less than forty-five (45) days before (i) the first day of the first Contract Year of the Delivery Term and (ii) at the beginning of each calendar

year for every subsequent Contract Year during the Delivery Term, Seller shall provide to Buyer a non-binding forecast of each month's average-day expected Facility Energy, and associated hydrological storage, for the following calendar year in a form reasonably requested by Buyer.

(b) Monthly Forecast of Energy and Available Generating Capacity. No less than thirty (30) days before the Initial Delivery Date, and thereafter ten (10) Business Days before the beginning of each month during the Delivery Term, Seller shall provide to Buyer a non-binding forecast of the hourly expected Facility Energy, hydrological storage, and Available Generating Capacity for each day of the following month in a form reasonably requested by Buyer ("**Monthly Delivery Forecast**").

(c) Day-Ahead Forecast. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, or as otherwise specified by Buyer consistent with Prudent Operating Practice, Seller shall provide Buyer with a non-binding forecast of (i) Available Generating Capacity and (ii) environmental requirements, including minimum water release requirements, in each case, for each hour of the immediately succeeding day ("**Day-Ahead Forecast**"). A Day-Ahead Forecast provided in a day prior to any non-Business Day(s) shall include non-binding forecasts for the immediate day, each succeeding non-Business Day and the next Business Day. Each Day-Ahead Forecast shall clearly identify, for each hour, Seller's non-binding best estimate of (i) the Available Generating Capacity and (ii) applicable requirements and minimum water release requirements.

(d) Water Transfers. Seller, in Seller's discretion, may implement temporary or long-term reservoir reoperation or other water transfers during the Delivery Term. Seller will include any such transfers in the Monthly Delivery Forecast and Day-Ahead Forecast. If a transfer is forecasted at the time the Annual Forecast is due, then Seller shall provide notice to Buyer in the Annual Forecast; otherwise, Seller will provide notice to Buyer of any potential water transfer when it is first forecasted. Buyer and the Scheduling Coordinator agree to implement any water transfers and any accompanying regulatory or legal requirements of the transfer, including refill criteria and ramping rates. Buyer and Scheduling Coordinator will neither object to Seller water transfers, nor charge an accommodation or other fee or request any other offset or payment for such transfers during the Delivery Term.

(e) Throughout the Delivery Term, Seller shall provide to Buyer and the Scheduling Coordinator the following data on a real-time basis, and in a format that reasonably allows Buyer and the Scheduling Coordinator to copy, paste or otherwise use such data:

(i) Read-only and/or write access via secure login credentials to Energy output information and operational information collected by the SCADA system for the Facility; *provided* that if Buyer or the Scheduling Coordinator is unable to access the Facility's SCADA system, then upon written request from Buyer or the Scheduling Coordinator, Seller shall provide Energy output information and operational information through such other format as may be mutually acceptable to Seller and Buyer, all as may be updated from time to time based on advancements in technology in accordance with Prudent Utility Practices; and

(ii) Read-only access to all Electric Metering Devices.

(f) Seller, Buyer and the Scheduling Coordinator shall mutually develop forecasting and Scheduling procedures in addition to those set forth in this Section 6.4 and Appendix C, in order to administer the provisions of this Agreement in compliance with all applicable Requirements and requirements of the Transmission Provider, CAISO, NERC, WECC, and any balancing authority involved in the Scheduling of Energy and capacity under this Agreement. Seller, Buyer and the Scheduling Coordinator shall promptly cooperate to make any reasonably necessary and appropriate modifications to such forecasting or Scheduling procedures as may be required from time to time.

Section 6.5 Curtailment.

(a) Seller shall reduce deliveries of Facility Energy to the Point of Delivery as soon as reasonably possible upon notice from the Scheduling Coordinator, the CAISO, a Transmission Provider, or any balancing authority or reliability entity during Curtailment Periods. Buyer shall be excused from receiving any Facility Energy from Seller and shall not be obligated to pay Seller for the amount of reduced Facility Energy arising during a Curtailment Period. If required by the Scheduling Coordinator, the CAISO, a Transmission Provider, any balancing authority or reliability entity, or if requested by Buyer, Seller shall provide the dispatch and operating capability to implement curtailments and adjust ramp rates, megawatt output, and (if applicable) megavar output in real-time by means of setpoints received by the SCADA system or Facility controller of Seller.

(b) Separate from the curtailments described in Section 6.5(a), Buyer may, upon delivering curtailment instruction to Seller, curtail deliveries of Facility Energy at any time and for the duration specified by Buyer (“**Buyer Curtailment**”). For the avoidance of doubt, if the curtailment is resulting from Buyer’s bidding and scheduling strategies and activities, including Buyer’s strategies to minimize Buyer’s exposure to negative pricing, the Facility will be deemed to have been curtailed pursuant to this Section 6.5(b), for which Buyer will be required to reimburse Seller as set forth herein. Buyer, Buyer’s real-time operators or the Scheduling Coordinator shall provide to Seller a dispatch notice or instruction in accordance with CAISO scheduling timelines set forth in the CAISO Tariff, or in accordance with the Scheduling and dispatch procedures set forth in Appendix C, of its request for curtailment under this Section 6.5(b), and Seller shall comply with such request in accordance with Prudent Utility Practices, provided that the dispatch order is consistent with the Facility’s operational characteristics as then-currently modeled in the CAISO Master File. The curtailment notice to Seller shall indicate the amount of any Facility Energy to be produced in each applicable Settlement Interval. Seller shall respond to curtailment notices (including the end of such curtailment periods) in accordance with Prudent Utility Practices. Seller shall provide the capability to implement curtailment notices, including adjustments to operating constraints, such as ramp rates, megawatt output, and megavar output, in real-time by means of set points received by the SCADA system or Facility controller of Seller. Buyer shall compensate Seller for any Deemed Generated Energy by accounted for Deemed Generated Energy as Monthly Base Output, as further set forth in Appendix A.

(c) “*Deemed Generated Energy*” means the amount of Facility Energy, expressed in MWh, that the Facility would have produced and delivered to the Point of Delivery, but for a curtailment event arising under Section 6.5(b), which amount shall be equal to (i) Gross Facility Energy, less (ii) the amount of Facility Energy delivered to the Point of Delivery during the curtailment or other event, if any; *provided* that, if the applicable difference calculated pursuant to the formula provided above is negative, the Deemed Generated Energy shall be zero (0).

(d) Within thirty (30) days after any curtailment pursuant to Section 6.5(a) and Section 6.5(b), Buyer shall provide Seller with all necessary information needed and reasonably requested by Seller, whether from Buyer or CAISO, including CAISO “flags” with respect to the curtailments, for Seller to determine if compensation is owed to Seller by Buyer pursuant to Section 6.5(b).

Section 6.6 No Payment. Buyer shall not be obligated to pay Seller for any Facility Energy that is not or cannot be delivered to the Point of Delivery for any reason (including Force Majeure), except as otherwise stated in Section 6.5(b).

Section 6.7 Title; Risk of Loss. As between the Parties, Seller shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of all Energy prior to the Point of Delivery, and Buyer shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby), of the Energy at and from the Point of Delivery. Seller warrants that it will deliver all Products, including all of the associated Environmental Attributes, to Buyer free and clear of all Liens created by any Person other than Buyer.

Section 6.8 RPS and EPS Compliance.

(a) Seller warrants and guarantees that during the Delivery Period the Facility Energy produced by each Facility that is CEC Certified as of the Effective Date, and at all times thereafter until the expiration or earlier termination of the Agreement, the Facility (including the Facility Energy and the associated Environmental Attributes) shall be both RPS Compliant and EPS Compliant (if EPS Law is applicable to the Facility), except if the Facility fails to be RPS Compliant or EPS Compliant (if EPS Law is applicable to the Facility) as a result of (i) a Change in Law making it impossible, after the use of commercially reasonable efforts as required under Section 6.8(b), for the Facility to be RPS Compliant or EPS Compliant, or (ii) any repeal of the RPS Law or EPS Law.

(b) If a Change in Law occurs after the Initial Delivery Date that (i) does not repeal the RPS Law or the EPS Law, (ii) causes the Facility to cease to be RPS Compliant and/or EPS Compliant and (iii) reduces the value to Buyer of the Environmental Attributes, then Seller shall use commercially reasonable efforts to comply with such Change in Law and cause the Facility to be RPS Compliant and EPS Compliant. To the extent a Change in Law occurs after the execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such Change in Law. The term “commercially reasonable efforts” as used in this Section 6.8 means efforts consistent with the subject to Section 6.9.

(c) Subject to Section 7.1, Seller shall also take all other reasonable actions necessary to ensure that the Facility Energy is tracked for purposes of satisfying the RPS Law, as may be amended or supplemented by the PUC or CEC from time to time.

Section 6.9 Compliance Expenditure Cap. If a Change in Law occurring after the Effective Date has increased Seller's known or reasonably expected costs to comply with Seller's obligations under this Agreement with respect to obtaining, maintaining, conveying or effectuating Buyer's use of (as applicable) any Products, then the Parties agree that the maximum aggregate amount of out-of-pocket costs and expenses ("**Compliance Costs**") Seller shall be required to bear during the Delivery Term to comply with all of such obligations shall be capped at twenty-five thousand dollars (\$25,000.00) per MW of Contract Capacity ("**Compliance Expenditure Cap**"). Seller's internal administrative costs associated with obtaining, maintaining, conveying or effectuating Buyer's use of (as applicable) any Product are excluded from the Compliance Expenditure Cap.

Any actions required for Seller to comply with its obligations set forth in the first paragraph above, the Compliance Costs of which will be included in the Compliance Expenditure Cap, shall be referred to collectively as the "**Compliance Actions**." Seller will determine, in Seller's reasonable discretion, the implementation schedule for Compliance Actions.

If Seller reasonably anticipates the need to incur Compliance Costs in excess of the Compliance Expenditure Cap in order to take any Compliance Action Seller shall provide Notice to Buyer of such anticipated Compliance Costs.

Buyer will have sixty (60) days to evaluate such Notice (during which time period Seller is not obligated to take any Compliance Actions described in the Notice) and shall, within such time, either (1) agree to reimburse Seller for all of the Compliance Costs that exceed the Compliance Expenditure Cap (such Buyer-agreed upon costs, the "**Accepted Compliance Costs**"), or (2) waive Seller's obligation to take such Compliance Actions, or any part thereof for which Buyer has not agreed to reimburse Seller. If Buyer does not respond to a Notice given by Seller under this Section 6.9 within sixty (60) days after Buyer's receipt of same, Buyer shall be deemed to have waived its rights to require Seller to take the Compliance Actions that are the subject of the Notice, and Seller shall have no further obligation to take, and no liability for any failure to take, these Compliance Actions for the remainder of the Term.

If Buyer agrees to reimburse Seller for the Accepted Compliance Costs, then Seller shall endeavor in good faith to expeditiously implement the Compliance Actions covered by the Accepted Compliance Costs as agreed upon by the Parties and Buyer shall reimburse Seller for Seller's actual costs to effect the Compliance Actions, not to exceed the Accepted Compliance Costs, within sixty (60) days of Buyer's receipt of any invoice from Seller.

ARTICLE VII ENVIRONMENTAL ATTRIBUTES

Section 7.1 Transfer of Environmental Attributes. For and in consideration of Buyer entering into this Agreement, and in addition to the agreement by and between Buyer and Seller

to purchase and sell Facility Energy on the terms and conditions set forth herein, Seller shall transfer to Buyer, and Buyer shall receive from Seller, all right, title, and interest in and to all Environmental Attributes, whether now existing or acquired by Seller or that hereafter come into existence or are acquired by Seller during the Delivery Term associated with the Facility Energy. Seller agrees to transfer and make such Environmental Attributes available to Buyer immediately to the fullest extent allowed by applicable law upon Seller's production or acquisition of the Environmental Attributes. Seller represents and covenants that it has not assigned, transferred, conveyed, encumbered, sold or otherwise disposed of and shall not assign, transfer, convey, encumber, sell or otherwise dispose of all or any portion of such Environmental Attributes to any Person other than Buyer or attempt to do any of the foregoing with respect to any of the Environmental Attributes except with respect to any sales by Seller pursuant to Section 5.1. Buyer and Seller acknowledge and agree that the consideration for the transfer of Environmental Attributes is contained within the Contract Price.

Section 7.2 Reporting of Ownership of Environmental Attributes. During the Agreement Term, Seller shall not report to any Person that the Environmental Attributes granted hereunder to Buyer belong to any Person other than Buyer, and Buyer may report under any program that such Environmental Attributes purchased hereunder belong to it except with respect to any sales by Seller pursuant to Section 5.1, and during a Force Majeure.

Section 7.3 Environmental Attributes. Upon the request of Buyer or Buyer's Authorized Representative, Seller shall take all reasonable actions and execute all documents or instruments necessary under applicable law regulations, guidebooks promulgated by the CEC or PUC, bilateral arrangements or other voluntary Environmental Attribute programs of any kind, as applicable, to maximize the attribution, accrual, realization, generation, production, recognition and validation of Environmental Attributes throughout the Agreement Term and Seller shall file with the CEC and any other applicable Persons all materials and documents required to demonstrate that the Facility is entitled to be CEC Certified.

Section 7.4 WREGIS. In furtherance and not in limitation of Section 7.3, prior to Seller's first delivery of Facility Energy hereunder, Seller shall register with WREGIS to evidence the transfer of any Environmental Attributes under applicable law or any voluntary program ("**WREGIS Certificates**") associated with Facility Energy in accordance with WREGIS reporting protocols and WREGIS Operating Rules and shall register the Facility with WREGIS. After the Facility is registered with WREGIS, at the option of Buyer's Authorized Representative, Seller shall transfer WREGIS Certificates using the Forward Certificate Transfer method as described in WREGIS Operating Rules from Seller's WREGIS account to Buyer's WREGIS accounts, as designated by Buyer's Authorized Representative. Seller shall be responsible for WREGIS Certificate issuance fees and WREGIS expenses associated with registering the Facility, maintaining its account, acquiring and arranging for a Qualified Reporting Entity ("**QRE**") and any applicable QRE agreements, and transferring WREGIS Certificates to Buyer, Buyer's Authorized Representative, or any other designees. Buyer shall be responsible for its WREGIS expenses associated with maintaining its own account, or the accounts of its designees, if any, and subsequent transferring or retiring by it of WREGIS Certificates, or Seller's fees for the retirement of WREGIS Certificates on behalf of Buyer. Forward Certificate Transfers shall occur monthly based on the certificate creation timeline established by the WREGIS Operating Rules. Seller shall

be responsible for, at its expense, validating and disputing data with WREGIS prior to WREGIS Certificate creation each Month. In addition to the foregoing, Seller shall document the production and transfer of Environmental Attributes under this Agreement to Buyer by delivering to Buyer an attestation in substantially the form attached as Appendix D for the Environmental Attributes associated with Facility Energy, if any, measured in whole MWh, or by such other method as Buyer shall designate.

Section 7.5 Further Assurances. In addition to and not in limitation of Section 7.4, Seller shall document the production of Environmental Attributes by delivering with each invoice to Buyer an attestation for the Environmental Attributes associated with Facility Energy, if any, for the preceding Month in the form of the attestation set forth as Appendix D. At Buyer's Authorized Representative's request, the Parties shall execute all reasonable documents and instruments and take commercially reasonable actions in order to effect the transfer of the Environmental Attributes specified in this Agreement to Buyer and to maximize the attribution, accrual, realization, generation, production, recognition and validation of Environmental Attributes throughout the Agreement Term. In the event of the promulgation of a scheme involving Environmental Attributes administered by CAMD, upon notification by CAMD that any transfers contemplated by this Agreement shall not be recorded, each Party shall promptly cooperate in taking all reasonable actions necessary so that such transfer can be recorded. Each Party shall promptly give the other Party copies of all documents it submits to CAMD to effectuate any transfers.

ARTICLE VIII CAPACITY RIGHTS

Section 8.1 Capacity Rights. For and in consideration of Buyer entering into this Agreement, and in addition to the agreement by Buyer and Seller to purchase and sell Facility Energy and Environmental Attributes on the terms and conditions set forth herein, Seller hereby transfers to Buyer, and Buyer hereby accepts from Seller, all of Seller's rights, title and interest in and to the Capacity Rights. The consideration for the transfer of Capacity Rights, if any, is contained within the Contract Price. In no event shall Buyer have any obligation or liability whatsoever for any debt pertaining to the Facility by virtue of Buyer's ownership of the Capacity Rights or otherwise. Throughout the Delivery Term, Seller shall use commercially reasonable efforts to maintain eligibility for Full Capacity Deliverability Status for the Facility from the CAISO and shall perform all actions necessary to ensure that the Facility qualifies to provide Resource Adequacy Benefits to Seller.

Section 8.2 Covenant Regarding Capacity Rights. Seller represents and covenants that it has not assigned, transferred, conveyed, encumbered, sold or otherwise disposed of and shall not in the future assign, transfer, convey, encumber, sell or otherwise dispose of any of the Capacity Rights to any Person other than Buyer or attempt to do any of the foregoing with respect to any of the Capacity Rights. During the Agreement Term, Seller shall not report to any Person that any of the Capacity Rights belong to any Person other than Buyer. Buyer may, at its own risk and expense, report to any Person that the Capacity Rights belongs to it.

Section 8.3 Further Assurances. Seller shall execute and deliver such documents and instruments and take such other action as reasonably required by the CAISO and as Buyer's Authorized Representative may reasonably request to effect recognition and transfer of the Capacity Rights to Buyer. Seller shall bear the costs associated therewith.

Section 8.4 Resource Adequacy Failure.

(a) RA Deficiency Determination. For each RA Shortfall Month, Seller shall pay to Buyer the RA Deficiency Amount as liquidated damages or provide Replacement RA, in each case, as the sole and exclusive remedy for the Capacity Rights Seller failed to convey to Buyer.

(b) RA Deficiency Amount Calculation. Commencing on the Initial Delivery Date, for each RA Shortfall Month, Seller shall pay to Buyer an amount (the "**RA Deficiency Amount**") equal to the product of the difference, expressed in kW, of (i) the Net Qualifying Capacity for such month, minus (ii) the amount of Resource Adequacy Capacity supplied from the Facility for such month, multiplied by the RA Capacity Rate; *provided* that Seller may, as an alternative to paying RA Deficiency Amounts, provide Replacement RA in the amount of (X) the Net Qualifying Capacity with respect to such month, minus (Y) the amount of Resource Adequacy Capacity supplied from the Facility with respect to such month, provided that any Replacement RA capacity is communicated by Seller to Buyer with Replacement RA product information in a written notice at least sixty-five (65) days before the relevant deadlines for the corresponding Compliance Showings applicable to the relevant Showing Month.

