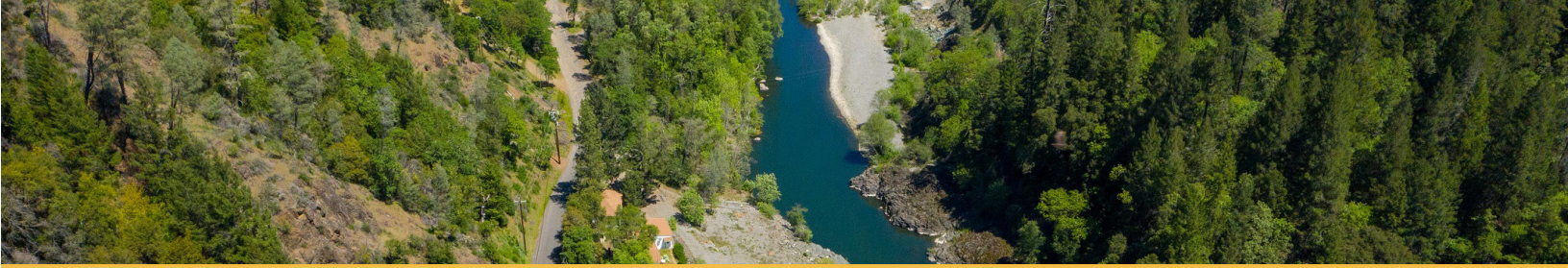




POTTER VALLEY PROJECT INFORMATION PACKET



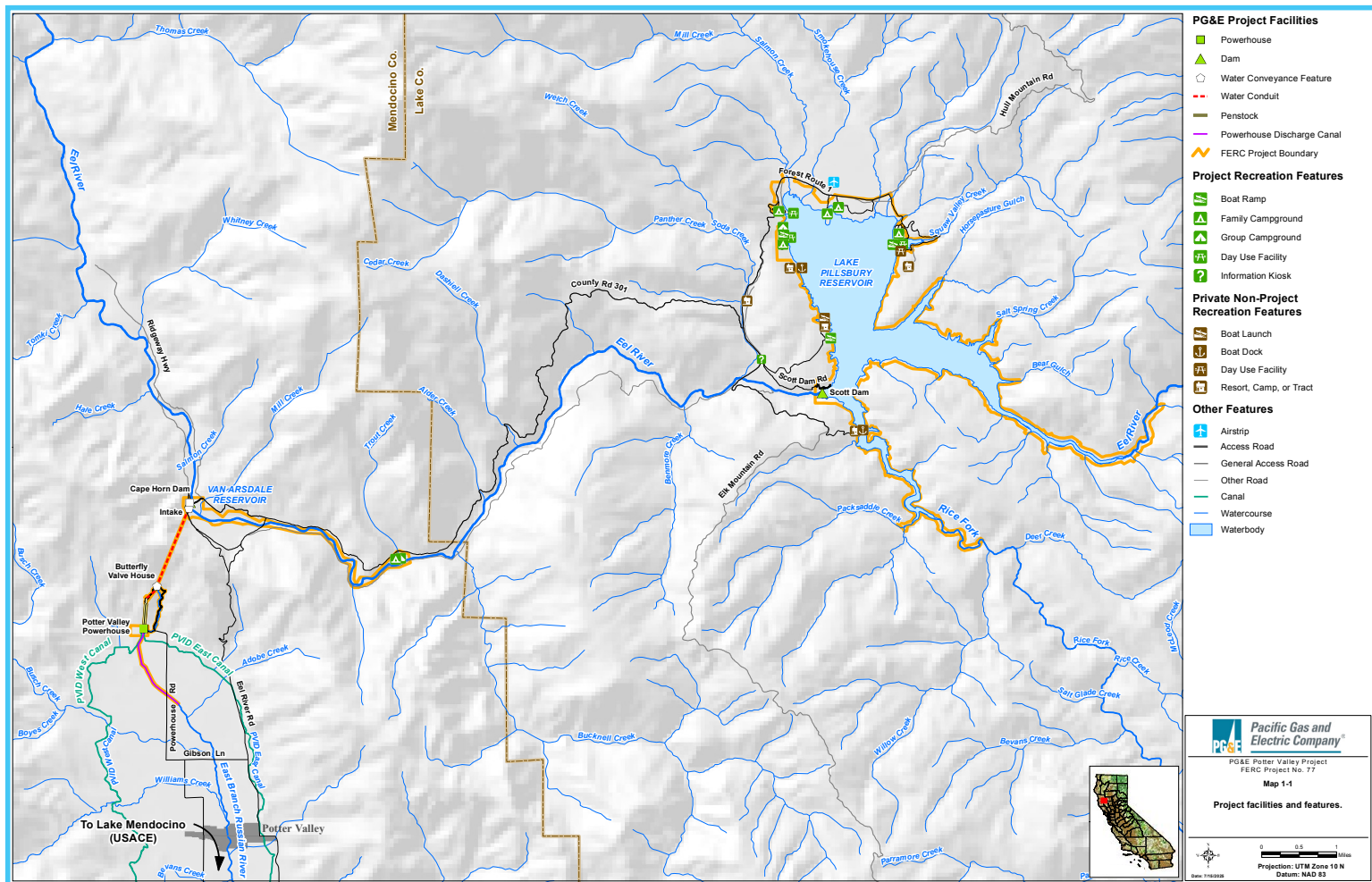
Image of Cape Horn Dam, Facing Downstream



