

Mendocino County

Inland Water & Power Commission

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Staff Report

To: MCIWPC Commissioners
From: Scott Shapiro, Agency Counsel
Date: June 10, 2026
Re: FERC Scoping Update

Summary: The Federal Energy Regulatory Commission's (FERC) Scoping Document 1 (SD1), issued on May 22, 2026, initiates the National Environmental Policy Act (NEPA) review process for Pacific Gas and Electric Company's (PG&E) proposal to surrender the federal license for the Potter Valley Hydroelectric Project and decommission the project facilities, including removal of Scott Dam and Cape Horn Dam. The document also addresses PG&E's proposal to authorize construction of the New Eel-Russian Facility (NERF) by the Eel-Russian Project Authority (ERPA) as a non-project use of project lands. SD1 represents a success for MCIWPC, as it is the next step in the preserving a reliable water supply for our community from the Eel River.

Discussion: The purpose of the scoping process is to identify the environmental, cultural, economic, and social issues that should be analyzed in FERC's future NEPA document, which may ultimately be either an Environmental Assessment (EA) or an Environmental Impact Statement (EIS). FERC emphasizes that the issue list presented in SD1 is preliminary and that federal agencies, state agencies, Tribes, non-governmental organizations, and members of the public are invited to submit comments, data, studies, and recommendations to refine the scope of analysis. The Commission specifically requests information that may help define significant environmental issues, characterize existing conditions, identify cumulative impacts, and determine whether certain issues should be excluded from further study.

Although presented as a scoping document, SD1 reflects several important assumptions that shape the review process. First, FERC assumes that project surrender and dam removal constitute the primary action under review. The proposed action is defined as decommissioning and removing project facilities, restoring the former reservoir footprints, and allowing construction of the NERF. The environmental analysis will therefore focus primarily on how best to implement dam removal rather than *whether* dam removal should occur.

Second, FERC has largely accepted PG&E's position that continued project operation is not economically viable. The document states that the no-action alternative of continued operation of the PVP is not presently considered a reasonable alternative because PG&E has concluded the project is uneconomic to operate and has requested license surrender rather than relicensing. As a

result, the traditional NEPA no-action alternative will be used primarily as a baseline for comparison rather than as an alternative that FERC appears likely to carry forward for serious consideration.

Third, FERC has preliminarily narrowed the range of alternatives. The document identifies several alternatives that staff propose to eliminate from detailed study, including phased removal of Scott Dam, retention of Scott Dam, project surrender without the NERF, federal takeover of the project, and issuance of a non-power license. FERC's rationale demonstrates several embedded assumptions: that retaining Scott Dam is infeasible because of seismic concerns and lack of an operator; that future water diversion infrastructure is necessary to satisfy existing water delivery obligations; that no federal agency is interested in operating the project; that no governmental entity is prepared to assume responsibility under a non-power license; and that there is no license for continued power operation that is available to transfer to any entity.

A particularly significant assumption concerns the role of the NERF. FERC treats construction of the NERF as sufficiently connected to the surrender proceeding to warrant analysis as part of the NEPA review. At the same time, the Commission notes that future operation and maintenance of the NERF will require separate environmental review and separate permits or approvals. Thus, the current scoping process assumes that construction impacts are appropriately considered now, while long-term operational impacts will need to be addressed later.

Another notable assumption is that downstream sediment transport represents one of the central environmental issues. Throughout the document, FERC repeatedly identifies sediment release, turbidity, water quality degradation, estuarine impacts, fisheries effects, cultural resource impacts, and downstream infrastructure impacts as subjects requiring detailed analysis. This framing suggests that sediment management and downstream consequences of dam removal will be among the most significant issues in the eventual NEPA document.

The document further assumes that significant mitigation measures will be developed after the surrender application was filed. FERC relies heavily on PG&E's commitment to prepare numerous management and mitigation plans addressing construction, water quality, fisheries, wildlife, cultural resources, sediment management, flood monitoring, public safety, and restoration. The Commission expressly states that preparation of the NEPA document depends on timely submission of these plans, which are expected to be filed by July 2027. This means that key details of project implementation remain unresolved and will be developed during the ongoing review process.

Finally, SD1 reflects FERC's assumption that the scoping process remains open and iterative. The Commission reserves the ability to issue a second scoping document if warranted by comments received and notes that additional information requests may alter the processing schedule. ***Public comments on SD1 are due July 24, 2026***, after which FERC will determine whether additional scoping is necessary and whether an EA or EIS should be prepared. The public may also attend scoping sessions in person on June 23, 2026 at 6:30 pm, and on June 24, 2026 at 10:00 am, both at the Ukiah Valley Conference Center.

In summary, while FERC presents SD1 as a neutral scoping document, the framework already incorporates several important assumptions: that project surrender is the operative proposal; that continued operation is not a realistic alternative; that Scott Dam retention and other non-removal alternatives are largely infeasible; that NERF construction should be analyzed as part of the proceeding; that sediment-related impacts will be central to environmental review; and that future mitigation planning will play a significant role in determining the project's ultimate environmental effects. These assumptions substantially shape the scope and direction of the forthcoming NEPA analysis.