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**Swimming upstream**

There's something fishy about a decision to close a Northern California power plant

By R.V. Scheide

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For the past 100 years, the Kilarc-Cow Creek hydroelectric project has been churning out clean, renewable energy in the foothills 30 miles east of Redding. But Kilarc-Cow Creek's future seems bleak now that PG&E has announced its intention to shut it down, and a rural Northern California community fearful of losing a valuable resource hopes a Davis-based renewable-energy company can help save the project.

The proposed shutdown could cost PG&E's ratepayers as much as \$20 million--\$10.7 million to decommission the project and an estimated \$10 million to replace it with another renewable-energy source, as required by the state's Renewable Portfolio Standard. That's a hefty price, considering there's no evidence that Kilarc-Cow Creek's continued operation is harming endangered Chinook salmon and Steelhead trout, the leverage used by state and federal wildlife agencies to persuade PG&E to abandon the project after operating it since 1919.

"The gigawatts-per-hour generated by the plant are currently counted in PG&E's renewable baseline," notes Commissioner John Geesman of the California Energy Commission. The RPS requires utilities to produce 20 percent of their power with renewable resources by 2010. PG&E currently produces 13 percent of its power via renewables. "If they take that out, they're going to have to make that much more to remain in compliance."

Last week, the Federal Energy Regulatory Commission ordered PG&E to begin the two-year process of decommissioning the project. Richard Ely, principal and chief engineer of Davis Hydro, swims against a strong current as he attempts to convince FERC to grant his company a license to run the project, which consists of two separate water-driven turbine generators, one on Old Cow Creek and the other on South Cow.

PG&E claims in FERC documents that the reduced water flow allegedly required to protect fish--resulting in a corresponding reduction in the electricity generated--will make operating the project unprofitable. But Ely believes that by shutting down the plant on the South Cow and continuing to operate Kilarc on the Old Cow, the project can meet environmental regulations and still generate a profit.

"We could operate the Kilarc facility and use the proceeds to finance restoration of fish habitat on the South Cow," Ely says, noting that his company successfully operates a similar project on the Dog River in Vermont, famous for its trout fishing. "For a number of reasons, that makes sense."

The Kilarc powerhouse generates a total peak output of 3 megawatts of electricity--easily enough to supply the 800 rural households in the Cow Creek watershed, which includes the small, rustic towns of Whitmore, Millville and Shingleton. Locals are overwhelmingly in favor of retaining the Kilarc-Cow Creek project, and are angered that neither PG&E nor the plethora of government agencies involved in the decision to shutter the plant bothered consulting with the community.

Kilarc-Cow Creek came up for re-license by FERC in March 2002. At the prodding of the National Marine Fisheries Service, the U.S. Fish and Wildlife Service, the state Department of Fish and Game, the state Water Resources Control Board, Friends of the River, Trout Unlimited and other agencies concerned about the endangered fish, PG&E agreed to abandon the project in March 2005. However, locals were unaware of the decision until June 2005, when Synergics, a Maryland-based company that specializes in operating renewable-energy systems and operates a small hydroelectric plant one mile downstream from Kilarc, notified FERC it intended to apply for the license.

"We weren't aware of it until Synergics in Maryland put in an application for the license," says longtime Whitmore resident Glenn Dye, a retired space-shuttle engineer and chairman of the Save Kilarc committee, a growing and increasingly vocal group of residents angered by what they see as the attempt to bypass their input. "That was the first time local stakeholders were informed of the issue."

FERC grants prospective licensees 18 months to file an application after the initial notice of intent. According to Wayne Rogers, president of Synergics, his company was stymied at every turn by PG&E, which refused to divulge any of the vast amount of data it has accumulated operating the plant for nearly 90 years. The data was necessary to successfully complete the licensing process, and without it, Synergics was turned down by FERC in January. Rogers is still bitter about the rejection.

"I wish there was a way we could have worked it out; we'd do it tomorrow if we could," Rogers says. "We attempted to get support from the governor, anyone we could convince that closing [Kilarc-Cow Creek] doesn't make sense for the people of California. No one was willing to take a stand."

