



COUNTY OF HUMBOLDT

For the meeting of: 3/12/2019

File #: 19-332

To: Board of Supervisors

From: Public Works

Agenda Section: Departmental

SUBJECT:

Potter Valley Project Update

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive an update on recent developments regarding the future of Pacific Gas & Electric's Potter Valley Project on the Eel River.

SOURCE OF FUNDING:

General Fund (1100 251 - Water Management)

DISCUSSION:

On June 5, 2018, the Board of Supervisors adopted Resolution No. 18-56 (Attachment 1) which expressed the County of Humboldt's position regarding the future of the Potter Valley Project on the Eel River. The Potter Valley Project is a hydropower facility, owned by Pacific Gas & Electric ("PG&E") in Mendocino County, that diverts water from the Eel River into the Russian River.

In January 2019, PG&E filed for bankruptcy and submitted a notice of withdrawal from the Federal Energy Regulatory Commission ("FERC") relicensing process for the Potter Valley Project. PG&E also halted the auctioning process for the facility which had been initiated in 2018. FERC is expected to initiate the "orphan project process" for the Potter Valley Project, although the timeframe for that process has not been determined.

In 2017, Congressman Jared Huffman convened an ad hoc committee with a large number of stakeholders to pursue a "Two-Basin Solution" (Attachment 2) for the Potter Valley Project that would encompass interests in both the Eel River and Russian River basins. The Huffman committee was intended to complement the formal FERC relicensing process and continues to facilitate stakeholder discussions in pursuit of a two-basin solution settlement agreement.

Supervisor Fennell and Craig Tucker, water resources consultant for Public Works, have been coordinating with communities along the lower Eel River to provide updates and receive input to help

inform Humboldt County's approach to settlement discussions. Mr. Tucker will provide an update to the Board of Supervisors on recent developments.

FINANCIAL IMPACT:

Today's recommendation will not impact the Humboldt County General Fund. Funds to support involvement with the Potter Valley Project re-licensing process and settlement discussions have been incorporated into the fiscal year 2018-2019 budget.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by providing community-appropriate levels of service and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

Many federal, state, and local agencies and tribal governments.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

N/A

ATTACHMENTS:

- 1 Resolution No. 18-56
- 2 Proposed Goals and Principles for a Two-Basin Solution (August 1, 2018)

PREVIOUS ACTION/REFERRAL:

Board Order No.: H-1

Meeting of: June 5, 2018

File No.: N/A

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of June 5, 2018

RESOLUTION NO. 18-56

**RESOLUTION ADOPTING THE COUNTY OF HUMBOLDT'S POSITION REGARDING
THE FUTURE OF THE POTTER VALLEY PROJECT ON THE EEL RIVER**

WHEREAS, the Potter Valley Project, currently owned by Pacific Gas & Electric (PG&E), was constructed on the main stem of the Eel River in Mendocino County between 1905 and 1922 to generate hydroelectric power, and through its operation serves as an inter-basin transfer of water from the Eel River basin to the Russian River basin; and

WHEREAS, the benefits of water diversions to the Russian River have come at the expense of substantial downstream impacts to the Eel River and its fisheries; and

WHEREAS, the main stem of the Eel River flows through Humboldt County for approximately 81 river miles before discharging into the Pacific Ocean; and

WHEREAS, the export of water from North Coast watersheds is one of Humboldt County's most significant water resource policy issues; and

WHEREAS, the ecosystem services and beneficial uses of the Eel River are a vital part of Humboldt County's core community values; and

WHEREAS, residents and communities within Humboldt County depend on the Eel River for water supply, fishing, recreation, and many other uses; and

WHEREAS, the County of Humboldt recognizes the importance of the Eel River to the Wiyot Tribe, Bear River Rancheria, Blue Lake Rancheria, Round Valley Indian Tribes, and other affected tribes for ceremonial, medicinal, practical, and subsistence uses; and

WHEREAS, the Potter Valley Project has contributed to habitat degradation, declining fish populations, economic losses, and loss of recreational opportunities within Humboldt County; and

WHEREAS, the Potter Valley Project has redistributed the natural wealth of the Eel River to the detriment of downstream communities in Humboldt County; and

WHEREAS, the Potter Valley Project has deprived the residents of Humboldt County from fully utilizing the resources of the Eel River; and

WHEREAS, PG&E's hydropower license for the Potter Valley Project expires on April 14, 2022; and

WHEREAS, Congressman Jared Huffman convened an ad hoc committee of interested parties in 2017 to work toward a two-basin solution that addresses issues and concerns in the Eel River and Russian River watersheds; and

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

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WHEREAS, PG&E announced, on May 10, 2018, its intent to put the Potter Valley Project up for auction; and

WHEREAS, the County of Humboldt has a duty, as a political subdivision of the State of California, to protect and restore the natural resources within County boundaries.

