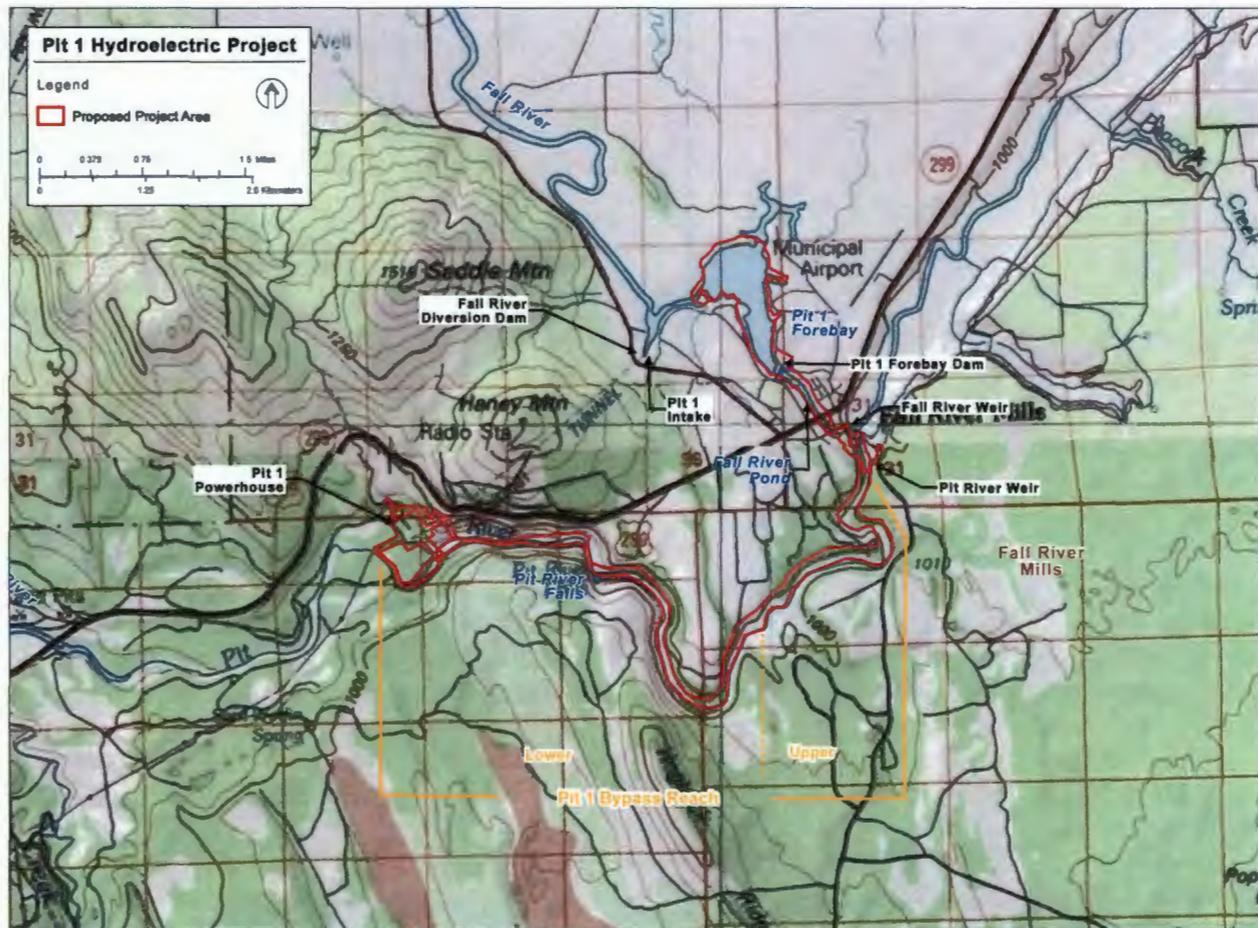


**NOTICE OF PREPARATION AND SCOPING MEETINGS
FOR AN ENVIRONMENTAL IMPACT REPORT
FOR THE PIT 1 HYDROELECTRIC PROJECT 401 WATER QUALITY
CERTIFICATION AMENDMENT**