Kelly Catlett, a Sacramento attorney for Friends of the River, stands by that organization's support for decommissioning the Kilarc-Cow Creek project, saying that PG&E had declared the project unprofitable. When it was pointed out that the company's declaration came only after groups such as Friends of the River demanded that the water flow to the generators be cut, she deferred to the scientists at the U.S. Fish and Wildlife service and state Fish and Game. "I came into the project at the decommissioning phase," she says. "They did all the science, that's their bailiwick. I'm just a lawyer."

However, Rogers insists that no government agency has done a study of the upper reaches of Cow Creek, a fact confirmed by NMFS and the U.S. Fish and Wildlife Service. On the other hand, Synergics, which operates the Olsen powerhouse one mile downstream from Kilarc and five miles upstream from a 15-foot waterfall that prohibits passage of Chinook and Steelhead, has extensively studied the upper reach of Old Cow.

"There is absolutely no evidence that Chinook and Steelhead have ever made it beyond the falls," he says. "I ask the DFG to produce any evidence that they have. It's absolutely false."

DFG did not return calls by press time.

More than 700 locals signed a petition endorsing Synergic's proposal to operate the project, which is a valuable local resource for reasons besides power generation. The five-acre reservoir that feeds the Kilarc powerhouse provides not just one of the few accessible recreational opportunities in an area populated by a high number of retirees, but also the only water supply for aerial firefighters in a dry, forested region that's a veritable tinderbox, having experienced three major fires in the past 10 years.

However, if PG&E had bothered to consult with the people who will be most effected by the closure--the inhabitants of the Cow Creek watershed--it might have discovered how important the project is to locals. In fact, none of the agencies involved in the agreement, all of which are headquartered some 200 miles south in either Sacramento or San Francisco, bothered to inform the locals that Kilarc was being slated for decommissioning.



Davis Hydro's Kelly Sackheim stands near the outlet of the Kilarc powerhouse on Old Cow Creek in Shasta County. COURTESY OF DAVIS HYDRO

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"When PG&E decided the plant wasn't economical because of the reduced water flow, the input of the public wasn't involved in the discussion," says resident Bob Roth, a retired electrician who's lived in Whitmore for 25 years and sits on the Shasta Trinity Fly Fishers conservation committee. Like many avid sports fishermen, Roth has an interest in protecting the environment, but he thinks the agencies involved have erred in the Kilarc case.

"We are concerned about conservation," he says. "But we think they got this project wrong, and we think that's maybe because they're not local."

The denial of Synergic's extension set the stage for the surrender of PG&E's license to FERC. In early March, Davis Hydro's Ely learned that the project might be available, just two weeks before PG&E's official announcement that it planned to surrender its license. He immediately discovered that sentiment within the community was high to retain the project.

"What is happening here is no one has listened to the local people," Ely says. "The residents of the area are unanimously against abandoning the project."

Dye, for one, has contacted his Congress member, Rep. Wally Herger. But Herger has so far been no match for FERC's bureaucratic inertia.

"I have been contacted by some constituents who understandably do not wish to lose the recreational opportunities provided by Kilarc reservoir," Herger says. "I certainly sympathize with them, as the reservoir has been a wonderful local amenity. I am personally a strong proponent of hydropower. It is a very clean and reliable form of energy. Regrettably, environmental regulations have made it difficult to cost effectively re-license some of our nation's hydroelectric facilities."

Rogers thinks it's long past time to restore balance to a process that has become dominated by people who are "anti-hydro and want to take all the hydroelectric power plants out.

"Someone needs to point out that this is lunacy," he says, noting that leaving Kilarc-Cow Creek in place costs nothing. "Ratepayers are going to pay \$10.7 million to shut it down and another \$10 million to build something somewhere else. Where's the balance in that?"

Ely and his business partner, Sacramento-based environmental-compliance consultant Kelly Sackheim, hope to convince FERC that Davis Hydro's plan to run the project can meet regulatory guidelines. It won't be easy--their first request to have the notice-of-intent deadline waved has been rebuffed at the request of the Fish and Wildlife Service and Friends of the River. But Ely thinks an argument can be made to keep the Kilarc powerhouse open to help the fish, since its reservoir provides much needed cooling water for the salmon that *do* spawn in lower reaches of Cow Creek.

He hopes that NMFS--"which has a tendency to send torpedoes upriver to blow up dams"--will take the bait.

"If we can't convince NMFS, then the project won't go," Ely says. "We're not going to do something that doesn't make sense."

At press time, neither PG&E nor NMFS had returned repeated phone calls from SN&R.



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