Project Map Overview

The Potter Valley Project (PVP) is located in Northern California and spans portions of Lake and Mendocino counties, linking the Eel River watershed with the Russian River watershed. The project includes Scott Dam and Lake Pillsbury Reservoir, Van Arsdale Reservoir, Cape Horn Dam, a powerhouse, and a network of conveyance facilities that moves water between the two river systems.

The map below provides an overview of the project footprint and identifies the key facilities and waterways that make up the PVP.





Executive Summary

The Potter Valley Project (PVP) is a hydroelectric facility consisting of two dams, a powerhouse, and other ancillary infrastructure components initially constructed more than 100 years ago by the Snow Mountain Water & Power Company. Additional infrastructure was added to the project to support water diversions from the Eel River watershed to the Russian River watershed and fish passage upstream of Cape Horn Dam on the Eel River.

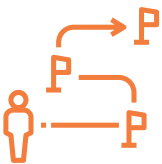
The Pacific Gas and Electric Company (PG&E) acquired the PVP in 1930.

During the 2000s, changes in regulatory requirements limiting how much Eel River water PG&E could divert through its powerhouse, along with shifts in California's energy market – including the availability of lower cost and alternative energy sources – made continued operation of the PVP uneconomical for PG&E's customers. In 2019, PG&E announced it was withdrawing its 2017 notice of intent (NOI) to seek license renewal.



Management Plans for the Decommissioning of the Potter Valley Project

PG&E will develop and submit management plans to FERC as part of the PVP surrender and decommissioning process, and will include measures to address potential impacts from decommissioning activities, with a target filing in the third quarter of 2027.



Long-Term Planning Timeline & Expectations

The PVP is undergoing a multi-year regulatory process reflecting the project's complexity, required federal and state reviews, and coordination among agencies, Tribes, and regional partners.



Phased Process with Ongoing Public Involvement

Public input will occur during defined review periods within the federal and state regulatory processes, when FERC and other agencies solicit feedback while ensuring technical, safety, and environmental decisions follow established standards.



Understanding Water Management

Separate from the PVP surrender activities, parallel efforts by other stakeholders such as construction of the New Eel-Russian Facility (NERF) and implementation of the water diversion agreement developed by stakeholders in both the Eel River and Russian River watersheds representing agricultural and municipal water users, Native American tribes, environmental organizations, and the State of California are ongoing. PG&E is not a party to the water diversion agreement, or responsible for future water diversions.



Safety and Risk Reduction Measures

PG&E will continue dam safety oversight at the PVP, including inspections, monitoring, and engineering evaluations in coordination with federal and state regulators – until FERC formally terminates the PVP license.

