



Nevada Irrigation District (NID) and Pacific Gas and Electric Company (PG&E) each own and operate projects on the Yuba and Bear rivers in accordance with licenses issued by the Federal Energy Regulatory Commission. The licenses for NID's Yuba-Bear Hydroelectric Project and PG&E's Drum-Spaulding Hydroelectric and Rollins Transmission Line projects expire on April 30, 2013. NID and PG&E each intend to apply for new licenses for their respective projects, and are coordinating their relicensing efforts. Information regarding NID and PG&E's coordinated relicensings is provided below.

Yuba-Bear/Drum-Spaulding/Rollins Relicensings

What is a FERC License?

The Federal Power Act of 1920 provides the Federal Energy Regulatory Commission (FERC) with exclusive authority to license all non-federal hydroelectric projects that are located on navigable waterways or federal lands. All of Nevada Irrigation District's (NID) Yuba-Bear Hydroelectric Project and Pacific Gas and Electric Company's (PG&E) Drum-Spaulding Project and Rollins Transmission Line Project are located, at least in part, on federal land and are subject to FERC licensing. Licenses are normally issued for a period of 30 to 50 years and contain conditions that regulate project operations and mitigate impacts. In order to continue to operate project facilities, a licensee must obtain a new license for its project when the existing license expires. This process is called "relicensing."

What is the purpose of relicensing?

At relicensing, FERC reassesses use of the resources affected by the project by applying current laws and regulations to such topics as land use, recreation, water supply, habitat, endangered species, and historical and cultural values. In making this assessment, FERC must give "equal consideration" to power and non-power uses. Relicensing provides the licensee, resource agencies, and the public the opportunity to comment on these issues in the context of project facilities and operations. Through this process, FERC makes sure that the new license is consistent with a comprehensive plan for utilization of the affected resources.

Which Projects on the Yuba and Bear Rivers are up for relicensing now?

Two hydroelectric projects are up for relicensing: NID's Yuba-Bear Hydroelectric Project and PG&E's Drum-Spaulding Project. FERC issued licenses for these projects in the early 1960's, and the existing licenses expire April 30, 2013. PG&E also plans to relicense its .72 mile-long Rollins Transmission Line Project, for which the license also expires April 30, 2013.

Are there other FERC-licensed hydro projects in the Yuba and Bear River watersheds?

Yes. Besides Yuba-Bear, Drum-Spaulding and Rollins, FERC issued licenses for nine other projects in the Yuba and Bear river watersheds. Four of these projects must go through relicensing, and FERC has determined that the other five are "exempt" from relicensing. The projects that must go through relicensing are: Yuba County Water Agency's (YCWA) 362 MW Yuba River Project; South Sutter Water District's (SSWD) 7 MW Camp Far West Project; PG&E's 12 MW Narrows Project; and YCWA's 20 MW Deadwood Creek Project. The licenses for these projects expire in 2016, 2021, 2023 and 2038, respectively. The projects that are exempt from relicensing include NID's Scotts Flat, Lake Combie, and Combie North Aqueduct; SSWD's Vanjob No. 1; and Browns Valley Irrigation District's Virginia Ranch Dam. The only other

water power project in the Yuba and Bear river watersheds is the U.S. Army Corps of Engineers Upper Narrows Reservoir (also known as Englebright Reservoir), which is not subject to FERC jurisdiction.

Do NID and PG&E plan to coordinate their relicensing processes?

Yes. NID and PG&E are coordinating their relicensing processes. Through this cooperative effort, NID and PG&E hope to: 1) maintain and enhance the overall comprehensive value of their projects in the watershed; 2) develop with agencies and the public a comprehensive plan for the management of watershed resources affected by the projects; 3) streamline the relicensing process for agencies and the public by coordinating the release and format of information; and 4) reduce the relicensing costs for all interested parties by sharing information and studies related to these projects.

Can you tell me more about the relicensing process?

The FERC relicensing process is based on laws and regulations that require a minimum of five years of extensive planning, environmental studies, agency consultation, and public involvement that are described in detail below. The process has changed considerably since the original project licenses were issued in the 1960's. The Federal Power Act was amended by the Electric Consumers Protection Act (ECPA) in 1986 and the Energy Policy Act in 2005. Among other things, ECPA requires that FERC give "equal consideration" to power production (the purpose of the license), energy conservation, and water quality, recreation, and other non-power benefits of the natural resources, such as fish and wildlife conservation. The Energy Policy Act emphasizes the value of hydropower in the Nation's energy strategy, and provides a mechanism for interested parties to propose alternatives to license conditions put forward by federal and state agencies and Indian tribes with authority to impose mandatory conditions on new FERC licenses. The Energy Policy Act also establishes a mechanism for interested parties to seek clarification regarding the "material facts" that the mandatory conditioning agencies relied on when developing their recommended conditions.

Is the relicensing process complicated?

The process is complicated, and can be very time-consuming for participants. FERC regulations provide an applicant with a choice of relicensing approaches. All of the approaches provide for public involvement and focus on achieving the best comprehensive use of the affected resources. In general the entire process can take 7-9 years to complete before a new license is issued by FERC.

Which relicensing approach does NID and PG&E plan to follow?

