

Relicensing Process Plan

The filing of the Notice of Intent and Pre-Application Document on December 13, 2007 initiates the process to obtain a new license.

UNDER THE FPA, FERC IS RESPONSIBLE FOR REGULATING non-federal hydroelectric power projects through the issuance and enforcement of the project license. As the term of the license expires, a new license must be obtained from FERC to continue operations and maintenance of the project. PCWA intends to relicense the MFP using FERC's ILP and complete the process by the license expiration date of March 1, 2013. To facilitate communication during the relicensing, PCWA has developed a Relicensing Process Plan and Schedule, and established a publicly-accessible Internet website <http://relicensing.pcwa.net/>, and a Resource Library, located at the PCWA Business Center, 144 Ferguson Road, Auburn, California. The website and library contain information regarding PCWA's past and current relicensing activities including meeting notices and agendas, meeting summaries, documents distributed to or received from participants in the process, reference materials, key decisions, and relevant information sources such as FERC's ILP regulations. Updates to PCWA's Relicensing Process Plan and Schedule will be posted on the website. PCWA also developed Communication and Participation Protocols in collaboration with stakeholders to provide guidelines for participation in the MFP relicensing.

Early Relicensing Activities

Beginning in 2005, PCWA's Board of Directors requested staff to begin early consultation with state and federal resource agencies, non-governmental organizations, Native American Tribes, and other stakeholders in preparation for the MFP relicensing. The intent of these early meetings was to identify potential stakeholders and understand their resource interests, describe MFP facilities and operations to interested parties, and solicit existing resource information. PCWA also used these early meetings to collaborate on the scope of early environmental and cultural data gathering activities.

PCWA began early environmental data gathering activities in 2005-2006 which focused on documenting river and stream channel characteristics (geomorphology), riparian vegetation, aquatic habitat, historical Project and pre-Project flows, water temperatures, and meteorological conditions in streams and rivers upstream and downstream of Project diversions and reservoirs. Cultural resource inventories within the FERC Project Boundary were also initiated. Results of these early environmental and cultural studies completed in 2005 and 2006 have been distributed to stakeholders in a series of technical reports. This information was used to prepare a more thorough description of select resources in the vicinity of the MFP and to facilitate stakeholder

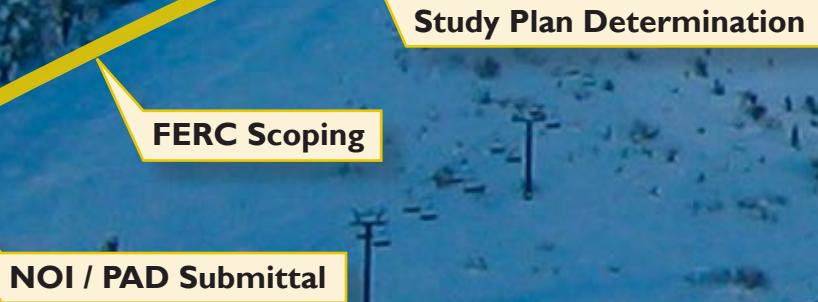
collaboration on the development of focused Project-specific Technical Study Plans included in the PAD.

PCWA, in consultation with the resource agencies, also began developing a computer model of Project operations. When completed, the operations model will characterize the effects of implementing alternative license conditions on flows downstream of Project facilities, reservoir water elevation/storage levels, power generation, consumptive water deliveries, and consistency with current FERC license requirement or other existing agreements.

Early Agreement and Implementation of Technical Study Plans

During April and May 2006, PCWA conducted several Introductory Stakeholder Meetings and organized a Plenary Group, which is open to all interested stakeholders, to facilitate communication and decision-making during relicensing. As of November 2007, 11 Plenary meetings have been held. Major activities completed in the Plenary meetings include: presentations on existing MFP facilities, operations, and proposed Project betterments; sharing of stakeholder interest statements; development and approval of Communication and Participation Protocols; and formation of Technical Working Groups (TWGs). A major accomplishment of the Plenary and TWGs was the collaborative development and approval

Ascent to a New License



of Technical Study Plans for inclusion in the PAD. Thirty-eight TWG meetings were held between August 2006 and August 2007 to review, revise, and reach consensus on the Technical Study Plans. The Plenary approved all of the Technical Study Plans during the May, June, and September 2007 meetings.

PCWA initiated implementation of select elements of the Plenary-approved Technical Study Plans in May 2007. Study plan elements completed in 2007 included selection of instream flow modeling transects; fish, amphibian, macroinvertebrates, and water quality surveys; recreation user counts; cultural resource inventories; vegetation community and wildlife habitat mapping; bat surveys; and visual quality assessments of Project facilities. This information will be shared with stakeholders in a series of technical study reports, which will be distributed in early 2008. The remainder of the technical studies presented in the PAD will be completed in 2008 and 2009.

