

Potter Valley Project Update & Approval of Water Diversion Agreement for New Eel-Russian Facility

July 22, 2025

Grant Davis (General Manager)

David Manning (Division Manager, Environmental Resources)

Cory O'Donnell (Chief Deputy County Counsel)

Richard Roos-Collins (Outside Counsel)



**Sonoma
Water**



Today's Meeting

- Updates
 - PVP Background
 - Eel-Russian Project Authority
 - New Eel-Russian Facility
 - Water Diversion Agreement
 - Preliminary Cost Estimates
 - Next Steps and Potential Schedule
- Recommended Board Actions
 - Approve and authorize Chair of Sonoma County Board of Supervisors and Chair of Sonoma Water Board of Directors to execute Water Diversion Agreement
 - Authorize Sonoma Water General Manager to enter into agreements with Eel-Russian Project Authority



Introduction to the Potter Valley Project

- Currently owned by PG&E, has diverted water from the Eel River to the Russian River since 1908.
- Historic diversions have been year-round for hydropower.
- The Project has adversely affected anadromous fisheries, environmental quality, and related beneficial uses of water in the Eel River Basin.
- Water diverted from the Eel to Russian River has supported agriculture, communities, and the environment for more than 100 years.
- In 2019, PG&E announced intent to stop operating the project as no longer economically feasible.
- By July 29, 2025 PG&E will file License Surrender Application.
- Russian River & Eel River interests implementing a plan of action.



