



United States Department of Agriculture
Office of the Secretary
Washington, D.C. 20250

September 18, 2026

Ms. DEBBIE-ANNE A. REESE
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

RE: USDA Comments on the Federal Energy Regulatory Commission (FERC) Scoping Document 1 for the Proposed Potter Valley Hydroelectric Project Surrender and Decommissioning; Project Number 77-332.

Dear Ms. Reese,

The United States Department of Agriculture (USDA) submits the following comments on the Federal Energy Regulatory Commission (FERC) Scoping Document 1 for the proposed Potter Valley Hydroelectric Project surrender and decommissioning. USDA continues to oppose approval of PG&E's proposed surrender and disposition of the Potter Valley Project works on the current record.

A. Scoping Document 1:

USDA is concerned that Scoping Document 1 prematurely proposes to eliminate potentially reasonable alternatives from detailed study and respectfully requests that the Scoping Document evaluate a reasonable range of technically and economically feasible alternatives that meet the proposal's purpose and need as required by the National Environmental Policy Act of 1969 (NEPA). 42 U.S.C. §§ 4332 *et seq.*

First, FERC states that it will use the no-action alternative to establish baseline conditions but prematurely concludes that no action is not a reasonable alternative. USDA requests that FERC thoroughly analyze the no-action baseline and explain the basis for treating continued operation under the existing licensing framework as infeasible or unavailable.

Separately, USDA has recently organized meetings with PG&E and the Elsinore Valley Municipal Water District which has expressed interest in obtaining the project and operating the project under a continued-operation scenario. That interest supports consideration of a transfer or

continued-operation alternative, distinct from no action, if the alternative is technically, financially, and legally feasible. Furthermore, FERC should evaluate whether transfer to a qualified successor or surrender with some or all project works retained is in the public interest.

Second, FERC indicates that it will consider all alternative recommendations. Nevertheless, Scoping Document 1 proposes to eliminate several alternatives involving retention of the project works from detailed study before completion of scoping. For example, retention of the Scott Dam was dismissed as infeasible citing seismic stability concerns. The Scott Dam has consistently received the highest rating from the California Division of Safety Dam until recently. The most recent 2023 inspection report still concluded that “[f]rom the known information and visual inspection, the dam, reservoir, and the appurtenances are judged safe for continued use.” Cal Dep’t of Water Res., Div. of Safety of Dams, *Inspection of Dam and Reservoir in Certified Status: Scott Dam* (Oct. 18, 2023), <https://www.rffc.net/files/5f88b7d20/2023%2C+1018+PG%26E+Scott+Dam+DSOD+inspection+report.pdf>. Scoping Document 1 does not adequately identify or provide for analysis of the seismic risk which should be clearly identified and evaluated in the NEPA analysis and subsequent review of surrender and decommissioning proposal.

Retention of Scott Dam was also dismissed by FERC simply because of PG&E’s preference and past efforts to find an operator for the project. The mere preference of the licensee should not negate the statutory compelled consideration of alternatives especially if the licensee’s preference may not be in the public interest. Furthermore, there is currently interest in obtaining a new operator.

FERC also dismisses the Federal government takeover of the project when multiple federal agencies have indicated that removal or breaching of the dams is not in the public interest. Federal takeover continues to be a viable option that should be explored considering the Administration’s opposition to dam removal.

USDA is also concerned that Scoping Document 1 and PG&E’s decommissioning proposal do not adequately address potential impacts to livestock grazing on National Forest system lands. Forest Service grazing allotments overlap or border the Potter Valley project area and may be affected by dam removal, changes in water diversion, and resulting alterations to stream flows, groundwater, riparian areas, and livestock water availability. The York Cabin grazing allotment intersects the FERC project boundary along the Rice Fork streambank, and the northern boundary of the Pine Mountain allotment follows the Eel river between Scott and Cape Horn dams. Both allotments are actively grazed annually from May 16 through September 30.

Removal of project facilities and changes in river operations may alter stream flows, increase short-term erosion, destabilize stream banks, and deposit sediment in riparian areas. These

changes could affect livestock access to water, forage conditions, and existing grazing infrastructure and may require temporary protection measures or changes in grazing management while stream channels and riparian vegetation stabilize. USDA is particularly concerned that the removal of Scott Dam and changes to water diversion at Cape Horn Dam may affect groundwater conditions necessary to maintain base ranches used by two Mendocino National Forest grazing permittees. Maintenance of an adequate base ranch is a condition of Forest Service grazing permits. If these properties become unusable because of project-related changes in water availability, the permittees' continued ability to meet permit requirements and maintain their grazing operations could be adversely affected.

USDA requests that FERC include grazing in the scope of its NEPA analysis and evaluate reasonably foreseeable effects of the proposed surrender and decommissioning on Forest Service grazing allotments, livestock water and forage, base ranch water availability, grazing infrastructure, and the Forest Service's administration of existing grazing permits. The analysis should identify appropriate avoidance, minimization, and mitigation measures and ensure that impacts to permittees and National Forest System grazing resources are fully considered before FERC acts on the surrender application.

B. Impacts of Surrender:

The proposed surrender and decommissioning could cause substantial and potentially irreversible impacts on local farmers, ranchers, agricultural producers, and local communities. The proposal could also adversely impact many of USDA's mission areas: the U.S. Forest Service (FS), the Risk Management Agency, the Farm Service Agency (FSA), Rural Development, and the Natural Resources Conservation Service (NRCS). The estimated cost of removing the Potter Valley Project ranges from \$500 million to \$1 billion, a burden that would likely fall on PG&E ratepayers and negatively affect everyone who currently relies on the project for water. That also doesn't consider the agricultural economic cost to the surrounding area.

According to the latest Census of Agriculture, the counties of Lake, Mendocino, Sonoma, Humboldt, and Marin generate more than \$1.4 billion in agricultural product sales. With a typical regional economic multiplier of three to one, this translates to over \$4.2 billion in broader economic activity. Eliminating access to project water would significantly diminish that economic output.