PROPOSED PROJECT AREA

To save paper, the State Water Resources Control Board (State Water Board) strongly encourages interested parties to subscribe to receive information by email. If you would like to receive future announcements about Pit 1 Hydroelectric Project related matters, please provide your email address or mailing address to Mr. Peter Barnes at (916) 445-9989 or PBarnes@waterboards.ca.gov. If you would like to receive additional information related to the Division of Water Rights Water Quality Certification Program, please subscribe to the State Water Board's email list for "Water Rights Water Quality Certification" under "Water Rights" online at: http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.shtml

Alternatively, if you would like to be placed on the State Water Board's hard copy mailing list for Pit 1 Hydroelectric Project related matters, you must request to be placed on the list. If you do not request to be placed on the mailing list (or request to remain on the list if you are already on the list) by **June 24, 2013**, you will no longer receive hard copy notices until such time as the State Water Board receives a renewed request to be placed (remain) on the hard copy mailing list¹. Requests to be placed on the hard copy mailing list should be sent to: Peter Barnes; State Water Resources Control Board; Division of Water Rights; P.O. Box 2000; Sacramento, CA 95812-2000.

¹ There will be the opportunity to sign up for the hard copy mailing list at the scoping meetings.

Notice of Preparation**Form B**

To: State Clearinghouse, Governor's Office of Planning and Research
P.O. Box 3044
Sacramento, CA 95812-3044

Subject: **Notice of Preparation of an Environmental Impact Report for the Pit 1 Hydroelectric Project 401 Water Quality Certification Amendment**

Lead Agency:**Consulting Firm (If applicable):**

| | | | |
|----------------|--|----------------|------------------------------------|
| Agency Name | <u>State Water Resources Control Board</u> | Firm Name | <u>Cardno ENTRIX</u> |
| Street Address | <u>P.O. Box 2000</u> | Street Address | <u>201 Calle Cesar Chavez #203</u> |
| City/State/Zip | <u>Sacramento, CA 95812-2000</u> | City/State/Zip | <u>Santa Barbara, CA 93103</u> |
| Contact | <u>Peter Barnes</u> | Contact | <u>Shruti Ramaker</u> |

Pacific Gas and Electric Company (PG&E) owns and operates the Pit 1 Hydroelectric Project (Pit 1 Project), which is located on the Pit and Fall Rivers near the communities of Fall River Mills and McArthur in northeastern Shasta County, California. The Federal Energy Regulatory Commission (FERC) issued a new license for the continued operation of the Pit 1 Project in March 2003. The license incorporates the State Water Board's Clean Water Act (CWA) 401 Water Quality Certification (401 Certification) issued in December 2001. Pursuant to the new license and 401 Certification, PG&E implemented required flushing flows between 2003 and 2009 to control the growth of aquatic vegetation and mosquito production in Fall River Pond, and monitored surface aquatic vegetation on Fall River Pond from 2005 through 2012.

In a letter dated May 26, 2009, the United States Fish and Wildlife Service (USFWS) expressed concern regarding a decline in Shasta crayfish in the Pit 1 Bypass Reach and requested suspension of the 2009 flushing flows at the Pit 1 Project. The letter stated that flushing flows released from the Fall River Weir into the Pit 1 Bypass Reach were reducing/eliminating coldwater habitat for federally endangered Shasta crayfish and providing beneficial habitat for non-native crayfish species. The State Water Board concluded that amendment of the 401 Certification to permanently remove the flushing flows requires compliance with the California Environmental Quality Act (CEQA) (Pub. Resources Code, § 21000 et seq.) based on its potential for significant environmental impacts. The permanent removal of flushing flows is referred to as the Pit 1 Hydroelectric Project 401 Water Quality Certification Amendment (Proposed Project).

The State Water Board is the CEQA lead agency for the Proposed Project under its discretionary 401 Certification authority. The State Water Board plans to prepare an environmental impact report (EIR) for the Proposed Project.

The State Water Board is seeking comments from trustee agencies and interested persons concerning the scope and content of the environmental information to be included in the EIR. Please send your comments to Mr. Peter Barnes at the address shown at the end of this Notice of Preparation. Please provide a contact person and contact information in case there are questions about the comments.