Scott Dam & Lake Pillsbury



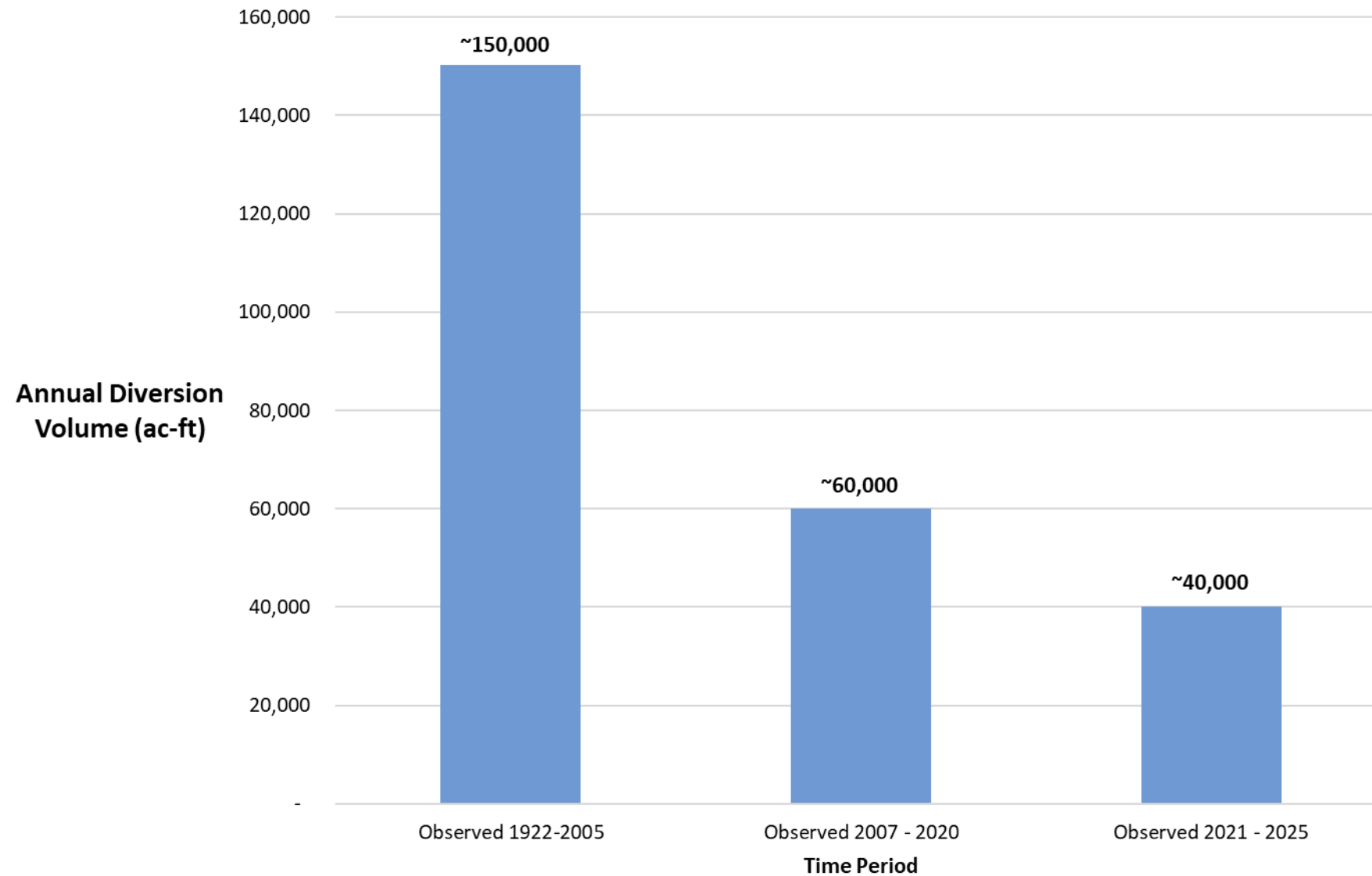
Cape Horn Dam & Van Arsdale Reservoir



Coyote Valley Dam & Lake Mendocino



Average Annual Volumes of Eel River Water Diverted through the Potter Valley Project (acre-feet per year)



Two-Basin Partnership

- ♦ Improve fish migration and habitat on the Eel River with the objective of achieving naturally reproducing, self-sustaining, and harvestable native anadromous fish populations; and
- ♦ Maintain continued water diversion from the Eel River through the existing tunnel to the Russian River to support water supply reliability, fisheries, and water quality in the Russian River Basin.

