

# PALOMINO LAKES MUTUAL WATER COMPANY

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March 20, 2024

**Via Electronic Submittal (E-Filing)**

Debbie-Anne Reese, Acting Secretary  
Federal Energy Regulatory Commission  
Office of Energy Projects  
888 First street, N.E.  
Washington, DC 20426

Re: COMMENTS regarding the proposed New Eel-Russian diversion facility as related to the surrender and decommissioning of the Potter Valley Hydroelectric Project (P-77)

Dear Secretary Reese:

The Palomino Lakes Mutual Water Company (PLMWC) is filing this comment on Pacific Gas and Electric Company's (PG&E's) Potter Valley Hydroelectric Project (PVP) Initial Draft Surrender Application and Conceptual Decommissioning Plan, dated November 2023. Subsequent PG&E decisions have called several of this document's issues in question.

PLMWC provides water to residential customers in an unincorporated area of Sonoma County. Our 300 residents have no alternative water source (even trucked-in potable water is not available in our area), and are totally dependent on our well, which draws from Russian River underflow year-round. Further, our customers have an economic dependency on available water. Our customers were subjected to continuous water rationing in 2020 and 2021, and if they wish to sell their homes they are required to disclose that water rationing has occurred and is likely to occur in the future. Beyond the immediate hardship of water rationing, this fact impacts PLMWC customers' property values.

PG&E's initial draft plan included several statements indicating that it would be working with the Eel-Russian Project Authority (ERPA) to develop replacement infrastructure for the PVP diversion that is part of the surrender process. In particular:

- Page 1-2: "Proponents are committed to the coequal goals of (1)...and (2) maintaining material and 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."
- Page 1-3: "To implement the Regional Entity's (ERPA's) proposed modifications, the Final Surrender Application would include a request to FERC to authorize the conveyance of property interests in various Project assets and facilities, including the existing intake and fish screen facilities, the tunnel and flowline, and the powerhouse and outlet works in order that they might be modified. If either approach is included in the Final Surrender Application, the Regional Entity will seek federal authority to complete the Facility as expeditiously as practicable after deconstruction."

Subsequently, PG&E has made the decision to decouple the ERPA diversion reconstruction / modification project from the PVP surrender. While this may make business sense to PG&E and its stockholders, the ramifications of allowing such a plan would be wide-ranging and economically very harmful to the people, business, and agricultural interests that depend on the Russian River. This comprises approximately 71,000 individuals, 24,000 acres of agricultural land, and several cities in California's Mendocino, Sonoma, and Marin counties.

The Russian River system's flow during the summer and fall months is supplied almost entirely by water stored in Lake Mendocino. Extensive modeling work has shown that, without continued diversions from the Eel River, Lake Mendocino will fill to capacity only 2 out of every 10 years. In the other years, since environmental and Tribal uses override water rights, junior and even senior water right holders will face curtailment or other restrictions.

Consequently, any interruption in the water diverted from the Eel River will have immediate impact on Russian River people, agriculture, and other beneficial uses. A 2018 study conducted by Economic Forensics and Analytics found that the loss of 100 AF of water would have an economic impact of \$8.9 million annually – and that’s for Mendocino County alone (the results for Sonoma County were not assessed, but would likely be of the same magnitude).

Under the best of circumstances, the surrender / reconstruction projects would likely shut down diversions for several weeks, if not longer. PG&E’s decoupling of its surrender plan from the ERPA modifications / replacement facilities virtually guarantee much longer interruption in Eel River water diversions. Without coordination, the ERPA work would have to wait until the relevant parts of the PG&E decommissioning work is completed.

Worse, from a regulatory and legal perspective, the ERPA project would likely be viewed as “new” rather than as modifying existing infrastructure. The administrative repercussions of this could easily add years of delay, interrupting the water needed to fill Lake Mendocino and keep the Russian River from running dry (as it did before the PVP diversion was originally built).

**PLMWC requests that FERC reject PG&E's proposal to de-couple the PVP decommissioning from the ERPA redevelopment project, and insist that PG&E retain its original proposal to have the two projects work in concert.**

Respectfully Submitted,

A handwritten signature in black ink that reads "David Taber". The signature is written in a cursive, slightly slanted style.

David Taber, President  
Palomino Lakes Mutual Water Company