Project Title: Pit 1 Hydroelectric Project 401 Water Quality Certification Amendment (Proposed Project)

Project Location: The Proposed Project Area is located within the Pit 1 Project Area in the Fall River Valley and the Pit River Canyon in Shasta County in northeastern California. The Fall River Valley contains the communities of McArthur and Fall River Mills. An overview of the Proposed Project Area is shown in the figure at the front of this Notice of Preparation. The Pit 1 Project Area is shown in Figure 1 at the end of this Notice of Preparation.

SCOPING MEETINGS

Two scoping meetings are scheduled as presented in the table below and will be conducted in two parts each. In the first part, State Water Board staff, or contractors working on behalf of the State Water Board, will explain the Proposed Project, describe the State Water Board's role as a 401 Certification agency, and provide other information to trustee agencies and interested persons. During the second part, attendees will be provided with the opportunity to submit oral and written comments concerning potentially significant impacts of the Proposed Project, potential alternatives, and mitigation measures that should be analyzed in the EIR. The time allotted for each individual or organization to comment orally may be limited if the number of people in attendance so requires.

| Scoping Meetings Date and Time | Scoping Meetings Location |
|--|---|
| June 11, 2013 9:00 a.m. to 11:00 a.m. | Central Valley Regional Water Quality Control Board 364 Knollcrest Drive, Suite 205 Redding, CA 96002 |
| June 11, 2013 6:00 p.m. to 8:00 p.m. | Intermountain Fair 44218 A Street McArthur, CA 96056 |

If you would like to request a reasonable accommodation for a disability, please contact Ms. Shruti Ramaker of Cardno ENTRIX at: shruti.ramaker@cardno.com or (805) 979-9561.

QUESTIONS AND ADDITIONAL INFORMATION

General questions about this Notice of Preparation should be directed to Mr. Peter Barnes at (916) 445-9989 or PBarnes@waterboards.ca.gov. Questions regarding legal issues should be directed to Mr. David Rose at (916) 341-5196 or DRose@waterboards.ca.gov.

Information related to the water quality certification for the Proposed Project will be posted on the Pit 1 Project's webpage, which is available online at:
http://www.waterboards.ca.gov/waterrights/water_issues/programs/water_quality_cert/ceqa_projects.shtml#ferc2687

BACKGROUND

Pursuant to CEQA, Public Resources Code, Section 21000 et seq., the State Water Board is initiating preparation of an EIR regarding the potential impacts of the Proposed Project as compared to the environmental baseline of the Pit 1 Project conditions prior to suspension of flushing flows. The CEQA Project objective is to:

- Amend the existing 401 Certification to permanently eliminate or modify the requirement for flushing flows that may be detrimental to endangered Shasta crayfish.

Section 401 of the CWA (33 U.S.C. §1341) requires every applicant for a federal license or permit that may result in a discharge into navigable waters to provide the federal licensing or permitting agency with certification that the project will be in compliance with specified provisions of the CWA. Section 401 provides that conditions of certification shall become conditions of any federal license or permit for the project. The State Water Board is the agency in California that is responsible for 401 Certification of any potential discharge for an activity that requires a FERC license or amendment. (Wat. Code, §13160; Cal. Code Regs., tit. 23, §3855, subd. (b).) The issuance of 401 Certification is a discretionary action subject to CEQA compliance. Because there are potentially significant impacts associated with the Proposed Project, the State Water Board has decided to prepare an EIR.

Under the provisions of the CWA, a 401 Certification may be issued if the State Water Board determines that the project will comply with specified provisions of the CWA, including water quality standards and implementation plans. The State Water Board will determine whether the Proposed Project adequately protects the beneficial uses and meets the water quality objectives for waterbodies in the Proposed Project area, as defined in the *Water Quality Control Plan (Basin Plan) for the Sacramento River and San Joaquin River Basins* (Basin Plan; Central Valley Regional Water Quality Control Board, 2007). Additional information concerning the Basin Plan and designated beneficial use is available at the following website:
http://www.waterboards.ca.gov/centralvalley/water_issues/basin_plans/index.shtml

Brief Background on Proposed Project

On March 19, 2003, FERC issued a new license to PG&E for the continued operation of the Pit 1 Project. The new license prescribed increased minimum flows for the Pit 1 Bypass Reach in order to achieve improved water quality in the bypass reach. In addition, flushing flows were prescribed to manage nuisance vegetation and mosquito production in Fall River Pond upstream of the Pit 1 Bypass Reach and downstream of the Pit 1 Forebay. The FERC license incorporates the State Water Board's 401 Certification, issued on December 4, 2001.