Removal of the dams would also impair water quality and drinking water safety for downstream communities, farms, and ecosystems. It would reduce wildland firefighting capacity in one of the nation's most fire-prone regions, threaten groundwater wells and grazing allotments, eliminate important recreation resources, and place at risk hundreds of millions of dollars in USDA-backed loans, crop insurance programs, conservation investments, and rural development projects.

Meanwhile, the environmental gains from dismantling a century-old project that currently provides beneficial cold-water releases to protected watersheds remain minimal.

Wildfire risk is a particular concern given the region's history of destructive fires. Lake Pillsbury serves as a vital water source for suppressing major forest fires and has been indispensable in fighting three of the largest wildfires in California history: the 2017 Sonoma Complex Fire, the 2018 Mendocino Complex Fire, and the 2020 August Complex Fire. The 2017 Sonoma Complex Fire alone destroyed more than 110,000 acres, caused \$9 billion in insured losses, and resulted in significant loss of life within the Potter Valley Project service area. These facts underscore the need for thorough review of any proposal to surrender the system, including expanding the Scoping Document.

The push to fully remove the Potter Valley Project also directly contradicts the State of California's goal to add nine million acre-feet of new water supply by 2040. Eliminating critical storage and diversion infrastructure would undermine statewide efforts to strengthen water reliability for agriculture, communities, and ecosystems at a time when every available resource is needed.

Because the current application will dramatically impact the region and considering the interconnected nature of all these issues, FERC should determine that the surrender and decommissioning application requires a full environmental impact statement rather than the more limited environmental assessment. Alternatively, keeping the project works in place, as they have been for the last century, could result in a finding of no significant impact.

C. FERC Authority to Reject the Surrender Application:

FERC has the authority to and should not approve PG&E's surrender and decommissioning application based on the public interest because the benefits of keeping the dams outweigh the advantages of removing the dams.

- Summary of Facts:

On July 25, 2025, PG&E filed with the Federal Energy Regulatory Commission (FERC or Commission), a Final Surrender Application and Decommissioning Plan, in which it proposes to surrender and decommission the Potter Valley Hydroelectric Project. Pac. Gas & Elec. Co.; Notice of Application for Surrender of License and Non-Project Use of Project Lands, Accepted for Filing, Soliciting Comments, Motions to Intervene, and Protests, 90 FED. REG. 53,301 (Nov. 25, 2025). This includes the removal of Scott Dam and its related facilities as well as removing Cape Horn Dam and its related facilities. *Id.*

In 1908, the Cape Horn diversion dam was built along with the initial hydroelectric project works. Pac. Gas & Elec. Co., *Final Appl. for Surrender of License*, vol. 1A, at 1–5, Dkt No. P-

77--332 (July 25, 2025). In 1921, the Scott Dam construction was completed, and the project was first licensed by the Federal Power in 1922. *Id.* In 1983, the project was relicensed by FERC and ultimately in 2022 the license expired with FERC issuing an annual license which renews automatically until the surrender and decommission proceeding is terminated. *Id.*

Historically the Potter Valley Powerhouse (9.2 megawatts) used water diverted from the Eel River for power generation. Pac. Gas & Elec. Co., *Final Appl. for Surrender of License*, vol. II, pt. 1, at 2.2.3.13, Docket No. P-77-332 (July 25, 2025). Three small hydroelectric projects are located downstream of Potter Valley Powerhouse on the East Branch Russian River. *Id.* In July 2021, PG&E took the Potter Valley Powerhouse off-line due to a broken transformer. *Id.* In the five years prior to the transformer being out of service, the average annual generation was 16,195 megawatt-hours – enough power-generating capacity to support about 2,000 homes. Pac. Gas & Elec. Co., *Final Appl. for Surrender of License*, vol. II, pt. 2, at 2.2.4.2-8, 9, Docket No. P-77-332 (July 25, 2025); see also Inland Water & Power Comm’n of Mendocino Cty., *Our Shared Water*, <https://mendoiwpc.com/our-shared-water/>, (last visited May 7, 2026).

The surrender will negatively and irreversibly impact local farmers, ranchers, agricultural producers, and communities. The removal of the project works will: cut off residential, agricultural, municipal, and industrial water availability; harm recreational use within the Lake Pillsbury basin area, the Lake Mendocino area, and along both the Eel River and the Russian River; and prevent cold water releases as well as result in massive sediment releases which will ultimately harm spawning and migration of Endangered Species Act listed species of fish in the Eel River.

The removal of the project works will cut off residential, agricultural, municipal, and industrial water availability. Lake Pillsbury has been used to maintain downstream water supply needs through minimum flow releases. County of Lake, Protest & Comments, attach. 2, *SLR Impact Study & Analysis*, at 5, Docket Nos. P-77-000 & P-77-332, Accession No. 20251201-5616 (Dec. 1, 2025). The project works significantly supplement the natural flows of the Russian River and constitute 55 percent of the total flow above Lake Mendocino. *Final Appl.*, vol. II, pt. 1, at 2.2.3.1–28.

The dewatering of Lake Pillsbury will adversely affect domestic water supply for some private property owner wells and campground water supply systems in the Lake Pillsbury basin. *Final Appl.*, vol. II, pt. 2, at 2.2.4.7–10.

Water resource impacts are a concern to the City of Rio Dell, where the Eel River traverses approximately four miles of frontage. City of Rio Dell (Kyle Knopp, City Manager), *Comment*, at 2, Docket No. P-77-332, Accession No. 20250814-0004 (Aug. 14, 2025). The city water

supply is directly impacted by a reduction in flows, as was demonstrated during the 2014 drought when rationing to the city residents diminished water use by up to 56 percent. *Id.* at 3.

