



January 25, 2018

Via Electronic Submittal (eFile)

Kimberly D. Bose, Secretary
FEDERAL ENERGY REGULATORY COMMISSION
888 – 1st Street, N.E.
Washington, D.C. 20426-0001

**Subject: Yuba River Development Project
FERC Project No. 2246-042 CA
Request for FERC to Delay Issuance of DEIS**

Dear Secretary Bose:

This letter requests that the Federal Energy Regulatory Commission (FERC or Commission) delay issuance of the National Environmental Policy Act (NEPA) Draft Environmental Impact Statement (Draft EIS) for relicensing of Yuba County Water Agency's (YCWA) 361.9 megawatt (MW) Yuba River Development Project, FERC Project Number 2246, (YRDP) until after January 2019. This letter is submitted to help facilitate the sale of the Narrows Project from the Pacific Gas and Electric Company (PG&E) to YCWA and the efficient relicensing of the YRDP.

YCWA worked with YRDP Relicensing Participants (i.e., PG&E, United States Department of Agriculture, Forest Service, United States Department of the Interior, Fish and Wildlife Service, California Department of Fish and Wildlife, California Sportfishing Protection Alliance, American Whitewater, American Rivers, Trout Unlimited, Foothills Water Network, and South Yuba River Citizens League, which are collectively referred to as "the Parties" in this letter) to develop this proposal and understands that each of the Parties generally supports the proposed approach.

BACKGROUND

On April 28, 2014, YCWA filed with FERC an Application for New License Major Project – Existing Dam (FLA) for the YRDP. YCWA filed with FERC an Amended FLA on June 2, 2017. The Amended FLA describes YCWA's Proposed Project, which includes all existing YRDP facilities with the following changes: 1) addition of a tailwater depression system at New Colgate Powerhouse; 2) addition of an Auxiliary Flood Control Outlet at New Bullards Bar Dam; 3) modification to the Our House Diversion Dam fish release outlet; 4) modification to the Log Cabin Diversion Dam fish release outlet; 5) modification to the Lohman Ridge Diversion Tunnel Intake; 6) modifications to and addition of recreation facilities at New Bullards Bar Reservoir; and 7)

modifications to and addition of Project roads. In addition, YCWA proposes to modify the existing FERC Boundary. YCWA proposes to continue to operate the YRDP as it has operated historically, with the addition of a number of measures to protect, mitigate and enhance (PM&E measures) resources potentially affected by YCWA's Proposed Project. Many of the measures were collaboratively developed with Relicensing Participants in over 200 meetings.¹ Other than the No Action Alternative, the Amended FLA does not include any alternatives to YCWA's Proposed Project for analysis in FERC's EIS.

On June 26, 2017, FERC issued a Notice of Application Accepted for Filing, Soliciting Motions to Intervene and Protests, Ready for Environmental Analysis, and Soliciting Comments, Recommendations, Preliminary Terms and Conditions, and Preliminary Fishway Prescriptions (REA Notice), which included a procedural schedule stating FERC expected to issue a Draft EIS in March 2018 and a Final EIS in October 2018.

Since FERC issued its REA Notice, YCWA and PG&E entered into negotiations, which have resulted in the execution of a term sheet for YCWA's acquisition of PG&E's Narrows Project, FERC Project Number 1403, and associated lands. The Narrows Project is located on the Yuba River approximately 1,200 feet downstream of the federally-owned Englebright Dam, which is administered by the United States Army Corps of Engineers (USACE), and 1,000 feet downstream of the YRDP's most downstream facility, the Narrows 2 Powerhouse. The Narrows Project includes: 1) a 1,077-foot-long concrete tunnel with an adit located at the end of the federally-owned Englebright Dam tunnel and outlet works; 2) a 266-foot-long by 8-foot-diameter steel penstock; 3) a 12 MW Narrows 1 Powerhouse; 4) an access tram; 5) an approximately 1,100-foot-long, 11 kilovolt (kV) primary transmission line; 6) a switchyard; 7) above-ground telephone lines; and 8) an approximately 2,300-foot-long access road. The existing license for the Narrows Project expires on January 31, 2023. On December 20, 2017, PG&E filed with FERC a request to extend the 30-year term of the existing license for the Narrows Project by 3 years (i.e., from January 31, 2023, to January 31, 2026) to allow PG&E and YCWA to complete the transfer.