(c) Option to Provide Replacement RA. If Seller desires to provide replacement Resource Adequacy Capacity for any Showing Month from a different generating unit other than the Facility (the "**Replacement RA**"), then Seller may provide Buyer with Replacement RA from one or more replacement units, provided that in each case the Replacement RA is supplied from like-for-like replacement units that provide Buyer with equivalent Capacity Attributes as the Facility.

(d) Availability Standards. Seller agrees that the Facility may be subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments as contemplated in the CAISO Tariff. Furthermore, the Parties agree that any Availability Incentive Payments are for the benefit of the Buyer and for Buyer's account and that any Non-Availability Charges are the responsibility of the Buyer and for Buyer's account; provided however, that notwithstanding the foregoing, Seller shall assume all liability and reimburse Buyer for any and all Non-Availability Charges incurred by Buyer because of Seller's failure to perform any covenant or obligation set forth in this Agreement.

ARTICLE IX
BILLING; PAYMENT; AUDITS; METERING; ATTESTATIONS; POLICIES

Section 9.1 Billing and Payment. Billing and payment for all Products shall be as set forth in this ARTICLE IX.

Section 9.2 Calculation of Energy Delivered; Invoices and Payment.

(a) Not later than the tenth (10th) day of each Month, commencing with the next Month following the Month in which Facility Energy is first delivered by Seller and received by Buyer pursuant to the terms and conditions of this Agreement, Seller shall deliver to Buyer an invoice showing the amount due for the preceding Month from Buyer to Seller for Facility Energy, Capacity Rights and Environmental Attributes. Seller shall calculate the amount of Facility Energy from meter readings at the Electric Metering Devices maintained pursuant to Section 9.6, adjusting for any applicable station load, transformation losses and transmission losses to the Point of Delivery in accordance with a methodology agreed to by Buyer. Each invoice shall show the title of the Agreement and, if applicable, the Agreement number, the name, address and identifying information of Seller and the identification of material, equipment or services covered by the invoices, and shall be sent to the address set forth in Appendix F or such other address as Buyer may provide to Seller. Seller shall separately provide in such invoice for any other amounts due to Seller, including amounts due under Section 6.5. Any electronic information delivered by Seller under this ARTICLE IX shall be in a format such as Microsoft Excel (or its equivalent) that allows Buyer to cut, paste or otherwise readily use and work with such information or documentation or as otherwise mutually agreed by the Parties.

(b) Concurrently with the delivery of each Monthly invoice, Seller shall deliver attestations of all Environmental Attribute transfers (including those transferred with WREGIS) substantially in the form set forth in Appendix D.

(c) Subject to Section 9.2(d) and Section 9.3, not later than the twenty-fifth (25th) day after receipt by Buyer of Seller's Monthly invoice (or the next succeeding Business Day, if the twenty-fifth (25th) day is not a Business Day), Buyer shall pay to Seller, by wire transfer of immediately available funds to an account specified by Seller or by any other means agreed to by the Parties from time to time, the amount set forth as due in such Monthly invoice.

(d) Notwithstanding Section 9.2(c), if Buyer believes that it has insufficient information to verify the amount of Deemed Generated Energy calculated by Seller in the invoice, or if Buyer requires additional time to verify such information, Buyer shall notify Seller thereof within twenty-five (25) days after receipt of an invoice from Seller, and timely pay the amounts set forth in such Monthly invoice not related to Deemed Generated Energy. Within thirty (30) days after receipt by Buyer of additional information regarding such Deemed Generated Energy calculation, or on the date mutually agreed to by the Parties, Buyer shall pay to Seller the amount specified in the invoice or notify Seller of any discrepancies with respect to its calculation of the Deemed Generated Energy, in which event such invoice shall be subject to the provisions of Section 9.3.

(e) Seller shall, in subsequent invoices, adjust previously invoiced amounts to reflect (i) adjustments pursuant to Section 9.3, or (ii) adjustments, reconciliations or final settlements with WREGIS occurring after the date of the initial invoice, or any other adjustments agreed to by the Parties (which shall be without interest of any kind), *provided* that Buyer shall not be required to make invoice payments if the invoice is received more than one (1) year after the billing period.

(f) Except with respect to disputed invoices where the dispute is first raised within six months after the applicable Monthly billing period and for any adjustments made pursuant to Section 9.2(e) and Section 9.6(a), Buyer shall not be required to make invoice payments if the invoice is received more than six (6) Months after the applicable Monthly billing period.

Section 9.3 Disputed Invoices. If any portion of any invoice is in dispute, the undisputed amount shall be paid when due. The Party disputing a payment shall promptly notify the other Party of the basis for the dispute, setting forth the details of such dispute in reasonable specificity. Disputes shall be discussed directly by the Parties' Authorized Representatives, who shall use reasonable efforts to amicably and promptly resolve such Disputes, and any failure to agree shall be subject to resolution in accordance with Section 12.3. Upon resolution of any Dispute, if all or part of the disputed amount is later determined to have been due, then the Party owing such payment or refund shall pay within ten (10) days after receipt of notice of such determination the amount determined to be due plus interest thereon at the Interest Rate from the due date until the date of payment. For purposes of this Section 9.3, "**Interest Rate**" shall mean the lesser of (i) two percent (2%) above the per annum Prime Rate reported daily in *The Wall Street Journal*, or (ii) the maximum rate permitted by applicable Requirements of Law.

Section 9.4 Right of Setoff. In addition to any right now or hereafter granted under applicable law and not by way of limitation of any such rights, each Party shall have the right at any time or from time to time without notice to other Party or to any other Person, any such notice being hereby expressly waived, to set off against any amount due a Party from the other Party under this Agreement or otherwise any amount due such Party from the other Party under this Agreement or otherwise, including any amounts due because of breach of this Agreement or any other obligation.

Section 9.5 Records and Audits. Seller shall maintain, and the Authorized Auditors shall have access to, all records and data pertaining to the performance and management of this Agreement (including compliance with the Requirements) and related Subcontracts, and as necessary to properly reflect all costs claimed to have been incurred hereunder and thereunder, including (a) in their original form, all (i) documents provided to Seller in the ordinary course of business for the Facility, (ii) documents for billing, costs, metering, and Environmental Attributes, (iii) books, records, documents, reports, deliverables, employee time sheets, accounting procedures and practices, and (iv) records of financial transactions, and (b) other evidence, regardless of form (for example, machine readable media such as disk or tape, etc.) or type (for example, databases, applications software, database management software, or utilities). If Seller is required to submit cost or pricing data in connection with this Agreement, Seller shall maintain all records and documents necessary to permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used. In the event of a Dispute, records that relate to the Agreement, Dispute, litigation or costs, or items to which an audit exception has been taken, shall be maintained by both Buyer and Seller. All records shall be retained, and shall be subject to examination and audit by the Authorized Auditors, for a period of not less than four (4) years following final payment made by Buyer hereunder, the expiration or termination date of this Agreement, or final settlement of all disputes, claims, or litigation, whichever is later. Seller

shall make said records or, to the extent accepted by the Authorized Auditors, photographs, micro-photographs, or other authentic reproductions thereof, available to the Authorized Auditors at Seller's principal business office or any other of Seller's offices as mutually agreed upon by Buyer and Seller, at all reasonable times and without charge. The Authorized Auditors may reproduce, photocopy, download, transcribe, and the like any such records. Any information provided by Seller on machine-readable media shall be provided in a format accessible and readable by the Authorized Auditors. Seller shall not, however, be required to furnish the Authorized Auditors with commonly available software. Seller shall be subject at any time with fourteen (14) days prior written notice to audits or examinations by Authorized Auditors, relating to all billings and required to verify compliance with all Agreement requirements relative to practices, methods, procedures, performance, compensation, and documentation. Examinations and audits shall be performed using generally accepted auditing practices and principles and applicable governmental audit standards. If Seller utilizes or is subject to Federal Acquisition Regulation, Part 30 and 31, et seq. accounting procedures, or a portion thereof, examinations and audits shall utilize such information. To the extent that an Authorized Auditor's examination or audit reveals inaccurate, incomplete or non-current records, or records are unavailable, the records shall be considered defective. Consistent with standard auditing procedures, Seller shall be provided fifteen (15) days to review an Authorized Auditor's examination results or audit and respond to Buyer prior to the examination's or audit's finalization and public release. Seller shall contractually require all Subcontractors performing services under this Agreement to comply with the provisions of this Section 9.5 by inserting this Section 9.5 into each Subcontract.

Section 9.6 Electric Metering Devices.

(a) Facility Energy shall be measured using a CAISO-approved revenue-quality Electric Metering Device that complies with the CAISO Tariff and relevant protocols and is dedicated exclusively to the Facility. The Electric Metering Device may be installed on the low-side of Seller's transformer and will include adjustments to reflect losses to the Point of Delivery. Seller shall arrange and bear all costs associated with the installation of the Electric Metering Devices needed for the registration, recording and transmission of information regarding the Facility Energy. Seller hereby agrees to provide a mutually agreed set of meter data to Buyer, which data shall be accessible to, and usable by, Buyer. In addition to providing Buyer with its meter data, Seller shall use commercially reasonable efforts to support any efforts by Buyer to obtain CAISO meter data applicable to the Facility and all inspection, testing and calibration data and reports from the CAISO. If the CAISO makes any adjustment to any CAISO meter data for a given time period not exceeding three (3) months, Seller agrees that it shall submit revised Monthly invoices, pursuant to this ARTICLE IX covering the entire applicable time period in order to fully conform such adjustments to the meter data. Seller shall submit any revised invoices no later than thirty (30) days after the date on which the CAISO provides Seller with binding adjustments to the meter data.

(b) Seller or its Authorized Representative, at no expense to Buyer, shall inspect and test all Electric Metering Devices upon installation and at least annually thereafter. Seller shall provide Buyer with reasonable advance notice of, and permit representatives of Buyer to witness and verify, such inspections and tests. Upon reasonable request by Buyer, Seller or its Authorized Representative shall perform additional inspections or tests of any Electric Metering

Device and shall permit a qualified representative of Buyer to inspect or witness the testing of any Electric Metering Device. The actual expense of any additional inspection or testing reasonably requested shall be borne by Seller. Seller shall provide copies of any inspection or testing reports to Buyer.

(c) If an Electric Metering Device fails to register, or if the measurement made by an Electric Metering Device is found upon testing to be inaccurate by more than plus or minus one percent (+/- 1.0%), an adjustment shall be made to correct all measurements made by the inaccurate or defective Electric Metering Device for both the amount of the inaccuracy and the period of the inaccuracy, such adjustment to be made by the Scheduling Coordinator. To the extent that the adjustment period covers a period of deliveries for which payment has already been made by Buyer, Buyer shall use the corrected measurements as determined in accordance with this Section 9.6 to recompute the amount due for the period of the inaccuracy and shall subtract the previous payments by Buyer for this period from such recomputed amount. If the difference is a positive number, the difference shall be paid by Buyer to Seller; if the difference is a negative number, that difference shall be paid by Seller to Buyer, or at the direction of Buyer, may take the form of an offset to payments due to Seller from Buyer. Payment of such difference by the owing Party shall be made not later than thirty (30) days after the owing Party receives notice of the amount due, unless Buyer elects payment via an offset.

Section 9.7 Taxes. Seller shall be responsible for and shall pay, before the due dates therefor, any and all federal, state, and local Taxes incurred by it as a result of entering into this Agreement and all Taxes imposed or assessed with respect to the Facility, or any other assets of Seller, the Products or the transaction arising before or at the Point of Delivery. Buyer shall pay or cause to be paid all Taxes on or with respect to the Products or the transaction from (but excluding) the Point of Delivery to Buyer. If Seller is required by a Requirement of Law to remit or pay Taxes that are the responsibility of Buyer hereunder, Buyer shall promptly reimburse Seller for such Taxes. If Buyer is required by Requirement of Law to remit or pay Taxes that are Seller's responsibility hereunder, Buyer may deduct such amounts from payments to Seller hereunder; if Buyer elects not to deduct such amounts from Seller's payments, Seller shall promptly reimburse Buyer for such amounts upon request. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under law. A Party that is exempt at any time and for any reason from one or more Taxes shall bear the risk that such exemption shall be lost or the benefit of such execution be reduced.

ARTICLE X REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 10.1 Representations and Warranties of Buyer. Buyer makes the following representations and warranties to Seller as of the Effective Date and continuing throughout the Delivery Term:

(a) Buyer is a validly existing California joint powers authority, and has the legal power and authority to own its properties, to carry on its business as now being conducted and to enter into this Agreement, and to carry out the transactions contemplated hereby, and to

perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(b) The execution, delivery and performance by Buyer of this Agreement (i) have been duly authorized by all necessary action, and does not and will not require any consent or approval of Buyer's regulatory or governing bodies, other than that which has been obtained; and (ii) does not violate any federal, state, and local law, including the California Government Code and similar laws.

(c) This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

Section 10.2 Representations and Warranties of Seller. Except as otherwise set forth in this Agreement, Seller makes each of the following representations and warranties to Buyer as of the Effective Date and continuing throughout the Delivery Term.

(a) Seller is an independent special district formed under the Irrigation District Act (Division 11 of the California Water Code) of the State of California, and has legal power and authority under the Irrigation District Act (Division 11 of the California Water Code) of the State of California to carry on its business as now being conducted and to enter into this Agreement, and to carry out the transactions contemplated hereby, and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

(b) Seller owns and operates the Facility and has not assigned, transferred, conveyed, sold or otherwise disposed of the Facility.

(c) Seller owns or has contractual right to all of the water rights necessary to operate the Facility in accordance with the Agreement.

(d) Seller has filed an Application for a New License for the South Feather Power Project pursuant to the Federal Power Act and FERC's regulations thereunder; and Seller had filed an application with FERC for approval of this Agreement pursuant to Section 22 of the Federal Power Act, 16 U.S.C. § 815.

(e) Except for Seller's need to obtain the regulatory approval addressed in Section 11.1(h), the execution, delivery and performance by Seller of this Agreement (i) have been duly authorized by all necessary action, and does not and will not require any consent or approval of Seller's regulatory or governing bodies, other than that which has been obtained; and (ii) does not violate any federal, state, and local law, including the California Government Code and similar laws.

(f) This Agreement constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as such enforceability may be limited by

bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(g) The Parties note Seller's pending application for regulatory approval addressed in Section 11.1(h). Assuming receipt of that approval, the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and thereby and the fulfillment of and compliance with the provisions of this Agreement, does not conflict with or constitute a breach of or a default under, any of the terms, conditions or provisions of any Requirement of Law, or any organizational documents, agreement, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which Seller is a party or by which it or any of its property is bound, or result in a breach of or a default under any of the foregoing or result in or require the creation or imposition of any Lien upon any of the properties or assets of Seller (except as contemplated hereby), and Seller has obtained all Permits and licenses required for the operation, and maintenance of the Facility in accordance with the Requirements and the performance of Seller's obligations hereunder to which Seller is a party, or such Permits and licenses are reasonably expected to be timely obtained in the ordinary course of business.

(h) Other than Seller's pending application for regulatory approval addressed in Section 11.1(h), there is no pending, or to the knowledge of Seller, threatened action or proceeding affecting Seller before any Governmental Authority, which purports to affect the legality, validity or enforceability of this Agreement.

(i) In 2005 Seller and a neighboring water provider, North Yuba Water District, settled a longstanding dispute through agreement that, among other terms, requires Seller to share fifty percent (50%) of the annual net revenue, if any, from the generation of hydroelectric power from certain facilities. Neither the 2005 Agreement, nor litigation concerning the 2005 Agreement titled North Yuba Water District vs. South Feather Water and Power Agency, Superior Court of the State of California, County of Butte, Case No. 21CV01563 and any related cases affects the legality, validity or enforceability of this Agreement.

(j) Assuming receipt of the regulatory approval described in Section 11.1(h), Seller is not in violation of any Requirement of Law, which violations, individually or in the aggregate, would reasonably be expected to result in a material adverse effect on the business, assets, operations, condition (financial or otherwise) or prospects of Seller, or the ability of Seller to perform any of its obligations under this Agreement.

(k) Assuming receipt of the regulatory approval addressed in Section 11.1(h), Seller owns or possesses or will acquire all patents, rights to patents, trademarks, copyrights and licenses necessary for the performance by Seller of its obligations under this Agreement, and, to Seller's knowledge, Seller's use thereof does not infringe on the intellectual property rights of third parties.

(l) Seller has not assigned, transferred, conveyed, encumbered, sold or otherwise disposed of the Products except as provided herein.

(m) The Facility is located in the State of California.

(n) Seller will be responsible for obtaining all permits necessary to enter into this Agreement and operate the Facility and Seller will be the applicant on any CEQA documents.

ARTICLE XI DEFAULT; TERMINATION AND REMEDIES; PERFORMANCE DAMAGE

Section 11.1 Default. Each of the following events or circumstances shall constitute a “*Default*” by the responsible Party (the “*Defaulting Party*”):

(a) **Payment Default.** Failure by a Party to make any payment under this Agreement when and as due (other than payments disputed in good faith) that is not cured within thirty (30) days after receipt of notice thereof from the other Party (which amount shall include payment of interest from the due date at the Interest Rate).

(b) **Performance Default.** Failure by a Party to perform any of its duties or obligations under this Agreement (other than any failure that is separately listed as a Default of Seller under this Section 11.1) that is not cured within thirty (30) days after receipt of notice thereof from the other Party; *provided* that if such failure is curable, but cannot be cured within such thirty (30) day period despite reasonable commercial efforts and such failure is not a failure to make a payment when due, such Party shall have up to sixty (60) additional days to cure.

(c) **Breach of Representation and Warranty.** Any representation, warranty, certification or other statement made by a Party in this Agreement that is false or inaccurate at the time made and materially and adversely affects the Party’s ability to perform its obligations hereunder; *provided* that no Default shall exist if such falsity or inaccuracy is remedied within thirty (30) days after receipt of notice thereof from another Party; and further provided that if such falsity or inaccuracy is curable, but cannot be cured within such thirty (30) day period despite reasonable commercial efforts, such Party shall have up to sixty (60) additional days to cure.