The impacts from reduced storage in Lake Mendocino, which relies on flows from the Eel River diversion, extends on down the Russian River. *Final Appl.* vol. 1A, at 1–5. The magnitude of the impact to the East Branch Russian River is substantial. Potter Valley Water Reliability Study, app. D, attach. 3, at 1–5 (May 2025), <https://mendoiwpc.com/our-shared-water/>. Data shows that during the dry-season months of May through November, direct diversions from the powerhouse canal to the East Branch Russian River varied from approximately 18,000 acre-feet to 37,400 acre-feet in normal years. *Id.* at 3-4. Even during the 2020 through 2022 drought years, direct diversions from the powerhouse canal to the East Branch Russian River still totaled approximately 10,800 acre-feet. *Id.* at 4-5.

The City of Cloverdale (population approximately 9,000) relies on a municipal groundwater system that is directly influenced by subsurface flows produced by the Russian River. City of Cloverdale, *2020 Urban Water Management Plan*, § 6.3.1, at 6-2 (May 2021). Groundwater production wells serving Cloverdale are located within alluvial deposits hydraulically connected to the Russian River, making aquifer recharge dependent on sustained river flows. *Id.* at Section 6.3.1, 6-2. Russian River surface flows are bolstered by water diverted by the Potter Valley Project, including water stored in Lake Mendocino and released during summer months. City of Cloverdale, *Motion to Intervene & Comments* at 2, Dkt. No. P-77-332, Accession No. 20251126-5343 (Nov. 26, 2025).

The City of Cloverdale provides water to residences, businesses, and schools and to support fire suppression infrastructure. *Id.* at 1. If project diversions cease or are significantly decreased, flows in the Russian River will also decrease, potentially putting the City’s water supply at risk. *Id.* at 2.

The City of Healdsburg depends upon Russian River flows for 80 percent of its water supply. City of Healdsburg, *Water Conservation & Drought Information*, at 1, <https://ci.healdsburg.ca.us/714/Water-Conservation-Drought-Information> (last visited May 7, 2026).

Healdsburg, a premier tourist destination, relies directly on surface water diversions from the Russian River for its municipal water supply. City of Healdsburg, *2020 Urban Water Management Plan*, at 31–35 (Oct. 2021), <https://ci.healdsburg.ca.us/DocumentCenter/View/15962/2020-UWMP-Report-w-Errata-and-Council-Resolution>. During drought conditions, reductions in Russian River flows have required conservation measures and operational adjustments to maintain supply reliability. *Id.* at 62-63.

The removal of the project works would result in the cessation of diversions to the Potter Valley Irrigation District (PVID) and the Russian River. *Final Appl.* vol. II, pt. 2, at 2.2.5–6. The proposed action would have a long-term unavoidable adverse effect on PVID water supply and hydrology in the East Branch Russian River. *Id.* at 2.2.5–6. The Potter Valley Water Supply Reliability Study estimates water supply shortfalls of approximately 9,000 AFY under current demand assumptions and projected run-of-river diversion capability and recommends at least 2,500 AF of new in-valley pond storage and at least 3,500 AFY of new groundwater supply to address those shortfalls. Jacobs Eng'g Grp., *Potter Valley Water Supply Reliability Study: Executive Summary*, at i–ii (May 2025) (prepared for Sonoma Cty. Water Agency) https://www.sonomawater.org/media/PDF/Projects/PVP/SW_PotterValley_WaterSupplyReliabilityStudy_508.pdf. USDA likewise states that removal of the existing Cape Horn Dam would end diversion to PVID from the Eel River, that the proposed replacement supply would result in 6,480 acre-feet less water for PVID on an annual basis, and that approximately 90 percent of the replacement deliveries are expected to occur from January through March rather than during the irrigation season. U.S. Dep't of Agric., *Comments on Final Appl. for Surrender of License & Non-Project Use of Project Lands*, at 6–7, FERC Project No. 77-332, Accession No. 20251219-5299 (filed Dec. 19, 2025).

Potter Valley is at the head of the East Fork Russian River and is generally similar to the other Russian River groundwater basins in origin and appearance. G.T. Cardwell, *Geology and Groundwater in Russian River Valley Areas, and in Round, Laytonville, and Little Lake Valleys, Sonoma and Mendocino Counties*, Geol. Water-Supply Paper 1548, at 73 (1965), <https://pubs.usgs.gov/wsp/1548/report.pdf>. Its geologic and hydrologic conditions, however, are less favorable for the development of groundwater supplies. *Id.* The alluvium in Potter Valley is finer-grained, thinner, and less permeable than the cobbly gravels along the main course of the Russian River farther downstream. *Id.* Underlying the shallow alluvium are beds of silt and clay to depths of up to 375 feet. *Id.* at 74. The lack of a deep or continuous water-bearing aquifer is demonstrated by the data collected by PG&E which shows that between 1954 and 2024 permits to drill 461 water wells were issued within the Potter Valley Groundwater Basin. *Final Appl.* vol. II, pt. 3, app. 2.2.3.6A, at 1–42.- Of those permitted, 339 were logged, and only 111 (35 percent) were deemed to have sufficient yield to be completed. *Id.*

Agriculture in inland Mendocino County, from Redwood Valley to Hopland, relies heavily on Russian River water supplies supported by the Potter Valley Project. Robert Eyler, *The Economic Impacts of Water and Agricultural Industries: Inland Mendocino County* (2015), <https://mendoiwpc.com/wp-content/uploads/2019/12/Economic-Impacts-of-Water-and-Agricultural-Industries-Inland-Mendo-County.pdf>. Farms in this corridor generate or support more than \$743 million in annual business revenue. *Id.* Other economic data regarding farms directly dependent on water diverted through the Potter Valley Project shows Potter Valley's irrigated agriculture produces approximately \$30–35 million in annual crop value.