Background & Timeline

1930	Pacific Gas & Electric (PG&E) acquires the Potter Valley Project (PVP).	
2004	The Federal Energy Regulatory Commission (FERC) issued an order amending PG&E's PVP license to incorporate the U.S. National Marine Fisheries Service Biological Opinion. Specifically, PG&E was required to reduce water diversions used to generate power in order to minimize impacts to fish species listed under the Endangered Species Act. This resulted in a significant reduction of hydroelectric energy generation, contributing to the unfavorable project economics.	
2017	PG&E filed a Notice of Intent (NOI) and Pre-Application Document (PAD) with FERC to initiate the formal relicensing process for the PVP. This action began the multi-year process required to renew the license, which was set to expire on April 14, 2022.	
2018	Internal review shows the PVP has become a growing financial burden on customers, prompting PG&E to make the difficult decision to seek a new owner for the project; however, no buyer comes forward.	
2019	PG&E informs FERC that it will not seek to relicense the PVP. --- FERC requests applications from third parties to take over the project.	
2022	No third parties meet the requirements to relicense the PVP. --- FERC requests that PG&E submit a plan and schedule for the surrender and decommissioning of the project. --- PG&E submits the plan and schedule to FERC. --- FERC issues an annual license which renews indefinitely until FERC terminates the license post surrender and decommissioning.	
2023	PG&E releases initial draft surrender application and decommissioning plan for a 30-day public comment period.	
2025	Jan	PG&E releases the final draft surrender application and decommissioning plan and provides for a 30-day public comment period.
	Mar	Between March and July, PG&E holds agency and tribal meetings during preparation of the final surrender application and decommissioning plan.
	Jul	PG&E submits final surrender application and decommissioning plan to FERC on July 29, 2025.
	Oct	FERC issues notice of the application on October 31st and provides for a 30-day public comment period.
	Dec	FERC extends the public comment period to December 19th.
2026		



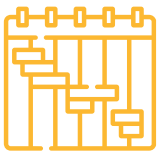
Image of Scott Dam and Lake Pillsbury Reservoir, Facing Upstream

Management Plans for the Decommissioning of the Potter Valley Project

As part of the PVP surrender and decommissioning process, PG&E will develop and submit management plans to FERC. The management plans will include measures to address potential impacts from the decommissioning activities. PG&E's goal is to file management plans with FERC by the third quarter of 2027.



Why Early Planning Matters



The management plans will include measures to address potential impacts from the decommissioning activities.



The plans support agency review and approval by identifying how potential project effects would be addressed, such as temporary road closures, in accordance with applicable permits and regulations. These plans will be included in the permit applications as part of the project description.



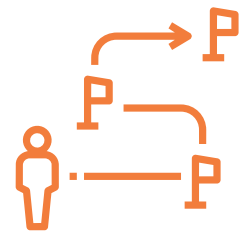
PG&E is preparing numerous plans – over twenty, though some may be combined – that address a variety of potential resources issues, including sediment, safety, and water quality. For example, if construction activities could affect road conditions or access routes, management planning would address how public access would be maintained during construction, include measures to minimize potential impacts, and define restoration measures if needed.



Image of Eel River Inlet

Long-Term Planning Timeline & Expectations

The Potter Valley Project (PVP) is moving through a formal regulatory process that unfolds over multiple years. This long-term timeline reflects the complexity of the project, the number of required federal and state regulatory reviews, and the importance of careful coordination among federal and state agencies, Tribes, and regional partners.



Complexities of Long-Term Projects



While PG&E has submitted its surrender application and decommissioning plan, significant steps remain before any decommissioning can occur. These steps include development of management plans including a restoration plan, both state and federal agency environmental review, and continued oversight throughout the process by FERC and other agencies.



Because preparation of the management plans and the environmental review are expected to occur over many years, the decommissioning is not happening soon or in the near term. At the same time, early planning is essential. Long-term coordination allows agencies, communities, and stakeholders to prepare thoughtfully, address potential risks, and evaluate future conditions well in advance of eventual decommissioning activities.



Throughout this period, PG&E will continue to operate and maintain the PVP in compliance with FERC requirements, including recreation, minimum instream flows, and water diversions. This process provides the structure needed to make informed decisions, incorporate required oversight, and ensure that the transition away from operations is managed responsibly.



