



Sonoma Water

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Potter Valley Project Update and Formation of the Eel-Russian Project Authority

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    [sonomawater.org](https://www.sonomawater.org)



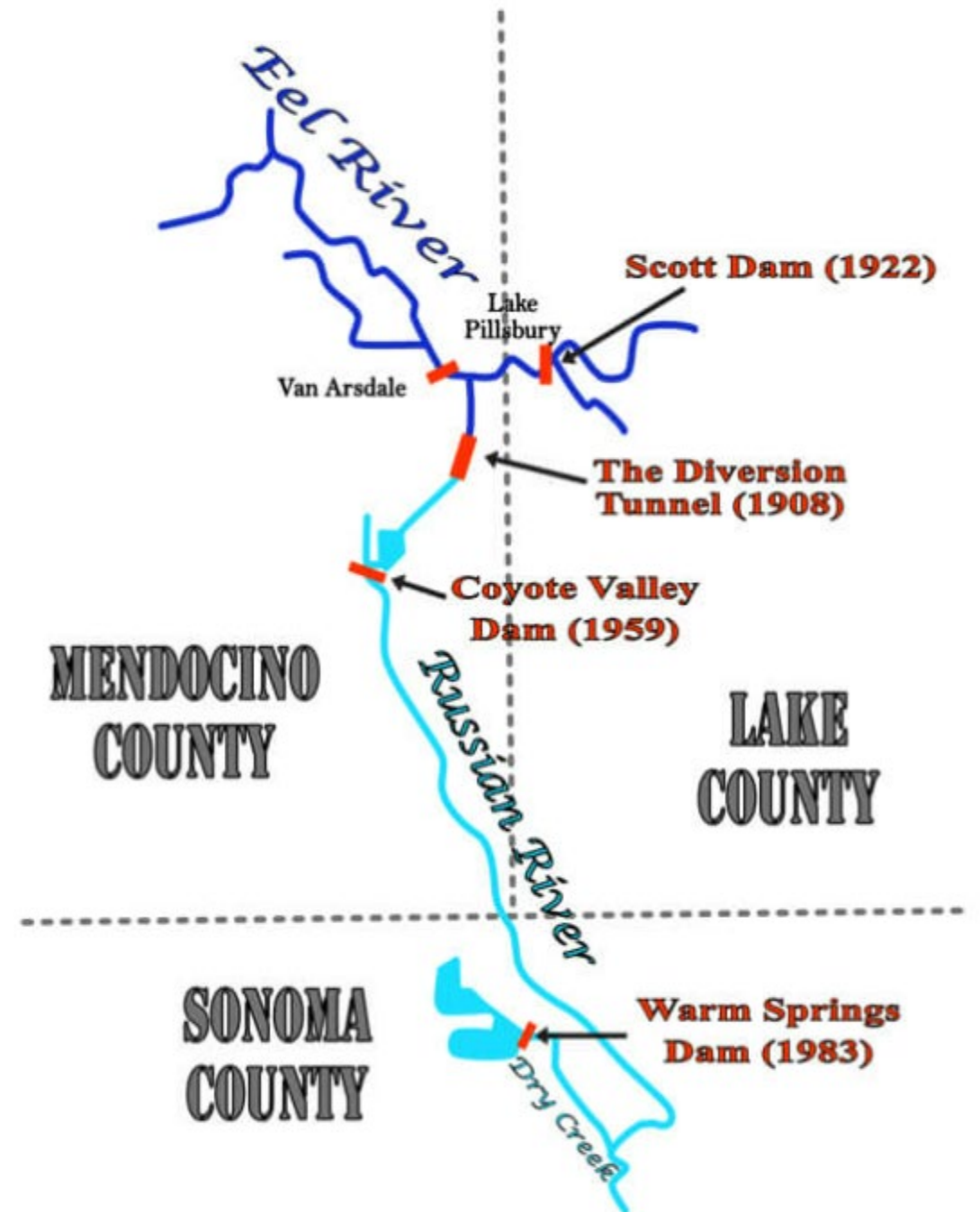
Today's Item

- Update on the Potter Valley Project license surrender process
- Consider authorizing the Chair to execute the Joint Exercise of Powers Agreement to create the Eel-Russian Project Authority
- Request Chair appoint representatives to the Eel-Russian Project Authority Board of Directors