NOW, THEREFORE, BE IT RESOLVED THAT THE HUMBOLDT COUNTY BOARD OF SUPERVISORS ADOPTS THE FOLLOWING POSITION STATEMENT REGARDING THE FUTURE OF THE POTTER VALLEY PROJECT:

- The County of Humboldt believes that decommissioning and full or partial removal of the Potter Valley Project is inevitable due to the aging infrastructure, low power production, and high cost of upgrading the facility to comply with current dam safety and environmental regulations.
- The County of Humboldt believes that restoration of fish populations in the Eel River will be best achieved through removal of Scott Dam to allow volitional fish passage to spawning and rearing habitat historically used by migrating salmonids.
- The County of Humboldt will actively participate in the hydropower re-licensing process administered by the Federal Energy Regulatory Commission, Congressman Jared Huffman's Potter Valley Project Ad Hoc Committee, and discussions exploring the potential transfer of the Potter Valley Project to a regional (multi-county) entity.
- The County of Humboldt recognizes that the Potter Valley Project provides tangible benefits to other counties and supports a collaborative approach to solving the regional issues and concerns.
- The County of Humboldt supports Congressman Huffman's call for a two-basin solution with co-equal goals and believes that consideration of Russian River water users' interests will be essential to achieving a comprehensive solution.
- The County of Humboldt will advocate strongly on behalf of the water users and natural resources within Humboldt County for water supply reliability, fish populations that support sustainable harvest opportunities, and full restoration of beneficial uses within the Eel River.
- The County of Humboldt will advocate for elimination of summer and fall water diversions and restoration of the Eel River's natural flow regime to restore and enhance fisheries, water quality, water supply, and recreational opportunities.
- The County of Humboldt will advocate for thorough consideration of the decommissioning alternative through the hydropower re-licensing process.

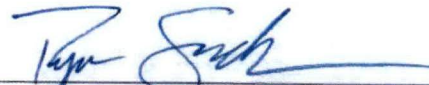
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- The County of Humboldt will advocate for PG&E (or its successor) to sponsor a participatory process involving all affected stakeholders prior to the submittal of a final re-licensing application.
- The County of Humboldt will advocate for technical studies that fully address the primary concerns for Eel River watershed health and sustainability, which include: fish passage necessary for access to spawning and rearing habitat above Scott Dam; fish passage survival at Cape Horn Dam (for both adults and juveniles); downstream geomorphic effects; effects on environmental cues (flow and temperature) for migrating salmonids and other fish species; effects on invasive species (such as the Sacramento pikeminnow); effects on tribal uses and resources; and effects on downstream municipal, domestic, and agricultural water supply.
- With regard to a potential regional entity assuming operation of the facility, the County of Humboldt will advocate for full recovery of the County's costs; protection from liability; fair and equitable representation in the governance structure; and assurances that the needs of the Eel River and downstream communities will be satisfied.

Dated: June 5, 2018



Ryan Sundberg, Chair

Humboldt County Board of Supervisors

Adopted on motion by Supervisor Fennell, seconded by Supervisor Wilson, and the following vote:

| | | |
|----------|-------------|---------------------------------------|
| AYES: | Supervisors | Bohn, Sundberg, Fennell, Wilson, Bass |
| NAYS: | Supervisors | -- |
| ABSENT: | Supervisors | -- |
| ABSTAIN: | Supervisors | -- |

STATE OF CALIFORNIA)
County of Humboldt)

I, KATHY HAYES, Clerk of the Board of Supervisors, County of Humboldt, State of California, do hereby certify the foregoing to be an original made in the above-entitled matter by said Board of Supervisors at a meeting held in Eureka, California.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said Board of Supervisors.



By Ryan Sharp

Deputy Clerk of the Board of Supervisors of the
County of Humboldt, State of California



Congressman Jared Huffman
Potter Valley Project Ad Hoc Committee
08.01.2018

Proposed Goals and Principles for a Two-Basin Solution

We as interested parties in the Potter Valley Project Ad Hoc Committee are committed to joint problem solving and working toward an outcome of the PVP relicensing process that reflects the following goals and principles:

- Co-equal goals:
 - Improve fish passage and habitat on the Eel River sufficient to support recovery of naturally reproducing, self-sustaining and harvestable native anadromous fish populations including migratory access upstream and downstream at current project dam locations; and
 - Minimize or avoid adverse impacts to water supply reliability, fisheries, water quality and recreation in the Russian River and Eel River basins
- Other goals:
 - Respect tribal rights and their traditional connections to aquatic life, water and cultural resources in both basins
 - Minimize and mitigate adverse impacts to Lake County, including Lake Pillsbury businesses and residents
 - Ensure accountable governance and financially viable operations, including addressing potential liabilities
 - Jointly pursue public funding based on environmental and water supply benefits
 - Ensure that implementation of fish passage improvements in the Eel River basin happens in parallel and ideally simultaneously with water supply solutions in the Russian River basin