



Legislation Text

File #: 19-636, **Version:** 1

MEMORANDUM

TO: HONORABLE BOARD OF SUPERVISORS

FROM: SUPERVISOR EDDIE CRANDELL, DISTRICT 3

Prepared by Anita L. Grant, County Counsel

DATE: June 25, 2019

SUBJECT: 9:15 A.M. - Discussion and Consideration of County Action in Response to PG&E's Decision to Withdraw its License Application for the Potter Valley Project

EXECUTIVE SUMMARY:

The Potter Valley Project is a hydro-electricity project. This is a small hydro power project consisting of two dams: (1) the Cape Horn Dam which impounds the river into the Van Arsdale Reservoir, and (2) the Scott Dam which creates the Lake Pillsbury Reservoir. PG&E is the current licensee of this project. The project stores run-off from the upper Eel River Basin and diverts approximately 90,000 acre-feet of water each year into the Russian river in order to generate hydroelectric power. The Federal Energy Regulatory Commission (FERC) oversees PG&E's operation of the project.

In April of 2017, PG&E submitted notice to the FERC of its intent to renew its hydro power license. PG&E's current license expires in 2022, requiring it to make a new application no later than April 2020. However, in January of this year, PG&E withdrew its notice of intent and its pre-application document, discontinuing the license application process. In March of this year, the FERC issued a Notice Soliciting Applications. The notice set a deadline of 120 days from the date of that notice (July 1, 2019) for interested applicants, other than the existing licensee, to file notices of intent and pre-application documents, as well as requests to complete the pre-filing stages of the licensing process. In the event no other applicant files an application for a license by April 14, 2020, the current licensee will be provided with written notice that no timely application for the project has been filed. Within 90 days of such written notice, the current licensee must file a schedule for the filing of a surrender application for the project.

Congressman Jared Huffman brought all stakeholders together through the creation of a Potter Valley Ad Hoc Committee. That committee, which includes Lake County, Mendocino County, and Humboldt County among its participants, has very significant goals. Those goals include: to minimize

or avoid adverse impacts to water supply reliability, fisheries, water quality and recreation in the Russian and Eel River Basins, to respect tribal rights and their traditional connections to aquatic life, water and cultural resources in both basins, to minimize and mitigate adverse impacts to Lake County, including Lake Pillsbury businesses and residents, and to ensure accountable governance and financially viable operations, including addressing potential liabilities.

Lake County is a party to and has been involved both in the FERC action and in the Ad Hoc Committee through the participation of the County Supervisor in District 3.

Further, a coalition has formed, consisting of the Sonoma County Water Agency, the Mendocino Inland Water and Power Commission, and California Trout, Inc., which has proposed a project planning agreement to address the region's water supply and to protect endangered salmon species in the Eel River and the Upper Russian River. The planning agreement will allow this coalition to work collaboratively to file a notice of intent and pre-application document with the FERC by the July 1, 2019 deadline to do so. The coalition will commission a feasibility study.

The County of Lake may participate in the coalition's process and offer support to the goals of the coalition or it may request to participate in the coalition directly. Participation in the coalition will likely require a financial contribution.

FISCAL IMPACT: ☐ None ☐ Budgeted ☐ Non-Budgeted

Estimated Cost:

Amount Budgeted:

Additional Requested:

Annual Cost (if planned for future years):

FISCAL IMPACT (Narrative):

STAFFING IMPACT (if applicable):

RECOMMENDED ACTION: Direction to staff and/or direct action by your Board may be taken by motion.