



SIERRA CLUB MARIN GROUP

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August 8, 2005

To: Directors of both the Marin Municipal Water District and the North Marin Water District, which are both Water Contractors participating in the Restructured Agreement for Water Supply ("Agreement") from the Sonoma County Water Agency ("SCWA")

Re: Rejection of directive to purchase the Potter Valley Project ("PVP") as a condition of the draft Agreement

Dear Water District Board members:

The Sierra Club Marin Group, on behalf of its 7,000 Marin members urges you to delete all provisions in the draft Restructured Agreement for Water Supply that call for purchase and operation of the PG&E Potter Valley Project.

Since 1908, the Potter Valley Project has been used to divert flows from the Eel River to the East Fork of the Russian River. This obsolete, small hydropower project is so inefficient and environmentally destructive that it should be shut down, yet because of the value of the "abandoned" water, the PVP is targeted for purchase by the SCWA, which continues its efforts to legally secure consumptive water rights to the diverted Eel River. The PVP presents several very significant and adverse environmental problems and economic liabilities:

The PVP is instrumental in the nearly complete collapse of Eel River populations of three species listed under the federal Endangered Species Act: coho, chinook and steelhead. The Eel River was once home to the largest population of salmonids in California, supporting a valuable sport and commercial fishing and tourism industry for the North Coast and Humboldt, Lake, and Mendocino Counties. The diversion of water from the Eel River during the dry months dewateres the Eel River, raises water temperatures and impedes fish passage and rearing.

The PVP's Scott Dam (Lake Pillsbury) completely blocks fish migration to almost 1000 miles of prime spawning and rearing habitat in the Eel's headwaters, while the fish ladder at Cape Horn Dam (Van Arsdale Reservoir) is chronically inadequate. Silt impacts both reservoirs heavily and decreases the amount of storage each year.

The PVP is not only damaging to the Eel River and the economy of the North Coast counties, but SCWA does not have any water rights to the water discharged from the project. The State Water Resources Control Board continues to turn down SCWA's applications for water rights there. The PVP comes with financial and legal liabilities in operations, maintenance and capital replacements—including the liability for total failure of an aged dam—as well as the substantial liability for environmental damages and the needed restoration of a once-thriving salmonid fishery. Legal challenges are already in place from the Friends of the Eel River.

The Sierra Club Marin Group firmly believes that SCWA does not need the diverted Eel River water to ensure future contractor needs within a sustainable limit of development and that the continued efforts to secure the PVP for water supply are misdirected. From our experiences in Marin, we believe that storage in Lake Sonoma and Lake Mendocino, along with a properly managed Russian River gravel-bed aquifer and significant water efficiency and demand reduction programs can more responsibly provide for the long-term needs of the SCWA contractors.

The choice for restoration is yours to make. Please recommend to your fellow Contractors the complete elimination of all provisions in the draft Agreement to purchase and use the PVP for water supplies.

Thank you for your careful consideration of this matter,

(signature on hard copy to follow)

Gordon Bennett, Chair