

MEMORANDUM

To: Water Advisory Committee
From: Susan Harvey, WAC Chair
Drew McIntyre, TAC Chair

October 2, 2019

Subject: Approve - WAC Resolution Re: Ongoing Potter Valley Project Relicensing Activities
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At the August 5, 2019 WAC/TAC meeting, the Water Advisory Committee (WAC) was advised that a Special WAC Meeting was being planned in September or October to consider a Guiding Principles Statement related to ongoing Potter Valley Project (PVP) relicensing activities. Since that time, the Guiding Principles Statement has evolved into a Resolution (including a Statement of Interests). The purpose of the Resolution is to support continued successful collaboration with Sonoma County Water Agency in ongoing PVP activities to ensure that Water Contractors are informed and engaged during this process. In September, a WAC PVP Ad Hoc Subcommittee⁽¹⁾ meeting was convened to review the draft Resolution and Statement of Interests (see attached). At that time the subcommittee recommended bringing the draft Resolution and Statement of Interests to the full WAC for approval.

Recommendation

That the WAC approve this Resolution.

1. WAC PVP Subcommittee was created at the November 5, 2018 WAC/TAC meeting and consists of Susan Harvey (Cotati), WAC Chair, Victoria Fleming (Santa Rosa), WAC Member, Jack Baker (NMWD) WAC Member, and TAC Leadership (Drew McIntyre, NMWD and Jennifer Burke, Santa Rosa)

WATER ADVISORY COMMITTEE RESOLUTION SUPPORTING CONTINUED
SUCCESSFUL COLLABORATION WITH SONOMA COUNTY WATER AGENCY
IN ONGOING POTTER VALLEY PROJECT RELICENSING ACTIVITIES

WHEREAS, the Restructured Agreement for Water Supply (RA), executed on June 23, 2006, by and between the Sonoma County Water Agency (Agency), the Cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, and Sonoma; the Forestville, North Marin and Valley of the Moon Water Districts; and the Town of Windsor, collectively known as the Water Contractors, creates the Water Advisory Committee (WAC) and Technical Advisory Committee (TAC); and

WHEREAS, Section 2.4 of the RA addresses the importance of continued communication and collaboration between the Water Contractors and the Agency regarding the Potter Valley Project (PVP) and the Water Contractors' role to ensure that the Agency considers water resiliency, costs as well as other environmental and incidental benefits in its actions related to PVP; and

WHEREAS, on January 25, 2019, Pacific Gas and Electric Company (PG&E) filed a notice withdrawing the Notice of Intent and Pre-Application Document it had filed with the Federal Energy Regulatory Commission (FERC), stating that it will not seek or hold a new license for the PVP, and on January 29, 2019, PG&E's parent company (PG&E Corp.) filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code; and

WHEREAS, on May 17, 2019, California Trout, Inc, Mendocino County Inland Water and Power Commission, and the Agency entered into a Planning Agreement to undertake a study of a potential licensing proposal to the FERC for the PVP; and

WHEREAS, on June 18, 2019, said Planning Agreement was amended to add Humboldt County as a Planning Agreement signatory, and also to add language to expressly support the proposed goals and principles for a Two-Basin Solution that protects water supply and fisheries in both the Eel and Russian River watersheds, as presented by Congressman Huffman's Ad Hoc Committee; and

WHEREAS, on June 28, 2019, the Planning Agreement signatories submitted a Notice of Intent (NOI), Pre-Application Document and Proposed Schedule to the FERC related to continued PVP operations, which called for the development of a feasibility study (Feasibility Study) to evaluate an appropriate relicensing project as well as creation of a regional entity to

pursue the relicensing project; and

WHEREAS, on August 1, 2019, FERC issued a Notice authorizing the Planning Agreement signatories to continue the Integrated Licensing Process previously commenced by PG&E for the Potter Valley Project; and

WHEREAS, the WAC appreciates the Agency's efforts to retain water supply resiliency for the Water Contractors and for the fisheries, and understands and acknowledges the high degree of complexity in completing the Feasibility Study and related work required by the FERC Process; and

WHEREAS, the Water Contractors have a common interest in the Feasibility Study and related work being performed by the Planning Agreement signatories as it relates to Russian River operations, water supply reliability and costs, and the other interests sought to be protected through the Two-Basin Solution; and

WHEREAS, the Water Contractors have a continuing obligation to their respective customers to seek the most cost-effective means to assure water supply resiliency.

NOW, THEREFORE, BE IT RESOLVED, that the Water Advisory Committee hereby adopts the attached Statement of Interests to ensure continued successful collaboration with the Agency and to ensure that the Water Contractors are fully informed and engaged in the development of the Feasibility Study and FERC relicensing process.

ADOPTED this ____ day of _____, 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**Statement of Interests
on
Potter Valley Project Relicensing Activities**

The Water Contractors commend the Sonoma County Water Agency (Agency) for its efforts to retain water supply resiliency for the Water Contractors and for fisheries, as well as for its commitment to inform and involve the Water Contractors in ongoing Potter Valley Project (PVP) Relicensing activities. The Water Contractors are committed to supporting the Agency in its efforts to work with the other Planning Agreement parties to explore mutually beneficial terms based on the Two-Basin Solution as they seek a new FERC license for continued PVP operation. To this end and to ensure continued successful collaboration as the Agency undertakes or participates in the necessary work to implement the Planning Agreement and to meet FERC licensing requirements, the Water Contractors have adopted the following Statement of Interests:

1. To ensure that any decisions regarding the PVP and related Relicensing Activities are consistent with the obligations of the parties to the Restructured Agreement, including, but not limited to, Section 2.4, Potter Valley Project.
2. To receive regular communication and updates from the Agency after internal workshop meetings with Planning Agreement signatories, in order to discuss outcomes from said workshop meetings. It is desired that the Common Interest Agreement meetings will generally occur every 3-4 weeks.
3. To have the opportunity for meaningful input into the Feasibility Study development through regular meetings and discussions between Water Contractors' and Agency technical staff and counsel regarding formation of the Regional Entity, development of feasible capital modifications and O&M requirements necessary for continued PVP operation, and development of a Financial Plan which includes specific sources of initial funding and subsequent revenue streams adequate for long term sustainability of the PVP; and to ensure that Water Contractors will not be obligated to pay any cost that is disproportionate to the benefit received by the Water Contractors and their customers.

4. To have the opportunity to provide meaningful input into any final draft documents through review and the invitation to provide comments to the Agency on the initial draft of the Feasibility Study once it is completed, to include one or more Common Interest Agreement meetings between the Agency and Water Contractor technical staff and counsel.