PG&E and YCWA have historically and currently coordinate releases of water from the Narrows Project and YRDP to ensure compliance with downstream required flows on the Yuba River and to manage outflows from Englebright Reservoir. Figure 1 shows the relevant Narrows Project and YRDP facilities.

¹ Refer to Appendix E3 in Exhibit E of YCWA's Amended FLA for each of YCWA's proposed conditions.

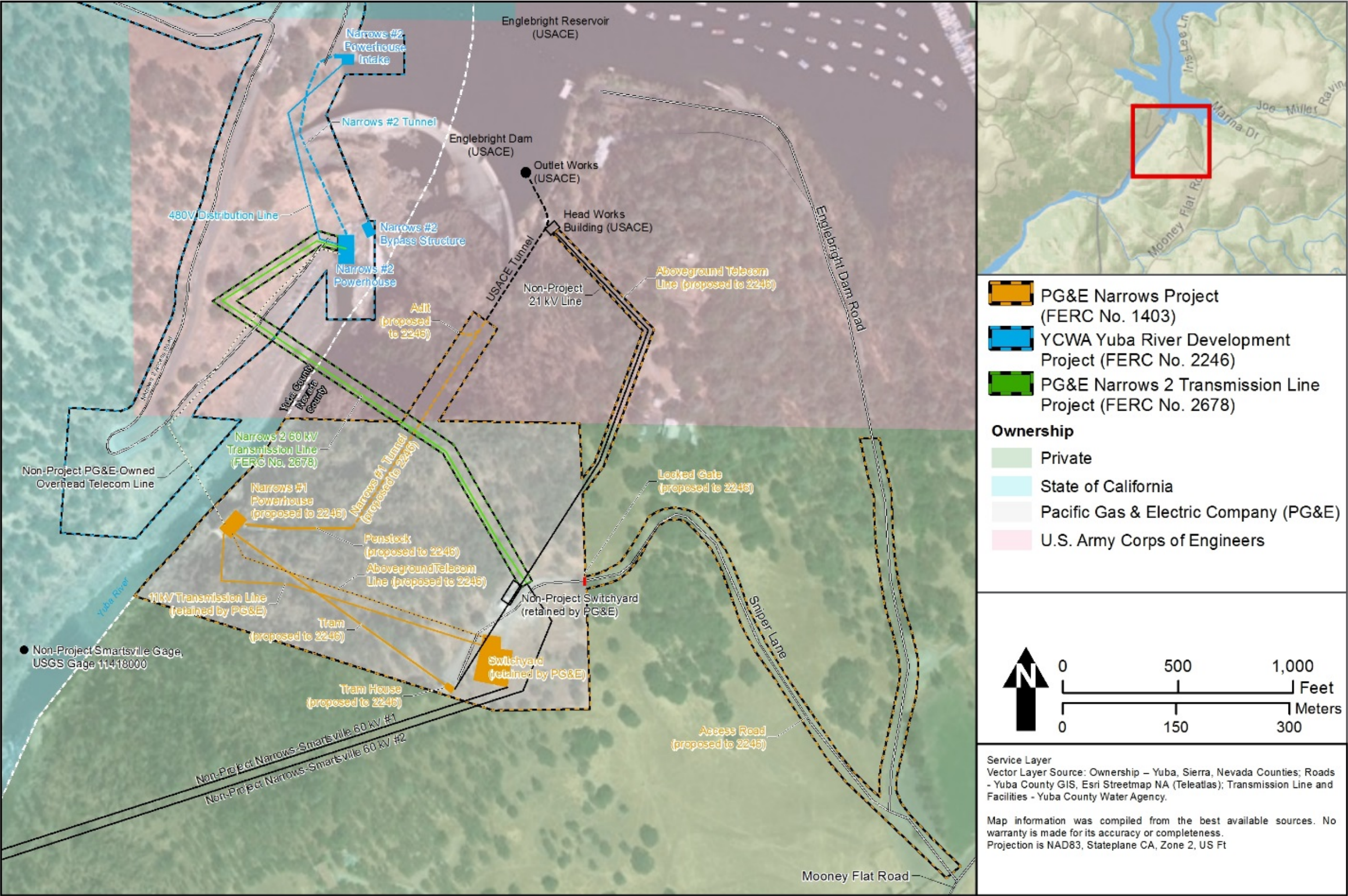


Figure 1. Relevant YRDP and Narrows Project facilities and features.