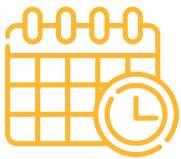
Image of Eel River Inlet to Lake Pillsbury Reservoir

Phased Process with Ongoing Public Involvement

Public involvement will occur in defined public review periods as part of the federal and state regulatory processes for the project. FERC and other regulators will solicit public feedback at these defined phases. These phases are designed to provide opportunities for public input at specific points, while ensuring that technical, safety, and environmental decisions follow established standards.



How to Stay Involved



Public engagement does not occur at a single moment. Instead, it unfolds over time. Each phase has a defined purpose, whether it is sharing information, gathering input, or responding to comments received during formal review periods.



Throughout this process, PG&E will continue to provide updates and participate in required outreach activities, while regulatory agencies oversee when and how public input is incorporated. This approach ensures transparency and accountability while maintaining the integrity of the regulatory process.



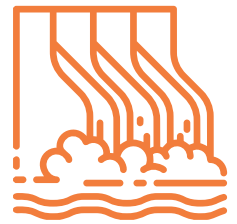
As the project moves forward, federal and state agencies will conduct environmental review processes that include public notice, opportunities to submit comments, and formal review periods. These steps allow communities, Tribes, agencies, and stakeholders to share feedback that informs agency decision-making.



Conceptual image of
New Eel Russian Facility

Understanding Water Management

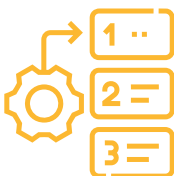
As the project moves through the regulatory process, parallel efforts are underway to ensure water security for the area, independent of the FERC-licensed hydroelectric facilities. One of these efforts is the construction of the New Eel-Russian Facility (NERF). Future water diversions from the Eel River watershed to the Russian River watershed are defined in a "water diversion agreement" that applies to the Eel River Project Authority (ERPA), Eel River stakeholders, and operation of NERF. PG&E is not a party to the water diversion agreement and is not responsible for any aspect of future water diversions.



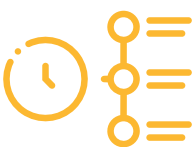
Who Manages Water Diversions after Dam Decommissioning —



At the same time as the surrender and decommissioning, the ERPA is advancing the NERF proposal, which is intended to provide a long-term water diversion solution separate from the PVP. Per requirements of the California Environmental Quality Act (CEQA), ERPA will evaluate the effects of future NERF diversions on the Eel and Russian rivers. ERPA will also apply for state and federal regulatory permits to operate the new diversion facility. Additional information about the ERPA and the NERF is available at <http://www.eelrussianauthority.org/>.



NERF is planned to be constructed within the PVP FERC boundary while PG&E is decommissioning the project and removing Cape Horn Dam, and will utilize existing PVP water diversion facilities (diversion and water conveyance system). FERC uses a process called the Non-Project Use of Project Lands (NPUPL) to determine if a third-party project, like NERF, can be constructed within the FERC boundary.



While no specific construction or operational timelines have been established, these reviews are intended to evaluate options and plan responsibly. The diversion facility construction will be coordinated with decommissioning and the intent is to have the project constructed at the same time as PG&E's work.



Image of Scott Dam and Lake Pillsbury Reservoir South Shore

Safety and Risk Reduction Measures

PG&E maintains ongoing dam safety oversight at the Potter Valley Project (PVP) in coordination with federal and state dam safety regulators. This oversight includes routine inspections, monitoring, and engineering evaluations conducted in accordance with regulatory requirements. PG&E's dam safety oversight, monitoring, and coordination with regulators will continue throughout the process until the project license is terminated by FERC.



Ongoing Operations



PG&E remains in compliance with the license from FERC and continues to meet dam safety and operational requirements. PG&E remains responsible for dam safety oversight and risk management for as long as the facilities remain licensed and under PG&E's control.



