



**TWO-BASIN
PARTNERSHIP**
EEL · RUSSIAN

Two-Basin Partnership

A Proactive Plan for the Future of the Potter Valley Project

About the Potter Valley Project

The Potter Valley Project (Project or PVP) is a Pacific Gas and Electric (PG&E) owned hydroelectric project that transfers an average of 60,000 acre feet (AF) of water per year from the Eel River to the Russian River. Much of this transferred water is stored in Lake Mendocino and is crucial to the economy and environment of the Russian River basin. These water transfers have occurred for over 100 years.

License Expiration Causes Uncertainty

PG&E operates the PVP under a license from the Federal Energy Regulatory Commission (FERC). The current 50-year license expires in 2022. Because the PVP operates at economic loss every year, PG&E has decided not to pursue a new license. PG&E's decision not to relicense the PVP creates risk and uncertainty for Eel and Russian River basin communities. Preliminary estimates suggest that the loss of water provided by the PVP to the Russian River could result in losses of up to \$40M per year to the economies of Mendocino and Sonoma Counties.

Partnership Goals

To protect the region's economy and environment, a group of local public agencies, a sovereign Indian Nation and a non-profit organization formed the Two-Basin Partnership (Partnership) and are exploring the terms for a new FERC license and the process for forming a Regional Entity to eventually own and operate the Project. The Partnership includes California Trout, the County of Humboldt, the Round Valley Indian Tribes, Sonoma County Water Agency, and the Mendocino County Inland Water & Power Commission (an agency itself made up of the Mendocino County Water Agency, Redwood Valley County Water District, Mendocino County Russian River Flood Control and Water Conservation Improvement District, the City of Ukiah, and Potter Valley Irrigation District).

The Partnership's overarching goals are to continue operating the PVP to maintain water transfers that are crucial to the Russian River Basin, and to provide upstream and downstream volitional fish passage at both dam locations on the Eel River. To achieve these goals, the Partnership is in the initial stages of exploring the terms of a new license to operate the PVP.

The Partners are proposing changes to the Project that include the removal of Scott Dam/ Lake Pillsbury to allow volitional fish passage to spawning grounds that have been blocked since construction of the dam. Water diversions into the Russian River basin to produce electricity would continue and be focused during the winter and spring when flows exceed the required minimum instream flows for Eel River fish. The Partnership also recognizes that a new public agency will need to be created to own and operate the project. This new public agency, referred to as the Regional Entity, is expected to provide broad regional representation for operation and ownership of the PVP.



The Eel River has served as a water transfer for over 100 years.



Lake Mendocino water is crucial to the Russian River basin area.



Fish passage to be restored.





**Sonoma
Water**

Challenges

What are the biggest challenges to maintain the transfer of Potter Valley Project water into the Russian River?



Scott Dam

Water Supply Challenges

- Without PVP water transfers to the Russian River:
 - In 8 out of 10 years there will not be enough water supply to meet all the needs of businesses, cities, residents, and wildlife that depend on the Russian River.
 - In 2 out of these 8 water-short years, there is predicted to be a 30,000-acre foot shortage of water in the Russian River, and Lake Mendocino is predicted to go dry.
- Water users that rely on Lake Mendocino for their water supply will be impacted to varying degrees depending on their location and water use.
- Farther reaching economic and environmental impacts are also anticipated in Mendocino and Sonoma counties with the loss of PVP water.

Current Priority Actions

The Partners are:

- Seeking funding from all potential funding sources to pay for essential studies required to develop a plan that would allow diversions to continue into the Russian River basin for the Eel River.
- Conducting education and outreach in Mendocino and Sonoma counties to provide information about the PVP and actions that must be taken to preserve the crucial water supply it provides to our region.

Immediate Funding Challenges

- Many expensive and rigorous studies are needed for the FERC licensing process. These studies are expected to cost over \$15M and take 3 to 4 years to complete.
- An additional \$10 to \$15M may be needed over the next 5 to 6 years to prepare state and federal environmental documents and decommissioning studies for Scott Dam, complete the FERC licensing process, and create a new public agency to own and operate the PVP.
- Locally generated funding is currently needed to attract and match outside funding to cover the full cost of the required FERC-licensing studies and other licensing expenses.
- Initial funds raised will be directed to the highest priority studies, including assessment of:
 - The water supply reliability provided by only diverting water and running the hydroelectric plant when excess flows in the Eel River are available; and
 - The value of PVP water diverted into the Russian River and who benefits from the water.

Future Funding Challenges

- A broad-based funding program will be needed to support the ongoing operation of the PVP to preserve the benefits that PVP water provides to the economies and environment of the Russian River basin.
- An estimated \$3M to \$5M per year of new revenue would be needed to sustain the Regional Entity's operation of the PVP after the removal of Scott Dam.
- Local, State, Federal, and PG&E funding will be needed to complete the proposed modifications to the PVP facilities.