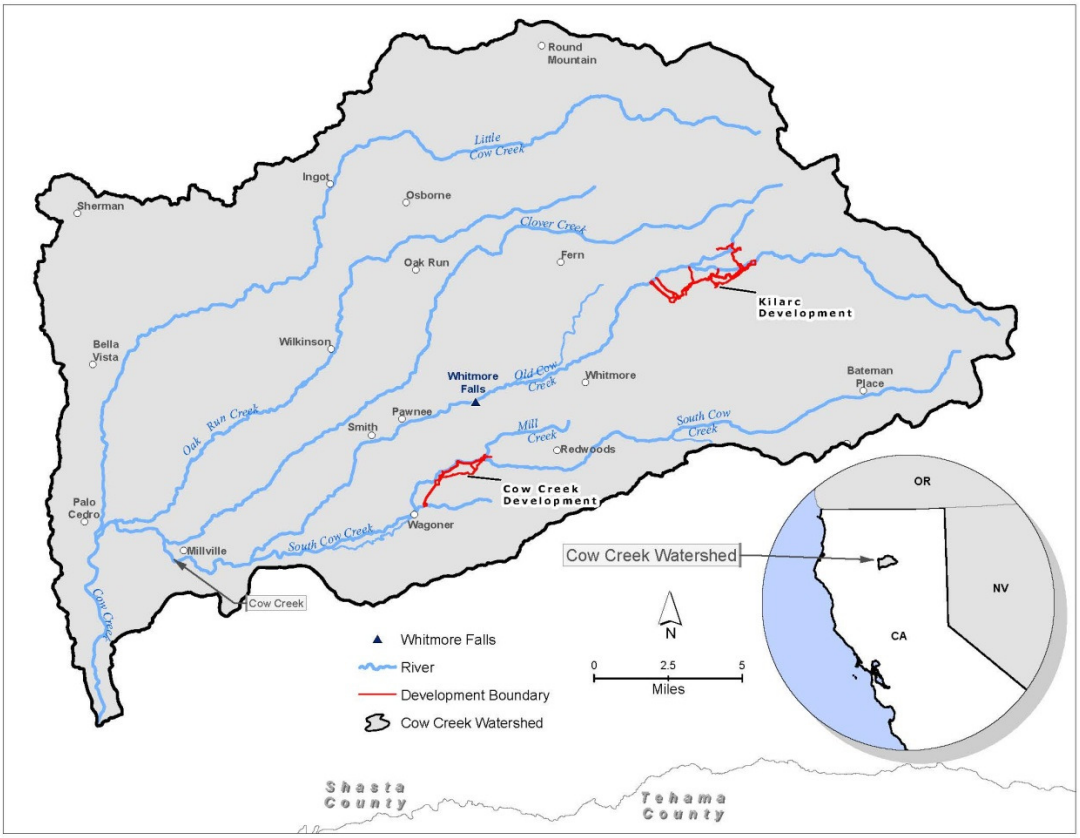
Notice of Preparation and Scoping Meeting for an Environmental Impact Report for the Kilarc-Cow Creek Hydroelectric Project License Surrender



PROJECT AREA

To save paper, the State Water Resources Control Board (State Water Board) strongly encourages interested parties to subscribe to receive information by email. If you would like to receive future announcements about Kilarc-Cow Creek Hydroelectric Project related matters, please provide your email address or mailing address to Mr. Jeffrey Parks at (916) 341-5319 or JParks@waterboards.ca.gov. If you would like to receive additional information related to the Division of Water Rights Water Quality Certification Program, please subscribe to the State Water Board's email list for "Water Rights Water Quality Certification" under "Water Rights" online at: http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.shtml

Alternatively, if you would like to be placed on the State Water Board's hard copy mailing list for Kilarc-Cow Creek Hydroelectric Project related matters, you must request to be placed on the list. If you do not request to be placed on the mailing list (or request to remain on the list if you are already on the list) by April 22, 2013, you will no longer receive hard copy notices until such time as the State Water Board receives a renewed request to be placed (remain) on the hard copy mailing list.[1] Requests to be placed on the hard copy mailing list should be sent to:

Jeffrey Parks
State Water Resources Control Board
Division of Water Rights
P.O. Box 2000
Sacramento, CA 95812-2000.

