

Davis Hydro, LLC.
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April 27, 2007

Ms. Magalie R. Salas
Federal Energy Regulatory Commission
888 – 1st Street, N.E.
Washington, DC 20426-0001

RE: Notification of Intent to Seek A New License for FERC Project No. 606 Kilarc-Cow Creek

Dear Secretary Salas:

By letter e-filed 3/23/07, the prior licensee (Pacific Gas and Electric Company, PG&E) submitted a Proposed License Surrender Application Schedule for project 606 – the Kilarc-Cow Creek Project.

Pursuant to 18 CFR 16.25, the Commission solicited applications from potential applicants for the Kilarc-Cow Creek project when the current licensee, Pacific Gas & Electric Co., did not file a new license application for the project by the March 27, 2005 deadline. Potential applicants had 90 days (ending July 5, 2005) to file a Notice of Intent (NOI) to file an application for a new license for P-606. Pursuant to Section 15 of the Federal Power Act; 18 CFR 16.6 of the Commission's regulations, Synergics, LLC, on behalf of Cow Creek Hydro, LLC, filed a Notice of Intent on June 27, 2005, but did not file a new license application prior to the 18-month deadline.

On January 8, 2007, the FERC Office of Energy Projects, denied Synergics, LLC's request of extension of time, thus *leaving no applicant for a license for development of this project*, although the current licensee has concluded an Agreement with agencies and concerned parties stating:

“Under the Agreement, PG&E will not seek a new FERC license for the Project but will continue operating it until the current license expires on March 27, 2007 and on annual licenses thereafter until the Project is: (1) acquired by another license applicant; or (2) decommissioned by FERC order.

KC LLC requests that the FERC receive and hold this NOI that reflects its commitment to become the applicant for a license for development of this project. As Richard Ely (a principal in KC LLC) expressed in his April 5, 2007 letter to your Office of General Counsel, to our knowledge, Title 18 Part 16 does not provide a path for a new licensee to obtain priority of application or take over a project from the present licensee during the surrender process. Upon determination by the FERC of the first opportunity permitted under its processes, KC LLC will proceed with the actions necessary to file an application for a new license for Project No. 606 within 18 months from FERC notification of acceptance for filing of this NOI.

The information required under Section 16.6(b) is provided below:

1.) **The Licensee's name and address:**

KC LLC
5096 Cocoa Palm Way
Fair Oaks, CA 95628

2.) **Project Number:**

No. 606

3.) **License expiration date:**

March 27, 2007 and subsequent annual extensions

4.) **An unequivocal statement of the Licensee's intention to file or not to file an application for a new license:**

KC LLC intends to file an application for a new license for the Kilarc-Cow Creek Project, FERC No. 606 within 18 months from FERC notification of acceptance for filing of this NOI.

5.) **The type of principal project works licensed, such as the dam, and reservoir, powerhouse or transmission lines:**

The project consists of two separate operating projects. The first, the Kilarc facility, consists of: 1) North Canyon Creek diversion and canal; 2) South Canyon Creek diversion dam and canal; 3) Canyon Creek siphon; 4) Kilarc diversion dam main canal; 5) Kilarc forebay dam; 6) Kilarc forebay, penstock, and powerhouse. The second, the Cow Creek facility, consists of: 1) Mill Creek diversion dam and Mill Creek-South Cow Creek canal; 2) South Cow Creek diversion dam and main canal; 3) Cow Creek forebay dam; 4) Cow Creek forebay, penstock, and powerhouse.

The KC LLC application for new license may not include exactly the same principal project works previously licensed.

6.) **Whether the application will be for a power or nonpower license:**

The application will be for a power license.

7.) The location of the project by state, county, and stream and when appropriate by city and near-by city:

State: California
County: Shasta
Streams: Old Cow Creek and South Cow Creek
Nearby Towns: Whitmore, Shingletown, Millville, and Manton

8.) The installed plant capacity:

The project has 2 units installed at the Kilarc powerhouse (1.5 MW and 1.73 MW), and 2 units installed at the Cow Creek development with a combined capacity of 1,440 kW for a total installed capacity of 4,670 kW (source: PG&E relicensing consultation documents).

