

Kilarc-Cow Creek Overview: April 2011

DIGEST

A local coalition composed of Shasta County, the Community of Whitmore, water and property rights holders, and a local hydro power operator are in a struggle to stop a predetermined arrangement between PG&E and federal and state environmental agencies that would remove a long-established local hydro project, including reservoirs that support hydro-electricity production, fish habitat, a pristine fishing lake that serves as a recreational resource for families and as a fire-fighting resource, as well as separate water delivery system that has provided water supply for ranchers and farmers for over 100 years.

Removal of the reservoirs and the water delivery system (Project 606) is not necessary because there is an ecologically sound, locally-based and supported grass-roots alternative: there is a viable plan to take over and operate the Project, consistent with State and National goals supporting renewable resources and sustainable communities. No scientific studies support the position federal and state regulators have taken that the fishery population will benefit from decommissioning, which will cost PG&E's ratepayers at least \$14.5 million. This does not even include the value of losing an existing local renewable source of electricity. That cost does not include mitigation measures necessary to address the loss to local farming families and residents of their water delivery systems and other known negative impacts. The small but united community fights back but those in charge in Washington DC, San Francisco and Sacramento seem impervious to their plight.

WHAT'S AT STAKE

- (1) Loss of more than 5 MW of existing renewable hydropower annually – the equivalent of powering 3750 rural homes each year.
- (2) Expenditure of at least \$14.5 million by PG&E that its customers will pay to unnecessarily and detrimentally decommission the facilities.
- (3) Loss of a local water resource for firefighting on a large scale, to save houses, businesses and timberlands in this fire-prone area.
- (4) Loss of a water delivery system for family ranchers and farmers who have long-standing water rights.
- (5) Expenditure of perhaps two million dollars or more by the local ranching and farm families to design, site, acquire easements and rights-of-way, obtain approvals and permits, and construct an alternative, new water diversion feature (to replace the diversion PG&E will destroy) to allow them to continue to use their long-established water rights and make a living for themselves -- if it is in fact possible to construct a new diversion at all because of the regulatory conditions required.
- (6) Loss of a local lake that provides recreation and economic stimulus to the local population, including their handicapped, some of whom are veterans.
- (7) Loss of a water source, through the drying up of the lake, which supports the water table for household wells of a large part of the community.

- (8) Loss to Shasta County of \$84,000 - \$150,000 annually in local tax revenues from existing Project operations.
- (9) In contrast, the only benefit claimed for removing the three hydro projects is a “guess” by the fishery agencies that if PG&E ceases its operations, decommissions the diversion canals and drains the reservoir, the additional flows in the bypass reaches on private lands will marginally improve fish habitat. There are known physical barriers, Whitmore Falls, and fish passage in South Cow Creek that reduce the likelihood of the agencies’ assumption, and there is no scientific evidence to support the agencies’ claims.

WHO’S INVOLVED AND AVAILABLE TO COMMENT

- Shasta County
- Abbott Ditch Users – 10 local farming and ranching families with water rights tied to the hydro power facilities dating back over a century.
- Local residents and families who have depended on Kilarc Lake for generations for their recreation and to supplement their food supply, and to support water table for their private wells.
- Evergreen Shasta Power, LLC- a local hydropower owner and operator with member interests including Sierra Pacific Industries (SPI), and the Tetrick Ranch, who have significant land holdings that surround Kilarc and Cow Creek powerhouses and facilities.

SUSTAINABLE COMMUNITY SOLUTION

In the local alternative, Shasta County and Evergreen Shasta Power, LLC would purchase the facilities from PG&E and obtain authorization from FERC and the resource agencies to operate the facilities. The results of this alternative include:

- (1) Upgraded facilities and improved fish habitat.
- (2) Savings to PG&E customers of at least \$14.5 million.
- (3) Benefits to PG&E customers through purchase of the existing facility.
- (4) Preservation of Kilarc Lake as a recreational resource and reservoir for firefighting purposes.
- (5) Respect for the adjudicated water rights of local ranchers and farmers, and avoidance of protracted and costly litigation.
- (6) Retaining 5 MW of existing renewable hydro generation in good operating condition.
- (7) Continued flow of tax revenues to the County.
- (8) Fund for habitat and water quality measures.
- (9) Avoiding unknown risks, including the possibility that Kilarc Lake is needed for water table recharging and the potential release of toxic sediments from behind the Project dams with no current plans for safe disposition, as well as increased fire hazard risks.
- (10) Avoiding the risk that local hydrology will change, potentially drying up wells that residents rely on for their subsistence.

- (11) Avoiding the potential (and likely) result that the negative impacts and significant costs to the community will be without merit – that the fisheries will not achieve the proposed benefits.
- (12) Preservation of miles of riparian and aquatic habitat that produces food organisms for fish in the natural streams, supporting both upland and aquatic life in an otherwise hot and dry ecosystem, and providing biological diversity at the landscape scale that will be lost if the facilities are destroyed.
- (13) Respecting the 100-year balance in this community between man and his environment.

NEXT STEPS

- Shasta County is requesting assistance in getting high level meetings with the federal and state resource agencies in order to avoid lengthy and costly litigation.
- FERC released its Draft Environmental Impact Statement on the Kilarc-Cow Creek Hydroelectric Plants, Project-606, on June 22, 2010, which recommends PG&E's Decommissioning Plan and License Surrender.
- FERC held two public hearing on the DEIS on July 14 and another on August 17, in the town of Whitmore (30 miles east of Redding, CA). Several hundred people from the community attended these meetings and expressed their concerns about the adverse effects. No members of the public spoke in favor of decommissioning.
- Public comment on the environmental document was open until August 25, 2010, after which time FERC was free to issue its Final Environmental Impact Statement.
- FERC is due to release its Final EIS any time. This action would signal authorization, if favorable, to PG&E to begin its decommissioning.
- If decommissioning is authorized, years of costly appeals and litigation will follow. Environmental improvements will be delayed and uncertainty will continue for the community.

POINTS OF INTEREST

- On April 12, 2011, California Governor, Jerry Brown signed SB 2X, the RPS mandate. California's Renewables Portfolio Standard Program now requires public utilities to source at least 33% of their retail sales from renewable energy sources by 2020.
- If Federal Energy Regulatory Commission approves the predetermined arrangement between PG&E and the resource agencies in this case, it could set a Commission precedent for surrendering a facility license and dismantling a useable energy project that is local and renewable, regardless of the negative impact on the community and the

environment, and regardless of whether it results in the proper use of water resources as defined under the Federal Power Act, contrary to the federal law which requires the Commission to act in the public interest before it approves a decommissioning plan and license surrender.

- Questions:
 - 1) If the PG&E decommissioning plan which lacks scientific studies doesn't make sense then how does a community get Washington or Sacramento to listen?
 - 2) Where a community has come together with a plan to improve the environment, including retaining green energy and habitat restoration, save recreation, save a water delivery system, save the Shasta County tax revenue, retain fire suppression and save rate payers over \$14.5M, what is in the public interest in ignoring and destroying a century year old balance?
 - 3) After all the years of experience with environmental legislation and NEPA, have we forgotten that their primary objective was to harmonize people and their environment?

KEY POINT

- If the agencies are seeking their own agenda, as opposed to the community's, and the community presents a self-help solution that promotes the public interest, including improving the environment and makes much better sense, then a solution must be found to counter the imposition of such an unscientifically supported coercion.