YCWA and PG&E expect to execute an asset purchase agreement as early as March 2018 and to jointly file with FERC a partial license transfer application as early as April 2018.² The transfer will not be final until FERC approves the partial license transfer and the California Public Utilities Commission (CPUC) approves the sale. To facilitate CPUC's approval, YCWA understands that at the same time YCWA and PG&E file with FERC the partial license transfer application, PG&E will file with the CPUC a request for approval to transfer the Narrows Project facilities, excluding the 11 kV primary transmission line and switchyard, to YCWA. Based on recent experience, PG&E expects that FERC could approve the partial license transfer within as few as 4 months (i.e., by August 2018) and the CPUC could approve the sale within as few as 8 months (i.e., by December 2018). Upon the transfer and sale, YCWA anticipates PG&E will transfer or assign to YCWA any agreements and water rights related to operations of the Narrows Project, excluding the 11 kV primary transmission line and switchyard.

Upon the transfer and sale, which are expected as early as December 2018, YCWA plans to immediately file with FERC an application to amend its YRDP license to include the Narrows Project facilities, excluding the 11 kV primary transmission line and switchyard, in the YRDP license (i.e., YCWA does not intend to hold a separate license for the Narrows Project).

Until the transfer and sale are complete, PG&E will operate the Narrows Project under its existing license and relevant agreements and water rights.

Once the transfer and sale are complete, and until FERC amends the YRDP license to include those Narrows Project facilities, YCWA will operate the Narrows Project under the relevant agreements and water rights and the pertinent Narrows license conditions (e.g., excluding conditions pertinent to the 11 kV primary transmission line and switchyard, conditions related to the coordination of the YRDP and Narrows Project, and conditions that may be out of date or unique to PG&E), as determined by FERC during the license transfer process.

Once FERC amends the YRDP to include those Narrows Project facilities and until FERC issues a new license for the YRDP, YCWA will operate the facilities under the existing YRDP license as FERC may amend it. YCWA anticipates that FERC, as part of the YRDP amendment process, will include in the existing YRDP license pertinent conditions in the existing Narrows Project license.

When FERC issues a new YRDP license, YCWA will operate the facilities consistent with the terms and conditions in the new YRDP license.

² This is referred to as a "partial" license transfer application in this letter because YCWA understands that PG&E expects to file with FERC, at the same time YCWA and PG&E file the partial license transfer application, a non-capacity license amendment application to transfer the Narrows Project 11 kV primary transmission line and switchyard from the Narrows Project license to PG&E's existing Narrows 2 Transmission Line license (Project Number 2678) and to make minor revisions in the boundary of the Narrows Project license. YCWA also understands that this non-capacity license amendment application will include any necessary studies/study plan associated with the transmission line/switchyard.

REQUEST

YCWA and the Parties request that FERC delay issuance of the YRDP Draft EIS until after January 2019 so that YCWA can file a Supplement to its Amended FLA. The Supplement will include the following alternative: the YRDP Project as proposed by YCWA in its Amended FLA with the addition of the Narrows Project facilities, excluding the 11 kV primary transmission line and switchyard (Alternative). FERC could then evaluate the Alternative in its YRDP Draft EIS, Relicensing Participants could comment on FERC's evaluation in the DEIS, and FERC's Final EIS would include the Alternative.

YCWA intends to consult with Relicensing Participants in the development of the Supplement. At this time, it is anticipated that the consultation will include the activities below. The indicated schedule for these activities is approximate. Throughout this period, YCWA and the Parties will provide via telephone, status updates to FERC staff, and encourage FERC staff to participate to the extent possible.

February 1, 2018

- At a January 16, 2018, meeting, YCWA and Relicensing Participants scheduled a February 1, 2018, all day meeting to initiate the consultation process, as well as to discuss other YRDP relicensing-related items, and to schedule routine (i.e., monthly, or more frequently as needed) meetings throughout the process. Consultation meetings will be open to all interested stakeholders and YCWA will send e-mails to stakeholders, including tribes, advising them of the meetings and anticipated agenda. In addition, YCWA will post a notice of the meetings and meeting materials on the Yuba Relicensing website (www.yubarelicensing.com).