Pursuant to the license, PG&E implemented flushing flows for seven years between 2003 and 2009 to control the growth of nuisance aquatic vegetation and mosquito production in Fall River Pond. Pursuant to the license, PG&E also monitored nuisance surface aquatic vegetation on Fall River Pond from 2005 through 2012 and continues annual monitoring. Monitoring data since 2005 show that flushing flows were not needed for nuisance vegetation or mosquito control and that the increased continuous minimum base flows implemented pursuant to Condition 8 of the 401 Certification have been controlling nuisance vegetation and mosquitoes in Fall River Pond.

The Shasta crayfish (*Pacifastacus fortis*) was listed as endangered under the Federal Endangered Species Act (ESA) (16 U.S.C. §§ 1531 - 1544) on September 30, 1988 (53 FR38460-38465) and as endangered under the California ESA (Fish & Game Code §§ 2050 2097) on February 26, 1988. Critical habitat has not been designated for this species.

In a letter to the State Water Board dated May 26, 2009, USFWS expressed concern regarding a decline in Shasta crayfish in the Pit 1 Bypass Reach and requested suspension of the 2009 flushing flows. The letter stated that flushing flows were reducing/eliminating coldwater habitat for Shasta crayfish and providing beneficial habitat for the competitor/predator non-native signal crayfish (*Pacifastacus leniusculus*) and northern crayfish (*Orconectes virilis*). Both non-native crayfish species are more tolerant of temperature fluctuations and have a wider temperature range than Shasta crayfish. Summer flushing flows can affect Shasta crayfish by rapidly reducing the size of coldwater habitat normally produced by the coldwater springs, increasing

daily average water temperature, eliminating diel temperature fluctuations and cooler nighttime water temperatures, and facilitating the dispersal of non-native crayfish.

On April 15, 2010, FERC submitted a letter to the State Water Board requesting a temporary suspension of flushing flows for 2010. On July 6, 2010, the State Water Board issued an Order Approving Temporary Suspension of Flushing Flow Requirements (Order WQ 2010-0009-EXEC), which temporarily suspended flushing flows for 2010 and 2011. The State Water Board concluded that there would not be any significant effects if the requirement for flushing flows was suspended for a limited period, with adequate safeguards to prevent the suspension from becoming permanent except after full compliance with CEQA. The State Water Board also concluded that amendment of the 401 Certification to permanently remove the flushing flows would require compliance with CEQA based on the potential for significant environmental impacts. On August 10, 2010, FERC issued an order temporarily amending the license and incorporating the amendment to the 401 Certification.

In March 2012, PG&E sent a letter to the State Water Board requesting a temporary suspension of flushing flows for 2012 to allow the terms of the State Water Board Order to be completed; specifically, completion of its CEQA process related to permanent suspension of flushing flows and completion of development and implementation of the Shasta crayfish study by PG&E. On June 14, 2012, the State Water Board extended the temporary suspension of flushing flows through the 2012 calendar year in an Order Approving Extension of the Temporary Suspension of Flushing Flow Requirements (Order WQ 2012-0008-EXEC). FERC issued an order temporarily amending the license and incorporating the amendment to the 401 Certification in July 2012.

Brief Description of the Existing Pit 1 Project Facilities

The Pit 1 Project consists of a concrete diversion dam that allows water to enter the Pit 1 Forebay. The Pit 1 Forebay is created by a 40-foot-high by 586-foot-long compacted earth and rock-fill dam. There are two intake facilities to the Pit 1 intake canal and tunnel: intake Number 1 diverts water from the Fall River upstream of the diversion dam, and intake Number 2 diverts water from the Pit 1 Forebay. The intakes open into two short canal sections that converge into one common canal leading to a concrete-lined tunnel. The tunnel terminates at a 60-foot-diameter concrete-lined surge chamber with a spill channel. Two penstocks deliver water to the Pit 1 Powerhouse, located on the Pit River approximately 7 miles downstream from the confluence of the Fall River and the Pit River. The Pit 1 Powerhouse contains two vertical-shaft, Francis-type turbines with a dependable capacity of 65.5 megawatts. There are no transmission lines associated with the Pit 1 Project. The switchyard is the point where the Pit 1 Project joins with PG&E's primary transmission system.