NID and PG&E each anticipate using FERC's Integrated Relicensing Process (ILP), which was created to provide a more efficient and timely licensing process than the existing Traditional and Alternative processes, and to provide appropriate resource protection through better coordination of the licensing process with federal and state agencies and Indian tribes. In general, the ILP can be viewed in two parts: Pre-Application Activities, which can be divided into five phases; and Post-Filing Activities. For specific regulations regarding the ILP, please refer to the Code of Federal Regulations, Chapter 18, Part 5. A general description of the ILP is provided below.

Pre-Application Activities

NOI and PAD Filing - The first Pre-Application Activity phase includes preparation and filing with FERC by the applicant of a Notice of Intent (NOI) to file an application for a new license and a Pre-Application Document (PAD). The PAD provides FERC and potential interested parties with existing, relevant and reasonably available information pertaining to the project to help identify potential impacts, issues and related information needs, to develop study requests and study plans. The NOI and PAD must be filed no earlier than 5.5 years and no later than 5 years before the existing license expires. NID and PG&E plan to issue an NOI and PAD for their respective projects in January 2008, but no later than May 2008.

FERC NEPA Scoping - Within 120 days of the date the NOI is filed, FERC: holds an initial meeting with potentially-affected Native American tribes; issues a public notices that the NOI and PAD have been filed; prepares and issues a Scoping Document 1 (SD1) that discusses the project and related issues; and holds a meeting and site visit. Thirty days after the scoping meeting, interested parties may file with FERC comments on the NOI, PAD and SD1. This phase is concluded 45 days later when FERC issues Scoping Document 2 (SD2), if necessary, to address comments. NID and PG&E anticipate that FERC NEPA scoping for the Yuba-Bear, Drum-Spaulding and Rollins relicensings will occur in early to mid 2008.

Study Plan Development - As described above, the applicant is required to include in the PAD a brief description of proposed studies. Within 195 days after the PAD is filed, the applicant must file its Proposed Study Plan that includes detailed plans for each study it proposes to perform. Within 90 days, the applicant must hold at least one study plans meeting, and interested parties may file comments on the Proposed Study Plan. Thirty days later, the applicant must file a Revised Study Plan, and 30 days after that FERC must issue a Study Plan Determination, which orders the applicant to perform the studies described by FERC in the Determination. If mandatory conditioning agencies do not file a dispute within 20 days, the Study Plan Determination is deemed final and the applicant begins performing the studies. If a mandatory conditioning agency files a dispute, FERC initiates a dispute resolution process that concludes 70 days later when FERC issues a final determination. NID and PG&E anticipate engaging agencies and other interested parties in study plan development in mid 2007.

Study Performance - The ILP provides for two field seasons of studies. At the conclusion of both field seasons, the applicant files a Study Report with FERC that describes the applicant's progress in performing the studies, and identifies any variances and modifications, including new studies. Interested parties have an opportunity to meet with the applicant to discuss each report and file

comments with FERC before FERC makes a determination regarding the proposed modifications.

DLA/PLP - The final Pre-Application Activity phase commences when the applicant files either a Draft License Application (DLA) or a Preliminary Licensing Proposal (PLP), which must be filed no later than 150 days before the applicant must file its Final License Application (FLA). Interested parties have 90 days to file comments on the DLA or PLP. NID and PG&E plan to file either a DLA or PLP for their respective projects no later than December 1, 2010.

FLA - NID and PG&E plan on filing Final License Applications for their respective projects no later than April 30, 2011 (i.e., no later than 2 years before the existing licenses expire). NID and PG&E expect that the license applications will contain the results of most, if not all, resource studies and proposed PM&E measures.

Post-Filing Activities

Post-Filing Activities commences when the applicant files its Final License Application. During the Post-filing activities FERC will: 1) determine if the application is complete and request additional information from the applicant if needed; 2) prepare an Environmental Assessment or Environmental Impact Statement (EIS) consistent with the National Environmental Policy Act once the application is complete; and 3) make a decision on issuance of the new license, including license conditions. In this process, FERC's goal is to assure the best comprehensive use of the affected resources.

Have NID and PG&E begun the relicensing process?

NID and PG&E began detailed planning for relicensing in 2006. This initial work included setting up administrative systems; selecting a joint consultant; beginning to gather existing, relevant and reasonably available information; and conferring with agencies and special interest groups about their issues and interests. Also, NID and PG&E are developing a water balance model for the two hydro projects to assist in understanding how changes in operations or minimum instream flow requirements may affect other resources, and to assess the potential for project improvements.

How can I find out more about NID's and PG&E's relicensings?

NID and PG&E plan to issue make mailings to potentially interested parties, and hold public meetings periodically throughout the relicensing process. NID and PG&E also host websites that provide information regarding the Yuba-Bear and Drum-Spaulding projects and relicensing. Also, interested parties can call or write NID or PG&E at any time with questions or comments regarding the relicensing process. NID's telephone number is (530) 273-6185 and the mailing address is 1036 West Main Street, Grass Valley, CA, 94945. For PG&E, call (415) 973-4481 or mail your comments to Drum-Spaulding Relicensing Project Manager Mail Code N11D, 245 Market Street, San Francisco, CA 94105.

How can I be sure I will get the relicensing-related information?

NID and PG&E will maintain a Relicensing Contact List of interested parties who wish to receive information regarding the Yuba-Bear, Drum-Spaulding and Rollins relicensings. If you wish to be included, call or write NID or PG&E at the numbers and addresses listed above.