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GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

MAR 14 2014

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

Dear Secretary Bose:

VARIANCE REQUEST FOR MINIMUM INSTREAM FLOWS BELOW LYONS RESERVOIR, PACIFIC GAS AND ELECTRIC COMPANY'S PHOENIX PROJECT, FEDERAL ENERGY REGULATORY COMMISSION PROJECT NO. 1061

On March 13, 2014, Pacific Gas and Electric Company (PG&E) submitted a request to the Federal Energy Regulatory Commission (Commission) for an extension of the instream flow temporary variance for the Phoenix Project, Commission Project No. 1061. The original variance reduced the minimum instream flow release below Lyons Reservoir from 5 cubic feet per second (cfs) to 1 cfs and expires on March 15, 2014. PG&E has requested an extension to the variance in order to conserve water in Lyons Reservoir, which provides the Tuolumne Utilities District (TUD) with 95 percent of its water supply.

PG&E proposes to increase flow releases below Lyons Reservoir to the South Fork Stanislaus River (SFSR) if storage in Lyons Reservoir reaches 4,500 acre-feet by the end of March 2014. If the target storage level of 4,500 acre-feet is achieved and the California Department of Fish and Wildlife (CDFW) concurs, PG&E will begin releasing a target flow of 2 cfs from Lyons Reservoir on April 1 and will maintain the release through June 15, 2014.

CDFW approved the original instream flow variance and requested PG&E provide additional information on the potential effects of the flow reduction on native aquatic species resident in the SFSR below Lyons Reservoir. CDFW requested that PG&E: submit current inflow and storage condition in Lyons Reservoir, provide information related to the fish habitat below Lyons Reservoir under current flow conditions, and submit a biotic and abiotic monitoring plan for review and input. The Central Sierra Environmental Resource Center also submitted comments on PG&E's initial flow reduction to the Commission, which expressed concern about the impacts from the flow reduction on aquatic species in the SFSR, especially on Foothill Yellow-legged Frogs (FYLF).

As you know, the State Water Board submitted a letter to the Commission on March 11, 2014, which recommended conservation conditions that should be included as part of any variance approved for California hydropower projects. These recommended conservation conditions are intended to mandate conservation measures on the end user of any water that has been made available due to minimum instream flow or other variances related to the drought.

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

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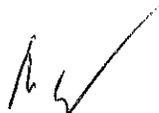
The State Water Board supports the efforts made by TUD to date to conserve water during this period of drought. TUD enacted its Phase III conservation program on January 28, 2014. As of February 13, 2014, TUD has required a system-wide 50 percent water reduction goal that includes fines on both raw and treated water customers, along with other water restriction measures.¹ Storage in Lyons Reservoir has increased over the past month. At the same time, withdrawals from Lyons Reservoir via the Tuolumne Main Canal have decreased since January 2014 and remain below average for this time of year. It appears TUD currently has in place conservation measures that the State Water Board would recommend for end users of water saved due to the existing minimum instream flow variance.

As part of its March 13, 2014 request, PG&E provided an overview of current Lyons Reservoir conditions and a fish habitat report, which studied reduced flow to the 2 cfs level. However, PG&E stated it does not see the merit of conducting the monitoring requested by CDFW. Given the timing of PG&E's extension request submittal, State Water Board staff has not had adequate time to consult with CDFW staff. Therefore, State Water Board staff supports the flow variance extension, as requested, provided:

1. PG&E satisfies any conditions prescribed in CDFW's response to this extension request;
2. PG&E conducts monitoring of the water temperature and the presence/absence of aquatic species in the SFSR throughout the flow variance period. Monitoring should be able to both confirm whether impacts occur and promptly notify the appropriate fish and wildlife and water quality regulatory agencies if impacts are greater than anticipated so that immediate action may be taken by PG&E in consultation with the appropriate agencies; and
3. TUD continues to implement its Phase III conservation program for the remainder of 2013/2014 water year (through September 30, 2014).

The State Water Board appreciates the Commission's continued coordination and assistance during the drought. If you have questions regarding this letter please contact Mr. Jeffrey Parks at (916) 322-9634 or by email at Jeff.Parks@waterboards.ca.gov. Written correspondence should be directed to: State Water Resources Control Board, Division of Water Rights, Water Quality Certification Program, Attention: Jeffrey Parks, P.O. Box 2000, Sacramento, CA 95812-2000.

Sincerely,



Barbara Evoy, Deputy Director
Division of Water Rights

cc: See next page.

¹ The full text of TUD's 2014 phase III conservation measures can be found online at http://www.tudwater.com/wp-content/uploads/2014/02/TUDPhase3Revised_02132014.pdf

cc: Mr. Randall Winston
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