

February 5, 2010

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 – 1st Street, NE, Mail Code PJ-12.3  
Washington, DC 20426

*filed electronically*

Ref: Kilarc-Cow Creek Hydroelectric Project, FERC No. 606-027

Application for Surrender of License by Licensee Pacific Gas and Electric Company  
Re: Elements of Two Alternatives to Dismantling Highlighted by Community Members  
Supporting Each

Dear Ms. Bose:

Numerous comments have been filed in this docket in the week leading up to the anticipated release on January 29, 2010 of the Federal Energy Regulatory Commission's (FERC's) draft Environmental Assessment (draft EA). As requested in nearly all of the filings, the release of the draft EA has evidently been delayed, and the document is not yet public.

The first of the filings were a trio of documents by and/or on behalf of Steve Tetrick/ Evergreen Shasta Power, a Nevada limited liability company. With the presentation of an Offer of Settlement, the Tetrick-led parties seek to accelerate the FERC decision-making process and limit the further discussion of issues, most notably proposing that "any failure to file a comment [on or by February 11, 2010] constitutes a waiver of all objections to the offer of settlement."

Three comments by Community Stakeholders have subsequently been filed (evidently using the eComment or "Quick Comment" feature on eLibrary), requesting due consideration of their opinions and highlighting elements that each would prefer to see implemented from the earlier and more developed Davis Hydro proposal (first introduced and described in increasing detail in FERC Accession Nos. 20070427-5112, 20070731-5001, 20070911-5081, 20070919-0009, and 20080425-5015) and the subject of

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numerous additional filings through this week), and the Evergreen Shasta Power proposal first shared with the community (FERC Accession No. 20090713-5165) during the period for comments and motions to intervene following notice of PG&E's License Surrender Application, respectively.

The earliest Community Stakeholder comment referenced here was filed by Randy Carnley (who, with his wife, had filed a "Motion to Intervene Out of Time of Laura and Randy Carnley under P-606-000 and Request PG&E be ordered to immediately study P-606 effects on migratory birds, other wildlife." under FERC Accession No. 20070919-5013). FERC Accession No. 20100125-5097 states:

"Regarding the substance of the Evergreen Shasta Power, LLC proposal to operate the facility, they presume that PG&E can be forced to reach an agreement with them, rather than any other company, such as Davis Hydro, who has also proposed another viable alternative that they have been developing with input from our community for three years. The Davis Hydro alternative is specifically being designed to be acceptable to the fish resource agencies who signed the March 2005 Agreement to which PG&E is committed.

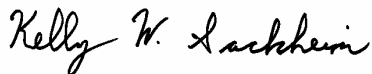
Davis Hydro has said publicly that they would propose that 1/3 of net revenues from the project go to fisheries enhancement, and 1/3 to capital improvements to the facilities that are necessary in addition to annual operating costs; with the remaining 1/3 being their total compensation, including profit, for all the time that they spend."

Two additional filings by Whitmore-area residents, FERC Accession No. 20100125-5148 by Joan & Earl Wetmore and FERC Accession No. 20100205-5006 by Jerry & Mary Richmond, supporting the Davis Hydro and Evergreen Shasta proposals respectively, are attached in their entirety. The FERC-generated PDF of each of the files is garbled in the record, but the attached version has been recovered as evidently intended to be filed from the .txt version available on eLibrary.

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As we have stated repeatedly, Davis Hydro is committed to a win-win resolution to PG&E's decision to cease operating this project, that avoids significant unmitigated impacts to all resources and stakeholders. Davis Hydro supports the local community in this endeavor and stands ready to implement its fish enhancement plan with or without a license, respectful of the need to minimize PG&E's operating costs while making strides forward towards the recovery of Endangered Species Act-listed species. We are committed to build a strong fish resource supported financially by green hydropower and request Commission support of these goals as well.

Sincerely,



Kelly W. Sackheim, Principal  
KC Hydro, a partnership of Davis Hydro LLC and Sackheim Consulting

Cc: CarLisa Linton-Peters, FERC; Lisa Whitman, PG&E; FERC P-606 e-mail recipients  
on augmented Service List

Re: Request for Delay in Release of the P-606 Draft Environmental Assessment on License Surrender and COMMENTS ON OFFER OF SETTLEMENT of Tetrick Ranch et al

I have been told that three filings have been posted to e-Library on behalf of the Evergreen Shasta Power alternative to dismantling the P-606 facilities. We strongly support retention of the P-606 facilities, but do not believe that all of the elements proposed by Tetrick Ranch et al represent the best means to achieve a win-win solution for our community and the endangered fish resources.

As regards the OFFER OF SETTLEMENT of Tetrick Ranch et al, the cover letter said, "In compliance with Rule 602(d)(2), undersigned Counsel also note that Comments on the Offer of Settlement may be filed by any Participant not later than 20 days after the filing, or by February 11, 2010, and reply comments may be filed not later than 30 days after the filing, or February 22, 2010, unless otherwise provided by the Commission. The Commission's Rules of Practice and Procedure, 18 C.F.R. §385.602(f)(3), also provide that any failure to file a comment constitutes a waiver of all objections to the offer of settlement." On behalf of ALL parties concerned with this proceeding who are not represented in this offer of settlement, a formal OBJECTION is hereby submitted to the offer of settlement, reserving the right to continue to submit comments until such deadline as may be established by the Commission in any notice of this offer of settlement.

