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September 17, 2007

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

Re: Requests for FERC Guidance and Action Regarding P-606 License Surrender

1. Clarification of Acceptable License Surrender Plan
2. Order to Commence Environmental Impact Studies before March 2009
Submission of PG&E License Surrender Application

Dear Ms. Salas:

PG&E conducted informative meetings on September 12 and 13, 2007, at which time they presented their preliminary proposed decommission plan for a 30-day public comment period. As a result of the progress made and information provided to date, we have timely concerns and questions about the license surrender process presently underway, more or less in accordance with the schedule submitted by PG&E and accepted by the FERC (reference copy enclosed as Attachment I).

Request #1 for FERC Clarification of Acceptable License Surrender Plan

PG&E stated in its September 2007 presentation (available for download from the Reference documents section of Davis Hydro's project Website at Kilarc.info) that

the FERC has ordered them to prepare a decommissioning plan that renders the "Project non-operational, now and in the future."

In contrast, during the public discussion afterwards, PG&E clearly described how the range of alternatives it may consider in its proposed decommissioning plan (the proposed "Project" to be analyzed by the FERC as lead agency under NEPA) range

from total removal of project facilities to simply closing and locking the doors and walking away.

We request that the FERC clarify whether the FERC would consider acceptable an alternative that does NOT in fact render the "project non-operational, now and in the future" but simply provides a satisfactory end condition that does not have unacceptable environmental consequences revealed in the environmental analysis conducted in accordance with NEPA, and is not then generating power.

Specifically, is the constraint on PG&E in submitting a proposed decommission plan for analysis, that the plan may not depend on a future license to generate hydropower. In other words, would a decommissioning plan be acceptable if it provided an opportunity to reach an environmentally preferred condition, independent of its future ability to be licensed to generate hydropower.

As an example of such a scenario, we submit our proposed alternative forwarded to you last week titled: An Alternative Proposal to Facilities Removal Kilarc – South Cow Hydropower Project...” (FERC Accession No. 20070911-5081 filed 9/12/2007; also available on www.kilarc.info). This Alternative provides a lengthening of the surrender path so that research and mitigation can be conducted to study how to best decommission various parts of the project while at the same time enhance the habitat.

Request #2 that the FERC Order PG&E to Immediately Commence Studies to Support the Environmental Analysis of the Project and Alternatives under NEPA

PG&E stated in its September 2007 presentation (slide #31 in their public presentation cited above) that the FERC would conduct the environmental analysis of the decommissioning plan (and alternatives) following the receipt of PG&E’s license surrender application. We understand that PG&E is responsible for undertaking the environmental studies upon which FERC will rely in conducting the environmental analysis. PG&E has stated during its September 2007 public meetings that at this time it will only perform environmental studies it feels necessary to support its draft decommissioning plan. It will not study any alternatives to this plan until ordered by the FERC after the submission of their decommissioning plan. Specifically, PG&E has focused on providing data for the environmental analysis of removing project facilities, while discounting the environmental impacts of the future absence of facilities or more important – leaving them in place. This single-alternative analysis fails to address the possible benefits of continued operation of some facilities. To facilitate discussion of these alternatives, we have forwarded in July 2007 to the FERC and all parties a Scoping Paper providing background and the reasoning for a larger scope of environmental studies. This was followed on Sept 11th, 2007 with the release of our suggested no-build alternative paper also forwarded to the FERC and to all parties.

PG&E in their surrender schedule application outlined extensive study periods starting last spring providing time for these studies which they now refuse to start or discuss - all public meetings to discuss these studies were canceled upon approval of the surrender schedule. PG&E has clearly stated that it has considered and rejects the requests for further environmental studies made by community stakeholders in accordance with the approved license surrender application schedule.

The FERC may find it necessary to have information from further environmental studies, including those repeatedly requested by community stakeholders, in order to make the comparison of environmental effects of various viable surrender alternatives. We request that the FERC require PG&E to commence studies now, rather than delaying the collection of up to 18 months worth of data that will be essential to FERC's analysis of the environmental impacts of the proposed and alternative license surrender (decommissioning) plans.

Specifically, we request that the FERC direct PG&E to conduct baseline data collection that will allow for a comparison of the environmental effects of removal of the Kilarc reservoir, versus the environmental effects of project elements described in attachment II to this letter such as:

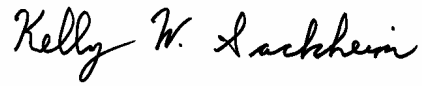
- Leaving the Kilarc reservoir in place, with the recreation elements being assumed by Shasta County and the hydropower operation synergistically run by a third party, and
- Leaving the South Cow Powerhouse in place and operating at a reduced flow and perhaps head.

These are possible viable alternative elements to project removal. Even if not "viable", their study would be required as part of the "No-Project" alternative analysis performed in accordance with NEPA. Speed and balance of study efforts is required and useful because in both the

alternatives stated above and in the removal alternative are paths to enhancing recovery efforts of endangered species.

We request a directive from the FERC to PG&E for commencement immediately of balanced environmental studies, taking into consideration issues and studies identified by stakeholders, to facilitate the comparison of the proposed and no-project alternatives.

Sincerely,



Kelly W. Sackheim, Principal, KCLLC
Compliance Specialist, Davis Hydro, LLC

cc:

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Federal Energy Regulatory Commission
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Washington, DC 20426-0001

Takeshi Yamashita, Regional Director
Federal Energy Regulatory Commission
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San Francisco, CA 94103

cc w/out attachment:

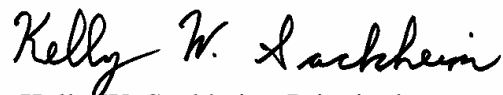
Steve Nevares, Senior Project Manager
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Official FERC P-606 Service List

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served this letter by first class mail postage prepaid or email upon each person designated on the official service list compiled by the Secretary of the Commission in this proceeding.

Dated at Fair Oaks, CA this 17th day of September 2007.



Kelly W. Sackheim, Principal

Sackheim Consulting, a member of

Davis Hydro LLC

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