Formal Relicensing Activities

FERC SCOPING

As part of scoping, FERC is required to hold an Initial Tribal Consultation Meeting with Federally-recognized Tribes within

30 days of the filing of the NOI and PAD. Within 60 days of the filing of the NOI and PAD, FERC is required to issue Scoping Document 1 and provide a public notice of upcoming events sponsored by FERC, including public scoping meetings and site visits.

Currently, FERC is planning to hold two public scoping meetings related to the MFP relicensing in March 2008. These meetings will be held at the Auburn Recreation District-Canyon View Community Center, 471 Maidu Drive, Auburn, California on Tuesday, March 4, 2008 from 9:00 AM - 11:30 AM and from 6:30 PM - 9:00 PM. A virtual tour of the MFP will be provided during the public scoping meeting using maps, photographs and video. The purpose of the scoping meeting will be to discuss resource issues, management objectives, information needs and finalize the relicensing process plan and schedule. Comments on Scoping Document 1 must be submitted to FERC within 60 days of its distribution.

FERC is also proposing to conduct a Project site

New License Order

401 Water Quality Certification

FERC NEPA Analysis

License Condition Collaboration

License Application Submittal

Study Implementation

KT22 AT SQUAW VALLEY SKI RESORT

Specific process objectives of the relicensing

- ✓ Retain the FERC license for the people of Placer County
- ✓ Meet all regulatory deadlines and acquire a new license by February 28, 2013
- ✓ Engage stakeholders in an open and transparent forum that promotes a free exchange of ideas and sharing of information among the participants
- ✓ Maintain an efficient process by retaining a neutral facilitator and providing stakeholders with informative presentations and “first drafts” of technical study plans and reports for review and comment
- ✓ Complete the study phase and analytical tool development early in the process to provide sufficient time for PCWA and the stakeholders to fully evaluate Project effects and collaboratively develop new license conditions

visit on March 5, 2008 from 8:00 AM - 4:00 PM so that interested parties can view the lower elevation Project facilities. The Project site visit will originate from the Auburn Recreation District-Canyon View Community Center. Transportation during the site visit will be provided by PCWA. The upper elevation Project facilities are not accessible to the public during the winter and early spring due to snow. If necessary, a site visit to the upper Project facilities will be scheduled later in the year. More details on the site visits will be publicly noticed by FERC as the date approaches.

STUDY PLAN DEVELOPMENT, EXECUTION AND REPORTING

Although detailed stakeholder-approved Technical Study Plans are included in the PAD, FERC has a well-defined process for evaluation of study plans that must be followed. Due to extensive early consultation with stakeholders, PCWA does not anticipate that modifications to the study plans will be required during FERC's review process. However, comments on the PAD Technical Study Plans and additional study requests may be submitted by stakeholders. These comments are due to FERC no later than April 11, 2008. After additional consultation with stakeholders, FERC will issue a Study Plan Determination, with regard to PCWA's Technical Study Plans, including any modifications deemed necessary in light of the record. This process will take 315-405 days from the date that the PAD is filed, depending on whether formal dispute resolution is necessary. However, PCWA plans to continue implementation of the stakeholder-approved study plans in 2008 unless a substantial modification is under consideration by FERC.

PCWA will then be required to complete the study plans according to the final scope of work and schedule as modified by FERC. During study implementation, PCWA must file an annual study progress report to FERC describing overall progress in implementation of the study plans including data collected to date, any deviations in technical approaches or schedules, and a proposed schedule for completion of the remaining study plan components. The report must also include a description of any proposed modifications to the approved studies or new studies proposed by PCWA. FERC will then amend the approved study plans, as appropriate, after reviewing comments by stakeholders. However, any modification of the approved study plans or additions of new study plans must meet strict criteria prior to being considered by FERC.

FILING OF LICENSE APPLICATION

PCWA must file a Draft Application or a Preliminary Licensing Proposal to FERC no later than October 1, 2010. The Final Application must be filed with FERC by February 28, 2011, two years prior to the license expiration date. By beginning early, PCWA expects that the License Application will include proposed license conditions that have been developed in collaboration with stakeholders, address multiple resource interests, and represents the best comprehensive use of the waterway. The early commitment by PCWA and stakeholders to reach consensus on the Technical Study Plans and early implementation of these studies by PCWA is expected to provide the parties technical information in a timely manner to allow them to fully collaborate on the development of new license conditions prior to submittal of the License Application. PCWA believes that this collaboration will lead to the development of new license conditions that meet multiple resource interests while maintaining the benefits of the MFP for the people of Placer County.

FERC APPLICATION PROCESSING

A two-year period is allocated within the ILP regulations for FERC's processing of the Final License Application (February 2011 - February 2013). During this time, FERC will issue a draft and final NEPA document (either an EA or an EIS) evaluating Project-related impacts and proposed new license conditions. Terms and conditions from mandatory resource agencies will be included in the environmental document and the new license, including those contained in the required Clean Water Act Section 401 Certification.