(d) **Bankruptcy.** Bankruptcy of Buyer or Seller.

(e) **Insurance Default.** The failure of Seller to maintain and provide acceptable evidence of the required Insurance for the required period of coverage as set forth in Appendix E that is not cured within five (5) Business Days after receipt of notice of such failure from Buyer.

(f) **Fundamental Change.** Except as permitted by Section 12.7, a Party makes an assignment of its rights or delegation of its obligations under this Agreement.

(g) **Casualty.** Seller fails to meet its obligations under Section 12.19(d).

(h) **Adverse Regulatory Determination Default.** The Parties recognize that Seller requires regulatory approval from FERC to sell and deliver power from the South Feather

Power Project for periods extending beyond the date of termination of Seller's annual license for the Project. The Parties also recognize that the ten-year term for this Agreement is necessary for Buyer to receive the full benefit of this Agreement. Accordingly, Seller must receive by March 31, 2022, either (1) a new FERC license for the South Feather Power Project for a term at least exceeding the Initial Delivery Term of this Agreement, or (2) FERC approval of this Agreement under Section 22 of the Federal Power Act. Seller has applied for both. Failure to receive one of these approvals by March 31, 2022 shall constitute a Default. The Parties recognize that they cannot predict the timing in which FERC will act, and that FERC action could cure the Default. If Seller continues to operate under a new annual license after March 31, 2022, Seller shall have until December 31, 2022 to cure the Default. Further extensions to the time period for curing the Default may be agreed by the Parties. In the event that such an Adverse Regulatory Determination Default is not cured, no Termination Payment shall be due to either Party.

Section 11.2 Default Remedy.

(a) If Buyer is in Default for nonpayment, subject to any duty or obligation under this Agreement, Seller may, at its option, suspend performance hereunder or continue to provide services pursuant to its obligations under this Agreement; *provided* that nothing in this Section 11.2(a) shall affect Seller's rights and remedies set forth in this Section 11.2. Seller's continued service to Buyer shall not act to relieve Buyer of any of its duties or obligations under this Agreement.

(b) Notwithstanding any other provision herein, if any Default has occurred and is continuing, the affected Party may, whether or not the dispute resolution procedure set forth in Section 12.3 has been invoked or completed, bring an action in any court of competent jurisdiction as set forth in Section 12.3 seeking injunctive relief in accordance with applicable rules of civil procedure.

(c) Except as expressly limited by this Agreement, if a Default has occurred and is continuing and Buyer is the Defaulting Party, Seller may without further notice exercise any rights and remedies provided herein or otherwise available at law or in equity including a termination of this Agreement pursuant to Section 11.3. No failure of Seller to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Seller of any other right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power.

(d) Except as expressly limited by this Agreement, if a Default has occurred and is continuing and Seller is the Defaulting Party, Buyer may without further notice exercise any rights and remedies provided for herein, or otherwise available at law or equity, including termination of this Agreement pursuant to Section 11.3. No failure of Buyer to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Buyer of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power by Buyer.

Section 11.3 Termination for Default.

(a) If a Default occurs, the Party that is not the Defaulting Party (the “**Non-Defaulting Party**”) may, for so long as the Default is continuing and, to the extent permitted by applicable law, without limiting any other rights or remedies available to the Non-Defaulting Party under this Agreement, by notice by it (“**Termination Notice**”) to the Defaulting Party (i) establish a date (which shall be no earlier than the date of such notice and no later than twenty (20) days after the date of such notice) (“**Early Termination Date**”) on which this Agreement shall terminate, and (ii) withhold any payments due in respect of this Agreement; *provided*, upon the occurrence of any Default of the type described in Section 11.1(d), this Agreement shall automatically terminate, without notice or other action by either Party as if an Early Termination Date had been declared immediately prior to such event.

(b) If an Early Termination Date has been designated, the Non-Defaulting Party shall appoint a qualified independent third party to calculate in a commercially reasonable manner its Gains, Losses and Costs resulting from the termination of this Agreement and the resulting Termination Payment. The Gains, Losses and Costs relating to the Products that would have been required to be delivered under this Agreement had it not been terminated shall be determined by comparing the amounts Buyer would have paid for the Products under this Agreement to the equivalent quantities and relevant market prices, either quoted by one or more bona fide third party offers, or which are reasonably expected by the Non-Defaulting Party to be available in the market under a replacement contract for this Agreement covering the same products and having a term equal to the Remaining Term at the date of the Termination Notice, adjusted to account for differences in transmission, if any. To ascertain the market prices of a replacement contract, the Non-Defaulting Party may consider, among other valuations, quotations from dealers in Energy contracts and bona fide third party offers. The Non-Defaulting Party shall not be required to enter into any such replacement agreement in order to determine its Gains, Losses and Costs or the Termination Payment.

(c) For purposes of the Non-Defaulting Party’s determination of its Gains, Losses and Costs and the Termination Payment, it shall be assumed, regardless of the facts, that Seller would have sold, and Buyer would have purchased, each day during the Remaining Term (i) Facility Energy in an amount equal to the Assumed Daily Deliveries, (ii) the Environmental Attributes associated therewith, and (iii) all other components of the Products. The “**Assumed Daily Deliveries**” shall be an amount equal to the average daily amount of Facility Energy forecasted to be delivered during an average hydrological period by Seller, during the Delivery Term, if any.

(d) The Non-Defaulting Party shall notify the Defaulting Party of the Termination Payment, which notice shall include a written statement explaining in reasonable detail the calculation of such amount. If the Termination Payment is a positive number, the Defaulting Party shall, within ten (10) Business Days after receipt of such notice, pay the Termination Payment to the Non-Defaulting Party, together with interest accrued at the Interest Rate from the Early Termination Date until paid.

(e) If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, the calculation of the Termination Payment shall be submitted to the dispute resolution process provided in Section 12.3.

Following resolution of the dispute, the Defaulting Party shall pay the full amount of the Termination Payment (if any) as determined by such resolution as and when required, but no later than thirty (30) days following the date of such resolution, together with all interest, at the Interest Rate, that accrued from the Early Termination Date until the date the Termination Payment is paid.

(f) For purposes of this Agreement:

(i) “**Gains**” means, with respect to a Party, an amount equal to the present value of the economic benefit (exclusive of Costs), if any, resulting from the termination of its obligations under this Agreement, determined in a commercially reasonable manner;

(ii) “**Losses**” means, with respect to a Party, an amount equal to the present value of the economic loss (exclusive of Costs), if any, resulting from the termination of its obligations under this Agreement, determined in a commercially reasonable manner;

(iii) “**Costs**” means, with respect to a Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred in terminating any arrangement pursuant to which it has hedged its obligations or in entering into new arrangements which replace this Agreement, excluding attorneys’ fees, if any, incurred in connection with enforcing its rights under this Agreement. Each Party shall use reasonable efforts to mitigate or eliminate its Costs.

(iv) In no event shall a Party’s Gains, Losses or Costs include any penalties or similar charges imposed by the Non-Defaulting Party.

(v) The Present Value Rate shall be used as the discount rate in all present value calculations required to determine Gains, Losses and Costs.

(g) At the time for payment of any amount due under this Section 11.3 each Party shall pay to the other Party, all additional amounts, if any, payable by it under this Agreement (including any amounts withheld pursuant to Section 11.3(a)).

(h) Notwithstanding the forgoing provisions of Section 11.3, in no event shall a termination payment be due to a Defaulting Party.

ARTICLE XII MISCELLANEOUS

Section 12.1 Authorized Representative. Each Party shall designate an authorized representative who shall be authorized to act on its behalf with respect to those matters contained herein (each an “**Authorized Representative**”), which shall be the functions and responsibilities of such Authorized Representatives. Each Party may also designate an alternate who may act for the Authorized Representative. Within thirty (30) days after execution of this Agreement, each Party shall notify the other Party of the identity of its Authorized Representative, and alternates if

designated, and shall promptly notify the other Party of any subsequent changes in such designation. The Authorized Representatives shall have no authority to alter, modify, or delete any of the provisions of this Agreement. To the extent that an Authorized Representative's contact information is not provided in Appendix E, at the time a Party designates such Authorized Representative, such Party shall concurrently provide written notice to the other Party of such Authorized Representative's contact information.

Section 12.2 Notices. With the exception of billing invoices pursuant to Article 9 and day-to-day ordinary course and operational communications, all notices, requests, demands, consents, approvals, waivers and other communications which are required under this Agreement shall be (a) in writing (regardless of whether the applicable provision expressly requires a writing), (b) deemed properly sent if delivered in person or sent by facsimile transmission, reliable overnight courier, or sent by registered or certified mail, postage prepaid to the persons specified in Appendix E, and (c) deemed delivered, given and received on the date of delivery, in the case of facsimile transmission, or on the date of receipt or rejection in the case of delivery in person, by reliable overnight courier, or by registered or certified mail. In addition to the foregoing, the Parties may agree in writing at any time to deliver notices, requests, demands, consents, approvals, waivers and other communications through alternate methods, such as electronic mail.

Section 12.3 Dispute Resolution.

(a) In the event of any claim, controversy or dispute between the Parties arising out of or relating to or in connection with this Agreement (including any dispute concerning the validity of this Agreement or the scope and interpretation of this Section 12.3) (a "**Dispute**"), either Party (the "**Notifying Party**") may deliver to the other Party (the "**Recipient Party**") notice of the Dispute with a detailed description of the underlying circumstances of such Dispute (a "**Dispute Notice**"). The Dispute Notice shall include a schedule of the availability of the Notifying Party's senior officers (having a title of senior vice president (or its equivalent) or higher) duly authorized to settle the Dispute, or, in the case of Seller, authorized to recommend settlement to Seller's Board of Directors, during the thirty (30) day period following the delivery of the Dispute Notice.

(b) The Recipient Party shall, within five (5) Business Days following receipt of the Dispute Notice, provide to the Notifying Party a parallel schedule of availability of the Recipient Party's senior officers (having a title of senior vice president (or its equivalent) or higher) duly authorized to settle the Dispute, or, in the case of Seller, authorized to recommend settlement to the Seller's Board of Directors. Following delivery of the respective senior officers' schedules of availability, the senior officers of the Parties shall meet and confer as often as they deem reasonably necessary during the remainder of the thirty (30) day period in good faith negotiations to resolve the Dispute to the satisfaction of each Party.

(c) In the event a Dispute is not resolved pursuant to the procedures set forth in Section 12.3(a) and Section 12.3(b) by the expiration of the thirty (30) day period set forth in Section 12.3(a), then a Party may pursue any legal remedy available to it in accordance with the provisions of Section 12.12 and Section 12.13 of this Agreement.

(d) In addition to the Dispute resolution process set forth in this Section 12.3, the Parties shall comply with California law governing claims against public entities and presentment of such claims, if applicable.

Section 12.4 Further Assurances; Change in Electric Market Design.

(a) Each Party agrees to execute and deliver all further instruments and documents, and take all further actions not inconsistent with the provisions of this Agreement that may be reasonably necessary to effectuate the purposes and intent of this Agreement.

(b) If a change in the CAISO Tariff renders this Agreement or any provisions hereof incapable of being performed or administered, then either Party may request that Buyer and Seller enter into negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed and administered, while attempting to preserve to the maximum extent possible the benefits, burdens, and obligations set forth in this Agreement as of the Effective Date. Upon delivery of such a request, Buyer and Seller shall engage in such negotiations in good faith. If Buyer and Seller are unable, within sixty (60) days after delivery of such request, to agree upon changes to this Agreement or to resolve issues relating to changes to this Agreement, then either Party may submit issues pertaining to changes to this Agreement to the Dispute resolution process set forth in Section 12.3. Notwithstanding the foregoing, a change in cost shall not in and of itself be deemed to render this Agreement or any of the provisions hereof incapable of being performed or administered, or constitute, or form the basis of, a Force Majeure.

Section 12.5 No Dedication of Facilities. Any undertaking by one Party to the other Party under any provisions of this Agreement shall not constitute the dedication of the Facility or any portion thereof of either Party to the public or to the other Party or any other Person, and it is understood and agreed that any such undertaking by either Party shall cease upon the termination of such Party's obligations under this Agreement.

Section 12.6 Force Majeure.

(a) A Party shall not be considered to be in Default in the performance of any of its obligations under this Agreement when and to the extent such Party's performance is prevented by a Force Majeure that, despite the exercise of due diligence, such Party is unable to prevent or mitigate, *provided* the Party has given a written detailed description of the full particulars of the Force Majeure to the other Party reasonably promptly after becoming aware thereof (and in any event within fourteen (14) days after the initial occurrence of the claimed Force Majeure event) (the "***Force Majeure Notice***"), which notice shall include information with respect to the nature, cause and date and time of commencement of such event, and the anticipated scope and duration of the delay. The Party providing such Force Majeure Notice shall be excused from fulfilling its obligations under this Agreement until such time as the Force Majeure has ceased to prevent performance or other remedial action is taken, at which time such Party shall promptly notify the other Party of the resumption of its obligations under this Agreement. If Seller is unable to deliver, or Buyer is unable to receive, Facility Energy due to a Force Majeure, then Buyer shall have no obligation to pay Seller for Facility Energy not delivered or received by reason thereof. In no event shall Buyer be obligated to compensate Seller or any other Person for any losses,

expenses or liabilities that Seller or such other Person may sustain as a consequence of any Force Majeure.

(b) The term “*Force Majeure*” means any act of God (including fire, flood, earthquake, extremely severe storm, lightning strike, tornado, volcanic eruption, hurricane or other natural disaster), labor disturbance, pandemic, strike or lockout of a national scope, act of the public enemy, war, insurrection, riot, explosion, terrorist activities or any order, regulation or restriction imposed by Governmental Authority, military or lawfully established civilian authorities, or other occurrence that (i) prevents one Party from performing any of its obligations under this Agreement, (ii) could not reasonably be anticipated as of the date of this Agreement, (iii) is not within the reasonable control of, or the result of negligence, willful misconduct, breach of contract, intentional act or omission or wrongdoing on the part of the affected Party (or any subcontractor or Affiliate of that Party, or any Person under the control of that Party or any of its subcontractors or Affiliates, or any Person for whose acts such subcontractor or Affiliate is responsible), and (iv) by the exercise of due diligence the affected Party is unable to overcome or avoid or cause to be avoided; *provided*, nothing in clause (iv) above shall be construed so as to require a Party to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any of its obligations by reason of a Force Majeure shall exercise due diligence to remove such inability with reasonable dispatch within a reasonable time period and mitigate the effects of the Force Majeure. The relief from performance shall be of no greater scope and of no longer duration than is required by the Force Majeure. Without limiting the generality of the foregoing, a Force Majeure does not include any of the following (each an “*Unexcused Cause*”): (1) any requirement to comply with a RPS Law or any change (whether voluntary or mandatory) in any RPS Law, or other Change in Law, that may affect the value of the Products; (2) events arising from the failure by Seller to operate or maintain the Facility in accordance with this Agreement; (3) any increase of any kind in any cost; (4) delays in or inability of a Party to obtain financing or other economic hardship of any kind; (5) Seller’s ability to sell any Facility Energy at a price in excess of those provided in this Agreement or Buyer’s ability to purchase Product or any part thereof at a price lower than those provided in this Agreement; (6) curtailment or other interruption of any Transmission Service, including public safety power shutoff’s by the Transmission Provider; (7) failure of third parties to provide goods or services essential to a Party’s performance; (8) Facility or equipment failure of a kind that is not caused by Force Majeure; or (9) any changes in the financial condition of Buyer or Seller affecting the affected Party’s ability to perform its obligations under this Agreement.

(c) Buyer may terminate this Agreement if (i) a Force Majeure event occurs that diminishes the production of the Facility by more than fifty percent (50%) of the Contract Capacity for a period of eighteen (18) consecutive months, or (ii) the Facility is rendered inoperable and an independent engineer that is mutually acceptable to both Parties determines that the Facility cannot be repaired or replaced within a period not to exceed twenty four (24) months following the date of the occurrence of the Force Majeure event.

(d) Seller may terminate this Agreement if a Force Majeure event occurs that renders Buyer’s facilities that are used to Schedule and dispatch the Facility inoperable for a period of eighteen (18) consecutive months.

(e) Any termination of this Agreement under Section 12.6(c) or Section 12.6(d) shall be “no-fault” and neither Party shall have any liability or obligation to the other Party arising out of such termination. Notwithstanding the foregoing, upon any such termination, each Party shall pay the other Party for any and all amounts hereunder that may be owing, or other outstanding payments due in the ordinary course that occurred prior to the termination. The exercise by Buyer of its right to terminate the Agreement shall not render Buyer or Seller liable for any losses or damages incurred by the other Party whatsoever.

Section 12.7 Assignment of Agreement. Except as otherwise set forth in this Agreement, a Party shall not assign any of its rights, or delegate any of its obligations, in or under this Agreement, without the prior written consent of the other Party, and such consent not to be unreasonably withheld. Any purported assignment or delegation in violation of this provision shall be null and void and of no force or effect.

Section 12.8 Ambiguity. The Parties acknowledge that this Agreement was jointly prepared by them, by and through their respective legal counsel, and any uncertainty or ambiguity existing herein shall not be interpreted against either Party on the basis that the Party drafted the language, but otherwise shall be interpreted according to the application of the rules on interpretation of contracts.

Section 12.9 Attorneys’ Fees & Costs. Both Parties agree that in any action to enforce the terms of this Agreement that each Party shall be responsible for its own attorneys’ fees and costs. Each of the Parties to this Agreement was represented by its respective legal counsel during the negotiation and execution of this Agreement.

Section 12.10 Voluntary Execution. Both Parties acknowledge that they have read and fully understand the content and effect of this Agreement and that the provisions of this Agreement have been reviewed and approved by their respective counsel. The Parties further acknowledge that they have executed this Agreement voluntarily, subject only to the advice of their own counsel, and do not rely on any promise, inducement, representation or warranty that is not expressly stated herein.

Section 12.11 Entire Agreement; Amendments. This Agreement (including all Appendices and Exhibits) contains the entire understanding concerning the subject matter herein and supersedes and replaces any prior negotiations, discussions or agreements between the Parties, or any of them, concerning that subject matter, whether written or oral, except as expressly provided for herein. This is a fully integrated document. Each Party acknowledges that no other party, representative or agent, has made any promise, representation or warranty, express or implied, that is not expressly contained in this Agreement that induced the other Party to sign this document. This Agreement may be amended or modified only by an instrument in writing signed by each Party; provided, however, Appendix C contains detailed principles, descriptions and procedures for Scheduling and operation of the Facility, and Appendix C may be amended from time to time upon mutual written consent of the Authorized Representative of each Party.