Inland Water & Power Comm’n of Mendocino Cnty., *Potter Valley Project – Project Overview* (Feb. 12, 2020), <https://mendoiwpc.com/wp-content/uploads/2020/01/Potter-Valley-Project-2-12-20-Cloverdale-Presentation-Working-Compressed.pdf>.

A 2023 economic impact study for the Sonoma County Farm Bureau indicates that without the Potter Valley Project dams for year-round water supply, the regional economy will be more exposed to the effects of a drought. Economic Forensics & Analytics, *Economic Impact of Potter Valley Project (PVP) and Estimated Effects on Sonoma County Economy*, tbls. 4 & 5 (Oct. 2023), <https://sonomafb.org/wp-content/uploads/2023/12/PVP-Econ-Impacts.pdf>. It goes on to say that any reduction in water from recent, average levels puts business incomes, jobs, and local tax revenues at risk. *Id.* at 1-17. This is why a drought is a large concern for any region. *Id.* at 1-17. Under a 30 percent water loss scenario, Sonoma County could face approximately \$195.2 million in annual reduced output, 891 lost jobs, and approximately \$7.35 million in lost tax revenues. *Id.* at tbl. 5, p. 13.

“According to the last census of agriculture, the counties of Lake, Mendocino, Sonoma, Humboldt, and Marin have a combined total of over \$1.4 billion in sales of agricultural products. That is well over \$4.2 billion in broader economic activity due to agriculture, if assuming a regionally typical multiplier of \$3 to \$1. If the decommissioning is approved, hundreds of legacy farms and this area’s rich agricultural heritage will be lost.” USDA Comments at 1.

The removal of the Project works will harm firefighting capabilities. PG&E’s hydrological analysis shows that unimpaired flows in the Upper Mainstem Eel River during the peak fire months are significantly reduced, with a minimum flow of 0 cubic feet per second from August to November. *Final Appl.* vol. II, pt. 1, tbl. 2.2.3.1-7, at 2.2.3.1-15; USDA Comments at 3–4.

Lake Pillsbury provides a crucial water supply needed for major forest fires in the area, and current conditions provide the greatest dependability for fire suppression support. Protest & Comments of Cty. of Lake, Attach. 2 - SLR Impact Study & Analysis, at 5, 14, 17, FERC Project No. 77-332, Accession No. 20251201-5616 (filed Dec. 1, 2025). It is a critical and life-saving asset that was used extensively to combat both the 2018 Mendocino Complex Fire and the 2020 August Complex Fire which were two of the largest wildfires in state history. *Id.* at 8.

The Lake Pillsbury Fire Protection District (LPFPD) states that the proposed removal of Scott Dam represents a serious threat to the safety of five communities and approximately 400 homes in and around the Lake Pillsbury Basin, and that fire engines, water tenders, helicopters, and super scoopers depend on a consistent and readily accessible water supply to suppress fire spread. Comments of Lake Pillsbury Fire Prot. Dist. on PG&E’s Appl. for Surrender of License, at 1–2, FERC Project No. 77--332, Accession No. 20251209--0000 (filed -Dec. 1, 2025).

LPFD further reports that peak aerial firefighting can require 25,000 to 50,000 gallons of water within a 30-minute timeframe, and that during the August Complex Fire (which burned 1.033 million acres across seven counties) the Westshore boat ramp filling station operated 24 hours a day for 28 days, pumping more than one million gallons from the lake, with an additional estimated one million gallons used by scooping aircraft. *Id.* at 2-4.

The Final Application concludes that Lake Pillsbury water for fire suppression can be substituted by other large bodies of water that are 20 to 75 miles away, involving longer response times and impacting local fire suppression efforts to properties in the Lake Pillsbury area. *Final Appl.* vol. II, pt. 2, at 2.2.4.95. One alternative water source identified by PG&E is Lake Mendocino. *Id.* at 2.2.4.95. However, the Eel-Russian Project Authority states that without Eel River water diversions, Lake Mendocino would frequently experience water shortages and could face a serious risk of draining in drought years without the seasonal Eel River diversions and substantial intervention. EelRussian Project Auth., *EelRussian Project Authority: Project Overview Fact Sheet*, at 1 (Spring 2025), <https://www.sonomawater.org/media/PDF/Water%20Resources/Potter%20Valley%20-%20ERPA/Fact%20Sheets/09-09-25%20ERPA%20Overview.pdf>.

The 2021 California Drought prompted the California State Water Resources Control Board to adopt an emergency regulation which documents the limitations of Lake Mendocino to provide sufficient drinking water to the population of more than 600,000 dependent upon it. State Water Res. Control Bd., *Resolution No. 2021-0023 (Corrected), Emergency Regulation to Address Severe Water Shortages in the Russian River Watershed*, at 2 (Apr. 21, 2021), https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2021/rs2021_0023_corrected_regs.pdf.

The Cloverdale area is located within a very high fire hazard severity zone. City of Cloverdale – Sonoma Cty., *Local responsibility Area Fire Hazard Severity Zones* (Feb. 24, 2025), <https://cloverdalefire.specialdistrict.org/2025-high-fire-severity-zone-map>. Fire suppression within the Cloverdale response area depends upon Russian River flows for a reliable municipal water system capable of delivering sustained fire flows through hydrants, storage tanks, and groundwater wells. Cloverdale Motion to Intervene & Comments at 1–4. The water system also provides a critical lifeline for fire suppression to those outside of the city. *Id.* at 1. A reduction or loss of Project water will have potentially catastrophic impacts on fire suppression efforts. *Id.* at 4.

Regional water storage and flow provided by Lake Pillsbury and the Potter Valley Project contribute to maintaining groundwater supplies and consistent flows during peak demand conditions. *Final Appl.* vol. 1A, at 1–5. Maintaining upstream storage and flow regulation

through the Potter Valley Project is essential to ensure that firefighting resources have the water supply necessary to effectively protect life and property. *Id.*

The removal of the project works will harm recreational use within the Lake Pillsbury basin area, the Lake Mendocino area, and along both the Eel River and the Russian River.