[1] There will be the opportunity to sign up for the hard copy mailing list at the scoping meeting.

Notice of Preparation **Form B**

To: State Clearinghouse, Governor's Office of Planning and Research
P.O. Box 3044
Sacramento, CA 95812-3044

Subject: **Notice of Preparation of an Environmental Impact Report for the Kilarc-Cow Creek Hydroelectric Project License Surrender**

Lead Agency:		**Consulting Firm (If applicable):**	
Agency Name	State Water Resources Control Board	Firm Name	Cardno ENTRIX, Inc.
Street Address	P.O. Box 2000	Street Address	701 University Ave. Suite 200
City/State/Zip	Sacramento, CA 95812-2000	City/State/Zip	Sacramento, CA 95825
Contact	Mr. Jeffrey Parks	Contact	Ms. Laurie Warner Herson

The State Water Board is the California Environmental Quality Act (CEQA) lead agency for the Kilarc-Cow Creek Hydroelectric Project License Surrender (Proposed Project) under its discretionary Clean Water Act (CWA) Section 401 water quality certification (certification) authority. Pacific Gas and Electric Company (PG&E) owns and operates the Kilarc-Cow Creek Hydroelectric Project (Hydro Project). The State Water Board plans to prepare an Environmental Impact Report (EIR) for the surrender of the federal license for the Hydro Project. The Hydro Project is licensed by the Federal Energy Regulatory Commission (FERC), and is designated as FERC Project No. 606. The existing license expired on March 27, 2007, and the Hydro Project continues to operate under an annual license. On March 13, 2009, PG&E filed an application to surrender its license for the Hydro Project. In compliance with the National Environmental Policy Act (NEPA), FERC prepared an Environmental Impact Statement (EIS).

On July 6, 2012, PG&E reapplied to the State Water Board for certification of the Proposed Project. The State Water Board must comply with CEQA prior to issuing any certification. The State Water Board determined that the FERC EIS does not fully comply with CEQA, and therefore has determined that it is necessary to prepare a separate EIR in conformance with CEQA.

The State Water Board is seeking comments from trustee agencies and interested persons concerning the scope and content of the environmental information to be included in the EIR. Please send your comments to Mr. Jeffrey Parks at the address shown at the end of this Notice of Preparation. In your response, please provide the name and contact information for a contact person in case there are questions about the comments.

Project Title: Kilarc-Cow Creek Hydroelectric Project License Surrender (Proposed Project)

Project Location: The Hydro Project is located in Shasta County, California, about 30 miles east of the city of Redding, near the community of Whitmore. The Hydro Project consists of two developments located in the Cow Creek watershed, which drains into the Sacramento River. The Cow Creek watershed is comprised of two drainage areas: Old Cow Creek (Kilarc Development); and South Cow Creek (Cow

Creek Development). The location of the Hydro Project and associated developments are shown in the figure at the front of this Notice of Preparation.

SCOPING MEETING

A scoping meeting is scheduled as presented in the table below and will be conducted in two parts. In the first part, State Water Board staff, or contractors working on behalf of the State Water Board, will explain the Proposed Project, describe the State Water Board's role as the certification agency, and provide other information to trustee agencies and interested persons. During the second part, attendees will be provided with the opportunity to submit oral and written comments concerning the range of alternatives, potentially significant effects, and mitigation measures that should be analyzed in the EIR. The time allotted for each individual or organization to comment orally may be limited if the number of people in attendance so requires. The scoping meeting will be documented by transcript.

