

MEMORANDUM

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

October 28, 2020

Subject: Approve - WAC Comment Letter for Potter Valley Project Socioeconomic Study (SE-1)

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PG&E's most recent license to operate the Potter Valley Hydroelectric Project (PVP) expires on April 14, 2022. On April 6, 2017 PG&E filed a Notice of Intent (NOI) with the Federal Energy Regulatory Commission (FERC) initiating license renewal. On January 15, 2018, PG&E submitted an updated study plan to FERC and on February 15, 2018, FERC approved the study plan with 21 separate studies. After working on the 21 approved studies for about one year, PG&E decided to abandon the Potter Valley Project and subsequently filed a Notice of Withdrawal to FERC on January 25, 2019. All progress on the FERC approved studies was halted by PG&E when the Notice of Withdrawal was filed. After PG&E's licensing withdrawal, FERC issued a solicitation for other interested applicants to move forward with relicensing. On June 28, 2019, Sonoma County Water Agency, Mendocino County Inland Water and Power Commission, Ca. Trout and the County of Humboldt filed their intent to apply for a new license with FERC. Shortly thereafter, these parties and the Round Valley Indian Tribes entered into an agreement to advance a two-basin solution and are collectively referred to as the NOI Parties (aka Planning Agreement Partners or Two Basin Partners)

At the October 7, 2019 meeting, the WAC voted unanimously to approve a resolution supporting continued successful collaboration with Sonoma County Water Agency (SCWA) in ongoing Potter Valley Project activities. Since that time, the Water Contractors and their respective legal counsel have had multiple meetings with SCWA staff to review progress in the NOI Parties efforts to reduce PVP uncertainty and create a positive outcome that meets the shared objectives for stakeholders in both the Eel and Russian River basins. On May 13, 2020, the NOI Parties filed a Feasibility Study Report that included revisions to the FERC approved studies and added two new studies.

At the May 18, 2020 meeting, the WAC unanimously approved filing a letter to FERC supporting the NOI Parties Feasibility Study Report for the Potter Valley Project. On July 28, 2020, FERC issued Scoping Document 3 which identified project milestones and required the NOI Parties to file an Initial Study Report (ISR). On August 26, 2020 a comment letter was filed

with FERC by the WAC PVP Ad Hoc Subcommittee⁽¹⁾ to address comments to Scoping Document 3 (see Attachment 1).

On September 14, 2020 the NOI Parties submitted an Initial Study Report to FERC and subsequently held a required ISR meeting on September 29, 2020. On October 14, 2020 the NOI Parties submitted an ISR Meeting Summary to FERC. The ISR is now proposing 22 studies, 20 existing and 2 new. One of the new studies is a socioeconomic study (SE-1) to evaluate potential socioeconomic effects of Scott Dam removal including the water supply reliability value to municipal water users in both the Eel and Russian Rivers. If properly structured, this ~\$500,000 study can provide meaningful information to the proposed Regional Entity as it develops a financial plan to ensure adequate revenue streams 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. As a result, on October 23, 2020 another WAC PVP Ad Hoc Subcommittee meeting was convened to review a draft comment letter to SE-1 (see Attachment 2). At that time, the subcommittee recommended bringing the draft comment letter to the full WAC for approval.

Recommendation

That the WAC approve Study SE-1 comment letter (Attachment 2) and authorize signature by the WAC Chair, Susan Harvey

1, WAC PVP Ad Hoc Subcommittee was created at the November 5, 2018 WAC/TAC meeting and consists of the WAC Chair, Santa Rosa WAC Member, NMWD WAC Member, and TAC Leadership (Chair and Vice Chair)



VIA ELECTRONIC FILING

August 26, 2020

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE, Room 1A
Washington, DC 20426

**Re: FERC Project No. 77-298; Potter Valley Project Scoping Document 3
Comments**

Dear Secretary Bose:

This comment letter is submitted by the eight Water Agency Contractors and Marin Municipal Water District which purchase water from the Sonoma County Water Agency (Agency) in accordance with various existing contractual agreements. The Agency is one of the Notice of Intent (NOI) Parties that are proxies for a proposed Regional Entity that may ultimately be the license applicant for the project. The eight Water Agency Contractors include the Cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Town of Windsor, and the North Marin and Valley of the Moon Water Districts. For ease of reference, the eight Water Agency Contractors and Marin Municipal Water District are collectively referred to here as the "water contractors."

We understand that FERC issued two Scoping Document requests previously, but has now re-initiated its scoping document process for the third time, based on significant changes to the proposed project facilities and operations contained in the Feasibility Study Report submitted by the NOI Parties on May 13, 2020. Our comments to the July 28, 2020 Scoping Document 3 for Potter Valley Project are as follows:

SECTION 3.1-NO-ACTION ALTERNATIVE

Comment No. 1 – This section of Scoping Document 3 indicates that the EIS will define the No Project Alternative and baseline environmental conditions as continued operation as required by the current project license. However, PG&E's license will terminate on April 14, 2022 (per footnote 6 on page 1 of Scoping Document 3), before the EIS has even begun, resulting in the potential for non-operation of the Potter Valley Project. Therefore, we request that a second No Action Alternative be added that would be defined as a non-operation scenario with

reasonable assumptions regarding mitigative and closure requirements that would be placed upon PG&E upon termination of their license. The addition of this alternative and baseline will allow the water contractors (and FERC) to ascertain the impacts of denial of the NOI Partners' license application, including potential water supply, fisheries, and socioeconomic impacts.

