

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company

Project No. 606-027

**MOTION TO INTERVENE OF SIERRA PACIFIC INDUSTRIES AND
COMMENTS IN RESPONSE TO DEIS FOR
THE LICENSE SURRENDER AND PROPOSED DECOMMISSIONING OF
THE KILARC-COW CREEK PROJECT**

Pursuant to Rules 212 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.214, and to 18 C.F.R. § 380.10(a)(1)(i), Sierra Pacific Industries, moves to intervene in order to protect its interests in the above-captioned Proceeding, and submits its Comments in response to the DEIS issued by the FERC staff in connection with the proposed license surrender and decommissioning of FERC Project No. 606.

I. SIERRA PACIFIC AND ITS INTERESTS

Sierra Pacific Industries ("Sierra Pacific"), is in the timber and wood products business in Northern California and specifically, it is the owner of the timberlands that completely surround the intake, water conveyance ditch, and forebay (*i.e.*, Kilarc Lake) of the Kilarc Development, as well as thousands of acres of land in the upper reaches of the Old Cow Creek watershed, all of which contribute significantly to the region's economy. Its use of the properties adjoining Kilarc Lake could be threatened by Pacific Gas and Electric Company's ("PG&E") proposed decommissioning of the Kilarc Development, which is presently before the Commission as an integral part of PG&E's request to surrender its license for Project No. 606.

Sierra Pacific has commented in these proceedings in support of the Shasta County and Evergreen Shasta Power Alternative. It is also a participant in Evergreen Shasta, LLC. *Comments of Sierra Pacific Industries re the Shasta County and Evergreen Shasta Power Alternatives to retain the facilities for power production and recreation under P-606* (Dec. 30, 2009), available at eLibrary Accession No. 20091231-0051. It had earlier filed comments expressing its concerns about the decommissioning. *Comments from Sierra Pacific Industries regarding PG&E license surrender for the Kilarc Project under P-606* (Nov. 11, 2009), available at eLibrary Accession No. 20091112-5052. It was also party to the Offer of Settlement filed January 22, 2010. It is filing comments on the Draft Environmental Impact Statement (“DEIS”) concurrently with this Motion to Intervene.

Sierra Pacific’s interests in the resolution of these proceedings are substantial, and integrally linked to the environmental considerations discussed in the DEIS. The conveyance system associated with the Kilarc Development is a series of ditches, flumes, and tunnels, carrying water from an intake on the Old Cow Creek and delivering it to the forebay. A breach or failure of the ditch could severely and irreparably damage Sierra Pacific’s timber and soil resources in the area, potentially removing hundreds of cubic yards of material from the side slope and depositing it in the main stem of Old Cow Creek. As such, regular maintenance of the conveyance system is imperative, as is proper and prompt removal of the facilities if that is the ultimate outcome. Sierra Pacific seeks to intervene to comment on the DEISs treatment of these issues and to help ensure that any maintenance (if the facilities continue to be operated) or removal (if decommissioning is ordered) is performed with an eye to ensuring the protection of its

own valuable resources. Similarly, all access roads within and leading to the Project must be maintained to minimum specifications such that Sierra Pacific can meet its obligations to comply with state standards in its forest management activities.

As it has stated in its earlier pleadings and comments, Sierra Pacific has concerns about fire suppression in its timberlands and seeks to ensure that it will not be exposed to additional fire risk due to the resolution of these proceedings. The Kilarc reservoir's value for fire suppression purposes is discussed in the DEIS, and Sierra Pacific is deeply concerned about the potential loss of this firefighting resource if the reservoir is drained. In addition, the corporate headquarters of Sierra Pacific are located in this region; it is deeply interested in its welfare and the welfare of its employees who live in the area. The potential loss of recreational amenities for its employees and their families, local tax revenues, and opportunities to retain viable renewable resources is of key interest to it. Sierra Pacific itself subscribes to the goal that industry should try to meet more of its energy needs through green resources, and is the owner of approximately 150 MW of biomass and small hydro facilities. All of these issues are of great relevance to the DEIS, which recommends that 5 MW of operable hydro resources be eliminated.