Section 12.12 Governing Law. This Agreement was made and entered into in the County of Placer, California and shall be governed by, interpreted and enforced in accordance with the laws of the State of California, without regard to conflict of law principles.

Section 12.13 Venue. All litigation arising out of, or relating to this Agreement, shall be brought in a state or federal court in the County of Placer or the County of Butte in the State of California. The Parties irrevocably agree to submit to the exclusive jurisdiction of such courts and waive any defense of forum non conveniens.

Section 12.14 Execution in Counterparts. This Agreement may be executed in counterparts and upon execution by each signatory, each executed counterpart shall have the same force and effect as an original instrument and as if all signatories had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signature thereon, and may be attached to another counterpart of this Agreement identical in form hereto by having attached to it one or more signature pages.

Section 12.15 Effect of Section Headings. Section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

Section 12.16 Waiver; Available Remedies. The failure of either Party to this Agreement to enforce or insist upon compliance with or strict performance of any of the terms or conditions hereof, or to take advantage of any of its rights hereunder, shall not constitute a waiver or relinquishment of any such terms, conditions or rights, but the same shall be and remain at all times in full force and effect. Except to the extent this Agreement expressly provides an exclusive remedy for a breach, nothing contained herein shall preclude either Party from seeking and obtaining any available remedies hereunder, including recovery of damages caused by the breach of this Agreement and specific performance or injunctive relief, or any other remedy given under this Agreement or now or hereafter existing in law or equity or otherwise. Seller acknowledges that money damages may not be an adequate remedy for violations of this Agreement and that Buyer may, in its sole discretion seek and obtain from a court of competent jurisdiction specific performance or injunctive or such other relief as such court may deem just and proper to enforce this Agreement or to prevent any violation hereof. Seller hereby waives any objection to specific performance or injunctive relief; provided that where this Agreement provides an exclusive remedy, then specific performance and injunctive relief are not available. The rights granted herein are cumulative except where otherwise provided herein.

Section 12.17 Relationship of the Parties. This Agreement shall not be interpreted to create an association, joint venture or partnership between the Parties hereto or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as an agent or representative of, the other Party.

Section 12.18 Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties. Nothing in this Agreement, whether express or implied, shall be construed to give to, or be deemed to create in, any other Person, whether as a third party

beneficiary of this Agreement or otherwise, any legal or equitable right, remedy or claim in respect of this Agreement or any covenant, condition, provision, duty, obligation or undertaking contained or established herein. This Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any Person that is not a party hereto.

Section 12.19 Indemnification; Damage or Destruction; Insurance; Condemnation; Limit of Liability.

(a) **Indemnification by Seller.** Seller undertakes and agrees to indemnify and hold harmless Buyer, Participating Members, and all of their respective commissioners, officers, agents, employees, advisors, and Authorized Representatives and assigns and successors in interest (collectively, “*Buyer Indemnitees*”) and, at the option of Buyer, to defend such Buyer Indemnitees from and against any and all suits and causes of action (including proceedings before administrative agencies), claims, charges, damages, demands, judgments, civil fines and penalties, other monetary remedies or losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including Seller’s employees and agents, or third persons, or damage or destruction to any property of either Party or third persons, in any manner arising by reason of any breach of this Agreement by Seller, any failure of a representation, warranty or guarantee of Seller hereunder to be true in all material respects, the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement on the part of Seller, or any of the Seller’s officers, agents, employees, or subcontractors of any tier, except to the extent caused by the gross negligence or willful misconduct of any such Seller Indemnitee. Any liability of Seller shall be limited to the extent of actual coverage and coverage limits of the insurance policies described in Appendix E.

(b) **Indemnification by Buyer.** Buyer undertakes and agrees to indemnify and hold harmless Seller, and all of its respective officers, agents, employees, directors, advisors, and Authorized Representatives and assigns and successors in interest (collectively, “*Seller Indemnitees*”) and, at the option of Seller, to defend such Seller Indemnitees from and against any and all suits and causes of action (including proceedings before administrative agencies), claims, charges, damages, demands, judgments, civil fines and penalties, other monetary remedies or losses of any kind or nature whatsoever, for death, bodily injury or personal injury to any person, including Buyer’s employees and agents, or third persons, or damage or destruction to any property of either Party or third persons, in any manner arising by reason of any breach of this Agreement by Buyer, any failure of a representation, warranty or guarantee of Buyer hereunder to be true in all material respects, the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement on the part of Buyer, or any of the Buyer’s officers, agents, employees, or subcontractors of any tier, except to the extent caused by the gross negligence or willful misconduct of any such Buyer Indemnitee. Any liability of Buyer shall be limited to the lesser of the extent of actual coverage and coverage limits of Buyer’s insurance policies or the minimum insurance requirements for Seller described in Appendix E.

(c) **Notice.** The Parties shall give each other prompt notice of the making of any claim or the commencement of any action, suit or proceeding covered by the provisions of this Section 12.19.

(d) **Damage or Destruction.** If there is a casualty event or other event causing the destruction of the Facility that renders the Facility incapable of generating 50% or more of the Contract Capacity, Seller shall, within four (4) months of such event, enter into a contract for the design of a replacement facility designed to be capable of satisfying the obligations of Seller under this Agreement.

(e) **Insurance.** Seller shall obtain and maintain the Insurance coverages listed in Appendix E.

(f) **Condemnation or Other Taking.** Throughout the Agreement Term, Seller shall immediately notify buyer of the institution of any proceeding for the condemnation or other taking of the Facility, the Facility assets, or any portion thereof, including the occurrence of any hearing associated therewith. Buyer may participate in any such proceeding and Seller shall deliver to Buyer all instruments necessary or required by Buyer to permit such participation. Without Buyer's prior written consent, Seller (i) shall not agree to any compensation or award, and (ii) shall not take any action or fail to take any action which would cause the compensation to be determined.

(g) **Limitation of Liability.** EXCEPT TO THE EXTENT INCLUDED IN THE LIQUIDATED DAMAGES, INDEMNIFICATION OBLIGATIONS RELATED TO THIRD PARTY CLAIMS, OR OTHER SPECIFIC CHARGES EXPRESSLY PROVIDED FOR HEREIN, IN NO EVENT SHALL EITHER PARTY OR ITS INDEMNITEES, BE LIABLE FOR SPECIAL, INCIDENTAL, EXEMPLARY, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR OTHER COSTS, BUSINESS INTERRUPTION DAMAGES RELATED TO OR ARISING OUT OF A PARTY'S PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, WHETHER BASED ON OR CLAIMED UNDER STATUTE, CONTRACT, TORT (INCLUDING SUCH PARTY'S OWN NEGLIGENCE) OR ANY OTHER THEORY OF LIABILITY AT LAW OR IN EQUITY. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES OF SUCH DAMAGES, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONTRIBUTORY, CONCURRENT, OR ACTIVE OR PASSIVE. THE PARTIES HEREBY WAIVE ANY RIGHT TO CONTEST SUCH PAYMENTS AS AN UNREASONABLE PENALTY.

(h) To the extent any damages required to be paid hereunder are liquidated, the Parties acknowledge that the damages are difficult or impossible to determine, and that the liquidated damages constitute a reasonable approximation of the anticipated harm or loss.

(i) Regardless of the indemnitees provided in Section 12.19(a) of this Agreement, Seller shall defend and indemnify Buyer regarding the Scheduling and dispatch actions performed by Buyer in accordance with Article VI and Appendix C of this Agreement.

Section 12.20 Severability. In the event any of the terms, covenants or conditions of this Agreement, or the application of any such terms, covenants or conditions, shall be held invalid, illegal or unenforceable by any court having jurisdiction, all other terms, covenants and conditions

of this Agreement and their application not adversely affected thereby shall remain in force and effect, *provided* that the remaining valid and enforceable provisions materially retain the essence of the Parties' original bargain.

Section 12.21 Confidentiality.

(a) The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such ("**Confidential Information**").

(b) Notwithstanding the foregoing or any other provision of this Agreement, the Parties acknowledges that Buyer and Seller are subject to disclosure as required by the California Public Records Act, Cal. Govt. Code §§ 6250 et seq. ("**CPRA**") and the Ralph M. Brown Act, Cal. Govt. Code §§ 54950 et seq. ("**Brown Act**").

(c) If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or objection to the Disclosure Request, including but not limited to costs, penalties, attorney's fees awarded against the Receiving Party and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

Section 12.22 Mobile-Sierra. The Parties hereby stipulate and agree that this Agreement was entered into as a result of arm's-length negotiations between the Parties. Further, the Parties believe that, to the extent the sale of Energy under this Agreement is subject to Sections 205 and 206 of the Federal Power Act, 16 U.S.C. Sections 824d and 824e, the rates, terms and conditions of this Agreement are just and reasonable within the meanings of Sections 205 and 206 of the Federal Power Act, and that the rates, terms and conditions of this Agreement will remain so during the Agreement Term. Notwithstanding any provision of this Agreement, the Parties waive all rights to challenge the validity of this Agreement or whether it is just and reasonable for and with

respect to the Agreement Term, under Sections 205 and 206 of the Federal Power Act, and to request the FERC to revise the terms and conditions and the rates or services specified in this Agreement, and hereby agree not to seek, nor support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of this Agreement through application or complaint to FERC or any other state or federal agency, board, court or tribunal, related in any manner as to whether such rates, terms or conditions are just and reasonable or in the public interest under the Federal Power Act, absent prior written agreement of the Parties. The Parties also agree that, absent prior agreement in writing by the Parties to a proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any provision of this Section is unenforceable or ineffective as to such Party), a non-party or the FERC acting *sua sponte* shall be the “public interest” application of the “just and reasonable” standard of review that requires FERC to find an “unequivocal public necessity” or “extraordinary circumstances where the public will be severely harmed” to modify a contract, as set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 at 550-51 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Comm’n*, 558 U.S. 165 (2010).

Buyer and Seller were represented by legal counsel during the negotiation and execution of this Agreement and the Parties have executed this Agreement as of the dates set forth below, effective as of the Effective Date.

BUYER:

NORTHERN CALIFORNIA POWER
AGENCY

By: Randy S. Howard
Its: General Manager
Date: _____

Approved as to Form:

By: _____
Its: General Counsel
Date: _____

SELLER:

SOUTH FEATHER WATER AND POWER
AGENCY

By: _____

Its: _____

Date: _____

Approved as to Form:

By: _____

Its: General Counsel

Date: _____

APPENDIX A
TO POWER PURCHASE AGREEMENT,
DATED AS OF [____], 20[]
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SOUTH FEATHER WATER AND POWER AGENCY

CONTRACT PRICE

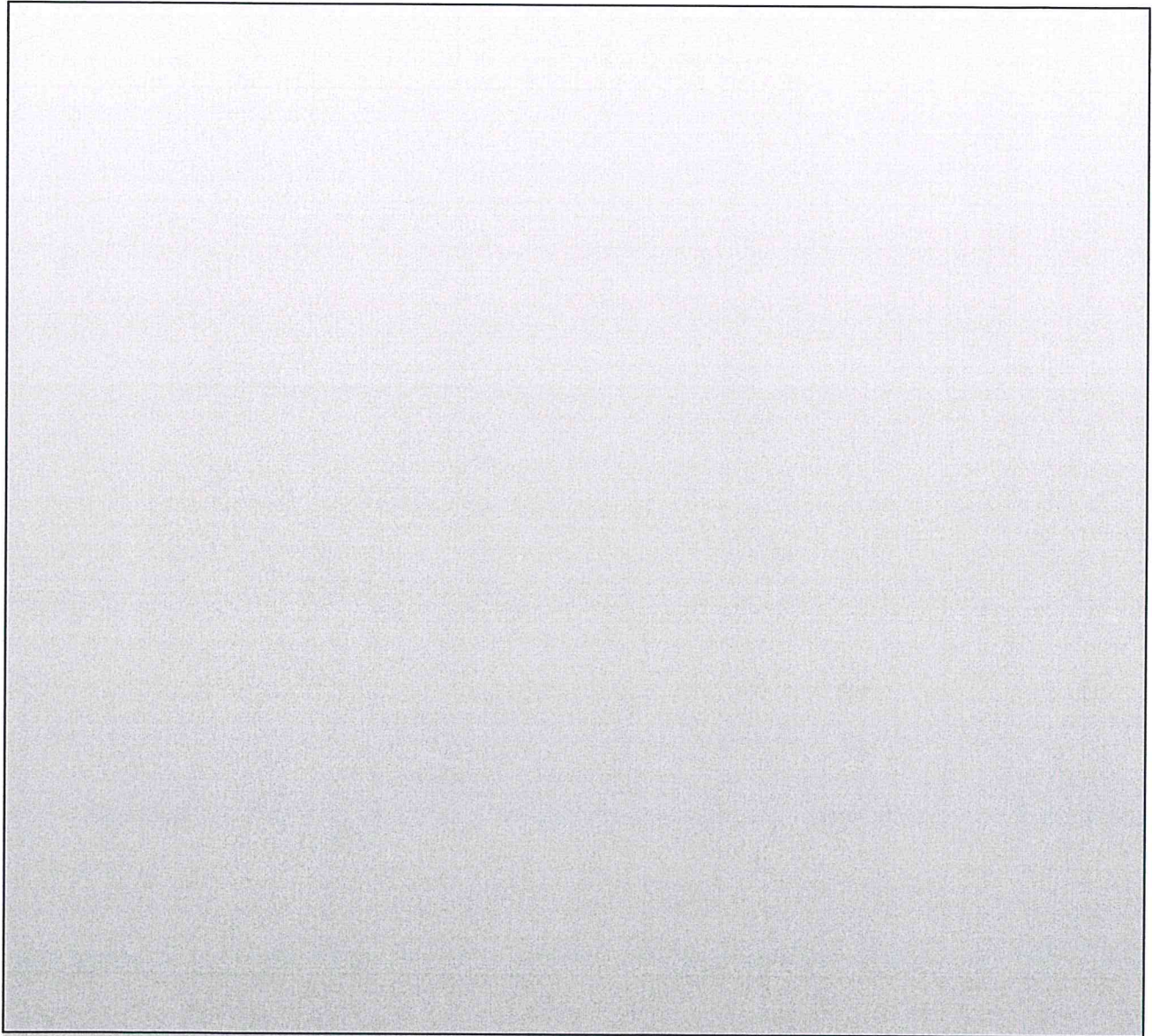
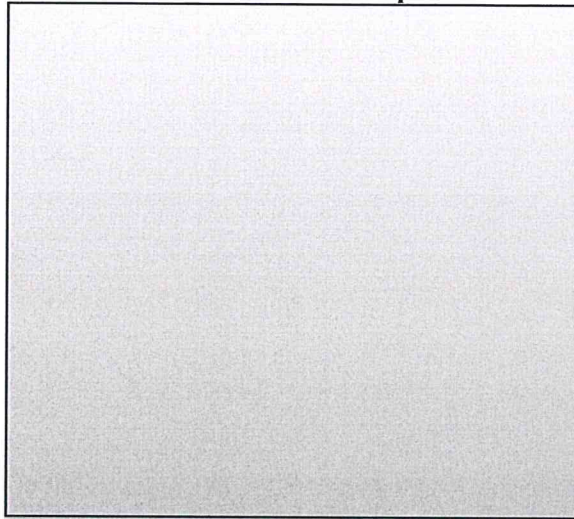
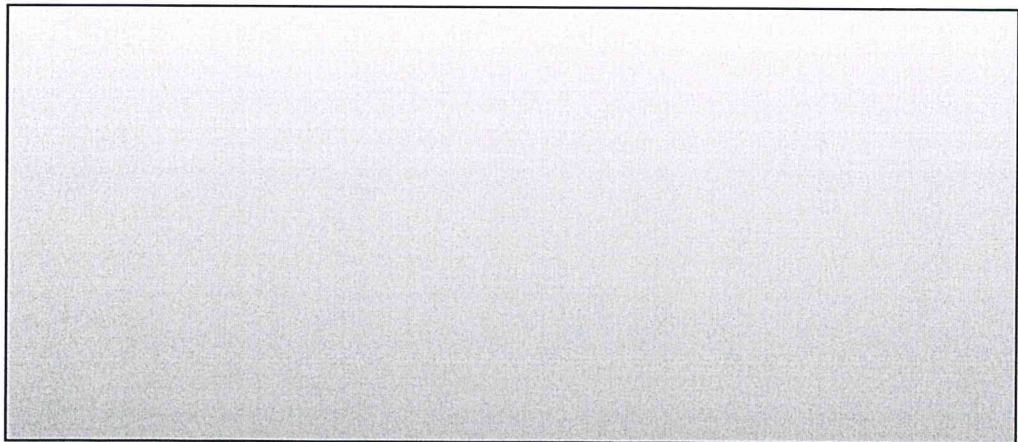


Table A – Base Output



- ii. The Variable Output Monthly Payment (“**Variable Output Monthly Payment**”) Buyer shall pay to Seller each calendar month during the Delivery Term, subject to the terms of this Agreement, shall be calculated as follows:

1. Variable Output Monthly Payment



Variable Output Monthly Payment = Facility Monthly Variable Output *
Variable Output Rate; where:



b. Facility Monthly Variable Output (“**Facility Monthly Variable Output**”) is equal to the amount of Facility Energy produced each calendar month that is in excess to the amount of Monthly Base Output anticipated to be produced for the same calendar month, as reflected in Table A of this Appendix A; provided, however, if the amount of Facility Energy produced during a calendar month is less than the amount of Monthly Base Output anticipated to be produced for the same calendar month, as reflected in Table A of this Appendix A, Monthly Variable Output shall be zero MWh, and the amount of Monthly Base Output that is greater than the amount of Facility Energy produced during a calendar month shall be “rolled forward” and added to the amount of Monthly Base Output anticipated to be produced in the next succeeding calendar month (“**Variable Output True-up**”), for the purpose of calculating Facility Monthly Variable Output for the next succeeding calendar month. For the purpose of clarity, the following examples of the Variable Output True Up calculation are provided below:

Variable Output True-Up Example A

Calendar Month	Facility Energy (MWh)	Monthly Base Output (MWh)	Deemed Generated Energy (MWh)	Variable Output True-Up (MWh)	Facility Monthly Variable Output (MWh)
January	30,000.00	16,016.00	-	-	13,984.00
February	15,000.00	16,016.00	-	1,016.00	-
March	30,000.00	17,032.00	-	-	12,968.00
April	30,000.00	16,016.00	-	-	13,984.00

Variable Output True-Up Example B

Calendar Month	Facility Energy (MWh)	Monthly Base Output (MWh)	Deemed Generated Energy (MWh)	Variable Output True-Up (MWh)	Facility Monthly Variable Output (MWh)
January	30,000.00	16,016.00	-	-	13,984.00
February	15,000.00	16,016.00	-	1,016.00	-
March	15,000.00	17,032.00	-	2,032.00	-
April	30,000.00	18,048.00	-	-	11,952.00

Variable Output True-Up Example C

Calendar Month	Facility Energy (MWh)	Monthly Base Output (MWh)	Deemed Generated Energy (MWh)	Variable Output True-Up (MWh)	Facility Monthly Variable Output (MWh)
January	30,000.00	16,016.00	-	-	13,984.00
February	30,000.00	16,016.00	-	-	13,984.00
March	30,000.00	16,016.00	-	-	13,984.00
April	30,000.00	16,016.00	-	-	13,984.00

A final annual true-up credit (“**Annual True-Up Credit**”) will be calculated at the end of each Calendar Year and paid by Seller to Buyer to account for any outstanding Variable Output True-Up amount, if any, as follows:

Annual True-Up Credit = Outstanding Variable Output True-Up amount * Variable Output Rate

For the purpose of clarity, an example of the Annual True-Up Credit calculation is provided below:

Annual True-Up Credit Example

Calendar Month	Facility Energy (MWh)	Monthly Base Output (MWh)	Deemed Generated Energy (MWh)	Variable Output True-Up (MWh)	Facility Monthly Variable Output (MWh)
November	30,000.00	16,016.00	-	-	13,984.00
December	15,000.00	16,016.00	-	1,016.00	-

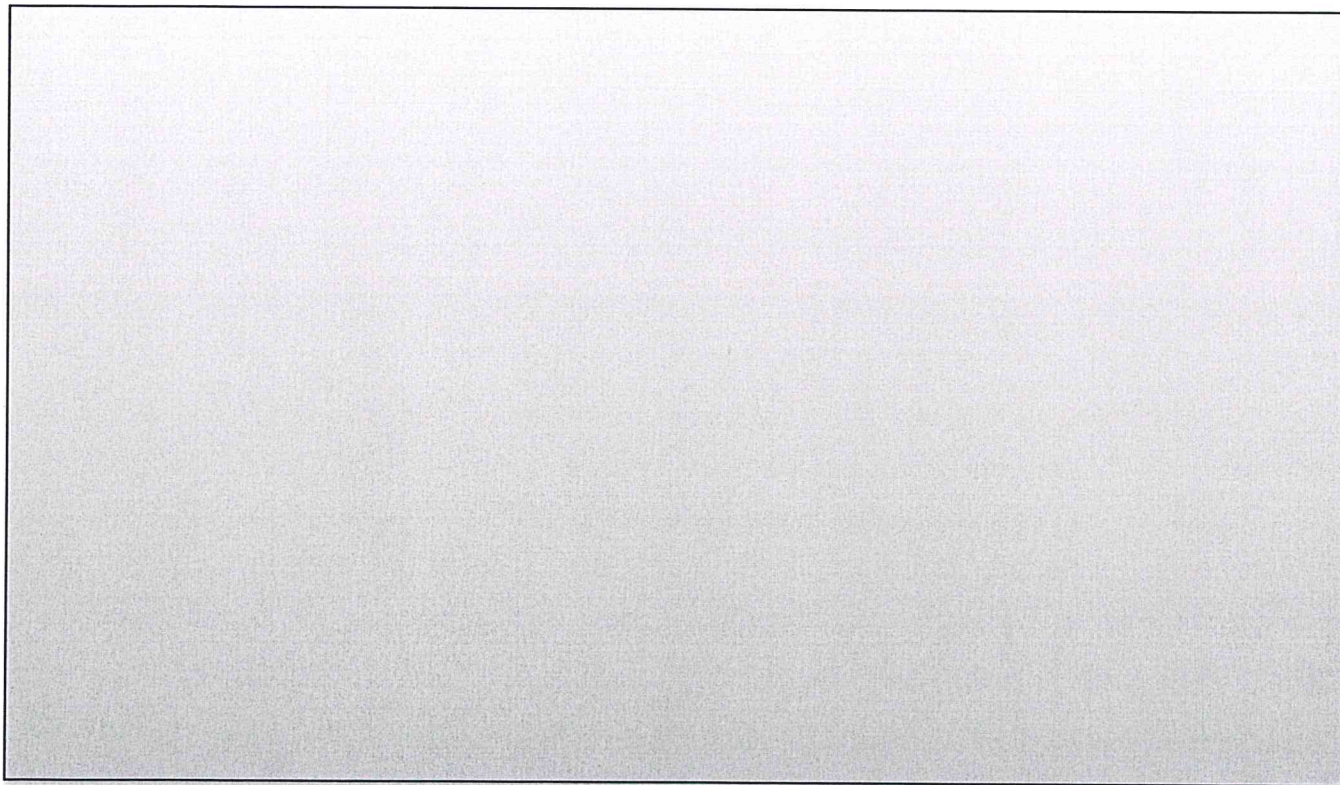
Annual True-Up Credit = 1,016.00 MWh * \$33.98 = \$34,523.68

Notwithstanding the Monthly Variable Output True-Up and Annual True-Up described in this Appendix A, if the Facility produces a total amount of Facility Energy during a Calendar Year that is less than Base Output, Buyer’s obligation to pay Seller total Base Output Compensation in a Calendar Year shall not be reduced.

**APPENDIX B
TO POWER PURCHASE AGREEMENT,
DATED AS OF [____], 20[__]
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SOUTH FEATHER WATER AND POWER AGENCY**

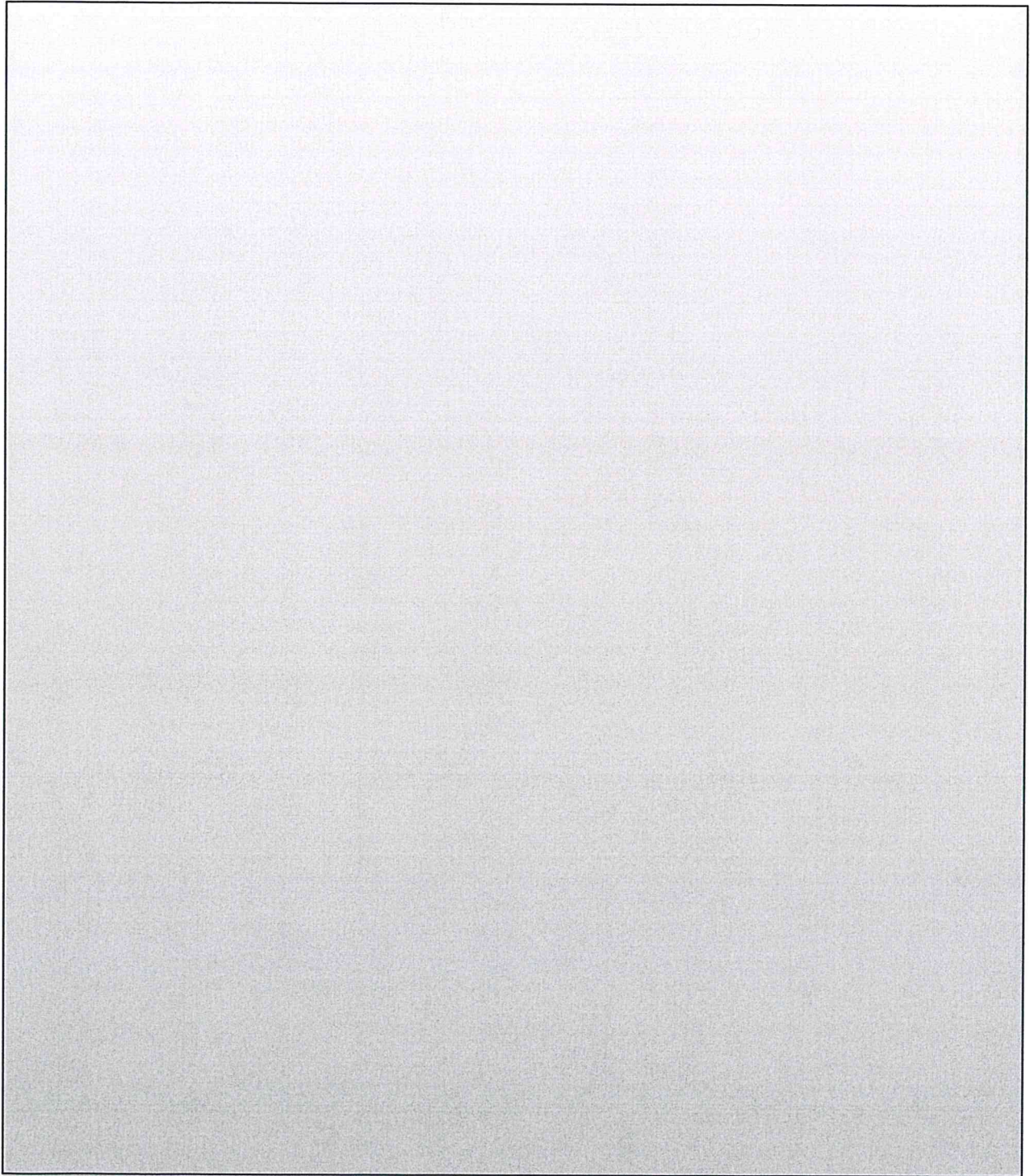
FACILITY DESCRIPTION

The Facilities of the South Feather Power Project are located in Butte County on the South Feather river and include:

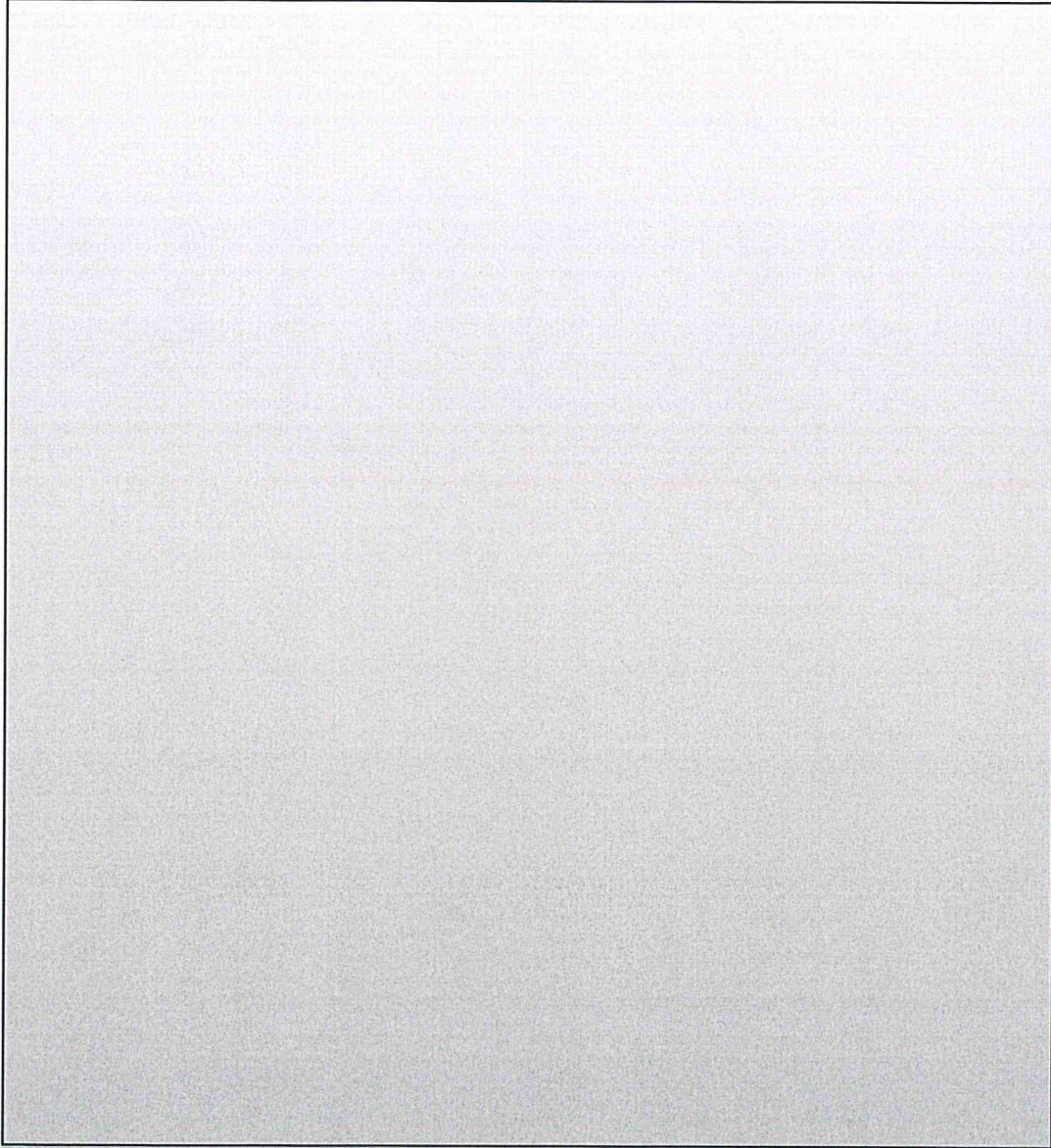


2. Owner: South Feather Water and Power Agency
3. Operator: Seller
4. Scheduling Coordinator: Buyer
4. Point of Interconnection: The Point of Interconnection for each Facility shall mean the point, as set forth in this Appendix B and the Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Providers Transmission System. The Point of Interconnection for each Facility is further described herein:

**WOODLEAF POWERHOUSE, SLY CREEK POWERHOUSE, AND FORBESTOWN
POWERHOUSE POINTS OF INTERCONNECTION**



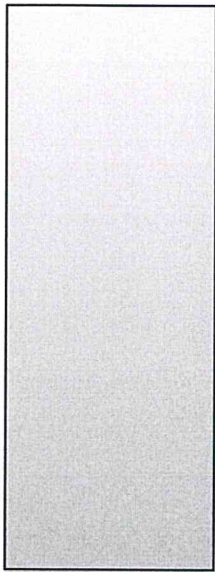
KELLY RIDGE POWERHOUSE POINTS OF INTERCONNECTION



APPENDIX C
TO POWER PURCHASE AGREEMENT,
DATED AS OF [____], 20[__]
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SOUTH FEATHER WATER AND POWER AGENCY
SCHEDULING AND OPERATING PROCEDURES

1. Scheduling and Operating Procedures

The Scheduling and operating procedures are separately attached to this Appendix C, and are listed below:

- 
- Voice and Data Communications
 - Outage Management and Operational Reliability Data
 - Dispatch Center Switching and Clearance Procedure
 - Event Reporting Operating Plan
 - Operating Instructions and Emergency Assistance
 - Voltage Control, Automatic Voltage Regulator and Power System Stabilizer Operations
 - Project Operations and Control
 - Scheduling and Bidding

**APPENDIX D
 TO POWER PURCHASE AGREEMENT,
 DATED AS OF [____], 20[__]
 BETWEEN
 NORTHERN CALIFORNIA POWER AGENCY
 AND
 SOUTH FEATHER WATER AND POWER AGENCY**

FORM OF ATTESTATION

_____ (Seller) _____ **Environmental Attribute Attestation and Bill of Sale**

_____ (“Seller”) hereby sells, transfers and delivers to Northern California Power Agency (“Buyer”) the Environmental Attributes and Environmental Attribute Reporting Rights associated with the generation from the Facility described below:

Facility name and location:

Fuel Type: _____ Capacity (MW): _____ Operational Date: _____
 As applicable: CEC Reg. no. _____ Energy Admin. ID no. _____ Q.F. ID no. _____

<u>Dates</u>	<u>MWhs generated</u>
_____ 20__	_____
_____ 20__	_____
_____ 20__	_____

in the amount of one Environmental Attribute or its equivalent for each MWh generated.

Seller further attests, warrants and represents as follows:

- i) the information provided herein is true and correct;
- ii) its sale to Buyer is its one and only sale of the Environmental Attributes and associated Environmental Attribute Reporting Rights referenced herein;
- iii) the Facility generated and delivered to the grid the Energy in the amount indicated as undifferentiated Energy; and
- iv) Seller owns the Facility and each of the Environmental Attributes and Environmental Attribute Reporting Rights associated with the generation of the indicated Energy for delivery to the grid have been generated and sold by the Facility.

This serves as a bill of sale, transferring from Seller to Buyer all of Seller’s right, title and interest in and to the Environmental Attributes and Environmental Attribute Reporting Rights associated with the generation of the Energy for delivery to the grid.

Contact Person/telephone: _____

APPENDIX E
TO POWER PURCHASE AGREEMENT,
DATED AS OF [____], 20[__]
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SOUTH FEATHER WATER AND POWER AGENCY

INSURANCE

I. GENERAL REQUIREMENTS

Within ten (10) days after the Effective Date, Seller shall furnish Buyer evidence of commercial automobile liability, commercial general liability, excess liability, and workers' compensation coverage meeting the requirements set forth in this Appendix E from insurers acceptable to Buyer and in a form acceptable to the risk management of Buyer or acceptable to Buyer's agent for this purpose. Such insurance shall be maintained by Seller at Seller's sole cost and expense.

Such insurance shall not limit or qualify the liabilities and obligations of Seller assumed under this Agreement. Buyer shall not by reason of its inclusion under these policies incur liability to the insurance carrier for payment of premium for these policies.

Any insurance carried by Buyer which may be applicable shall be deemed to be excess insurance and Seller's insurance is primary for purposes under this Agreement despite any conflicting provision in Seller's policies to the contrary.

Such insurance shall not be canceled or reduced in coverage or amount without first giving thirty (30) days' prior notice thereof (ten (10) days for non-payment of premium) by registered mail to General Manager, Northern California Power Agency.