Lake Pillsbury is the largest lake within the Mendocino National Forest and provides recreational opportunities such as camping, trails, boating, and swimming. Protest & Comments of Cty. of Lake, Attach. 2-SLR Impact Study & Analysis, at 10. PG&E states that removal of Scott Dam, Project recreation facilities, and loss of Lake Pillsbury reservoir would eliminate existing opportunities for reservoir-based recreation activities, that existing boat ramps would no longer be functional, and that reservoir boating and fishing would no longer be available. *Final Appl.* vol. II, pt. 2, at 2.2.4.10-5.

Lake Pillsbury also supports broader seasonal public use in the basin, including campgrounds, a resort, and residential communities whose occupancy and visitation increase substantially during peak recreation periods. Lake Pillsbury FPD Comments at 1–2. Removal of Scott Dam, Lake Pillsbury and associated facilities means that summer water-based recreation for residents, campers and other forest visitors will cease due to lack of water. *Id.* at 2.2.4.10-4, 5; *Final Appl.* vol. II, pt. 1, tbl. 2.2.3.1-7, at 2.2.3.1-15.

The County of Lake estimates a potential loss in property tax alone of \$1 million dollars annually if Lake Pillsbury is dewatered. Cty. of Lake Protest & Comments at 13–14. The draining of Lake Pillsbury would render worthless the entire network of lake-based infrastructure (docks, boat ramps, marinas), affecting communities, a resort, and campgrounds. *Final Appl.* vol. II, pt. 2, at 2.2.4.10-4, 5.

The City of Rio Dell depends significantly on the economic vigor created by recreation activities dependent upon the Eel River. City of Rio Dell comment at 2. These activities include fishing, camping, swimming, boating, and the use of a quarter mile non-motorized riparian trail. *Id.*

PG&E acknowledged that Eel River diversions are essential to maintaining “summer recreation flows along the main stem of the Russian River” and are “responsible to a large measure for extensive resort developments” along the Russian River. Cty. of Lake Protest & Comments, Attach. 1, at 1. However, without these diversions Lake Mendocino would frequently have shortages and could drain during prolonged droughts, and tens of millions of dollars per year would be lost in the affected local economies. Eel-Russian Project Auth., *Project Overview Fact Sheet* (Spring 2025), <https://www.sonomawater.org/media/PDF/Water%20Resources/Potter%20Valley%20-%20ERPA/Fact%20Sheets/09-09-25%20ERPA%20Overview.pdf>.

The removal of the project works will prevent cold water releases as well as result in massive sediment releases which will ultimately harm spawning and migration of Endangered Species Act listed species of fish in the Eel River. The County of Lake commented that the repeated use of “unavoidable adverse effects” in the Final Application demonstrates PG&E has not fully considered the project’s environmental impacts. Cty. of Lake Protest & Comments, at 7. The County further contends that labeling impacts as “unavoidable” improperly attempts to predetermine environmental review conclusions before submission of a formal environmental application, as required under the National Environmental Protection Act. *Id.*

Scott Dam removal would increase turbidity and suspended sediment and adversely impact downstream water quality, fisheries, and recreation. *Final Appl.* vol. 1A, at 5-11. PG&E estimates that approximately 12 million cubic yards of impounded sediment could be mobilized downstream following dam removal, with modeled suspended sediment concentrations below Scott Dam as high as 900,000 mg/L. *Final Appl.* vol. II, pt. 2, at 2.2.4.8-32, 2.2.4.418. PG&E further identifies a short-term unavoidable significant adverse effect from the direct loss of all fish and aquatic species in at least 50 miles of the Eel River below Scott Dam due to low dissolved oxygen during sediment release, and a short-term unavoidable adverse effect from high suspended sediment concentrations along 168.5 miles of the Eel River below Scott Dam, including the estuary. *Id.* at 2.2.4.4-27 and 28; *Final Appl.* vol. 1A, at 6-3.

The Humboldt County Farm Bureau warned that sudden sediment influx and reduced dry-season flows could degrade water quality, increase turbidity, deposit additional sediment and potential heavy metals, increase flooding, and regulatory burdens, and adversely affect agricultural irrigation and domestic use, fauna, and lower Eel River, Humboldt Bay and offshore resources. Comments of Humboldt Cty. Farm Bureau, Jeannie Fulton, FERC Project No. 77-332, Accession No. 20251201-5-448 (Dec. 1, 2025).

The City of Rio Dell also expressed concern about the potential for suspended fine sediments infiltrating the water supply and creating problems for the city’s water treatment plant. Rio Dell Comment at two. Two concerns about toxic impacts to drinking water were established: initial flushing may create suspended spikes of sediment carrying bound mercury and newly exposed organic rich sediments could convert inorganic mercury to a more toxic methylmercury. *Id.* at 3.

The Project currently provides managed cold-water releases from Lake Pillsbury that moderate summer water temperatures in the Eel River below Scott Dam and affect water temperatures in the East Branch Russian River. *Final Appl.* vol. 1A, at 6-2. Maintaining a cold-water pool in Lake Pillsbury is critical for the survival of endangered salmonids, particularly during the hot summer months. *See Pac. Gas & Elec. Co., Potter Valley Hydroelectric Project, 2025 Minimum Instream Temporary Flow Amendment Request*, FERC Project No. 77-CA (Feb. 14,

2025). Eliminating that cold-water release management would not only contribute to short-term decommissioning impacts but would also result in long-term increased spring and summer water temperatures and corresponding long-term adverse effects on existing cold-water conditions in the Eel River and existing water temperature conditions in the East Branch Russian River. *Final Appl.* vol. 1A, at 6-2 - 6-4; *Final Appl.* vol. II, pt. 2, at 2.2.4.3-24, 2.2.5-10.