Potter Valley Project (PVP)

- Owned and operated by Pacific Gas & Electric Co. for over 100 years
- Prior to 2007, an average of 150,000 acre-feet (AF) of water annually was transferred from the Eel River to the Russian River
- Between 2007 and 2021 the transfer averaged about 60,000 AF per year
- This water source is critical to Russian River water users
- This water also benefits migrating threatened chinook salmon



PG&E Decision to Surrender

Date	Action
Nov. 17	Distribution of Initial Draft Surrender Application including decommissioning plan
Dec. 22	Deadline for comments on Initial Draft Surrender Application
Dec. 2023 – Feb. 2024	Initial consultation with resource agencies and tribes
June 2024	Consultation with resource agencies and tribes
June 3, 2024	Distribution of Final Draft Surrender Application
July 18, 2024	Deadline for comments on Final Draft Surrender Application
Jan. 29, 2025	Filing and distribution of Final Surrender Application



Potter Valley and Russian River Impacts

- Impacts from decommissioning:
 - **Lake Mendocino is predicted to go dry about five out of 10 years** (unless significant intervening measures are taken)
 - Threats to human health and safety and listed fish species.
 - Conservation and local projects cannot replace this source of water in the short term
 - Economic losses in the tens of millions



Original proposal submitted to PG&E

- Sonoma Water, Mendocino County Inland Water and Power Commission, Round Valley Indian Tribes
- Under the proposal (which PG&E has issued a non-binding acceptance in concept) the proponents would:
 - Form a Regional Entity as a JPA
 - Convene a table to negotiate a settlement agreement
 - Develop the financial capacity for ownership, construction, and operation of the Facility
 - Agree with PG&E on terms for a Purchase and Sale Agreement
 - Acquire and modify the PVP's water diversion facilities and construct a New Eel-Russian Facility



Progress since August: Revised Proposal

- Key stakeholder meetings facilitated by California Department of Fish and Wildlife and Round Valley Indian Tribes
- Revised proposal submitted to PG&E, which includes CDFW, CalTrout, Humboldt County and Trout Unlimited
- Revised proposal establishes principles for negotiating terms and conditions for water diversion facility:
 - Ensures reliable water supplies to Russian River and restores Eel River fisheries
 - Dam deconstruction and diversion construction would be coordinated to not result in delays
 - A License Surrender Agreement would be agreed upon by November 2024
 - Coalition will also focus on regional outcomes



Community engagement

- Stakeholder assessment included 38 interviews with 73 people
- Russian River Water Forum established and has met four times since May 2023
- Regional press on both original and revised proposal
- Presentations to city councils and community organizations
- Webpage established for updates, sonomawater.org/PVP



Progress since August: PG&E draft

- PG&E released initial draft License Surrender Application on Nov. 17, 2023
- High-level description of decommissioning plan
- Includes references to revised proposal and description of two diversion facility options
- Proponents will submit comments to PG&E by Dec. 22, 2023



Short Term Keys to Success (before January 2025)

- Form initial Regional Entity
- Agreement on terms for a purchase and sale agreement and settlement agreement
- Financial Capacity
 - Russian River Water Rights Holders
 - Capital Funding
 - Operations and Maintenance Funding
 - **Cost for Water Supply Reliability**
- Address water right constraints
 - Many water users will not have legal access to water



Formation of initial Regional Entity: Eel-Russian Facility Authority

- Joint Exercise of Powers Authority (JPA)
- Mendocino County Inland Water and Power Authority, County of Sonoma, Sonoma Water
- Round Valley Indian Tribes will have a seat on five-member board
- Legal standing to negotiate with PG&E, to enter into agreements with PG&E and other parties, and to implement the proposed Eel-Russian Facility project



Recommended Board actions

- 1) Approve, and authorize the Chair to execute, the Joint Exercise of Powers Agreement between the Mendocino County Inland Water and Power Commission, County of Sonoma, and Sonoma County Water Agency and creating the Eel-Russian Project Authority
- 2) Request Chair appoint a representative from Sonoma Water's Board of Directors and a representative from the County Board of Supervisors to serve on the Eel-Russian Project Authority Board of Directors, and appoint an alternate for each



Questions and Discussion