Scoping Meeting Date and Time	Scoping Meeting Location
April 10, 2013 6:00 p.m. – 8:00 p.m.	Millville Grange **22037 Old 44 Drive** Palo Cedro, CA 96073

If you would like to request a reasonable accommodation for a disability, please contact Ms. Laurie Herson, of Cardno ENTRIX, at laurie.warnerherson@cardno.com or (916) 386-3861.

QUESTIONS AND ADDITONAL INFORMATION

General questions about this Notice of Preparation should be directed to Mr. Jeffrey Parks at (916) 341-5319 or JParks@waterboards.ca.gov. Questions regarding legal issues should be directed to Mr. Carlos Mejia at (916) 341-5184 or carlos.mejia@waterboards.ca.gov.

Information related to the water quality certification for the Proposed Project will be posted on the Proposed Project's webpage, which is available online at:
http://www.waterboards.ca.gov/waterrights/water_issues/programs/water_quality_cert/ceqa_projects.shtml

BACKGROUND

Pursuant to the CEQA, Public Resources Code, Sections 21000 et seq., the State Water Board is initiating preparation of an EIR regarding the potential impacts of the Proposed Project as compared to the environmental baseline of current Hydro Project conditions. The CEQA Project objectives are to:

- Surrender the license for operation of the Hydro Project in conformity with the March 2005 Memorandum of Agreement (Agreement) executed by PG&E, the State Water Board and others. The Agreement contains a list of subjects to be addressed through the decommissioning process (e.g., the disposition of canals).

- Decommission and remove or modify several Hydro Project features and facilities to comply with California water quality standards.

Section 401 of the CWA (33 U.S.C. § 1341) requires every applicant for a federal license or permit that may result in a discharge into navigable waters to provide the federal licensing or permitting agency with certification that the project will be in compliance with specified provisions of the CWA. Section 401 provides that conditions of certification shall become conditions of any federal license or permit for the

project. The State Water Board is the agency in California that is responsible for certification of any potential discharge from an activity that requires a FERC license or amendment. (Wat. Code, § 13160; Cal. Code Regs., tit. 23, § 3855, subd. (b).) The issuance of a Section 401 certification is a discretionary action subject to CEQA compliance. Because there are potentially significant impacts associated with the Proposed Project, the State Water Board has decided to prepare an EIR.

Under the provisions of the CWA, a certification may be issued if the State Water Board determines that the project will comply with specified provisions of the CWA, including water quality standards and implementation plans. The State Water Board will determine whether the Proposed Project adequately protects the beneficial uses and meets the water quality objectives for water bodies in the Proposed Project area, as defined in the *Water Quality Control Plan (Basin Plan) for the Sacramento River and San Joaquin River Basins* (Basin Plan; Central Valley Regional Water Quality Control Board, 2007). Additional information concerning the Basin Plan and designated beneficial uses is available at the following website: http://www.waterboards.ca.gov/centralvalley/water_issues/basin_plans/index.shtml.

On September 16, 2009, FERC issued a public notice of scoping meetings and environmental site reviews to assist it in identifying the scope of the environmental issues that should be analyzed in the NEPA document. Scoping meetings and environmental site reviews were held October 19-22, 2009. On the basis of comments filed in response to the scoping notice and comments made at the scoping meeting, FERC staff issued a Notice of Intent to prepare an EIS on February 19, 2010. FERC prepared a draft EIS (DEIS) to describe and evaluate the probable effects, including site-specific and cumulative effects of PG&E's proposal (Proposed Action) and reasonable alternatives to the Proposed Action. The DEIS was issued on June 22, 2010. FERC issued the Final EIS on August 16, 2011, recommending the license surrender as proposed, with additional FERC recommendations.