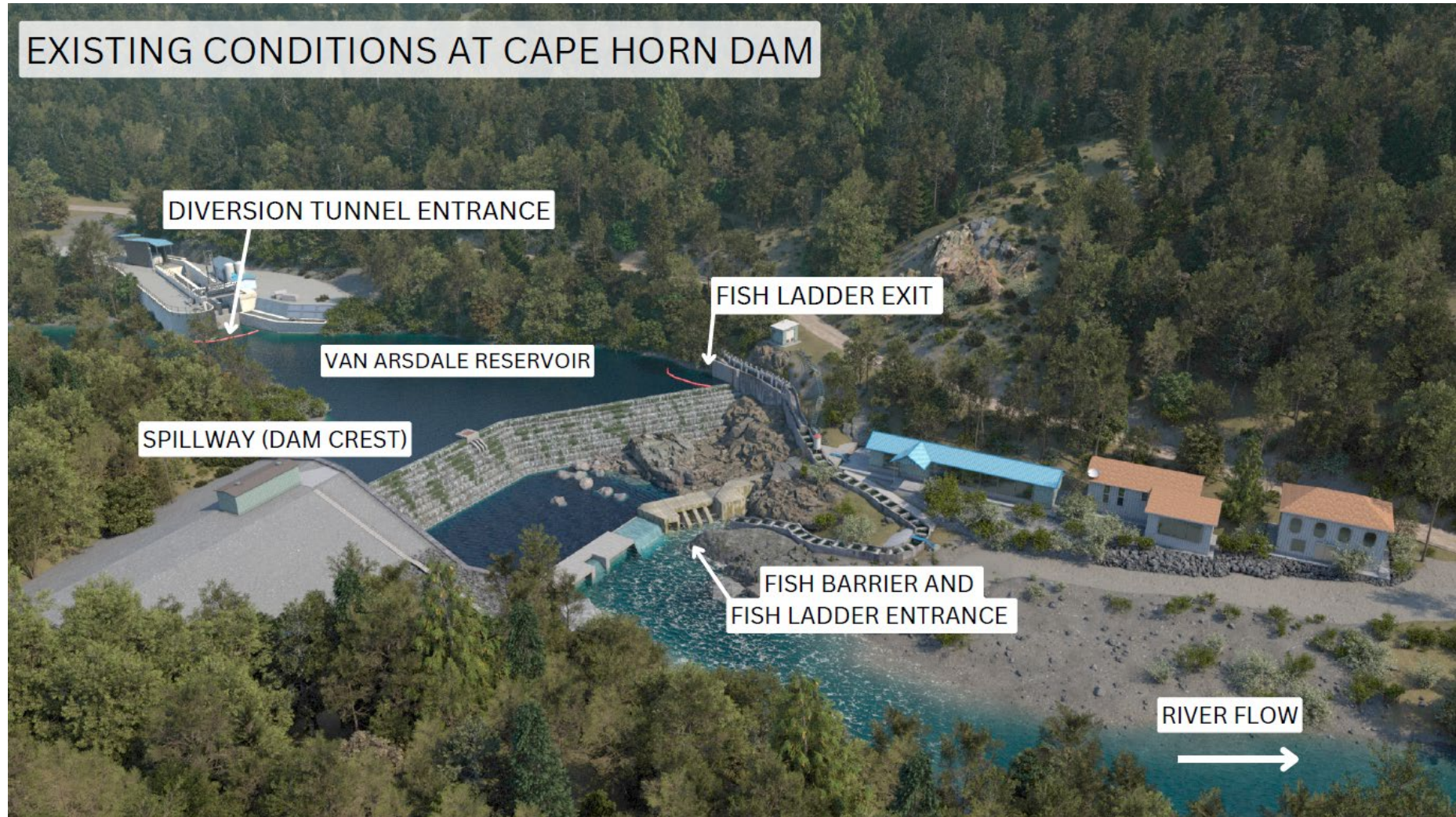


Eel-Russian Project Authority

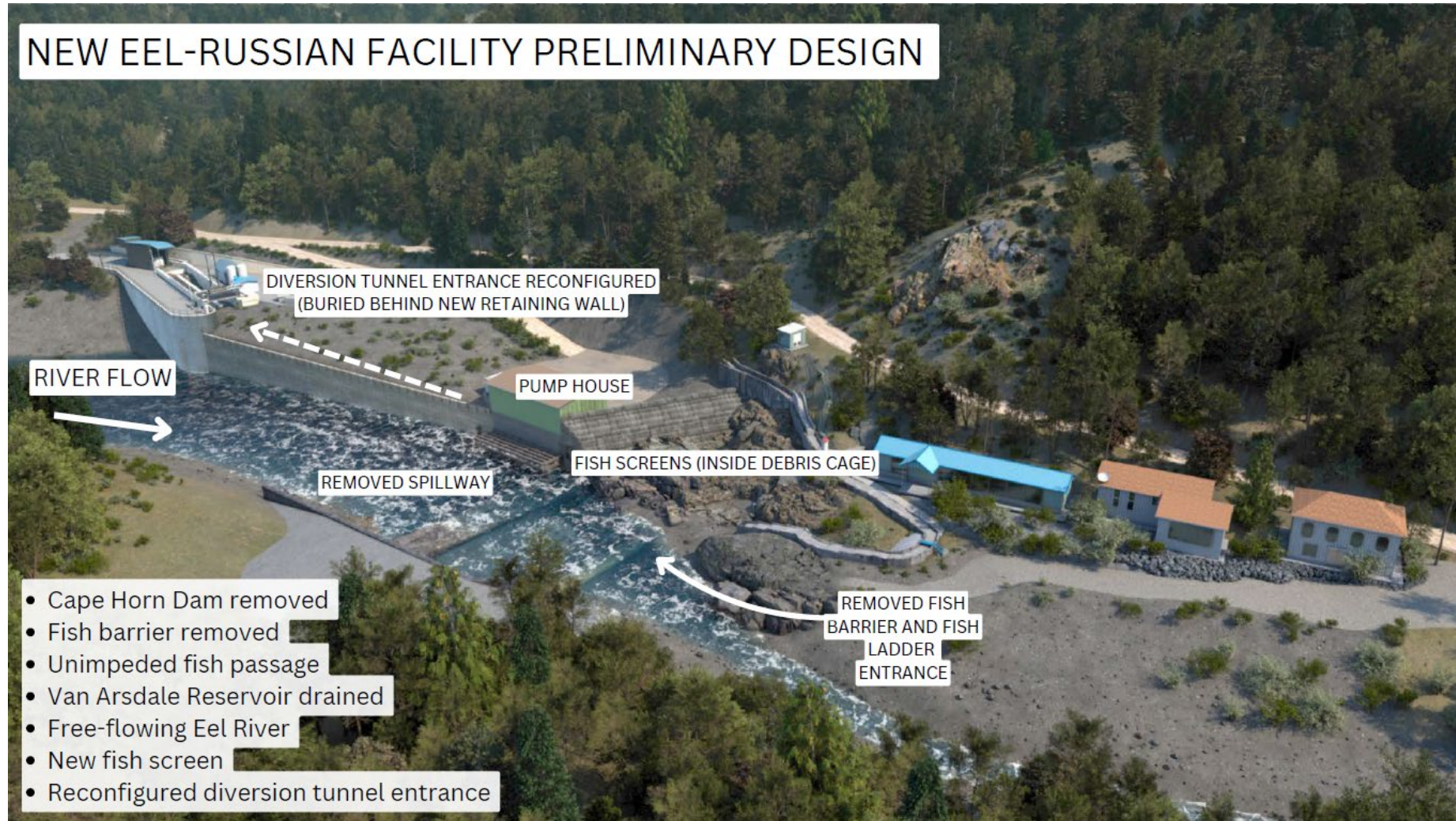
- ◆ In December 2023, Sonoma Water, Sonoma County, and Mendocino County IWPC formed ERPA as a joint powers authority. RVIT has a seat on ERPA's Board of Directors.
- ◆ ERPA proposes to construct, operate, and maintain a New Eel-Russian Facility to divert water from the Eel River, at the site of and following the decommissioning and removal of Cape Horn Dam, on terms consistent with restoration of the anadromous fisheries of the Eel.