Comment No. 2 – We request an opportunity to submit comments on the definition of the No Action Alternative-Non-Operation as well as the Staff Alternative(s) to be selected at a later date.

SECTION 3.5- ALTERNATIVES CONSIDERED BUT ELIMINATED FROM DETAILED STUDY

Section 3.5.2- Non-power License

Comment No. 3 – We support elimination of this alternative from detailed study in the EIS.

SECTION 4.1- CUMULATIVE EFFECTS

Section 4.1.2 – Geographic Scope

Comment No. 4 – The geographic scope for water quality (water temperature and dissolved oxygen) should be extended beyond Lake Mendocino to the mouth of the Russian River.

Comment No. 5 – We support the identified geographic scope for water quantity, fishery resources, etc. extending to the mouth of both the Eel and Russian Rivers.

Section 4.2.2 – Water Resources

Comment No. 6 – Effects of continued and proposed project operation and the proposed removal of Scott Dam and Lake Pillsbury on water quantity and water rights should be extended beyond the East Fork to the mouth of the Russian River.

Comment No. 7 – Effects of continued and proposed project operation and the proposed removal of Scott Dam and Lake Pillsbury on dissolved oxygen and water temperature should be extended beyond the East Fork to the mouth of the Russian River.

Section 4.2.3 Fishery Resources

Comment 8 - On September 24, 2008, the National Marine Fisheries Service (NMFS) issued a 15-year Biological Opinion for water supply, flood control

Kimberly D. Bose
August 25, 2020
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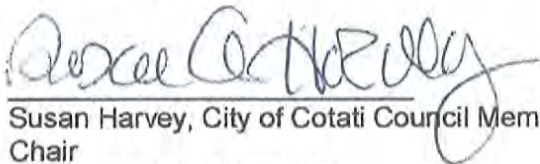
operations, and channel maintenance conducted by the U.S. Army Corps of Engineers (USACE), Sonoma County Water Agency (Water Agency), and Mendocino County Russian River Flood Control and Water Improvement District in the Russian River watershed. Compliance with this Biological Opinion is critical to maintaining the water rights and water quantities required for the supply of water to the water contractors. Any adverse effects of the Proposed Action on the ability to comply with this Biological Opinion must be identified in the EIS.

Section 4.2.9 – Socioeconomics

Comment No. 9 – Effects that formation of the proposed Regional Entity, including its boundaries, mission, and governance, will have on overall project economics, including economic effects on water users, should be analyzed to ensure that no water user will be obligated to pay any cost that is disproportionate to the benefit it receives. Identification of such effects should include both capital and operational costs over the life of the project.

In closing, we would like to express our ongoing appreciation to the FERC for the opportunities that we have been offered to date to provide input in this process.

Respectfully submitted,



Susan Harvey, City of Cotati Council Member
Chair
Water Advisory Committee

Cc: Service List, P-77-285, 298

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VIA ELECTRONIC FILING

DRAFT

November 3, 2020

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE, Room 1A
Washington, DC 20426

**Re: FERC Project No. 77-298
Study SE-1 – Socioeconomics (October 14, 2020)
Comments by Water Agency Contractors**

Dear Secretary Bose:

This comment letter is submitted by the eight Water Agency Contractors and Marin Municipal Water District which purchase water from the Sonoma County Water Agency (Water Agency) in accordance with various existing contractual agreements. The Agency is one of the Notice of Intent (NOI) Parties that are proxies for a proposed Regional Entity that may ultimately be the Federal Energy Regulatory Commission (FERC) license applicant for the Potter Valley Project (Project). The eight Water Agency Contractors include the Cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Town of Windsor, and the North Marin and Valley of the Moon Water Districts. For ease of reference, the eight Water Agency Contractors and Marin Municipal Water District are collectively referred to here as the "Water Contractors."

The Water Contractors' comments in this letter pertain solely to the October 2020 updated version of Attachment D to the NOI Parties' Initial Study Report, entitled Study SE 1, Socioeconomics, and are set forth below:

PAGE D-3 (POTENTIAL RESOURCE ISSUE(S))

Comment No. 1 – We recommend that a list of definitions be added for some of key terms used in this Study (e.g., agricultural producer, domestic water user, M&I water user).

PAGE D-3: PROJECT NEXUS, FIRST 4 BULLETS:

Comment No. 2 states that specific types of impacts to be evaluated because they may have "direct effects...on the affected population." The specific types of impacts should be more clearly identified. The Study should indicate how "the value of water supply reliability" compares to the other categories of impacts, and the degree to which the comparison will be subjective. E.g., will the Study's approach to ascertaining "value" in

this context be reduced to economic value, or will other factors also be considered? If so, which values and why?