Should any portion of the required insurance be on a "Claims Made" policy, Seller shall, at the policy expiration date following completion of work, provide evidence that the "Claims Made" policy has been renewed or replaced with the same limits, terms and conditions of the expiring policy, or that an extended discovery period has been purchased on the expiring policy at least for the contract under which the work was performed.

II. SPECIFIC COVERAGES REQUIRED

A. Commercial Automobile Liability

Seller shall provide Commercial Automobile Liability insurance which shall include coverages for liability arising out of the use of owned (if applicable), non-owned, and hired vehicles for performance of the work by Seller or its officers, agents, or employees, as required, to be licensed under the California or any other applicable state vehicle code. The Commercial Automobile Liability insurance shall have not less than \$1,000,000.00 combined single limit per occurrence, with a self-insured retention or deductible of no more than \$100,000, and shall apply to all operations of Seller.

The Commercial Automobile Liability policy shall include Buyer, its members, and their officers, agents, and employees while acting within the scope of their employment, as additional insureds with Seller, and shall insure against liability for death, bodily injury, or property damage resulting from the performance of this Agreement by Seller or its officers, agents, or employees. The evidence of insurance shall be a form acceptable to Buyer's risk manager.

B. Commercial General Liability

Seller shall provide Commercial General Liability insurance with Blanket Contractual Liability, Independent Contractors, Broad Form Property Damage, Premises and Operations, Products and Completed Operations, fire, Legal Liability and Personal Injury coverages included. Such insurance shall provide coverage for total limits actually arranged by Seller, but not less than \$10,000,000.00 combined single limit per occurrence. Should the policy have an aggregate limit, such aggregate limits should not be less than double the Combined Single Limit. Umbrella or Excess Liability coverages may be used to supplement primary coverages to meet the required limits. Evidence of such coverage shall be a form acceptable to Buyer's risk manager, and shall provide for the following:

1. Include Buyer and its members, and their respective officers, agents, and employees as additional insureds with the Named Insured for the activities and operations of Seller and its officers, agents, or employees under this Agreement.
2. Severability-of-Interest or Cross-Liability Clause such as: "The policy to which this endorsement is attached shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the company's liability."
3. A description of the coverages included under the policy.

C. Excess Liability

Seller may use an Umbrella or Excess Liability Coverage to meet coverage limits specified in this Agreement. Seller shall require the carrier for Excess Liability to properly schedule

and to identify the underlying policies on an endorsement to the policy acceptable to Buyer's risk management agent. Such policy shall include, as appropriate, coverage for Commercial General Liability, Commercial Automobile Liability, Employer's Liability, or other applicable insurance coverages.

D. Workers' Compensation/Employer's Liability Insurance

Seller shall provide Workers' Compensation insurance covering all of Seller's employees in accordance with the laws of any state in which the work is to be performed and including Employer's Liability insurance and a Waiver of Subrogation in favor of Buyer. The limit for Employer's Liability coverage shall be not less than \$1,000,000.00 each accident and shall be a separate policy if not included with Workers' Compensation coverage. Evidence of such insurance shall be a form of Buyer Special Endorsement of insurance or on an endorsement to the policy acceptable to Buyer's risk management agent. Workers' Compensation/Employer's Liability exposure may be self-insured *provided* that Buyer is furnished with a copy of the certificate issued by the state authorizing Seller to self-insure. Seller shall notify Buyer's risk manager by receipted delivery as soon as possible of the state withdrawing authority to self-insure.

APPENDIX F
TO POWER PURCHASE AGREEMENT,
DATED AS OF [____], 20[___]
BETWEEN
NORTHERN CALIFORNIA POWER AGENCY
AND
SOUTH FEATHER WATER AND POWER AGENCY

AUTHORIZED REPRESENTATIVES;
BUYER AND SELLER BILLING, NOTIFICATION AND
SCHEDULING CONTACT INFORMATION

1. **Authorized Representative.** The initial Authorized Representatives of Buyer and Seller pursuant to Section 14.1 are as follows:

1.1 Buyer:

Northern California Power Agency
c/o: General Manager
651 Commerce Drive
Roseville, CA 95678

Telephone: 916-781-3636
Facsimile: 916-783-7693
Email: _____

1.2 Seller:

RESERVED

2. **Billings.** Billings and payments pursuant to Article IX and Appendix A shall be transmitted to the following addresses:

2.1 If Billing to Buyer:

Northern California Power Agency
Attention: Settlements
Telephone: 916-781-3636
Facsimile: 916-781-4255
Email: settlements@ncpa.com; acctspayable@ncpa.com

2.2 If Payment to Buyer:

Northern California Power Agency
Attention: Accounts Payable

Telephone: 916-781-4211
Facsimile: 916-781-4255
Email: Acctspayable@ncpa.com

2.3 If Payment or Billing to Seller:

RESERVED

3. **Notices.** Unless otherwise specified by Buyer all notices (other than Scheduling notices, curtailment notices, and Deemed Generated Energy notices):

If to Buyer:

Northern California Power Agency
Attention: General Counsel
Telephone: 916-781-3636
Facsimile: 916-783-7693
Email: _____

If to Seller:

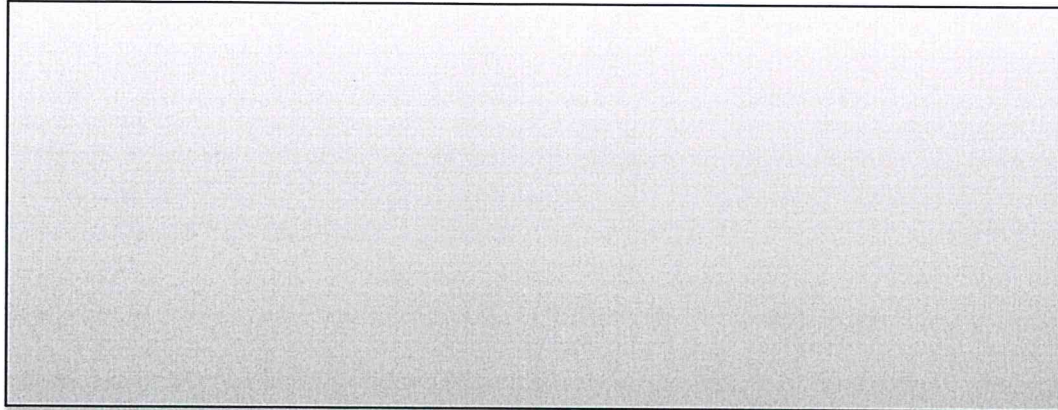
RESERVED

4. **Schedulers.** Unless otherwise specified by Buyer, all notices related to Scheduling of the Facility shall be sent to the following address:

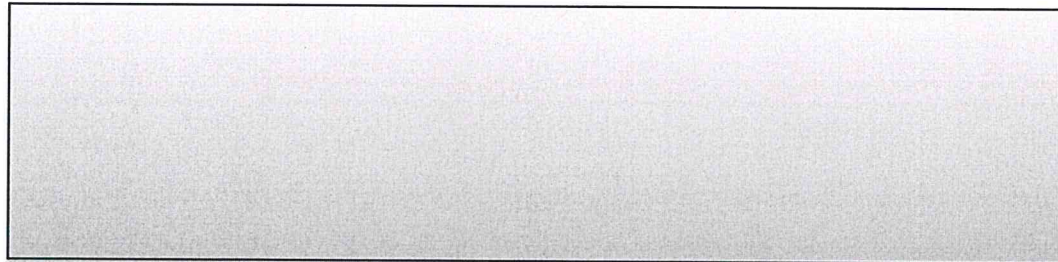
If to Buyer:

Northern California Power Agency

Pre-scheduling: Generation schedules are to be provided to NCPA Pre-Scheduling contacts.



Outage Coordination: All Planned and/or Forced Outages of generation facilities are to be provided to NCPA Dispatch and NCPA SC.



RESERVED

5. **Curtailments.** All notices related to curtailments of the Facility pursuant to Section 6.5 shall be sent to the following address:

If to Buyer:

Northern California Power Agency
(see above)

If to Seller:

RESERVED

6. **Deemed Generated Energy.** Unless otherwise specified by Buyer, all notices related to calculations of Deemed Generated Energy shall be sent to the following address:

If to Buyer:

Northern California Power Agency
Attention: Settlements
Telephone: 916-781-3636
Facsimile: 916-781-4255
Email: settlements@ncpa.com

If to Seller:

RESERVED

Either Party may update its contact information in this Appendix F by delivering a notice to the other Party pursuant to Section 12.2 of the Agreement, and such change shall not be considered to be an amendment purchase to Section 12.11 of the Agreement.



SOUTH FEATHER WATER & POWER AGENCY

RESOLUTION OF THE BOARD OF DIRECTORS SOUTH FEATHER WATER AND POWER AGENCY

Resolution 21-28-09

**APPROVING A POWER PURCHASE AGREEMENT BETWEEN SOUTH FEATHER WATER AND POWER AGENCY AND
NORTHERN CALIFORNIA POWER AGENCY.**

WHEREAS, South Feather Water and Power Agency (Agency) is an irrigation district formed and existing in accordance with provisions of Division 11 of the Water Code of the State of California; and,

WHEREAS, the Agency is the owner and operator of the South Feather Power Project (Project), a hydroelectric generation project consisting of four powerhouses capable of generating up to 121.5 megawatts of energy; and,

WHEREAS, the South Feather Power Project is licensed by the Federal Energy Regulatory Commission (FERC Project No. 2088-068); and,

WHEREAS, Agency is a party to an existing Power Purchase Agreement (PPA) with Pacific Gas & Electric Co. (PG&E) with a term ending June 30, 2020; however the term was extended due to a force majeure event, the 2017 Oroville Spillway Incident; and,

WHEREAS, Agency and PG&E disputed the existing PPA's extended term and have now settled and resolved that the existing PPA ends on December 18, 2021; and,

WHEREAS, beginning in March 2018, Agency and Agency's expert consultants began planning and negotiating for a new PPA, including analyzing and communicating with over fifteen (15) potential off-takers (i.e., buyers), including PG&E, of the power generated, environmental attributes, and other marketable benefits of the Agency's Project; and,

WHEREAS, in October 2019, Agency selected five off-taker finalists that most closely fit the Agency's criteria for strategic direction, compatibility, risks and economic value; and

WHEREAS, in July 2021 Northern California Power Agency (NCPA) was selected as the preferred off-taker for multiple reasons, including (i) predictable revenue stream for value of energy credits; (ii) forecastable production of assets based on hydrology years; (iii) internal operating center in close proximity to the Agency; (iv) long-term contract stability; and (v) highly skilled and

experienced functional team; and,

WHEREAS, Agency and NCPA entered into further negotiations concerning price and other terms of a new PPA with an initial ten (10) year term beginning December 19, 2021; and,

WHEREAS, the Agency's General Manager and General Counsel have reviewed and recommend that the new PPA be executed in the form of the draft redacted PPA attached as Exhibit A, and incorporated herein by this reference; and,

WHEREAS, the new PPA is in the best interest of the Agency and its customers; and,

WHEREAS, the execution of the new PPA with NCPA is either not a project or is an exempt project under the California Environmental Quality Act (CEQA).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Feather Water and Power Agency, as follows:

1. The facts stated in the recitals above are true and correct, and the Board so finds and determines.
2. The Board approves the new PPA with NCPA.
3. The General Manager is directed and authorized to execute the new PPA with NCPA and to take such other reasonable and necessary further actions and assurances to complete the transaction and secure any necessary regulatory or other approvals to implement the new PPA beginning on December 19, 2021.
4. The General Manager, in the General Manager's discretion, is authorized to file any necessary CEQA documentation.

Passed and adopted by the Board of Directors of the South Feather Water and Power Agency at the regular meeting of said Board on the 28th day of September 2021, by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

Rick Wulbern, President

Rath T. Moseley, Secretary

SECRETARY'S CERTIFICATE

RATH MOSELEY, certifies that: he is the Secretary of the Board of Directors of the South Feather Water and Power Agency; and that the foregoing is a true and correct copy of a resolution duly and regularly adopted by the Board of Directors of the South Feather Water and Power Agency at a meeting of said Board duly and regularly held on the 28th day of September, 2021, at which meeting a quorum was present and voted; said resolution has not been rescinded and is in full force and effect.

September 28, 2021

Date

Rath Moseley, Secretary
Board of Directors, South Feather Water and Power Agency

(seal)



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Rath Moseley, General Manager
Kristen McKillop, Regulatory Compliance Manager

DATE: September 22, 2021

RE: Business Item – Board Adoption of Butte County – SFWPA Palermo Clean Drinking Water Memorandum of Understanding

Seeking adoption of resolution 21-29-09 approving a memorandum of understanding between Butte County and South Feather Water and Power Agency for the proposed Palermo Clean Drinking Water grant funding application and implementation.

“I move adoption of Resolution 21-29-09, approving to adopt the Memorandum of Understanding between Butte County and South Feather Water and Power Agency regarding development, implementation, and administration of the Palermo Clean Drinking Water Project.”

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE COUNTY OF BUTTE
AND
THE SOUTH FEATHER WATER AND POWER AGENCY**

**REGARDING DEVELOPMENT, IMPLEMENTATION, AND ADMINISTRATION OF
THE PALERMO CLEAN WATER CONSOLIDATION PROJECT**

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is dated September 28, 2021 and made between the **COUNTY OF BUTTE**, a political subdivision of the State of California (“County”) and the **SOUTH FEATHER WATER AND POWER AGENCY**, an independent special district (“Agency”). This MOU is made in reference to the following facts:

RECITALS

Whereas the community of Palermo is located in the southern portion of Butte County with a population of approximately 5,000 residents;

Whereas the majority of the residents within Palermo have individual groundwater wells for potable water supply and on-site septic systems for wastewater treatment and disposal;

Whereas flooding, high groundwater levels and continuous septic system failures have resulted in cross contamination of the existing wells and possibly contamination of the groundwater aquifer;

Whereas the community of Palermo has experienced high rates of septic failures during periods of high rainfall, which has resulted in stormwater and upper aquifer contamination;

Whereas if left unresolved, individual wells will continue to experience cross contamination issues and pose a risk to the groundwater aquifer due to seasonal flooding, high groundwater levels and continued septic system failures;

Whereas the County has explored solutions for drinking water and wastewater in the Palermo community for years;

Whereas the County received technical assistance funds to help address small community water/wastewater systems within the Northern Sacramento Valley (NSV) Integrated Regional Water Management (IRWM) Plan region in the Mountain County Funding Area (MCFA), including Palermo and contracted with Luhdorff & Scalmanini Consulting Engineers to develop a technical memorandum documenting a draft project scope and identifying funding sources for the project;

Whereas SFWPA is a California Irrigation District, formed and existing under the California Water Code which operates with a high Technical, Managerial and Financial

(TMF) Capacity to provide treated water service to communities in southeast Butte County;

Whereas the Agency currently serves 110 parcels in the Palermo community;

Whereas the Agency is the logical choice for consolidation with Palermo given the existing distribution system in the area as illustrated in the service area map included as Exhibit A, and the County and Agency agree it will benefit the residents and the parties for the Agency to expand infrastructure to serve a broader area of the Palermo community;

Whereas the Palermo Clean Water Consolidation Project (Project) would connect 380 parcels in the Palermo community to the Agency's existing and expanded water system within the boundaries of Messina Avenue on the north, Upper Palermo Road on the east, South Villa Avenue on the south, and Railroad Avenue on the west, as reflected on the map attached as Exhibit B;

Whereas currently, the estimated costs for the Project are approximately twelve million four hundred and forty thousand dollars (\$12,440,000), as reflected in the preliminary construction estimate attached as Exhibit C;

Whereas various funding sources may be available for the Project including the State Water Resources Control Board Drinking Water State Revolving Fund (DWSRF), NSV IRWM grant funding, and federal and State drought mitigation funding; and

Whereas the County and Agency plan to apply to various funding sources to fully fund the Project.

NOW THEREFORE, in consideration of the foregoing and mutual covenants contained herein, the County and Agency do hereby agree as follows:

1. Recitals Incorporated. The above recitals are true and correct, and are hereby incorporated into this MOU.
2. Responsibilities of County.
 - a. *Funding Applications*. The County will prepare and submit applications to all applicable and likely federal and State funding sources for the Project, including the development of all required application elements (i.e., general, financial, technical and environmental packages).
 - b. *Funding Award*. In the event the County is awarded funding for the Project, the County will provide:
 - i. grant administration, including required project and fiscal reporting to respective funding agencies;
 - ii. development of a subrecipient agreement with the Agency;
 - iii. monitoring of subrecipient's (Agency) work for the Project;
 - iv. support for public outreach and community relations related to the Project, including, but not limited to, participation in the selection of the subrecipients/subcontractors, use of County logo and branding

on Project materials, staff review of public outreach plans and materials, and staff point of contact for community engagement.