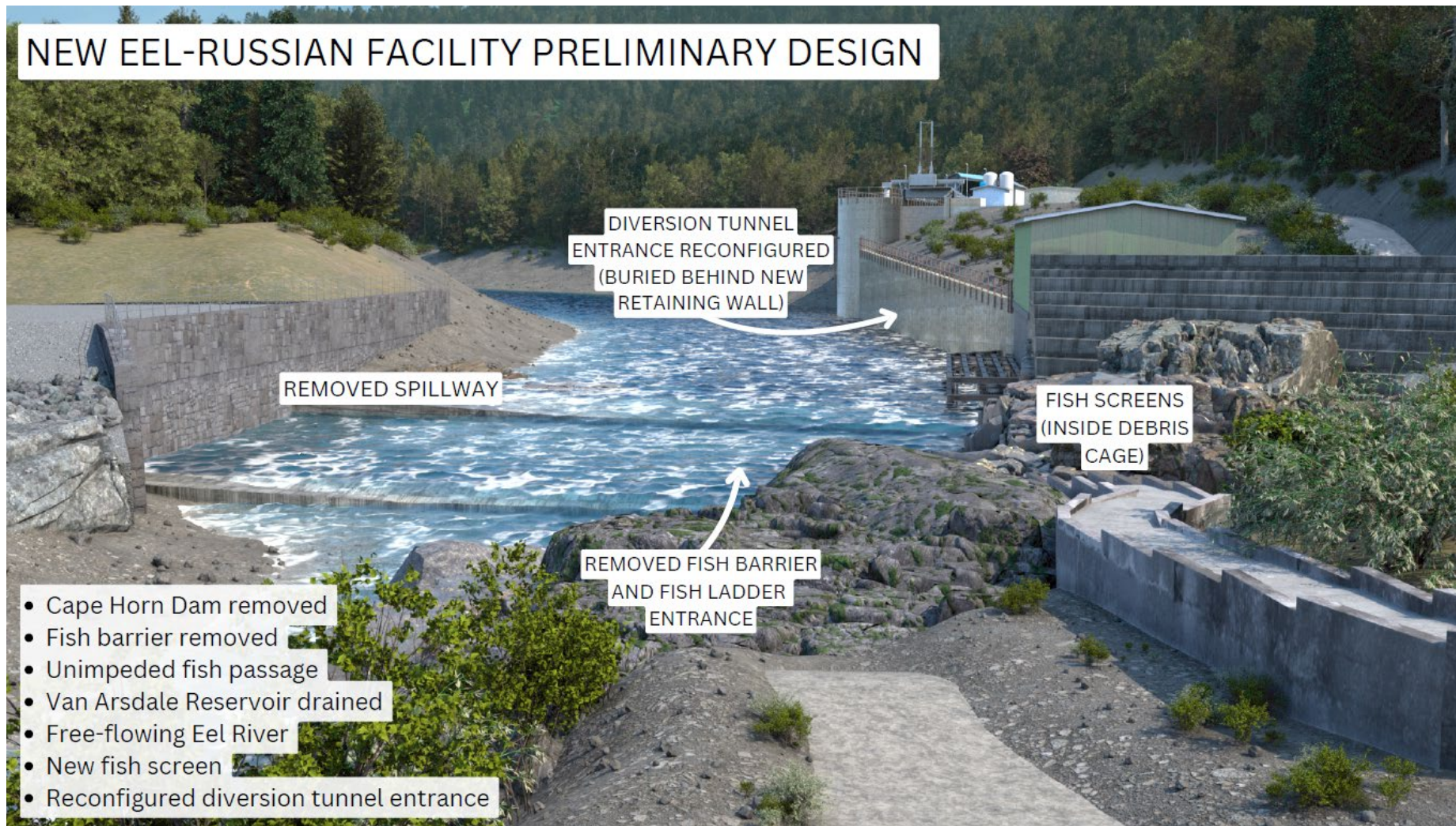
Cape Horn Dam



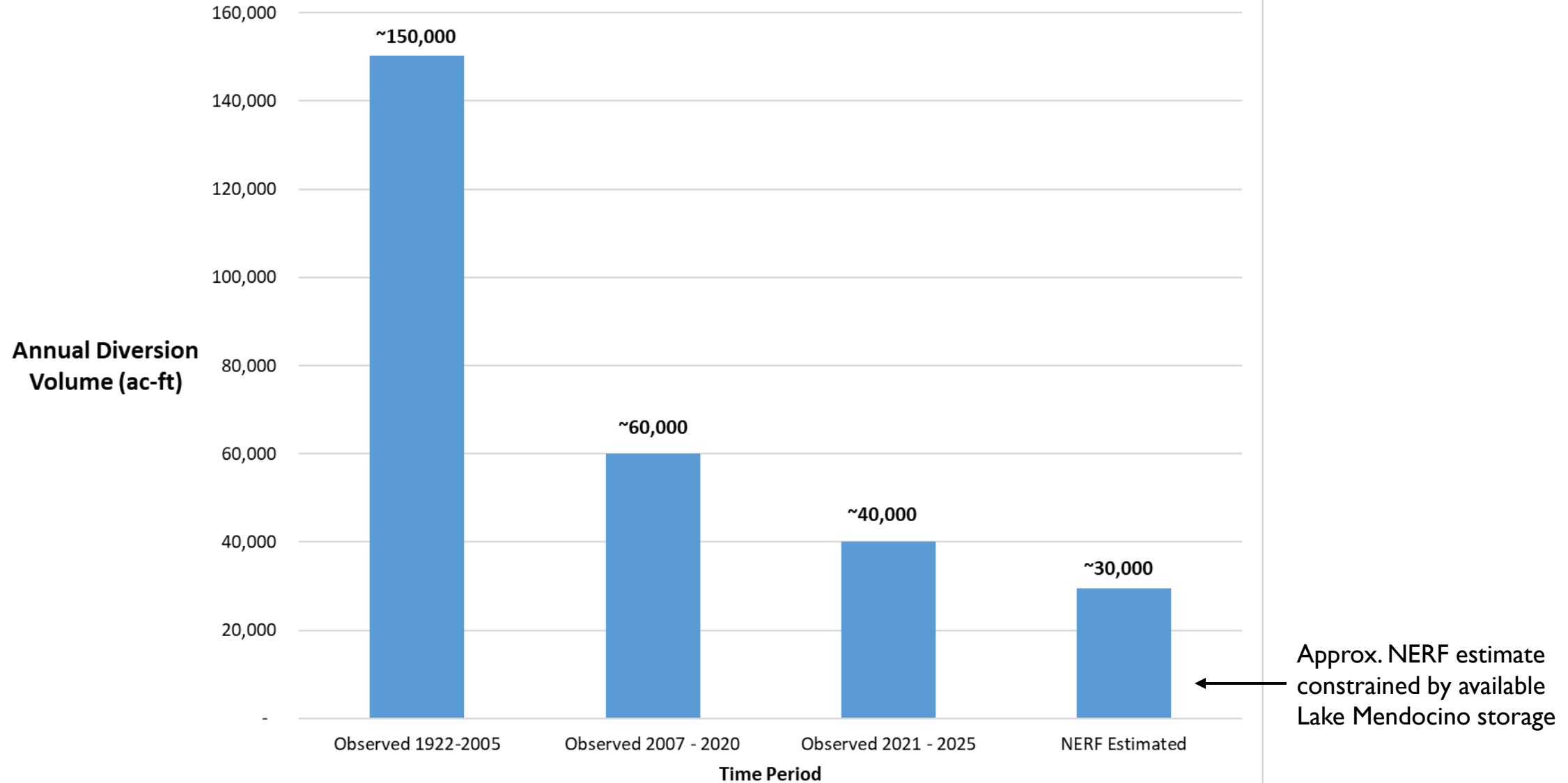
New Eel-Russian Facility (NERF)