In addition, formation of the proposed Regional Entity, including its boundaries, mission, and governance, will have an impact on overall project economics and socioeconomics, including economic effects on all classes of water users, and should be analyzed to ensure that no water user or class of water users will be obligated to pay any cost that is disproportionate to the benefit to be received. Identification of such effects should include both capital and operational costs over the life of the project.

PAGE D-4: POTENTIAL INFORMATION GAPS – DIRECT IMPACTS

Comment No. 3 – Regarding “direct impacts of project options,” the first bullet is limited to “water intake systems.” True comparison of direct impacts should include the effects on water systems as a whole and not just their intakes. Evaluation of impacts on a single farm that has diversion rights and an intake system cannot be compared to evaluation of impacts on large community water supply and distribution systems simply based on information about their respective intake systems.

The word “value” or “values” is used 5 times in the discussion of “direct impacts.” The manner in which the analysis will be done for competing water uses should be more clearly defined or explained – e.g., will the values and impacts considered be objective or subjective or both? Will they be qualitative or quantitative or both?

PAGES D-4 – D-5: POTENTIAL INFORMATION GAPS – INDIRECT IMPACTS

Comment No. 4 – Regarding “indirect impacts of project options,” community water systems for hundreds of thousands of people will be impacted in the same or similar ways as are listed in this summary for various forms of businesses. Indirect impacts, both quantitative and qualitative, on communities from potential changes in the reliability of their water supply should also be evaluated.

PAGES D-5 -D-6: PROPOSED STUDIES/ANALYSIS – SIGNIFICANT INFORMATION GAPS

Comment No. 5 – The Water Agency’s 2016 Fish Flow Draft EIR, as well as the National Marine Fisheries Service’s (NMFS) 2008 Russian River Biological Opinion, should be added to the list of relevant information (see also Comment No. 7, below).

The 2nd Bullet says primary data should be collected on the Eel River below Scott Dam. Additionally, such data should be collected for all diversions from both the Eel and Russian Rivers, grouped by critical river reaches, and should include all competing water uses, including consumptive uses based upon diversions under riparian or appropriative rights, those based upon water supply contracts, and non-consumptive uses such as fisheries and recreation.

The Study should clearly distinguish between qualitative and quantitative analyses, and describe the criteria used for any relative ranking between and among the various impacts to be evaluated.

PAGE D-6: EXTENT OF STUDY AREA

Comment No. 6 - In addition to the various reaches in each river system, potential impacts of Project operations to Lake Sonoma should be within the Study Area Extent, as should potential impacts on consumers in areas served by water users with appropriative rights, in order to fully compare and contrast relevant and appropriate socioeconomic impacts.

PAGE D-7 – WATER SUPPLY RELIABILITY VALUE TO WATER USERS

Comment No. 7 - This paragraph discusses review of other studies that impact instream flows regarding changes in water volume from the Eel and Russian Rivers. On September 24, 2008, NMFS issued a 15-year Biological Opinion for water supply, flood control operations, and channel maintenance conducted by the U.S. Army Corps of Engineers (USACE), Sonoma County Water Agency (Water Agency), and Mendocino County Russian River Flood Control and Water Improvement District in the Russian River watershed. Compliance with this Biological Opinion is critical to maintaining the water rights and water quantities required for the supply of water to the water contractors. Determining the water supply reliability value in the Russian River must take into account continued compliance with this Biological Opinion. Similarly, the Draft EIR prepared by the Water Agency should be taken into account because of its comprehensive review of issues related to and impacts of all water uses in the Russian River. The 2nd Bullet mentions "considerations for appropriative water rights," but is silent with regard to considerations for other forms of water rights and entitlements for water users and classes of users from both the Eel and Russian Rivers.

Similarly, the 3rd Bullet mentions "potential adjudication costs" but lacks explanation or context. If the Study authors are suggesting the possibility of a limited or system-wide water rights adjudication, that seems to imply an assumption that anticipates some form of re-allocation of available water resources outside of or in addition to normal water rights implementation and enforcement. If that is the intention, a clear explanation of the purpose, scope, and context for such an adjudication (a complex, lengthy, and expensive undertaking) should be provided.

The 4th Bullet should be expanded to explain the purpose of using "a least cost approach to determine the next available water supply source." Least cost to whom? Next available water supply for whom? Is this to be evaluated by each individual water user? Or class of water user by (or versus) other class of water user? What purpose does such an analysis serve in the context of this Study? When performed, this type of analysis should be vigorous and extend well beyond a simple literature review of previous studies. For example, it should not be limited to published studies that estimate household willingness to pay to increase water supply reliability and to avoid water shortages.

The methodology(ies) to be used to attempt to evaluate "water supply reliability value" to various types of water users need to be explained, and the criteria for any type of ranking or other relative comparison need to be defined and fully explained.

Kimberly D. Bose
November 3, 2020
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In closing, we would like to express our ongoing appreciation to the FERC for the opportunities that we have been offered to date to provide input in this process.

Respectfully submitted,

Susan Harvey, City of Cotati Council Member
Chair
Water Advisory Committee

Cc: Service List, P-77-285, 298

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