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August 25th, 2008

Ms. Stacey Evans, Project Manager
Hydro Licensing
PG&E
Mail Code N11C
P.O. Box 770000
San Francisco, CA 94177

RE: The Kilarc Fish Restoration Project

Dear Stacey:

Thank you for your letter dated August 12th.

We address here two issues raised in that letter, the need to protect steelhead trout, and mechanisms within the FERC process.

Protecting Steelhead Trout

We share the same concern as ratepayers over the long term: the restoration of the subject fish. Closed-door, private consultations have inhibited introduction and consideration of possible alternatives that may achieve the fish restoration goals that are driving decisions, while better addressing secondary goals. Specifically these secondary goals include:

- **Water use:** If this green energy source is demolished, other energy forms will replace it. All replacement energy other than solar PV and wind (e.g. generation using combustion or nuclear) require pumping significant amounts of water for cooling which will impact fish habitats directly and indirectly.
- **Green Power:** Given today's economics, there is no green power substitution, so this project directly reduces fossil power which incrementally reduces acid rain and greenhouse gasses which will help a substantial amount of fish habitat.
- **Fire Protection:** Without Kilarc reservoir, the forest and the community around Whitmore will be far less safe from fire. Forest fires across the Whitmore area will create runoff that is devastating to fish habitat.
- **Wetlands:** The wetlands around the forebay and parts of the canal will be lost.
- **The German Ditch:** The downstream South Cow is a major steelhead and salmon habitat that is greatly impacted by water diversions. Part of our proposed plan is to address this within our Reconstruction Alternative.

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Each of these secondary goals has an influence on the over-riding objective of steelhead restoration. To assess the effects of an action without addressing its indirect impact on the target fish or global environment is incomplete. Such action may appear better for local environmental stakeholders, but may denude the project of alternative opportunities that are better for all concerned – especially the fish.

We ask you to consider impacts beyond this local installation and to think and act globally. It does little good to save a small habitat when the overall impact on the environment and the target fish may be less positive than the opportunities we collectively can bring to bear through an open discussion of alternatives and joint action and cooperation.

Finally, we ask PG&E to reconsider its position outlined in the agreement. Cost minimization, by leaving parts of the facility in place will allow more resources to be used at other locations. Fish restoration under our proposed alternative is contrasted with the socio-economic impacts of employment, residential water supply, and access to the beautiful vistas and fishing, that will be negatively impacted by the demolition proposal.

The FERC Process

In your letter, you suggest that there is *“no opportunity under the Federal Power Act for a third party, like Davis Hydro, or any other entity, to assume operation of Project facilities, or a portion of the Project facilities for power generation”*.

This statement is not true. A third party, such as Davis Hydro, could assume operation of Project facilities for power generation if PG&E chose to conclude an agreement for such operation under PG&E's license as part of a License Surrender to be approved by the FERC. Alternatively, PG&E could obtain approval from the FERC to transfer its license for an interim period although this license would still need to be surrendered eventually. Both the transfer and license surrender plan would need to be evaluated by the same agencies, and the process to do this would have to be derived from the NEPA consideration of Alternatives.

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Under a third and more likely scenario, Davis Hydro could apply for a new license to operate the project facilities, immediately upon the FERC's approval of the adoption of a PG&E license surrender plan that could allow for partial retention rather than a complete dismantling of project facilities. Perhaps the operation of such facilities could be approved for a finite period under annual renewals of PG&E's surrendered license, until just before a new license is applied for.

These ideas were addressed by Mr. T. J. LoVullo of the FERC at his presentation here in Whitmore. Your decommissioning plan could be to demolish the facilities as you have outlined in your PPDP, or you could propose shutting off the generators, locking the doors, and walking away. Alternatively, as Mr. LoVullo pointed out, anything in between. The reconstruction of the facilities for enhancing fish restoration and green power production would have the following benefits:

- enable an actively managed fish restoration project,
- preserve historical, sociological, and economic values,
- continue the best handicapped trout fishing in the state,
- save an already-constructed Green Energy plant,
- eliminate the permanent downstream habitat destruction from the rise in water temperature, and
- eliminate the global effects of the demolition activities locally and the construction activates for the make-up power generation sources.


A specific first step would be to discuss under Section 7 agency consultation, within your surrender proposed process, how a move toward our fish restoration measures will provide for a large increase in genetically verified steelhead production. Our Reconstruction Alternative will have no, or little, anadromous fish take with our low bypass flows due to the lack of anadromous fish in the area and our proposed compensatory mitigation measures. Your demolition process may have a significant fish take in the downstream pollution during and after removal with the marginal loss of habitat from temperature increases. No or few anadromous fish will be generated with your alternative in this area due to the saturation of the area with non-anadromous trout and difficult upstream passage.

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To implement, PG&E could have a decommissioning plan that delayed demolition until after all reasonable attempts by private entities – such as Davis Hydro - have been shown to be less environmentally responsible than removal. Any variation of the suggested mechanisms outlined in our Reconstruction Alternative could be used. We proposed a joint effort to see what steps can be taken to exceed NOAA's fish restoration objectives.

Finally, we ask your company – and implicitly the agencies: *In the face of an actively managed fish restoration alternative clearly spelled out in the documents on WWW.Kilarc.info, is the destruction of an existing green resource and its global significance really what we want to do today? How can we best serve our State and national air and waters, or is the focus only on local objectives?*

Respectfully,



Richard Ely, Principal
Davis Hydro

cc: K. Sackheim
www.Kilarc.info documents
FERC: Filed Comment
NOAA, CDFG
Other "Agreement" signatories