3. Responsibilities of Agency.

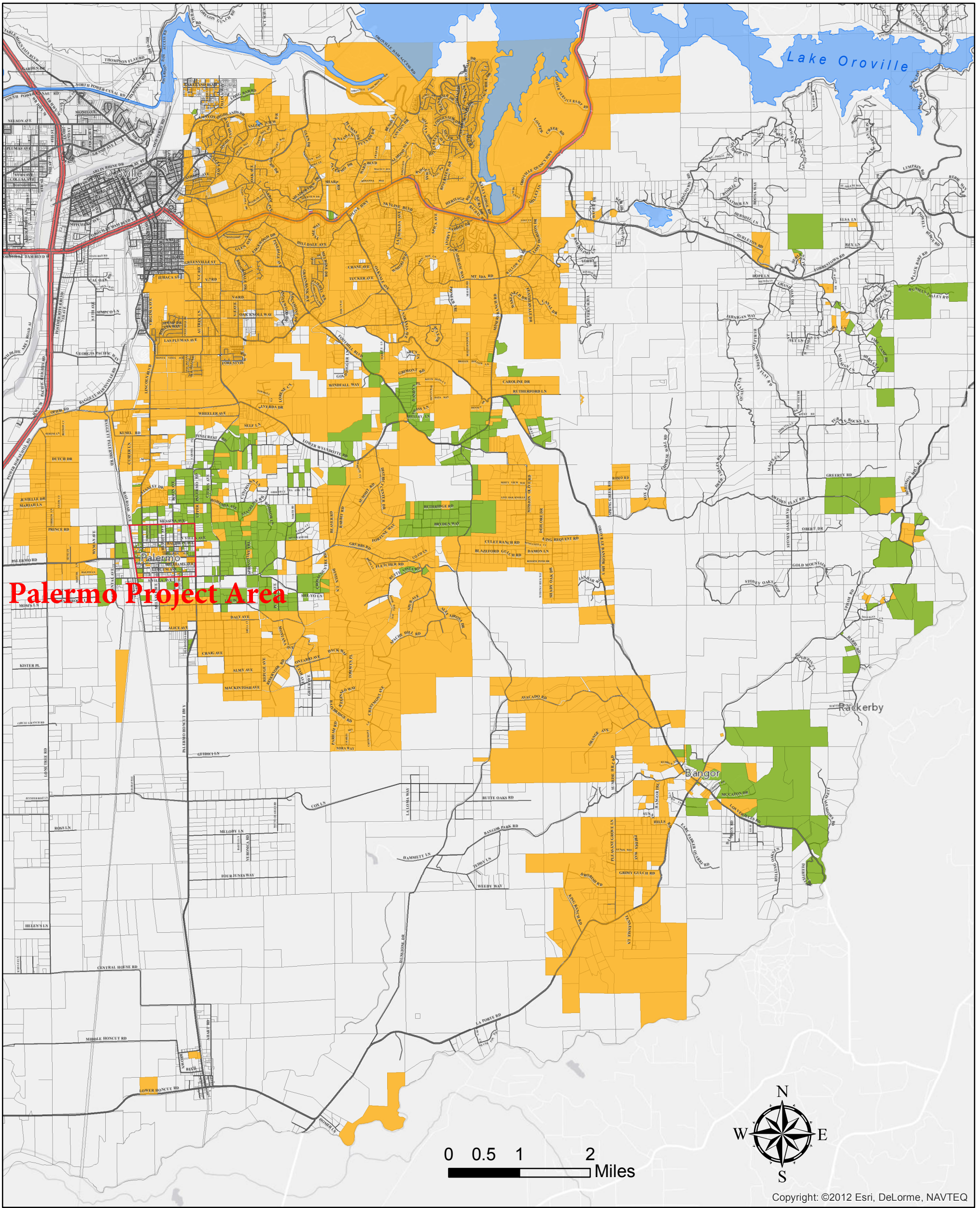
- a. *Funding Applications.* The Agency will support the County's funding applications for the Project including, but not limited to, a statement of support and providing the County with the data necessary to complete the application packages.
- b. *Funding Award.* In the event the County is awarded funding for the Project, the Agency will partner with the County as a subrecipient of funds to carry out the Project. The Agency will execute the required subrecipient agreement and hire a subcontractor for the management and implementation of each line item and subsequent tasks for the Project in accordance with the estimated timeline attached as Exhibit D including, but not limited to:
 - i. Public outreach and community engagement;
 - ii. Annexation of parcels in the Project area, as outlined in the annexation scheduled attached as Exhibit E;
 - iii. Installation of public water infrastructure;
 - iv. Installation of private water infrastructure (meter to dwelling); and
 - v. Decommissioning of private wells as needed.

The Agency's assigned Project Manager will complete Project and financial reporting as required by the County.

- c. Upon completion of the Project as defined, the Agency will establish service accounts with each newly connected customer, and shall bill according to established rates and charges for service of domestic water delivery as fixed by the Agency's Board of Directors.
4. Funding. In the event the County is awarded funding for the Project, it will not be construed to commit the County or the Agency to additional funding for the project.
 5. Term. This MOU shall become effective as of the last date signed by both parties, and shall remain in effect until execution of a subrecipient agreement(s) by the County and Agency for all necessary funds for the Project.
 6. Termination/Modification of Practices/Amendment of MOU. Either party may terminate this MOU with or without cause by providing 30 days' advance written notice to the other party. The parties shall cooperate reasonably to modify their practices and amend this MOU to reflect any changes in applicable law. No amendment to this MOU is valid except in writing executed by all parties to this MOU.

7. Liability to Third Parties; Indemnification. To the extent applicable, each party shall defend, indemnify, and hold the other harmless, to the maximum extent permitted by law, from claims, damages, expenses, and liabilities, including attorney fees and costs, that arise out of its duties or obligations, and those of its governing board members, officers, employees, representatives, or agents, under this MOU, or from the negligence or willful misconduct of itself or any of the foregoing. The parties' duties of indemnity do not apply to the extent a claim, damage, expense, or liability arises out of an indemnified party's failure to perform this MOU, or an indemnified party's negligence or willful misconduct. The right to be indemnified extends to an indemnified party's officers, board members, employees, representatives, and agents.
8. Compliance with Laws. Notwithstanding any provision to the contrary contained in this MOU, the parties agree that no provision of this MOU shall require any party to violate any applicable statute, rule of law or regulation.
9. Insurance. The County and Agency shall each secure and maintain in full force and effect during the full term of this MOU commercial general liability insurance or participation in a self-insurance program, including coverage for owned and non-owned automobiles and other insurance necessary to protect the public, with limits of liability of not less than \$1 million combined single limit bodily injury and property damage. Policies shall be written by carriers reasonably satisfactory to each party. On request, a certificate evidencing the insurance requirements of this paragraph shall be provided.
10. No Third-Party Beneficiary. Nothing in this MOU shall be construed to create any rights of any kind or nature in any other party not a named party to this MOU.
11. Authorization. Each party executing this MOU and each person executing this MOU in any representative capacity, hereby fully and completely warrants to all other parties that he or she has full and complete authority to bind the person or entity on whose behalf the signing party is purporting to act.
12. Entire Agreement/Amendments. This MOU supersedes all previous agreements or understandings, and constitutes the entire understanding between the parties with respect to the above referenced services, terms of compensation, and otherwise. This MOU shall not be amended, except in a writing that is executed by authorized representatives of both parties.
13. Governing Law and Venue. This MOU shall be deemed to be made in, and shall be governed by and construed in accordance with the laws of the State of California (excepting any conflict of laws provisions which would serve to defeat application of California substantive law). Venue for any action arising from this MOU shall be in Butte County, California.

///



Palermo Project Area

Copyright: ©2012 Esri, DeLorme, NAVTEQ

SFWPA Boundary Map

	Annexed & Original
	Parcels With Rights To Non-Potable Service Only

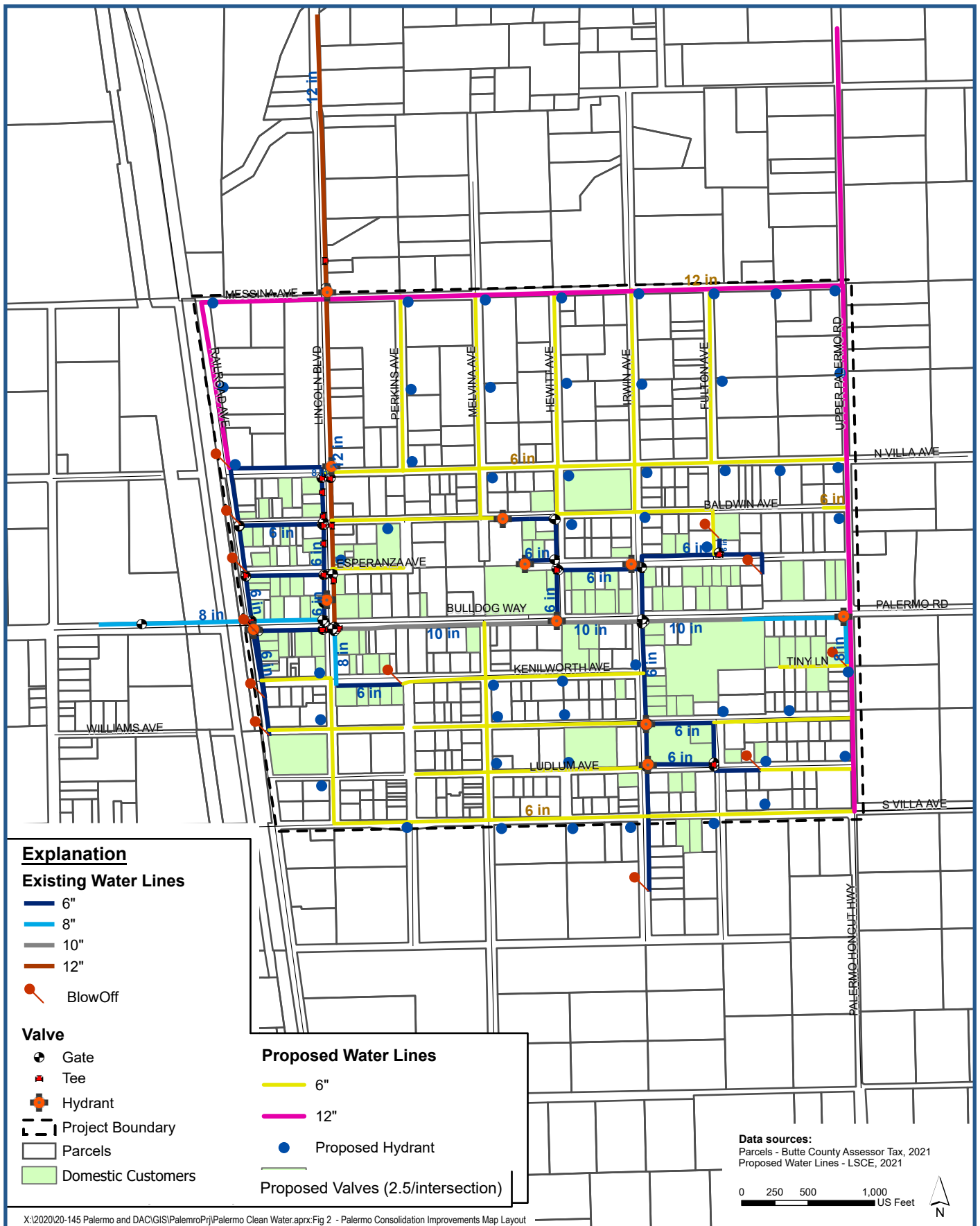
SOURCES:
This map was prepared by Leroy A. Christophersen March 2016.
Parcel data obtained from BCAG - Feb 2016.

DISCLAIMER:
Areas depicted by this map are not accurate to engineering or surveying standards. Map is provided for illustration purposes only.

South Feather Water and Power Agency(SFWPA) has made every effort to ensure the accuracy, correctness and timeliness of materials provided but assumes no responsibility for errors or omissions.

In no event shall SFWPA become liable to users of these data, or any other party, for any loss or direct, indirect, special, incidental, or consequential damages, including but not limited to time, money, or goodwill, arising from the use or modification of the data.

EXHIBIT B - PRELIMINARY PROJECT BOUNDARY MAP



Palermo Consolidation Improvements
 Palermo Clean Water Consolidation Project
 Butte County

Figure 2

EXHIBIT C

PRELIMINARY CONSTRUCTION COST ESTIMATE

Bid Item No.	Bid Item Description	Estimated Quantity	Unit of Measure	Unit Cost	Total Estimated Cost	
1	12-inch Water Main, C-900 ^a	10,000	LF	\$75	\$750,000	
2	6-inch Water Main, C-900 ^a	30,000	LF	\$60	\$1,800,000	
3	6-inch & 12-inch Valves	150	EA	\$3,000	\$450,000	
4	3/4-inch Water Service Line	380	EA	\$2,000	\$760,000	
5	Meters/Meter Boxes	380	EA	\$1,000	\$380,000	
6	Parcel Plumbing (Meter to Home)	380	EA	\$1,000	\$380,000	
7	Fire Hydrants	30	EA	\$5,000	\$150,000	
8	Paving (Trench Restoration)	105,000	SF	\$15	\$1,575,000	
9	Testing and Disinfection	1	LS	\$25,000	\$25,000	
Bid Item Total:					\$6,270,000	
SUBTOTAL:					\$6,270,000	
				Mobilization	1%	\$62,700
				Contingency	12%	\$721,050
Planning, Surveying, Engineering, Design, Outreach and Annexation					13%	\$815,100
				Construction Management	3%	\$188,100
				Traffic Control	1%	\$62,700
				CEQA/NEPA/Permitting	1%	\$62,700
TOTAL CONSTRUCTION					\$8,182,350	
10	Decommission Existing Wells	380	EA	\$5,000	\$1,900,000	
11	Connection Fees	380	EA	\$4,363	\$1,657,940	
TOTAL PROJECT					\$11,740,290	
SFWPA In-kind Services ^b					\$700,000	
TOTAL w/In-Kind					\$12,440,290	
Palermo Clean Water Consolidation Project					\$32,737.61	
Total Project Cost/Connection						

Notes:

a) Reduced construction cost based on SFWPA crews performing work

b) SFWPA in-kind services based on bid item construction cost savings

EXHIBIT E PROPOSED ANNEXATION SCHEDULE

ID	Task	2021					2022										2023													
		A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1	Butte County/SFWPA Project MOU Approval																													
2	Distribute/Collect Project Letters of Support																													
3	Complete Project Annexation Legal Descriptions and Plat Maps																													
4	Public Annexation - Public Meeting #1																													
5	Prepare SFWPA Board Project Annexation Item																													
6	SFWPA Board Approval - Project Annexation Item																													
7	SFWPA submits Annexation Application to Butte County LAFCo																													
8	Project Annexation - Public Meeting #2																													
9	Butte County LAFCo Approval - Project Annexation Item																													
10	Approved Annexation Filed with State																													
**	Submit DWSRF Construction Funding Application																													
**	DWSRF Construction Application Added to FY22-23 Fundable List																													
**	Projected DWSRF Construction Funding Agreement Execution																													



SOUTH FEATHER WATER & POWER AGENCY

RESOLUTION OF THE BOARD OF DIRECTORS Resolution 2021-29-09

MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF BUTTE AND SOUTH FEATHER WATER AND POWER AGENCY REGARDING DEVELOPMENT, IMPLEMENTATION, AND ADMINISTRATION OF THE PALERMO CLEAN WATER CONSOLIDATION PROJECT

WHEREAS, the County of Butte has actively been seeking technical and financial solutions to remedy the Palermo Community drinking water contamination issues for two decades, and

WHEREAS, the Butte County Department of Water and Resource Conservation has recently received grant funding for technical assistance to develop the optimal project, scope, budget and schedule for resolving the drinking water needs of Palermo, and has developed The Palermo Clean Drinking Water Consolidation Project (Project), and

WHEREAS, South Feather Water and Power Agency is an urban supplier of water with the ability to provide treated water service to the project delineated portions of the Palermo Community through a consolidation effort; and

WHEREAS, the 1996 amendments to the federal Safe Drinking Water Act established the national Safe Drinking Water State Revolving Fund (DWSRF) program to finance infrastructure improvements necessary to mitigate drinking water risks to human health, and

WHEREAS, the California State Water Board's Division of Financial Assistance administers the DWSRF Program in order to help water systems improve drinking water quality for all Californians by funding projects that (1) address the most serious risk to human health, (2) are necessary to ensure compliance with the requirements of the SDWA, and (3) assist Public Water Systems most in need on a per household basis, and

WHEREAS, the County of Butte and the South Feather Water and Power Agency wish to enter into a Memorandum of Understanding for the express purpose of applying for various funding sources including the CA State Water Resources Control Board DWSRF grant monies, and implementing the Project scope as defined therein,

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SOUTH FEATHER WATER AND POWER AGENCY DO HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The General Manager is hereby authorized to sign and execute on behalf of the Agency the MOU as presented.

SECTION 2. The General Manager is hereby authorized to promote the Responsibilities of the Agency as presented in the MOU in the event that Butte County is awarded funding for the Project.

PASSED AND ADOPTED by the Board of Directors of the South Feather Water and Power Agency at the regular monthly meeting of said Board on the 28th day of September 2021 by the following votes:

AYES:

NOES:

ABSTAINED:

ABSENT:

Rick Wulbern, President

Rath T. Moseley, Secretary



NOTICE OF VACANCY

The Director's Seat for Division 4 of the South Feather Water & Power Agency Board of Directors is vacant. The Seat will be filled by appointment of the Board of Directors.

Qualified Individuals are requested to provide statements of Interest to the Agency before October 18, 2021.

To qualify for Office, Candidates must either be a landowner or resident and registered to vote within the Agency's Division 4. A division map can be obtained by contacting the Agency or at www.southfeather.com. (Publication / Division Map).

The appointee will hold office through the first Friday in December, 2022.

The seat will then be subject to election in November 2022 for a remaining term of December 2022 – December 2024.

Statements of Interest are available at
South Feather Water & Power Agency
2310 Oro Quincy Hwy.
Oroville, CA 95966
530-533-4578

Statements of Interest are due by October 18, 2021

The Agency will consider appointments at its October 26, 2021 Regular Board Meeting.

This Notice will be posted for at least 15 days in 3 or more conspicuous locations throughout the Agency.

**STATEMENT OF INTEREST FOR APPOINTMENT TO
BOARD OF DIRECTORS
OF SOUTH FEATHER WATER & POWER AGENCY**

Name:

Residence Address:

Phone (daytime):

Phone (evening):

Email:

Education Background:

Work/Volunteer Experience:

Statement of Qualifications (state qualifications and why you are interested in serving on the board of directors):

I certify that the information is true and correct. I certify I am qualified to hold the seat of Director of Division 4 at South Feather Water & Power Agency. I authorize verification of the information on this application:

_____, 2021



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Rath Moseley, General Manager

DATE: September 22, 2021

RE: Water Theft and Storage
Information Item for 9/28/21 Board of Directors Meeting

This information item is requested by Board Directors to discuss water theft in the district and potential strategies for increased water storage.

Included in this information tab is the current adopted water theft policy, 1922 map of proposed water storage locations, topography map and aerial view of a target location for discussion.

South Feather Water and Power Agency

Water Theft Policy / Unauthorized Use of Water Services or Fire Hydrants

Policy # 112

In accordance with California Penal Code Sections 498, tampering with any water service or fire hydrant for the unauthorized use of water, or for any other reason, is a misdemeanor. Penal Codes 624 and 625 also acknowledge that unpermitted water draws or the intent to fraud the agency is also categorized as a misdemeanor in the lowest consequence. Described actions are punishable include, but are not limited to; imprisonment in the local county jail, a financial penalty, or both. This policy allows the agency to pursue prosecution to the fullest extent of the law.