9.) The location or locations of all the sites where the information required under paragraph 16.7 is available to the public:

Whitmore Public Library
Attn: R.J. Roth
30611 Whitmore Road
Whitmore, CA 96096

10.) The names and mailing addresses of:

(i) Every county in which any part of the project is located and in which any federal facility that is used by the project is located:

Shasta County – Board of Supervisors
1815 Yuba Street, Suite 1
Redding, CA 96001

Shasta County, Department of Resource Management
Russ Mull, Director
1855 Placer Street, Suite 200
Redding, CA 96001-1759

There are no Federal facilities used by the Project.

(ii) Every City, Town, Indian Tribe, or Similar Political Subdivision:

(A) In which any part of the project is located and any federal facility that is used by the project is located, or

No part of the Project is located in any town, Indian tribe or similar local political subdivision.

(B) That has a population of 5,000 or more people and is located within 15 miles of the project dam:

The Project area is rural and generally sparsely populated. The closest populated area is the City of Redding, located approximately 30 miles west of the Project. The communities of Whitmore, Shingletown, Millville, and Manton are located within 15 miles of the Project dam; all communities listed have a population of less than 5,000.

(iii) Every Irrigation District, Drainage District, or Similar Special Purpose Political Subdivision:

(A) In which any part of the project is located, or

There are no irrigation districts, drainage districts, or similar special purpose political subdivisions in which any part of the project is located.

(B) That owns, operates, maintains, or uses any project facility or any federal facility that is used by the project:

There are no irrigation districts, drainage districts, or similar special purpose political subdivisions that own, operate, maintain, or use any project facilities.

(iv) Every other political subdivision in the area of the project for that there is a reason to believe would be likely to be interested in, or affected by, the notification:

The Western Shasta Resource Conservation District and the Cow Creek Watershed Management Group, in addition to the Friends of Cow Creek Preserve, are local land and resource conservation and management groups that the applicants will keep apprised of progress with this application.

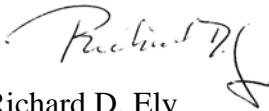
Western Shasta Resource Conservation District
Attn: Kelly Miller, Watershed Coordinator
6270 Parallel Road
Anderson, CA 96007

Cow Creek Watershed Management Group
Attn: Susan Goodwin, President
6270 Parallel Road
Anderson, CA 96007

Friends of the Cow Creek Preserve
Attn: Diane Dressel
PO Box 144
Whitmore, CA, 96096

Any questions regarding this filing may be addressed to the Davis Hydro office phone number (530) 753-8864 or e-mail indicated on the letter head, or Kelly Sackheim (a Principal of KC LLC) at (916) 962-2271 or kws@sackheimconsult.com

Respectfully,



Richard D. Ely
Davis Hydro

Cc: KC LLC Kilarc-Cow Project Mailing List (attached)

Director,
 Office of Hydropower Licensing
 Federal Energy Regulatory Commission
 888 - 1st Street, N.E.
 Washington, DC 20426-0001

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 Federal Energy Regulatory Commission
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Whitmore Public Library
 Attn: R.J. Roth
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 Whitmore, CA 96096
 *rjroth@frontiernet.net

Shasta County - Board of Supervisors
 1815 Yuba Street, Suite 1
 Redding, CA 96001

Shasta County
 Department of Resource Management
 Russ Mull, Director
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Western Shasta Resource Conservation
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 Watershed Coordinator
 6270 Parallel Road
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Cow Creek Watershed Management
 Group
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 6270 Parallel Road
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 Robert Harris, Past President
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Friends of the Cow Creek Preserve
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 Whitmore, CA, 96096
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State Water Resources Control Board
Office of Jim Canaday
Senior Environmental Scientist
Water Quality Certification Unit
Division of Water Rights
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*William_foster@fws.gov

Note: Preferred contact by e-mail designated by an asterisk (*).