CEQA Project Description and Alternatives

The following summarizes the proposed operational changes to the Pit 1 Project comprising the Proposed Project, including PG&E's proposed changes to the authorized Pit 1 Project operations in order to avoid or minimize potential effects to Shasta crayfish within the Project Area. These changes entail adjustments to the flow of water through the Fall River Weir into the Pit 1 Bypass Reach. Other changes to the Pit 1 Project license adopted by PG&E and approved by FERC since issuance of the current license that do not pertain to the State Water Board's jurisdiction are not included in the Proposed Project.

Water Management: As part of the Proposed Project, PG&E would discontinue summer flushing flows permanently. PG&E would continue annual ground-level photo point monitoring of aquatic vegetation on Fall River Pond in June, July, and August. In the

event that conditions, such as a series of drought years, result in excess aquatic vegetation (i.e., surface aquatic vegetation exceeding 20 percent coverage of Fall River Pond), PG&E would implement vegetation control methods, such as harvesting or non-summer flushing flows. To avoid negative effects to biological resources and their habitat in the Pit 1 Bypass Reach, PG&E would not use flushing flows to control aquatic vegetation between May 1 and September 30 (i.e., no discretionary out-of-season spills).

Pursuant to the June 14, 2011, FERC Order, recreational whitewater releases, which began in 2011, would continue to be implemented in October, on or before October 30, to minimize negative impacts to biological resources, avoid the negative effects of summer pulse flows on Shasta crayfish habitat, and minimize the magnitude of the flow change while allowing for recreational whitewater opportunities. Any future proposal to implement whitewater releases outside of this period would be subject to consultation with USFWS.

Planned Outage: To avoid potential negative effects to Shasta crayfish, PG&E would not conduct planned outages that result in out-of-season spills in the Pit 1 Bypass Reach between May 1 and September 30. PG&E would operate the Pit 1 Project in a manner that does not cause discretionary, out-of-season spills.

Unplanned Outage: PG&E would minimize or avoid out-of-season pulse flows in the Pit 1 Bypass Reach during unplanned outages by implementing new operational procedures. PG&E would reduce the maximum allowable operating limit on the Pit 1 Forebay by 0.5 feet (from 3,303.5 feet to 3,303.0 feet National Geodetic Vertical Datum (NGVD) [3,323.0 feet to 3,322.5 feet PG&E datum]) during the summer, which would provide PG&E additional time to address the unplanned outage before having to spill from the Pit 1 Forebay.

At a minimum, the EIR will evaluate the following environmental factors, as required by CEQA:

- | | |
|------------------------------------|-----------------------------------|
| ▪ Aesthetics | ▪ Land Use/Planning |
| ▪ Agriculture and Forest Resources | ▪ Mineral Resources |
| ▪ Air Quality | ▪ Noise |
| ▪ Biological Resources* | ▪ Population/Housing |
| ▪ Cultural Resources | ▪ Public Services |
| ▪ Geology/ Soils | ▪ Recreation* |
| ▪ Greenhouse Gas Emissions | ▪ Transportation and Traffic |
| ▪ Hazards and Hazardous Materials | ▪ Utilities/Service Systems |
| ▪ Hydrology/Water Quality* | ▪ Mandatory Finds of Significance |

*The following resource areas are expected to have potentially significant impacts from the Proposed Project and will be discussed in detail in the EIR.

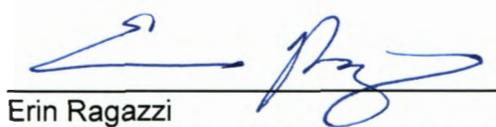
Additionally, the EIR will address growth-inducing impacts, cumulative impacts and significant unavoidable impacts (if applicable).