As FERC's non-federal representative to conduct consultation under Section 106 of the National Historic Preservation Act, YCWA will reach out to potentially affected tribes and the State Historic Preservation Officer regarding their interests in the Alternative.

February 22, 2018

- At a January 16, 2018, meeting, YCWA and Relicensing Participants scheduled a February 22, 2018 visit to the Narrows Project area. The site visit is tentative and will be confirmed by YCWA with PG&E. FERC will be invited to attend the site visit. The intent is to provide the Parties with a better understanding of the Project Area, facilities and operations.

March 5, 2018

- At a January 16, 2018 meeting, YCWA and Relicensing Participants scheduled a March 5, 2018, all day meeting to continue consultation.

Mid-to Late-March 2018

- YCWA will issue to Relicensing Participants an initial Draft Supplement to assist Relicensing Participants in the consultation. The Draft will include Pre-Application-type information including descriptions of: 1) the Narrows Project facilities YCWA intends to include in the YRDP and how YCWA will operate them (i.e., the Alternative); 2) a description of the Narrows Project Area; 3) a description of existing, relevant and

reasonably available information regarding resources that could be affected by the Alternative. To the extent those resources are described in YCWA's Amended FLA, the Draft Supplement will reference the relevant sections in the Amended FLA, not repeat the information in the Supplement; 4) any anticipated effects to the extent they are not described in the Amended FLA; and 5) YCWA's data gap analysis to identify necessary additional information, and YCWA proposed studies. In addition, the Draft Supplement will include a description of how implementation plans included by YCWA in its Amended FLA may be modified to address the Alternative. The Draft Supplement will be a stand-alone document (i.e., the Supplement will not be a complete revision of the Amended FLA).

April 2018

- YCWA will convene one or more meetings with Relicensing Participants to discuss scoping-type issues, data gaps and studies that YCWA might undertake to provide information needed to assess the potential effects of the Alternative and to develop related PM&E measures. This effort will focus on the Alternative. The goal of the meeting(s) will be consensus on necessary studies that YCWA will undertake.

May 2018

- YCWA will file with FERC a letter describing the studies YCWA will undertake to support the Alternative. If YCWA does not propose to conduct a study recommended by a Relicensing Participant, YCWA's letter will describe the reason YCWA declined to perform the study. YCWA will begin the agreed upon studies immediately, and may begin even earlier some studies that are clearly needed. YCWA and the Parties request that FERC resolve any remaining differences regarding studies.

June through August

- YCWA and Relicensing Participants intend to meet during this period to discuss study results, as available, and potential PM&E measures.

September 2018

- YCWA will provide to Relicensing Participants for 60-day review, a revised Draft Supplement, which will include information in the initial Draft Supplement as well as any anticipated effects that will be in addition to those that will occur with YCWA's Proposed Project alone as described in the Amended FLA, and YCWA's proposed PM&E measures related to the Alternative.

The Draft Supplement will include the results of studies that YCWA agreed to perform, or was otherwise ordered to perform by FERC, and the status of studies still in progress. If the results of key studies are not available when the Draft Supplement is issued, then it is possible that issuance of the Draft Supplement will be delayed until those study results are available. Alternatively, the Draft Supplement might still be issued with any remaining study results and resulting modifications to the Draft Supplement filed as soon as they are available.

YCWA will meet with Relicensing Participants to discuss the Draft Supplement, and to try and reach consensus agreement on PM&E measures related to the Alternative.

November 2018

- Relicensing Participants will provide written comments to YCWA on the revised Draft Supplement. If YCWA does not intend to adopt a written recommendation by a Relicensing Participant, YCWA will meet with that Relicensing Participant to resolve the difference.

January 2019

- YCWA will file with FERC the final Supplement. If YCWA does not adopt a written recommendation by a Relicensing Participant, the Supplement will describe the reason YCWA did not adopt the recommendation.

Importantly, YCWA and the Parties request that, after FERC receives YCWA's Final Supplement and determines it is adequate, FERC issue a notice soliciting comments, recommendations, preliminary terms and conditions, and preliminary fishway prescriptions (i.e., FPA Section 4(e) preliminary conditions, Section 10(a) recommendations, Section 10(j) recommendations and Section 18 preliminary fishway prescriptions) with regards to the Supplement only, and allow 60 days from the date of FERC's notice for such filings.