In recent years, these engineering analyses have identified conditions that warrant precautionary risk reduction measures. For example, studies conducted in 2021 indicated a higher level of seismic risk at Scott Dam than previously understood. In response, PG&E implemented a reservoir restriction, reducing the maximum water level in Lake Pillsbury reservoir as a protective measure. This action was taken out of an abundance of caution to reduce risks associated with rare seismic scenarios and does not reflect an immediate safety concern.



It is important to note that dam safety considerations are not the reason PG&E decided not to pursue relicensing of the project. That decision, made in 2019, was based on broader operational and customer cost considerations.



Acronyms and Descriptions

Federal Energy Regulatory Commission (FERC)

The Federal Energy Regulatory Commission (FERC) regulates hydropower projects, liquefied natural gas terminals, and interstate natural gas pipelines, and also regulates rates associated with interstate transmission of electricity, natural gas, and oil.

New Eel-Russian Facility (NERF)

This facility came about after a coalition including the Sonoma County Water Agency, the Mendocino County Inland Water and Power Commission, CalTrout, the California Department of Fish and Wildlife, Humboldt County, Round Valley Indian Tribes, and Trout Unlimited submitted a revised proposal to PG&E, in November 2023, to advance a regional solution for preserving flows in the Russian River and improving Eel River fisheries after the Potter Valley Project license is terminated and its associated infrastructure decommissioned by the utility.

California Environmental Quality Act (CEQA)

CEQA requires procedures that are intended to assist state public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects.

National Environmental Policy Act (NEPA)

The National Environmental Policy Act (NEPA) requires federal agencies to assess the environmental effects of their proposed actions prior to making decisions. Using the NEPA process, agencies evaluate the environmental and related social and economic effects of their proposed actions. Agencies also provide opportunities for public review and comment on those evaluations.

Draft Environmental Impact Statement (DEIS)

The draft version of the detailed statement prepared by a federal agency to comply with NEPA. It includes recommended mitigation measures, and identifies the preferred alternative, marking a critical step toward final decisions and permits. The agency will solicit public comment on the DEIS.

Final Environmental Impact Statement (FEIS)

The final version of the detailed statement prepared by a federal agency to comply with NEPA. It includes responses to public comments.



Acronyms and Descriptions

Eel-Russian Project Authority (ERPA)

The Eel-Russian Project Authority is a joint powers authority formed by a joint exercise of powers agreement between the County of Sonoma, Sonoma County Water Agency (Sonoma Water) and the Mendocino County Inland Water and Power Commission (IWPC). Round Valley Indian Tribes has a seat on the five-member Board of Directors, which is comprised of two representatives from IWPC, one from Sonoma Water, one from the County of Sonoma, and one from Round Valley Indian Tribes.

The Eel-Russian Project Authority is negotiating with the Pacific Gas and Electric Company (PG&E) as the utility moves ahead with plans to surrender operations of the Potter Valley Hydroelectric Project and to decommission the Scott and Cape Horn dams on the Eel River. The Eel-Russian Project Authority has the legal capacity to own, construct and operate a new water diversion facility near the Cape Horn Dam.

Mendocino County Inland Water and Power Commission (IWPC)

In 1996, the Mendocino County Inland Water and Power Commission (IWPC) was formed as a joint powers authority to serve as stewards of the Russian and Eel River watersheds, safeguarding the water that plays such a vital role to the region's economic development, environmental quality, and general well-being of those who use this water.

IWPC is deeply involved in protecting the future of the Potter Valley Project because the project provides water to hundreds of thousands of people from Mendocino County through Marin County – supporting agriculture, wildlife, and many local communities.

Potter Valley Irrigation District (PVID)

The Potter Valley Irrigation District is an elected local water board and is governed by its bylaws and California state water code. The District is charged with the equitable and efficient distribution of the water carried in its canals and ditches. The sole purpose of the rules and regulations is to ensure such equitable and efficient distribution which will be rigidly enforced in the interests of all present and future irrigators under this system, both individually and collectively.

California Department of Fish and Wildlife (CDFW)

Manages and protects the state's diverse fish, wildlife, plant resources, and their habitats for ecological value and public use. The California Department of Fish and Wildlife (CDFW) is actively involved in the decommissioning of the Potter Valley Project.