Thus, Sierra Pacific's interests are substantial and will be impacted by the outcome of this proceeding, which will necessarily affect its management of valuable timberlands. In addition, as the landowner of thousands of local acres, it is in a unique position to assist in any implementation or resolution of the access issues that are likely to arise. Sierra Pacific accordingly seeks intervention in order to participate fully in the NEPA process and this proceeding; to protect its own interests, as they are now established; and to respond to changes in the course of this proceeding. Its interests are

unique and cannot be represented by any other party; because its perspective is unique as to the other parties, its participation is in the public interest.

II. INTERVENTION IS TIMELY

Section 380.10(a)(1) of the Commission's Regulations states:

(i) In addition to submitting comments on the NEPA process and NEPA related documents, any person may file a motion to intervene in a Commission proceeding dealing with environmental issues under the terms of Sec. 385.214 of this chapter. Any person who files a motion to intervene on the basis of a draft environmental impact statement will be deemed to have filed a timely motion, in accordance with Sec. 385.214, as long as the motion is filed within the comment period for the draft environmental impact statement.

(ii) Any person that is granted intervention after petitioning becomes a party to the proceeding and accepts the record as developed by the parties as of the time that intervention is granted.

18 C.F.R. § 380.10. The Commission routinely grants such interventions. *See, e.g., Ruby Pipeline, LLC*, 131 FERC ¶ 61,007 (2010); *Port Dolphin Energy LLC*, 129 FERC ¶ 61,199 (2009); *Avista Corp.*, 127 FERC ¶ 61,265 (2009); *Floridian Natural Gas Storage Co., LLC*, 124 FERC ¶ 61,214 (2008); *N. Baja Pipeline, LLC*, 121 FERC ¶ 61,010 (2007). The Commission has concluded that intervention under Section 380.10 constitutes intervention in the underlying proceeding, not simply the portion of the proceeding related to the environmental impact statement. *Hydroelectric Dev. in the Upper Ohio River Basin*, 44 FERC ¶ 61,311, at 62,076 (1988).

III. COMMUNICATIONS

The persons to whom communications concerning this matter should be addressed, and their contact information, are as follows:

Sierra Pacific Industries
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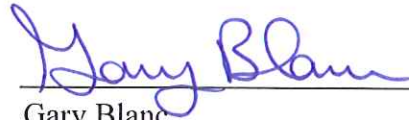
IV. COMMENTS IN RESPONSE TO DEIS

Sierra Pacific supports the comments being submitted in response to the Commission Staff's DEIS by Tetrick Ranch and Evergreen Shasta Power, LLC. It also submits an Affidavit of Herbert Baldwin, as to the impact on SPI and the local community of the loss of Kilarc Lake for fire suppression purposes, which is attached hereto.

V. CONCLUSION

For the foregoing reasons, Sierra Pacific Industries, requests that the Commission grant it intervention, with full rights as a party, for good cause shown, and accept as part of the official record for this proceeding, the Affidavit of Herbert Baldwin attached hereto.

Respectfully submitted,



Gary Blanc
Land Development Manager

Sierra Pacific Industries
P.O. Box 496014
Redding, CA 96049

August 24, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing Motion to be served upon each person designated on the official service list compiled by the Secretary in this Proceeding.

Dated on this 24th day of August, 2010.



Gary Blanc

Sierra Pacific Industries
P.O. Box 496014
Redding, CA 96049

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company

Project No. 606-027
Kilarc – Cow Creek
Hydroelectric Project

AFFIDAVIT OF HERBERT BALDWIN

- 1 1. My name is Herbert Baldwin. I am a licensed professional forester, and am currently
2 employed as the Redding District Forestry Manager for Sierra Pacific Industries. I
3 have been in this position for the 18 years of my employment at Sierra Pacific. In
4 addition, I have worked as a forester for other forest product companies in interior
5 Northern California over a career that spans 37 years. All the companies for which I
6 have worked have timberlands in the vicinity of the Kilarc Project.
- 7 2. Sierra Pacific is a family-owned company with a million and a half acres of
8 timberland in California. A quarter million of those acres are in Shasta County, and
9 some 45,000 are in the vicinity of the Kilarc-Cow Creek Project. The company's
10 business is to grow and harvest trees on those timberlands, primarily as a source of
11 logs for the three sawmills in Shasta County.
- 12 3. Sierra Pacific is an important contributor to the economy of Shasta County.
13 Currently, about 750 families in Shasta County look to the company as a direct source
14 of living wages. Further, it is generally accepted that each of Sierra Pacific's Shasta
15 County employees generates six other jobs that provide services directly related to the
16 company's business—jobs, for instance, for equipment and parts suppliers, logging

1 contractors, truck drivers, and tree planters. Because Sierra Pacific's mills and forests
2 are located in rural communities, the company feels a significant commitment to
3 those communities, including Whitmore, and to ensuring their sustainable economic
4 health.