- 1) If complaints are found to be valid or if water theft is discovered, the staff of South Feather Water and Power Agency will investigate and file a report of findings to the agency's management so a report can be filed with the Butte County Sheriff's office. Any and all devices used in the activity of illegal water theft will be confiscated.
- 2) Once the agency management has received the report findings regarding the illegal water theft, personnel will evaluate if any additional infrastructure damage (including the right-of-way) resulted in the theft and/or tampering of an agency-owned water service or fire hydrant.
- 3) Penalties for tampering with and/or damaging a water service or fire hydrant will be assessed as follows:

a. First Violation	\$250.00
b. Second Violation	\$500.00
c. Third and Subsequent Violation	\$1,000.00
- 4) In addition to the fines listed above, the offender will be charged for the water documented during the theft/tampering incident. This amount will be no less than the industrial rate of the water taken from the agency's distribution system.
- 5) In the event that the offender does not pay the financial penalties, the agency will use any and all means necessary to collect, including: filing a lien against real property.
- 6) This policy allows the district pursue criminal charges where warranted, in addition to the fines stated above. The fines must be paid within 30 days of the citation date.

CITED CODE REFERENCE:

Penal Code 498:

(a) The following definitions govern the construction of this section:

(1) "Person" means any individual, or any partnership, firm, association, corporation, limited liability company, or other legal entity.

(2) "Utility" means any electrical, gas, or water corporation as those terms are defined in the Public Utilities Code, and electrical, gas, or water systems operated by any political subdivision.

(3) "Customer" means the person in whose name utility service is provided.

(4) "Utility service" means the provision of electricity, gas, water, or any other service provided by the utility for compensation.

(5) "Divert" means to change the intended course or path of electricity, gas, or water without the authorization or consent of the utility.

(6) "Tamper" means to rearrange, injure, alter, interfere with, or otherwise prevent from performing a normal or customary function.

(7) "Reconnection" means the reconnection of utility service by a customer or other person after service has been lawfully disconnected by the utility.

(b) Any person who, with intent to obtain for himself or herself utility services without paying the full lawful charge therefor, or with intent to enable another person to do so, or with intent to deprive any utility of any part of the full lawful charge for utility services it provides, commits, authorizes, solicits, aids, or abets any of the following shall be guilty of a misdemeanor:

(1) Diverts or causes to be diverted utility services, by any means.

(2) Prevents any utility meter, or other device used in determining the charge for utility services, from accurately performing its measuring function by tampering or by any other means.

(3) Tampers with any property owned by or used by the utility to provide utility services.

(4) Makes or causes to be made any connection with or reconnection with property owned or used by the utility to provide utility services without the authorization or consent of the utility.

(5) Uses or receives the direct benefit of all or a portion of utility services with knowledge or reason to believe that the diversion, tampering, or unauthorized connection existed at the time of that use, or that the use or receipt was otherwise without the authorization or consent of the utility.

(c) In any prosecution under this section, the presence of any of the following objects, circumstances, or conditions on premises controlled by the customer or by the person using or receiving the direct benefit of all or a portion of utility services obtained in violation of this section shall permit an inference that the customer or person intended to and did violate this section:

(1) Any instrument, apparatus, or device primarily designed to be used to obtain utility services without paying the full lawful charge therefor.

(2) Any meter that has been altered, tampered with, or bypassed so as to cause no measurement or inaccurate measurement of utility services.

(d) If the value of all utility services obtained in violation of this section totals more than nine hundred fifty dollars (\$950) or if the defendant has previously been convicted of an offense under this section or any former section which would be an offense under this section, or of an offense under the laws of another state or of the United States which would have been an offense under this section if committed in this state, then the violation is punishable by imprisonment in a county jail for not more than one year, or in the state prison.

(e) This section shall not be construed to preclude the applicability of any other provision of the criminal law of this state.

PENAL CODE 624:

Every person who wilfully breaks, digs up, obstructs, or injures any pipe or main for conducting water, or any works erected for supplying buildings with water, or any appurtenances or appendages connected thereto, is guilty of a misdemeanor.

PENAL CODE 625:

Every person who, with intent to defraud or injure, opens or causes to be opened, or draws water from any stopcock or faucet by which the flow of water is controlled, after having been notified that the same has been closed or shut for specific cause, by order of competent authority, is guilty of a misdemeanor.

CIVIL CODE SECTION 1882:

Unless the context requires otherwise, the following definitions govern the construction of this title:

- (a) "Customer" means the person in whose name a utility service is provided.
- (b) "Divert" means to change the intended course or path of electricity, gas, or water without the authorization or consent of the utility.
- (c) "Person" means any individual, a partnership, firm, association, limited liability company, or corporation.
- (d) "Reconnection" means the commencement of utility service to a customer or other person after service has been lawfully discontinued by the utility.
- (e) "Tamper" means to rearrange, injure, alter, interfere with, or otherwise to prevent from performing normal or customary function.
- (f) "Utility" means any electrical, gas, or water corporation as those terms are defined in the Public Utilities Code and includes any electrical, gas, or water system operated by any public agency.
- (g) "Utility service" means the provision of electricity, gas, water, or any other service or commodity furnished by the utility for compensation.

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-10-21

WHEREAS communities across California are experiencing more frequent, prolonged, and severe impacts of climate change including catastrophic wildfires, extreme heat and unprecedentedly dry conditions that threaten the health of our people, habitat for species and our economy; and

WHEREAS severe drought afflicts the American West and increasingly warming temperatures driven by climate change exacerbate harmful drought effects including disruption of drinking water and irrigation supplies, degradation of fish and wildlife habitat, and heightened flammability of wildland vegetation; and

WHEREAS on April 21 and May 10, 2021, I issued proclamations that a state of emergency exists in a total of 41 counties due to severe drought conditions and directed state agencies to take immediate action to preserve critical water supplies and mitigate the effects of drought and ensure the protection of health, safety, and the environment; and

WHEREAS today, I issued a further proclamation of a state of emergency due to drought conditions in nine additional counties (Inyo, Marin, Mono, Monterey, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, and Santa Cruz), and directed state agencies to take further actions to bolster drought resilience and prepare for impacts on communities, businesses, and ecosystems; and

WHEREAS drought conditions present urgent challenges, including the risk of drinking water shortages in communities, greatly increased wildfire activity, diminished water for agricultural production, adverse impacts on fisheries, and additional water scarcity if drought conditions continue into next year; and

WHEREAS agriculture is an important economic driver in California that has made significant investments in irrigation efficiencies such that nearly 70 percent of the nation's farmland using drip and micro-irrigation is located in California, and despite that investment, many agricultural producers are experiencing severe reductions in water supplies and are fallowing land in response to current dry conditions; and

WHEREAS action by Californians now to conserve water and to extend local groundwater and surface water supplies will provide greater resilience if the drought continues in future years; and

WHEREAS during the 2012-2016 drought, Californians did their part to conserve water, with many taking permanent actions that continue to yield benefits; per capita residential water use statewide declined 21 percent between the years 2013 and 2016, and has remained on average 16 percent below 2013 levels as of 2020; and

WHEREAS local water suppliers and communities have made strategic and forward-looking investments in water recycling, stormwater capture and reuse, groundwater storage and other strategies to improve drought resilience; and

WHEREAS there is now a need to augment ongoing water conservation and drought resilience investments with additional action to extend available supplies, protect water reserves in case drought conditions extend to a third year and maintain critical flows for fish and wildlife.

NOW THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, do hereby issue the following order to become effective immediately.

IT IS HEREBY ORDERED THAT:

- 1) To preserve the State's surface and groundwater supplies and better prepare for the potential for continued dry conditions next year, and to join existing efforts by agricultural water users, public water systems, and governmental agencies to respond to water shortages, I call on all Californians to voluntarily reduce their water use by 15 percent from their 2020 levels. Commonsense measures Californians can undertake to save water and money include:
 - a. Irrigating landscapes more efficiently. As much as 50 percent of residential water use goes to outdoor irrigation, and much of that is wasted due to evaporation, wind, or runoff caused by inefficient irrigation methods and systems. Watering one day less per week, not watering during or immediately after rainfall, watering during the cooler parts of the day and using a weather-based irrigation controller can reduce irrigation water use, saving nearly 8,800 gallons of water per year.
 - b. Running dishwashers and washing machines only when full. Full laundry loads can save 15–45 gallons per load. Full dishwasher cycles can save 5–15 gallons per load.
 - c. Finding and fixing leaks. A leaky faucet that drips at the rate of one drip per second can waste nearly 3,200 gallons per year.
 - d. Installing water-efficient showerheads and taking shorter showers. Keeping showers under five minutes can save 12.5 gallons per shower when using a water-efficient showerhead.
 - e. Using a shut-off nozzle on hoses and taking cars to commercial car washes that use recycled water.

The State Water Resources Control Board (Water Board) shall track and report monthly on the State's progress toward achieving a 15-percent reduction in statewide urban water use as compared to 2020 use.

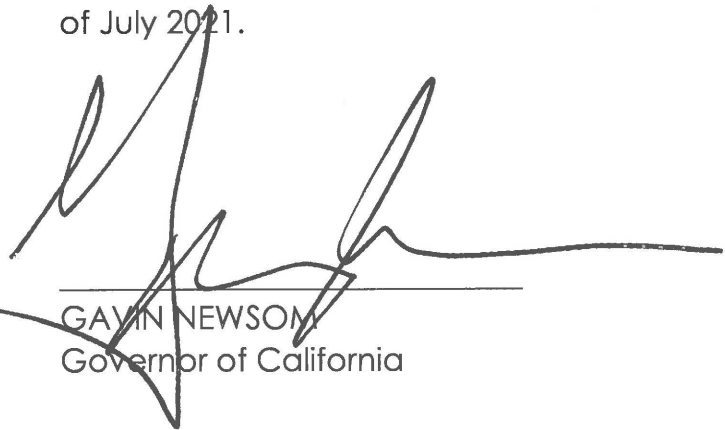
- 2) State agencies, led by the Department of Water Resources and in coordination with local agencies, shall encourage actions by all Californians, whether in their residential, industrial, commercial, agricultural, or institutional use, to reduce water usage, including through the statewide Save Our Water conservation campaign at SaveOurWater.com, which provides simple ways for Californians to reduce water use in their everyday lives.
- 3) The Department of Water Resources shall monitor hydrologic conditions such as cumulative precipitation, reservoir storage levels, soil moisture and other metrics, and the Water Board shall monitor progress on voluntary

conservation as ongoing indicators of water supply risk that may inform future drought response actions.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 8th day of July 2021.



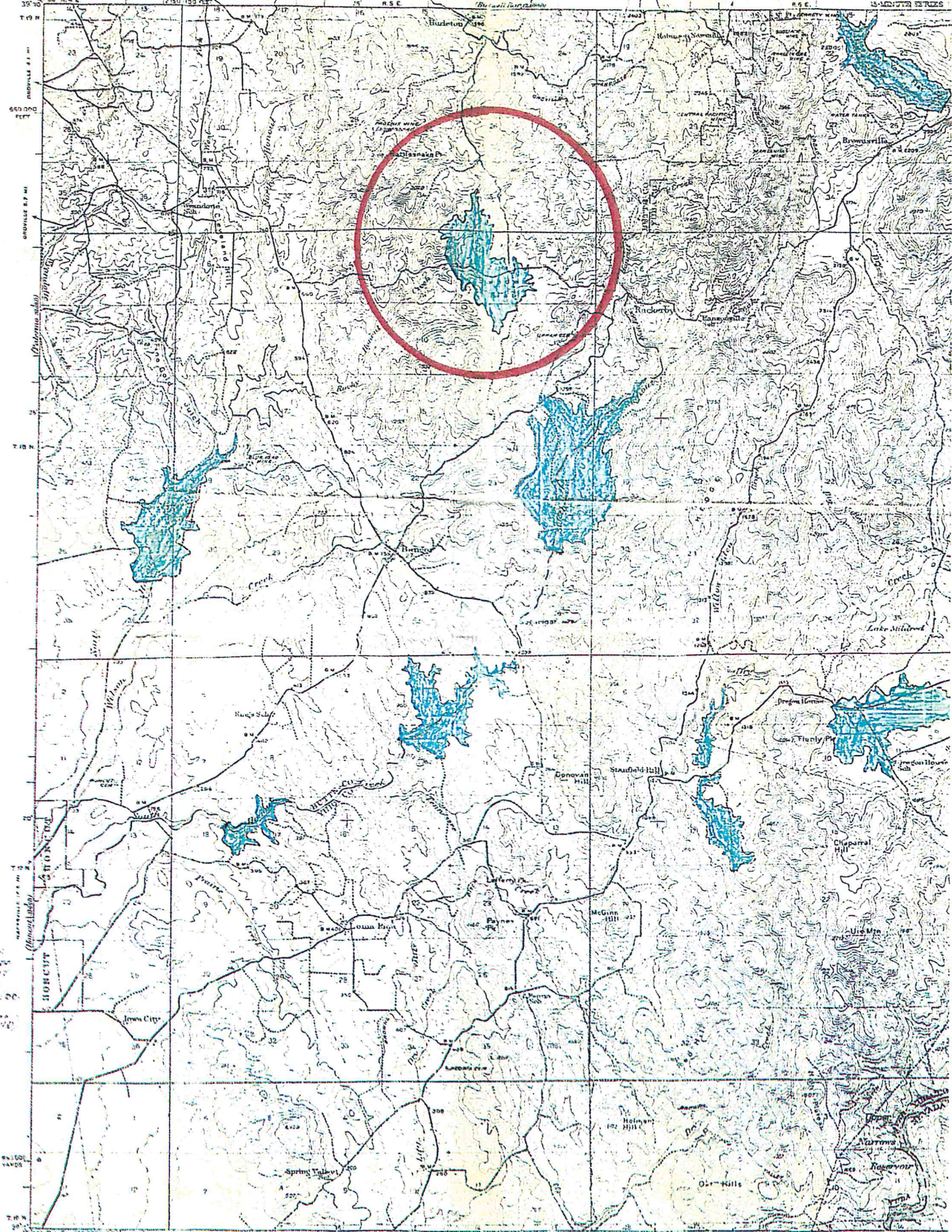
GAVIN NEWSOM
Governor of California



ATTEST:



SHIRLEY N. WEBER, PH.D.
Secretary of State



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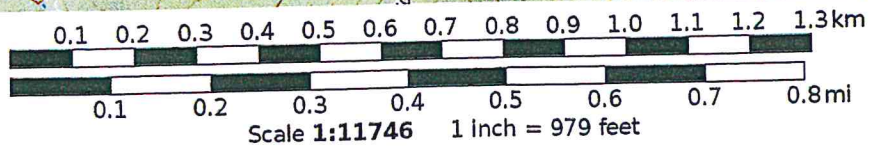
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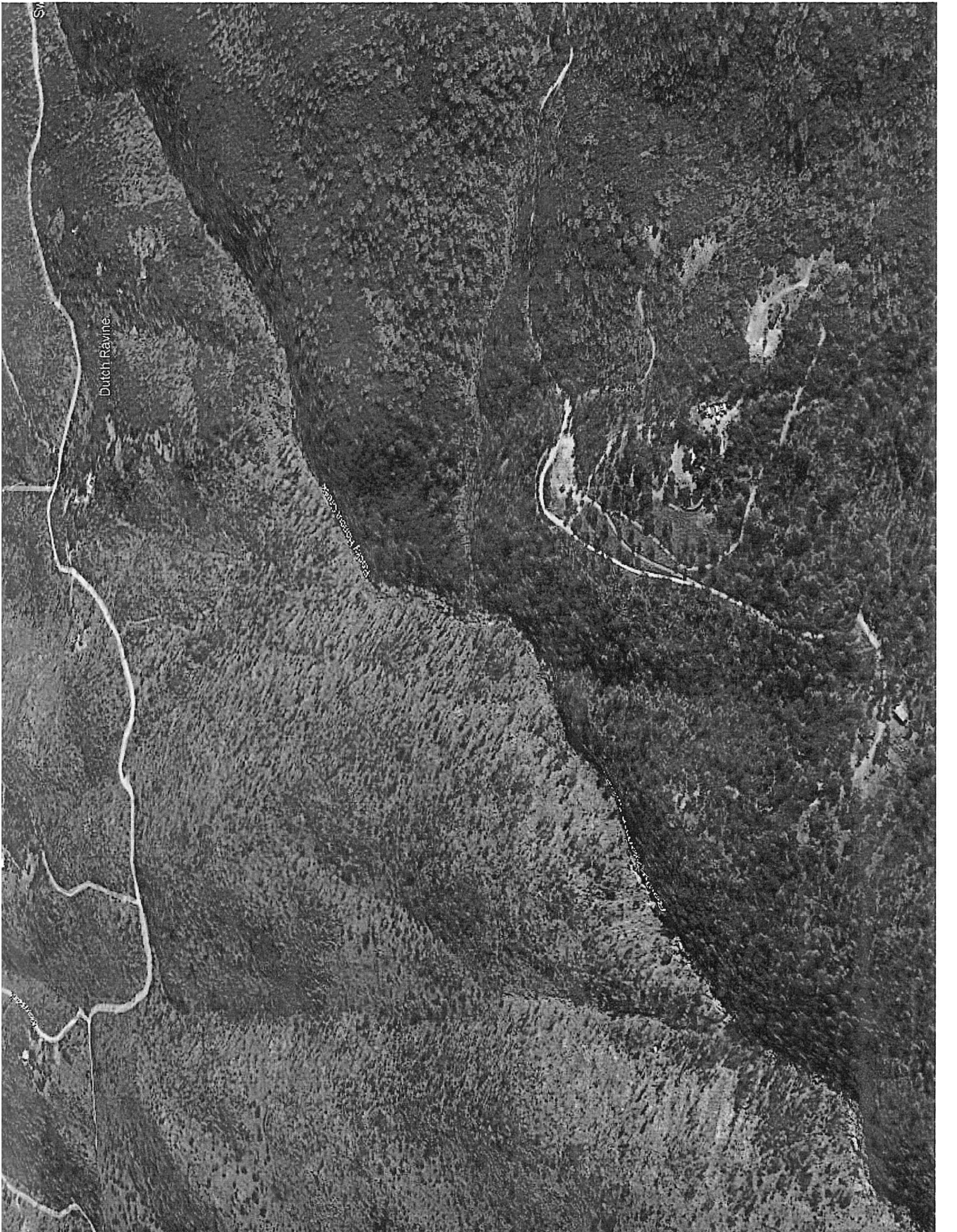
BANGOR, CAL
Geology of California



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