When an EIS for a project has already been completed, the CEQA lead agency should use the federal EIS as the EIR, if the EIS complies with CEQA. (Cal Code Regs, tit. 14, § 15221, subd. (a).) In this instance, the EIS meets many of the requirements of CEQA, and will form the basis for the EIR. In some areas, however, the EIR must differ from the EIS in order to:

- Reflect the independent judgment of the State Water Board (See Cal. Code Regs., tit. 14, §§ 15090, 15084, subd. (a).);
- Incorporate more recent information important to environmental review;
- Ensure that sufficient information is disclosed regarding the potential environmental impacts of a range of conditions the State Water Board may impose to meet water quality standards; and
- Comply with any CEQA provisions not covered in the EIS.

Brief Description of the Existing Hydro Project Facilities

The Hydro Project is comprised of two developments (Kilarc and Cow Creek), which are described in further detail below.

Kilarc Development

The Kilarc Development operates as a run-of-river facility, which uses the natural flow and elevation drop of Old Cow Creek to generate electricity. The Old Cow Creek watershed encompasses about 80 square miles, including 25 square miles located upstream of the Kilarc diversion dam. Average yearly runoff at the dam is 48,900 acre-feet (af), about 55 percent of which is diverted to the Kilarc powerhouse.

Water is supplied to the Kilarc powerhouse from the Kilarc main canal. Water is supplied to the Kilarc main canal from various sources, via canals and siphons, including: Old Cow Creek, South Canyon Creek and North Canyon Creek. The flow of water through the watershed and into the Kilarc main canal is outlined below.

- Water is diverted from North Canyon Creek into the North Canyon Creek canal at the North Canyon Creek diversion dam and is conveyed to South Canyon Creek.
- Water is diverted from South Canyon Creek into the South Canyon Creek canal at the South Canyon Creek diversion dam.
- Water from South Canyon Creek canal flows into the South Canyon Creek siphon, which conveys water into the Kilarc main canal.
- Water is diverted from Old Cow Creek into the Kilarc main canal at the Kilarc diversion dam.

Water from the Kilarc main canal flows to the Kilarc forebay and through the penstock to the Kilarc powerhouse. Water is returned to Old Cow Creek near the Kilarc powerhouse about four miles downstream from the Kilarc diversion dam. The current minimum flow requirement at the Kilarc diversion dam is 3.0 cubic feet per second (cfs).

The dam at the Kilarc forebay is earth-filled and has a maximum height of 13 feet (ft). The Kilarc penstock is 4,801 ft long and has a maximum flow capacity of 43 cfs. The spillway at the Kilarc forebay is rated for 50 cfs, which is the Kilarc main canal's approximate capacity. The elevation of the Kilarc forebay is about 3,779 feet above mean sea level (ft msl). The forebay has a gross and useable storage capacity of 30.4 af and has a surface area of 4.5 acres. Water level fluctuation in the forebay during normal operation is about one foot. The Kilarc powerhouse is located at 2,580 ft msl and is designed for semi-automatic operation with forebay level control. The powerhouse operates unattended with alarms connected to PG&E's Pit 3 powerhouse (which is part of FERC Project No. 233). The Kilarc powerhouse is a 65-ft-wide by 40-ft-long steel frame structure composed of rubble masonry walls and a corrugated iron roof.

Cow Creek Development

The Cow Creek Development operates as a run-of-river facility. The South Cow Creek watershed encompasses about 78 square miles, including 53 square miles located upstream of the south Cow Creek diversion dam. Average annual runoff at the dam is 79,500 af, about 37 percent of which is diverted to the Cow Creek powerhouse.

Water is supplied to the Cow Creek powerhouse from the south Cow Creek main canal. Water is supplied to the south Cow Creek main canal from Mill and South Cow Creeks as described below.

- Water is diverted from Mill Creek into the Mill Creek-South Cow Creek canal at the Mill Creek diversion dam.
- Water is diverted from South Cow Creek and from the Mill Creek-South Cow Creek canal into the South Cow Creek main canal at the South Cow Creek diversion dam and flows to the Cow Creek forebay.