The PG&E Surrender Application leaves important scientific analysis, supporting documentation, and key mitigation planning incomplete, preventing a full evaluation of the environmental consequences of Scott Dam removal and whether the proposed mitigation is adequate. USDA Comments at 2.

- *Analysis:*

FERC should not approve PG&E's proposed surrender and disposition of the project works on the current record. FERC should fully evaluate reasonable retention and transfer alternatives and prescribe surrender conditions that protect the public interest and USDA's interests in National Forest System lands.

- I. FERC has the authority to prescribe conditions governing surrender and disposition of the project works and need not accept PG&E's proposed disposition.
- II. FERC should fully evaluate the effects of decommissioning especially on agricultural, industrial, and municipal water supply, as well as the New Eel-Russian Facility's (NERF) impact on the water supply.
- III. FERC should fully evaluate the effects of decommissioning on regional fire-suppression capacity and public safety.
- IV. FERC should fully evaluate the loss or alteration of recreation on Lake Pillsbury basin and along the Eel and Russian Rivers.
- V. FERC should fully evaluate short and long-term effects on listed species, aquatic habitat, water quality, sediment transport, and river connectivity.

The Federal Power Act (FPA) authorizes FERC to regulate the licensing of hydropower projects on "navigable waters of the United States." 16 U.S.C. § 817(1); *S.D. Warren Co. v. Me. Bd. of Env't Prot.*, 547 U.S. 370, 373 (2006). An existing license may be surrendered only upon mutual agreement between the licensee and the Commission. 16 U.S.C. § 799. FERC's regulations further provide that surrender may occur only after fulfillment of obligations prescribed by the Commission and upon conditions established by the Commission concerning disposition of the project works. 18 C.F.R. § 6.2. Accordingly, FERC need not accept PG&E's proposed disposition and may retain jurisdiction until applicable license obligations and surrender conditions have been satisfied.

Because project works have been constructed on lands of the United States administered by the Forest Service, PG&E must restore those lands to a condition satisfactory to USDA, and annual charges continue until satisfactory restoration is complete. 18 C.F.R. § 6.2. FERC should therefore retain jurisdiction until USDA determines that the proposed disposition and restoration of affected National Forest System lands are satisfactory.

Determining appropriate surrender conditions and disposition of the project works in the public interest includes consideration of a broad spectrum of issues. 16 U.S.C.A. §§ 797(e), 803(a)(1). FERC considers factors such as water supply, firefighting, industrial uses, recreational uses, and environmental concerns when evaluating the appropriate disposition of licensed project works. *See Am. Whitewater v. FERC*, 125 F.4th 1139, 1154 (D.C. Cir. 2025); *See also City of Tacoma, Washington v. FERC*, 460 F.3d 53 (D.C. Cir. 2006).

I. FERC has the authority to prescribe conditions governing surrender and disposition of the project works and need not accept PG&E's proposed disposition.

Section 6 provides that a license may be “surrendered only upon mutual agreement between the licensee and the Commission.” 16 U.S.C. § 799. This is not mere conjecture, but rather specific language contemplated by the legislature and re-added to the Federal Power Act when it was inadvertently struck in the late 1990s. *Bear Creek Hydroelectric Project Deadline Extension*, Pub. L. 105–192, 112 Stat. 625 (1998). FERC itself strongly supported adding this language even calling it a “fundamental element” of the Federal Power Act. *1997 WL 619451*; *S. Rep. 105-136 (1997)*, at 5. When a statute's language is plain, the function of courts is to enforce the statute according to its terms. *Sebelius v. Cloer*, 569 U.S. 369, 381 (2013). In *Takoma*, the court concluded congress implicitly acted by adding environmental considerations. *See Tacoma v. FERC*, 460 F.3d 53 (D.C. Cir. 2006). FERC's regulations implement Section 6 authority by allowing the Commission to prescribe outstanding license obligations and conditions governing disposition of constructed project works. 18 C.F.R. § 6.2. FERC has indicated that it may not compel a licensee to continue operating indefinitely. *FPL Energy Maine Hydro, LLC*, 106 FERC ¶ 61,038, 61,143 (2004). However, FERC's *Decommissioning Policy* recognizes that a licensee may not simply abandon a licensed project and that the Commission may deny surrender unless prescribed surrender terms are met. *Project Decommissioning at Relicensing; Policy Statement*, 60 FED. REG., 344–45 & n.42 (Jan. 4, 1995). Instead of allowing a licensee to walk away, FERC will retain jurisdiction by issuing annual licenses until a mutual agreement is reached. *Id.* at 345. While not favored, FERC can and will impose reasonable terms appropriate to the situation when mutual agreement cannot be reached. *Id.*

USDA therefore does not rely on an asserted authority to require PG&E's indefinite operation of the project. Rather, USDA requests that FERC decline to approve PG&E's proposed disposition

on the current record, fully evaluate reasonable retention and transfer alternatives, and retain jurisdiction until legally sufficient surrender conditions have been satisfied.

Those conditions must include restoration of affected National Forest System lands to a condition satisfactory to USDA. 18 C.F.R. § 6.2. FERC should therefore consult with USDA concerning removal or retention of project works, slope stabilization, sediment management, recreation facilities, access, revegetation, public safety, long-term monitoring, and responsibility for remaining structures before approving surrender.

- II. FERC should fully evaluate the effects of decommissioning especially on agricultural, industrial, and municipal water supply, as well as the New Eel-Russian Facility's (NERF) impact on the water supply.