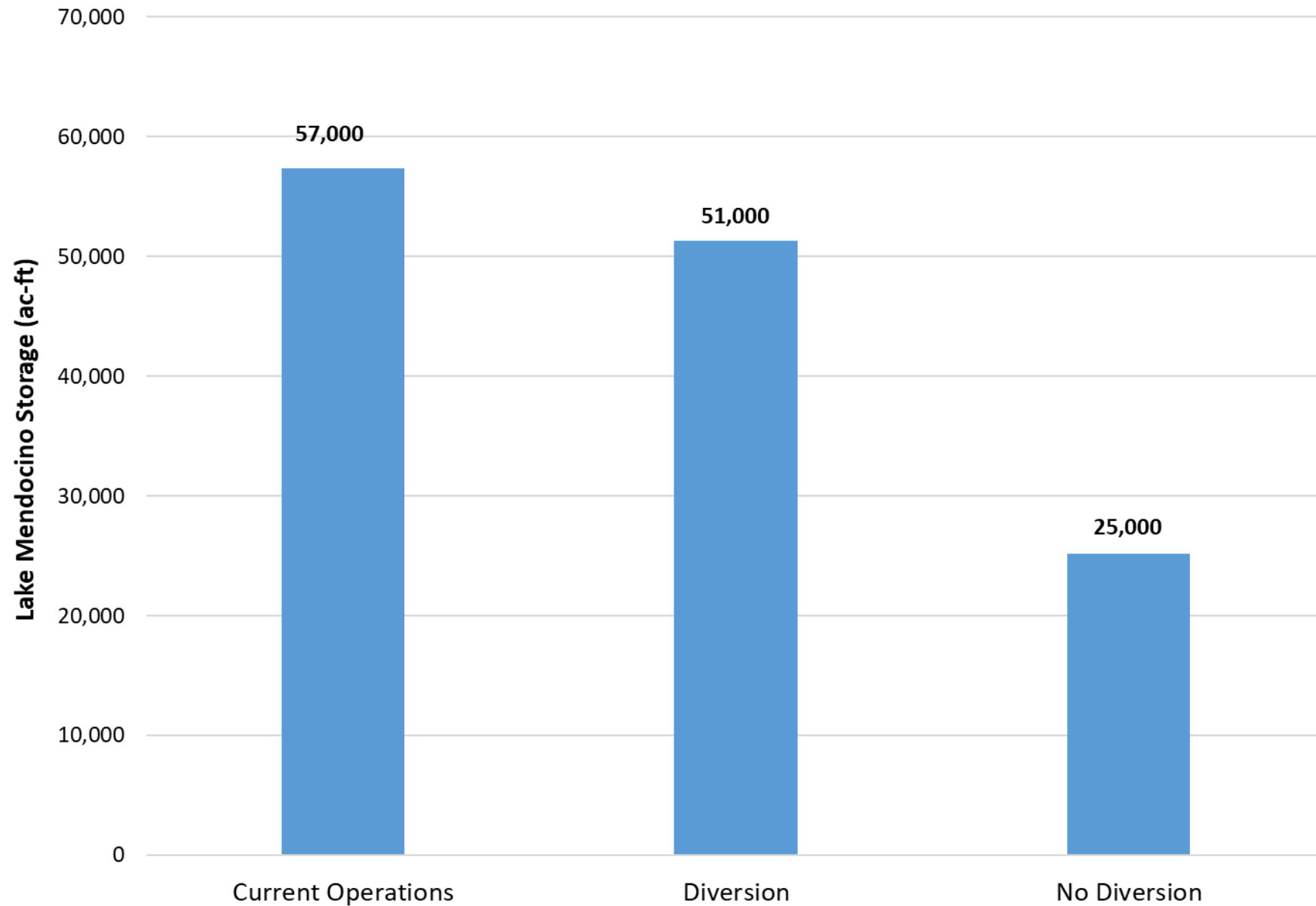
New Eel-Russian Facility (NERF)