From the forebay, water flows through the penstock to Cow Creek powerhouse and is discharged into Hooten Gulch, and then back into South Cow Creek about four miles downstream of the South Cow Creek diversion dam. The current minimum flow requirements at the South Cow Creek diversion dam are 4.0 cfs in normal water years and 2.0 cfs in dry water years.

The Cow Creek forebay dam is earth-filled and has a maximum height of 16 ft. The Cow Creek forebay has a surface area of one acre and a gross and useable storage capacity of 5.4 af. The forebay elevation is about 1,555 ft msl, and water surface elevation varies by about one foot during normal operations. The Cow Creek penstock is 4,487 ft long. The spillway at Cow Creek forebay is rated for 50 cfs, which is the South Cow Creek main canal's approximate capacity. The Cow Creek powerhouse is located at 856 ft msl and is a steel truss structure that is about 53.5 ft long by 35 ft wide. The Cow Creek powerhouse is designed for semi-automatic operation, with forebay level control. The Cow Creek powerhouse operates unattended, with alarms connected to the Pit 3 powerhouse.

FERC EIS Alternatives

The FERC EIS will provide the foundation for the EIR. The FERC EIS evaluated four alternatives, as follows:

- No Action Alternative: This alternative consists of continued operation of the Hydro Project under current conditions.
- Proposed Action: As described in PG&E's FERC license surrender application, this alternative proposes to surrender the license for operation of the Hydro Project and to decommission and remove or modify several Hydro Project features, including: (1) remove diversion dams and allow for free passage of fish and sediment; (2) leave in place some diversion dam abutments and foundations to protect stream banks and provide grade control; (3) leave in place and secure powerhouse structures during decommissioning with an option for preservation of powerhouse structures for future reuse; (4) remove electric generators, turbines, and other equipment; (5) grade and fill forebays; and (6) in consultation with affected landowners, leave in place, breach, or fill canal segments and remove metal and wood flume structures. Additionally, PG&E proposes to retire access roads to the Hydro Project where possible. Under PG&E's proposal, the removal of the Hydro Project facilities would take three years, followed by at least two years of maintenance and monitoring of the restoration work.
- Alternative 1 — Retaining Kilarc Forebay: Alternative 1 ensures continued recreational access at the Kilarc forebay. Those facilities of the Kilarc Development required to maintain the forebay would be improved to provide fish passage and to increase flows to the bypass reach. The remainder of the Kilarc Development and the entire Cow Creek Development would be decommissioned as described in PG&E's Proposed Action.
- Alternative 2 — Retaining Flow to Abbot Ditch Users Existing Point of Diversion: Alternative 2 would maintain flow in Hooten Gulch to ensure continued flow to the Abbot Ditch Users (ADU) existing point of diversion. ADU would continue to access water at the current point of diversion. Those facilities of the Cow Creek Development required to maintain flow to Hooten Gulch would be improved to provide fish passage and to increase flow to the bypass reach. The remainder of the Cow Creek Development and the entire Kilarc Development would be decommissioned as described in PG&E's Proposed Action.

CEQA Project Description and Alternatives

The CEQA Project under review is PG&E's proposal to surrender the license for operation of the Hydro Project and to decommission and remove or modify several Hydro Project features. For purposes of CEQA, at a minimum the EIR will evaluate the Proposed Project as approved in the FERC EIS, Alternatives 1 and 2, and the CEQA No Project Alternative. California Code of Regulations section 15063, subdivision (g) provides that the lead agency may consult with the applicant to determine whether

the applicant would be willing to revise the project to reduce or avoid potential significant effects. The State Water Board, as the lead agency, may choose to evaluate an additional alternative after that consultation.

The four alternatives proposed for evaluation in the EIR are as follows:

- Proposed Project: Pursuant to the Federal Power Act and FERC regulations, PG&E filed an application to surrender its license for the Hydro Project with FERC on March 12, 2009. The Proposed Project is the same as PG&E's Proposed Action. PG&E's Proposed Action is described above under the first bullet of the FERC EIS Alternatives section.