SUBMITTAL OF WRITTEN COMMENTS

Please send your written comments regarding this Notice of Preparation of an EIR for the Proposed Project to the address below. When submitting your comments, please provide a contact person and contact information in case there are questions about the comments. **The comment deadline is NOON (12:00 p.m.) on June 24, 2013.**

State Water Resources Control Board
Division of Water Rights
Attention: Peter Barnes
P.O. Box 2000
Sacramento, CA 95812-2000

Phone: (916) 445-9989
Fax: (916) 341-5400
Email: PBarnes@waterboards.ca.gov

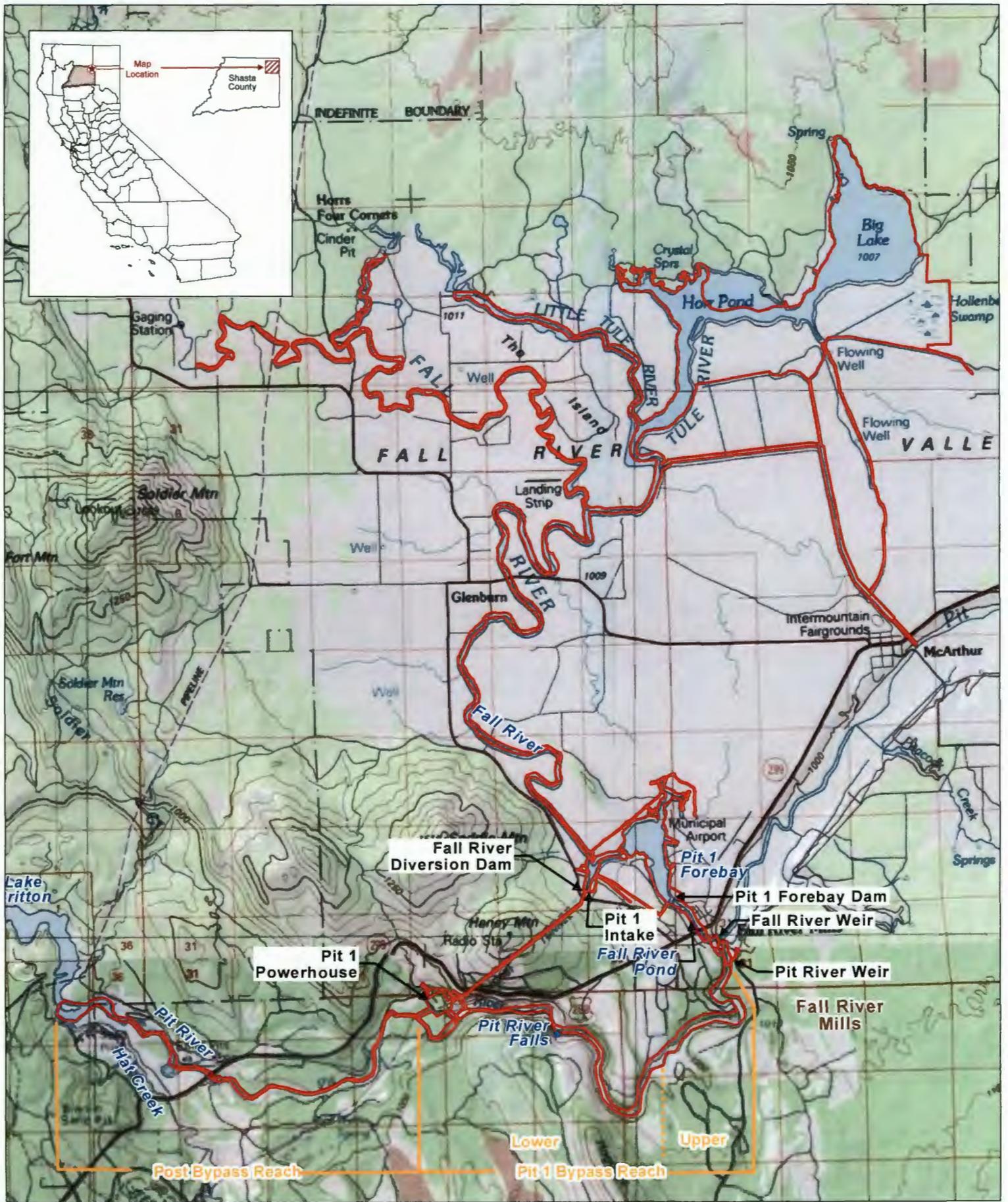


Erin Ragazzi
Water Quality Certification Program Manager

MAY 17 2013

Date

Attachment: Figure 1



Pit 1 Hydroelectric Project

Legend

Pit 1 Project Area



FIGURE 1
Project Overview