Average Annual Volumes of Eel River Water Diverted through the Potter Valley Project (acre-feet per year)



Average Modeled Lake Mendocino Storage on September 30th



MOU to Advance Water Diversion Agreement

CDFW, Round Valley Indian Tribes, Sonoma Water, Mendocino IWPC, Cal-Trout, Humboldt County, Trout Unlimited

- Signed February 13, 2025
- State pledged \$18 million (\$9 million for NERF; \$9 million Eel River Restoration Fund).



Water Diversion Agreement

- Support PG&E's application to FERC to construct NERF concurrent with removal of Cape Horn Dam
- PG&E's water rights
 - Proposed to be owned by RVIT, dedicated to instream flow and NERF diversion
 - Leased to ERPA when operations begin, lease payment of \$1,000,000/year
 - Additional payment of \$750,000/year to Eel River Restoration Fund
- Operations
 - Not under FERC's jurisdiction
 - Diversion rules, performance metrics & adaptive management including monitoring
- Initial term of 30 years, renewal term of 20 years if:
 - \$25 million raised for Eel River Restoration Fund
 - Russian River users increase resiliency
 - Compliance with diversion rules, no negative effect to salmon and steelhead recovery
- Shared fundraising goal (not required for renewal)
 - \$100 million for NERF and Eel (before construction), \$100 million (renewal term), split between NERF and Eel
- Dispute Resolution and enforcement



NERF Preliminary Cost Estimates (2025 dollars)

- 💧 Design and Permitting: \$5 million
- 💧 Construction: \$50 million
- 💧 Operations and Maintenance: \$7-12 million annually
 - Operations (staffing, equipment, supplies, power)
 - Administration and Insurance
 - Construction Bonds
 - Annual Contingency
 - Annual Water Rights Lease
 - Annual Restoration Payment
- 💧 Revenue: Grants, Bonds, Water User Payments



Next Steps and Potential Schedule

- 💧 PG&E License Surrender Application filed with FERC by July 29, 2025
- 💧 All Parties Sign Water Diversion Agreement by July 29, 2025
- 💧 2025-2028
 - ERPA Business Plan
 - NERF 60%-90% design
 - ERPA CA Environmental Quality Act (CEQA) for NERF
 - PG&E resource management and engineering plans
 - FERC prepares NEPA document for PG&E License Surrender
 - State Water Board CEQA for PG&E Clean Water Act Compliance
 - U.S. Army Corps Of Engineers NEPA for PG&E and ERPA Clean Water Act Compliance
 - National Marine Fisheries Service (NMFS) Biological Opinions for PG&E dam removal and NERF construction
- 💧 2028-2030
 - FERC Surrender Order
 - ERPA and PG&E Final Engineering, Permits, Bidding, Contracting
- 💧 2030-2035
 - PG&E Dam Removal and Restoration
 - NERF Construction



Actions to Support ERPA

- ERPA can designate member agency employees to act on ERPA's behalf and can contract with member agencies for services.
- ERPA proposes to:
 - Designate Sonoma Water staff to act as ERPA Executive Director
 - Authorize Sonoma Water to perform various technical and other work on ERPA's behalf, including outreach and communications, NERF design work, NERF environmental compliance and permitting work, and ERPA business plan development, including engaging consultants.
- ERPA and Sonoma Water would enter into agreements for this work, including provisions on reimbursement and payment for services.

Recommended Board Actions

- 💧 Approve and authorize the Chair (on behalf of County of Sonoma and Sonoma Water) to execute the Water Diversion Agreement for the New Eel-Russian Facility in substantially the form presented and approved by County Counsel.
- 💧 Authorize Sonoma Water's General Manager to enter into agreements with the Eel-Russian Project Authority regarding staffing and technical support and other work in a form approved by County Counsel.