FERC considers factors such as water supply, firefighting, industrial uses, recreational uses, and environmental concerns to determine what action is in the public interest. *See Am. Whitewater*, 125 F.4th at 1154 (D.C. Cir. 2025). FERC is expressly directed to consider the water-supply benefits of a proposed project in deciding what modifications, if any, to require of a license. 16 U.S.C. § 803(a)(1). FERC is also allowed to consider water supply when making licensure decisions. *Nat'l Wildlife Fed'n v. FERC*, 912 F.2d 1471, 1483 (D.C. Cir. 1990). “It is unlikely that a dam or reservoir serving key municipal water needs, for example, is going to be shut down.” *Decommissioning Policy*, 60 FED. REG. at 345. If a project “no longer . . . produce[s] power” and is instead used to “supply water for irrigation or domestic needs,” then “[c]ertainly, under those circumstances, tearing out a dam would be unwarranted.” *Id.* at 344.

In *Whitewater*, FERC “reasonably determined that dam removal was unfeasible because local municipalities relied on the reservoir for key water needs.” *Id.* at 1145. FERC also appropriately concluded “the benefits to local municipalities of keeping the dams outweighed the benefits to the environment and recreation from removal.” *Id.* Although that decision arose from a different setting, it confirms the relevance of municipal water supply when FERC evaluates disposition of project works.

Here, the removal of the Potter Valley Project works, especially the loss of Lake Pillsbury storage and Eel River diversions, would sharply reduce residential, municipal, agricultural, and industrial water availability across multiple communities. Lake Pillsbury currently provides minimum-flow releases that help support downstream supplies, and its dewatering would affect private wells and campground systems in the Lake Pillsbury basin. Cities such as Rio Dell, which already experienced severe rationing during the 2014 drought, rely on Eel River flows that would further diminish under the proposed action. Ending diversions to the Potter Valley Irrigation District (PVID) and the Russian River would create chronic water shortages, with studies projecting annual deficits of thousands of acre-feet and limited groundwater potential in

Potter Valley due to its unfavorable geology. Reduced storage in Lake Mendocino would ripple down the Russian River, threatening communities that depend on sustained flows. Cloverdale's municipal groundwater system, which relies on river-connected aquifers, would face supply risks, while Healdsburg, dependent on the Russian River for about 80 percent of its drinking water, could experience additional drought-related shortages and operational challenges. The proposed replacement supply would result in 6,480 acre-feet less water for PVID on an annual basis, and that approximately 90 percent of the replacement deliveries are expected to occur from January through March rather than during the irrigation season.

The water supply challenges alone warrant detailed analysis and weigh against approval of PG&E's proposed disposition on the present record. The analysis should address reasonably foreseeable NERF operations, annual and seasonal diversion quantities, projected supply shortfalls, groundwater limitations, and effects throughout the Russian River system.

III. FERC should fully evaluate the effects of decommissioning on regional fire-suppression capacity and public safety.

FERC considers factors such as water supply, firefighting, industrial uses, recreational uses, and environmental concerns to determine what action is in the public interest. *See Am. Whitewater*, 125 F.4th at 1154 (D.C. Cir. 2025). Applying its broad "public interest" standard, FERC relied on the fact the water supply was used for local firefighting when it determined that dam removal was unfeasible. *Id.* at 1148.

Here, the removal of the project works would significantly impair regional firefighting capabilities. Hydrologic analysis shows that without the project, summer and fall flows in the Upper Mainstem Eel River could drop to zero, eliminating an important accessible water source during peak fire months. Lake Pillsbury currently plays a critical role in fire suppression, supplying large volumes of water for engines, tenders, helicopters, and aircraft; during the August Complex Fire, more than two million gallons were drawn from the lake for fire response. Just the past eight years two of the largest fires in California's have occurred in this area, and both fires were eventually put out using water provided by the project.

The Lake Pillsbury Fire Protection District warns that losing this supply would endanger approximately 400 homes across five nearby communities. Proposed alternatives, such as relying on distant water bodies 20 to 75 miles away, would extend response times and reduce effectiveness, while Lake Mendocino itself faces frequent shortages without Eel River diversions. Downstream communities like Cloverdale, located in a very high fire hazard severity zone, depend on Russian River flows supported by the Project to maintain hydrants, storage tanks, and groundwater-fed fire suppression systems. Overall, the present record suggests that the Project's upstream storage and flow regulation provide substantial fire-suppression benefits

that may not be adequately addressed and FERC should fully evaluate before approving their removal.

- IV. FERC should fully evaluate the loss or alteration of recreation on Lake Pillsbury basin and along the Eel and Russian Rivers.

When FERC approved the Klamath River dam removal it indicated that while reservoir-based recreation would decrease, river-based recreation would increase and ultimately determined that the project could be removed. *See PacifiCorp Klamath River Renewal Corp. State of Oregon State of California*, 181 FERC ¶ 61,122, at 28 (2022). FERC indicated “[d]am removal would also have beneficial effects on riverine recreation, the scenic landscape, tourism, income from commercial fishing, subsistence fishing, and ocean and in-river sport fishing.” *Id.* at 19.

Here, unlike *Klamath*, there is a strong argument that recreation on both the lakes, rivers, and adjacent federal land would be diminished by removal of the project works. The removal of the project works would significantly diminish recreation throughout the Lake Pillsbury basin, Lake Mendocino, and along both the Eel and Russian Rivers. Lake Pillsbury, the largest lake in the Mendocino National Forest, supports extensive boating, fishing, camping, and trail use, which would be eliminated, displaced, or substantially altered with the loss of the reservoir, associated boat ramps, and other facilities.

Campgrounds, a resort, and surrounding residential communities that rely on seasonal lake-based visitation would see substantial declines in use, with the County of Lake estimating more than \$1 million per year in lost property tax revenue and widespread loss of lake-dependent infrastructure. Downstream, the City of Rio Dell depends heavily on Eel River recreation, including fishing, swimming, boating, camping, and a popular riverside trail, all of which would be affected by reduced flows and degraded conditions. PG&E has acknowledged that diversions from the Eel River are essential to maintaining Russian River summer recreation flows and to supporting the region’s extensive resort economy; without those diversions, Lake Mendocino would face more frequent shortages and risk draining during droughts, leading to tens of millions of dollars in economic losses across the Russian River recreation corridor.