  After FERC approval of engineering and management plans for decommissioning and after PG&E obtains the required permits, PG&E would commence decommissioning activities in phases beginning with either the Kilarc Development or the Cow Creek Development and then proceeding to decommission the other development.

  PG&E would continue operating the Hydro Project, or some portion thereof, until decommissioning activities make such operation infeasible. Power generation would continue until the facilities required for generation are removed or decommissioned. It is expected that removal of the Hydro Project facilities would take three years, followed by at least two years of maintenance and monitoring of the restoration work overseen by FERC. Any additional monitoring would be overseen by other agencies. The license for the Hydro Project expired on March 27, 2007, and the Hydro Project is currently operating under an annual license from FERC. It is anticipated that FERC will continue to issue annual license extensions until the license surrender process is complete.

  Exhibit E of PG&E's License Surrender Application (LSA) contains site-specific protection, mitigation, and enhancement measures proposed by PG&E for decommissioning of the Hydro Project. These measures, as well as additional environmental measures recommended by FERC are considered part of the Proposed Project Description.

  The PG&E LSA and FERC EIS can be accessed at the following websites:

  - PG&E LSA: http://www.kilarc-cowcreek.com
  - FERC EIS: http://www.ferc.gov/industries/hydropower/enviro/eis.asp

- Alternative 1 — Retaining Kilarc Forebay: As described above in the FERC EIS Alternatives section.
- Alternative 2 — Retaining Flow to ADU Existing Point of Diversion: As described above in the FERC EIS Alternatives section.
- CEQA No Project Alternative: The FERC EIS "No Action Alternative" is described above, however PG&E commented that the EIS "No Action Alternative" is misleading as "the Project may not operate indefinitely under annual licenses, but rather must cease operation."[2] While FERC agreed that the Hydro Project cannot operate indefinitely under annual licenses, its "No Action Alternative" was considered the environmental baseline. The CEQA environmental baseline is based on the existing operating conditions at the time of the release of this Notice of Preparation. (Cal. Code Regs., tit. 14, § 15125) The environmental baseline will not be considered the "No Action Alternative" for this EIR, as the outcome of PG&E failing to obtain approval to

[2] From PG&E August 25, 2010 comments on FERC's EIS.

decommission will not result in continued operations under current conditions. The CEQA "No Project Alternative" will be developed in consultation with both PG&E and FERC after the scoping comment period to capture the likely environmental consequences if decommissioning is not approved.

The EIR will likely include an analysis of the combined effects of Alternatives 1 and 2 to assess the cumulative effects of the proposed alternatives.

At a minimum, the EIR will evaluate the following environmental factors, as required by CEQA:

Aesthetics	Land Use/Planning
Agriculture and Forestry Resources	Mineral Resources
Air Quality	Noise
Biological Resources	Population/Housing
Cultural Resources	Public Services
Geology/Soils	Recreation
Greenhouse Gas Emissions	Transportation and Traffic
Hazards and Hazardous Materials	Utilities/Service Systems
Hydrology/Water Quality	Mandatory Findings of Significance

Additionally, the EIR will address growth-inducing impacts, cumulative impacts and significant unavoidable impacts (if applicable).

SUBMITTAL OF WRITTEN COMMENTS

Please send your written comments regarding this Notice of Preparation of an EIR for the Proposed Project to the address below. When submitting your comments, please provide a contact person and contact information in case there are questions about the comments. **The comment deadline is Noon (12:00 p.m.) on April 22, 2013.**

Attention: Mr. Jeffrey Parks
State Water Resources Control Board
Division of Water Rights
P.O. Box 2000
Sacramento, CA 95812-2000

Phone: (916) 341-5319
Fax: (916) 341-5400
Email: JParks@waterboards.ca.gov

MAR 12 2013

Date

Erin Ragazzi
Water Quality Certification Program Manager