As regards the MOTION TO INTERVENE OUT-OF-TIME OF EVERGREEN SHASTA POWER, LLC, I OPPOSE any favoritism being granted to a Nevada company that has not only been late on the scene but continues to submit self-serving proposals after closed-door negotiations (just as the resource agencies practiced with PG&E in the development of the March 2005 Agreement that we so vehemently oppose) that purportedly address all the interests of the Whitmore Community, but to which we are not a party. Mr. Tetrick is already an intervenor in this process and can represent the interests of his company. I will support the motion to intervene out-of-time of Sierra Pacific Industries because they only acquired the interest in the property surrounding the Kilarc facilities after the intervention deadline had passed, and no one else can adequately represent their interests with respect to the offer of settlement to which they are a party, or consideration of any other alternative that would directly affect them.

Regarding the substance of the Evergreen Shasta Power, LLC proposal to operate the facility, they presume that PG&E can be forced to reach an agreement with them, rather than any other company, such as Davis Hydro, whom Evergreen Shasta Power pointedly denies has proposed another viable alternative that they have been developing with input from our community for three years. The Davis Hydro alternative is specifically being designed to be acceptable to the fish resource agencies who signed the March 2005 Agreement to which PG&E is committed.

Davis Hydro has said publicly that they would propose that 1/3 of net revenues from the project go to fisheries enhancement, and 1/3 to capital improvements to the facilities that are necessary in addition to annual operating costs (with the remaining 1/3 being their total compensation, including profit, for all the time that they spend). The Evergreen Shasta Power (ESP) budget doesn't appear to provide as much money to maintain the facilities (we suspect because their operating budget is higher than that of Davis Hydro, because Dick Ely and Kelly Sackheim do so much of the work themselves, while Evergreen proposes to pay all their personnel, making the profit margin look really small), or as good a deal

for the fish, and leaves open future negotiations with the County for the recreation facility that we value.

The ESP budget identifies that the fish will get about  $\frac{1}{2}$  of what is allocated to their "Capital Expenditures Reserve" - while Davis Hydro proposes to make those equal, giving at least twice as much to the fish! Davis Hydro has an incentive to keep their operating costs low with their formula based on net revenues, because they get an equal share with the fish for their own compensation.

With all of these issues for the FERC to consider, we do not believe that it is appropriate to release the draft Environmental Assessment at this time. We would like these issues to be considered. Please do not ignore the community. A win-win solution can be achieved if PG&E will leave Kilarc facilities in place and support the community even slightly.

Sincerely,  
Joan & Earl Wetmore

The Honorable Kimberly Bose, Secretary

FERC

Re: P 606-027- Kilarc-Cow Creek Hydroelectric Project

Dear Secretary Bose:

We have been residents of Shasta County for 20 years and now live in the Community of Whitmore. We are active in the Community of Whitmore and my wife, Mary Richmond serves on both the Whitmore Volunteer Fire Department Board and the Whitmore Community Center Board. We have been following the PGE license surrender application process over the last several years and have been deeply concerned at the seemingly inevitable demise of the Kilarc and Cow Creek power plants.

In recent months we have been encouraged to hear of an alternative. After studying the alternative proposed by Evergreen Shasta Power involving Sierra Pacific Industries and Shasta County it appears to us that the Commission should seriously consider this win- win alternative.

Here are a few of the benefits that we see coming from the Evergreen groups proposal:

Provides for fish and habitat improvements at S. Cow Creek, Old Cow Creek, and Hooten Gulch...

Retains Lake Kilarc's water storage, fire protection source, recreation and fishing facilities and habitat, and groundwater recharging source...

Retains the Kilarc and S. Cow Creek hydro and water delivery systems...

Saves rate payers over \$14.5M in decommissioning expenses and the cost of replacing the 4.8 megawatts of renewable green energy...

Retains a 105 year old water delivery system to adjudicated water rights landowners which will allow them to maintain their own and their community's livelihood and activities...

Retains the current salmon spawning habitat and provides incentives for cooperative habitat restoration by private landowners...

It is clear to us that it makes no sense to destroy these resources when there is a viable plan that addresses greater instream flows for the fish, and gives back revenue to maintain our much needed recreation and habitat.

Being somewhat familiar with the watershed and the resources in our area, the suggested claims of the resource agencies are patently false. Both diversions (Old Cow and South Cow) are passable for fish, and the two natural barriers in Old Cow Creek clearly prevent salmon and steelhead from navigating further upstream.

Decisions made by PGE and the resource agencies back in 2002 may have made sense at the time with energy prices and other more significant PGE hydro facilities to relicense at the expense of Kilarc-Cow Creek. But this is 2010. California has a renewable portfolio standard of 33% by 2020, our nation needs green

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energy, our Community needs jobs and recreation, and our County needs tax revenue.

We urge you to consider the alternative presented by Shasta County, Sierra Pacific Industries, Evergreen Shasta Power, the Tetrick Ranch and the Abbott Ditch Users that is now before the Commission.

Sincerely,

Jerry W. Richmond and Mary E. Richmond  
POB 223  
Whitmore CA 96096  
530 472 3700