FERC should compare these losses with any anticipated increases in river-based recreation and determine whether mitigation or replacement facilities are necessary. The present record suggests that recreation will be severely negatively impacted and there is arguably no improvement to recreation with the removal of the project works.

- V. FERC should fully evaluate short and long-term effects on listed species, aquatic habitat, water quality, sediment transport, and river connectivity.

The broad public interest standard does not require FERC to prioritize the environmental benefits of dam removal over other valid concerns. *Rochester Gas and Elec. Corp.*, 100 FERC ¶ 61,446-447 (2002). FERC has previously declined to remove a dam where the environmental benefits of restoring a river to its original state were outweighed by “the aesthetic and historic value of keeping the dam in place.” See *VC Porterdale Hydroelectric, LLC*, 153 FERC ¶ 62,261, PP 17-18 (2015). There, FERC indicated that “there are few, if any, environmental benefits to be gained from removal or large-scale breach of the dam beyond a possible additional benefit to the native aquatic community” and that the dam had been in place for over 100 years. *Id.* When FERC approved the Klamath dam removals, it determined that the environmental benefits outweighed the associated adverse effects. *PacifiCorp, Klamath River Renewal Corp., State of Or. & State of Cal.*, 181 FERC ¶ 61,122, at 19 (2022). FERC decided that restoration of natural flow would significantly improve water quality and provide fish access to historical habitat. *Id.* FERC further determined that, “[t]his opened fish passage would increase the number of naturally produced salmon and steelhead and improve the resiliency of these populations and other aquatic resources.” *Id.*

Here, there is a strong argument that the environment could experience substantial adverse effects from removal of the structures. Counties, cities, and stakeholder groups have raised significant concerns that PG&E’s Surrender Application understates the negative environmental consequences of removing Scott Dam and the broader project works. Unlike *Klamath*, the record identifies substantial sediment, temperature, water-quality, and flow effects that must be weighed against anticipated fish-passage and river-connectivity benefits that appear to be merely speculative considering the marginal distance of river opening if the dams are removed.

The County of Lake argues that PG&E’s repeated characterization of impacts as “unavoidable adverse effects” indicates that PG&E has not fully evaluated environmental consequences and is improperly presuming National Environmental Policy Act findings before formal review. Humboldt County Farm Bureau warns that sudden sediment releases and reduced dry-season flows could degrade water quality, introduce heavy metals, increase turbidity and flooding, and harm agriculture, domestic uses, and ecological resources throughout the lower Eel River, Humboldt Bay, and offshore areas. The City of Rio Dell highlights risks to its drinking water supply, including treatment-plant challenges from suspended fine sediment and the potential for mercury-laden sediment spikes and methylmercury formation.

The Project currently provides managed cold-water releases from Lake Pillsbury that moderate summer water temperatures; eliminating this function would cause long-term warming in both the Eel River and the East Branch Russian River, degrading water quality, aquatic habitat, and recreation. PG&E estimates that dam removal could mobilize roughly 12 million cubic yards of sediment, with concentrations below Scott Dam reaching extremely high levels, and acknowledges that low dissolved oxygen and sediment loads would cause unavoidable losses of

fish and aquatic species along up to 168 miles of the Eel River and its estuary. PG&E's application leaves critical scientific analysis, documentation, and mitigation planning incomplete, making it impossible to fully assess the environmental impacts or the adequacy of proposed protections. Ultimately, the present record does not establish that the speculative environmental benefits outweigh the identified adverse effects or justify eliminating retention alternatives from detailed consideration.

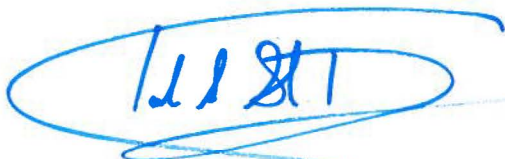
D. Conclusion:

USDA requests that FERC retain the no-action alternative as a meaningful comparative baseline and reconsider its proposed elimination of reasonable alternatives involving transfer of the project to a qualified operator, surrender with some or all project works retained, and other configurations that preserve water-supply, recreational, and fire-suppression benefits. Although federal takeover may require congressional authorization, FERC should confirm federal-agency interest and feasibility before finally eliminating that alternative.

The NEPA document should fully evaluate the construction and reasonably foreseeable operation of the NERF; annual and seasonal water deliveries; effects on agricultural, municipal, industrial, and domestic water supplies; regional fire-suppression capacity; recreation; sediment and water quality; listed species; river connectivity; and satisfactory restoration of National Forest System lands.

FERC should not approve PG&E's proposed surrender and disposition of the project works on the current record. FERC should retain jurisdiction until all prescribed surrender obligations have been satisfied, including restoration of affected federal lands to a condition satisfactory to USDA pursuant to 18 C.F.R. § 6.2.

Sincerely,



Tucker A. Stewart, Esq.
Senior Advisor
Office of the Secretary
United States Department of Agriculture

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

Pacific Gas & Electric Company

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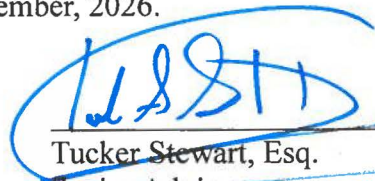
Project No 77-332

Potter Valley Hydroelectric Project
Eel River and East Fork, Russian River
Lake and Mendocino Counties, California

Certificate of Service

I hereby certify that the Notice of Intervention by the United States Department of Agriculture in the above-captioned proceeding has this day been filed electronically with the Federal Energy Regulatory Commission and served, via deposit in U.S. mail or by electronic mail, upon each person designated on the Service List compiled by the Commission Secretary for this Project.

Dated at Washington, D.C., this 18th day of September, 2026.



Tucker Stewart, Esq.
Senior Advisor
United States Department of Agriculture