JUSTIFICATION FOR THE REQUEST

Including the Alternative in the Draft EIS is appropriate since the Alternative will describe how the YRDP will likely be configured for the next 40 to 50 years. A Draft EIS that fully describes the likely configuration and operations of the YRDP during the term of the new license would be the most appropriate for Relicensing Participants to comment on.

A delay until after January 2019 is reasonable because it will allow time for:

- YCWA and PG&E to find resolution in the sale of the Narrows Project facilities;
- YCWA to issue an initial Draft Supplement to assist Relicensing Participants' understanding of YCWA's proposed Alternative;
- YCWA to consult with Relicensing Participants regarding issues and data gaps related to the Alternative, and FERC to confirm the necessary needed information;
- YCWA to gather the necessary data;
- YCWA to develop and issue a revised Draft Supplement for a 60-day review period;
- Relicensing Participants to review and provide comments on the revised Draft Supplement;
- YCWA and Relicensing Participants to meet to resolve differences, if any;
- YCWA to file the Final Supplement with FERC; and
- FERC to solicit comments, recommendations, preliminary terms and conditions, and preliminary fishway prescriptions on the Supplement.

In addition, if during the course of the above consultation, YCWA and Relicensing Participants reach agreement on YRDP-alone issues for which agreement has not been previously reached, YCWA will notify FERC of these new agreements.

Including the Alternative in the Draft EIS will have the additional benefit that FERC's NEPA review for incorporating the Narrows Project facilities in the YRDP, which may be required when YCWA files its application to amend its YRDP license to integrate the Narrows Project into the YRDP license, will be done.

On a larger scale, the combination of delaying issuance of the YRDP Draft EIS until after January 2019 and extending the Narrows Project license term for 3 years, as separately requested by PG&E in its December 20, 2017 filing with FERC, will effectively result in the Narrows Project facilities undergoing environmental review and public comment much sooner than they would if FERC issued the YRDP DEIS in March 2018 without the Alternative and PG&E proceeded with the Narrows Project relicensing beginning in January 2018. Under YCWA's and the Parties' request, a Draft EIS including the Narrows Project facilities will likely be issued in early 2019, whereas if PG&E proceeded with the Narrows Project relicensing in January 2018, a Draft EIS including these facilities would not be issued until at least mid-2021. Any Narrows Project-specific PM&Es will also be expected to be implemented much earlier than they otherwise would be. We anticipate and desire that adding Narrows Project facilities to the YRDP application will not significantly delay issuance of a new YRDP license and that any such delay will be modest.

Given the above clear benefits of including the Alternative in the DEIS, the delay in issuing the Draft EIS until after January 2019 (i.e., approximately 10 months, based on the schedule in the REA Notice) is reasonable, appropriate and a timely action in the public interest. If the sale and license transfer do not occur at all, or if by the end of January 2019 appear to be indefinitely delayed, then YCWA and the Parties request that FERC expediently issue the Draft EIS for the YRDP and provide a new schedule for review and final license issuance.

YCWA provided a draft of this letter to the Parties for review and comment, and understands each of the Parties generally supports the proposed approach described in this letter.

On behalf of YCWA and the Parties, thank you for your timely consideration of this request.

If you have any questions regarding this matter, please contact me.

Sincerely,



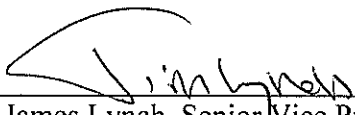
Curt Aikens
General Manager

cc: Alan Mitchnick, FERC, DC
Stephanie Maggard, PG&E
Amy Lind, Forest Service
Stephanie Millsap, USFWS
Anna Allison, CDFW
Chris Shutes, CSPA
Dave Steindorf, AW
Steve Rothert, AR
Natalie Stauffer-Olsen, TU
Traci Sheehan, FWN
Rachel Hutchinson, SYRCL
Parties on FERC's Official Service List for the Yuba River Development Project
Relicensing, FERC Project No. 2246-042
Relicensing Participants on YCWA's Yuba River Development Project's
Relicensing E-Mail Contact List (via e-mail)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding (South Feather Power Project, FERC Project No. 2088-068).

Dated in Sacramento, CA this 25 day of January, 2018.



James Lynch, Senior Vice President
HDR Engineering, Inc.
Hydropower Services
2379 Gateway Oaks, Suite 200
Sacramento, CA 95833

(916) 679-8740