5 4. One concern that Sierra Pacific has regarding the PG&E decommissioning proposal
6 for Project No. 606 is its impact on our ability to suppress fires that could damage
7 large areas of our timberlands. Trees grown for commercial purposes often take 60 to
8 80 (or even more) years to grow large enough to harvest. This means that a large fire
9 occurring in our forests can set back both Sierra Pacific and the communities that
10 depend on those timberlands for jobs and revenues, significantly. In Shasta County,
11 which is a dry and fire-prone area, wildfires are not uncommon. In fact, eight
12 different wildfires have occurred in the vicinity of the Kilarc-Cow Creek Project over
13 the last 40 years, of which two have burned the timberland immediately adjacent to
14 the Project itself: the Fern Fire of 1988 and a subsequent reburn in 2002. The threat
15 is real and significant.

16 5. The Kilarc forebay represents a valuable, local water source on two fronts: for
17 Cal Fire's immediate wildfire response and for the local volunteer fire departments.
18 A quick response from each is critical to keep small fires from reaching catastrophic
19 sizes.

20 6. Other local sources of water are not sufficient to meet fire fighting needs, either by
21 ground or air. Many of the smaller creeks are dry during the late summer months
22 (when fire risk is highest). Further, due to the remoteness of the area, other water

1 sources referred to in FERC's Draft Environmental Impact Statement for
2 decommissioning the Kilarc-Cow Creek Project have limited access to both aerial and
3 ground fire fighters. Travel time and proximity to adequate supplies of water are key
4 to successful suppression, and fire fighting in the vicinity of the Kilarc-Cow Creek
5 Project is highly dependent on slow, low standard dirt roads. Two years ago, it was
6 water from the Kilarc forebay, rather than from the Old Cow Creek, or from the
7 distant Blue Lake, Silver Lake, or Buckhorn Lake, that was used to fight lightning-
8 sparked fires and to keep them from growing to unmanageable size.

9 7. Similarly, fire fighting helicopters are limited in the sources from which they can
10 draw water. Much of the Old Cow Creek channel and the Old Cow Creek canyon are
11 too narrow for adequate water, or for safe operation of helicopters. And if helicopters
12 must fly the many miles to Shasta Lake to get water, they will return to a fire that has
13 grown much, much bigger than it was when they left. The Draft Environmental
14 Impact Statement is erroneous in considering these other water sources as practical
15 alternatives to the Kilarc forebay.

16 8. At the July 14 public meeting, I offered to explain to FERC Staff why the alternative
17 water sources identified in the FERC Staff's DEIS were not comparable to the Kilarc
18 forebay; but to date, I have not been contacted by FERC Staff with respect to that
19 issue. Staff has asked me to provide them with the number of times the forebay has
20 been used for water in the past, and I am attempting to see if there is data that will
21 answer that question. However, I emphasize that wildfire will continue to be a
22 threat in the region going forward, and the availability of water sources like Kilarc is

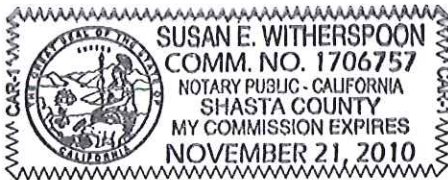
1 critical to maintaining the viability of the local timber industry and the surrounding
2 communities.

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9. I affirm that the facts stated herein are true to the best of my knowledge, information
and belief.

Herbert Baldwin
Herbert Baldwin

Subscribed and sworn to before me, the undersigned notary public, this 24th day
of August, 2010.



Susan E. Witherspoon
Notary Public

MY COMMISSION EXPIRES: November 21, 2010