

DEPARTMENT OF WATER RESOURCES

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May 28, 2021

Electronically Filed

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

FERC Project No. 2426—South SWP Hydropower
AIR Clarification—Recreation Management Plan Cost

Dear Ms. Bose:

By letter dated July 24, 2020, the California Department of Water Resources (DWR) and Los Angeles Department of Water and Power (LADWP) (collectively Licensees) filed with the Federal Energy Regulatory Commission (FERC) their *South SWP Additional Information Request Response* (AIR Response) for FERC Project No. 2426-227.

The Licensees provided updated and revised costs associated with measures to be implemented as part of the new license, including updated costs associated with implementing the Pyramid Fish Stocking Measure and the proposed Recreation Management Plan. These costs were presented as Exhibit D updates and were included in Attachment 1 of the AIR Response. However, since filing of the AIR Response, Licensees have identified the need to clarify some of the Pyramid Fish Stocking Measure and Recreation Management Plan cost information presented in Attachment 1.

Pyramid Fish Stocking Measure and Recreation Management Plan Costs

The costs identified in revised Sections 6 and 7 of Exhibit D, found in Attachment 1, Appendix A of the AIR Response, include costs related to the implementation of the Pyramid Fish Stocking Measure and Recreation Management Plan.

The Pyramid Lake Fish Stocking Measure and Recreation Management Plan are separately listed in Appendix A, Tables 6.1-1 and 6.1-2. However, the implementation costs of continuing the Pyramid Lake Fish Stocking Measure were inadvertently included in the estimated costs for implementing the Recreation Management Plan in Table 6.1-2, and the AIR Response indicated the cost to implement the Pyramid Fish Stocking Measure was \$0. However, the additional cost beyond those shown in Table 6.1-1 should be \$2,850,000 and \$95,000, respectively.

In addition, a concessionaire cost was inadvertently added to estimated costs for the Recreation Management Plan. Furthermore, Licensees discovered that incorrect formulas were used to calculate the estimated costs in Table 6.1-2. The AIR Response indicated the combined capital and operations and maintenance (O&M) costs over 30 years and the annualized cost to implement the Recreation Management Plan are \$41,540,000 and \$1,385,000, respectively. However, the appropriate cost allocation should be \$19,366,000 and \$646,000, respectively.

The following changes are being made to account for these updates, as well as other minor corrections in cost allocations.

These specific updates are shown below in Table 6.1-2, *Estimated Costs to Implement the Licensees' Proposed Measures Beyond Those Costs Shown in Table 6.1-1*, Table 6.1-3, *Anticipated Annual Cost for Implementation of the Proposed Recreation Management Plan Over the First 30 Years of the New License (Estimated Cost for Each Year after License Issuance)*, and Table 7.0-1, *Comparison of Average Annual Power Benefits, Costs, and Net Benefits of the No Project Alternative and the Licensees' Proposal*.

Table 6.1-2. Estimated Costs to Implement the Licensees' Proposed Measures Beyond Those Costs Shown in Table 6.1-1

Licensees' Proposed Measure ¹		Total Capital Cost Over 30 Years (2018 U.S. Dollars)	Total O&M Cost Over 30 Years (2018 U.S. Dollars)	Annualized Cost Over 30 Years ² (2018 U.S. Dollars)
Designation	Description			
GS1	Implement Erosion and Sediment Control Plan	\$0	\$0	\$0
WR1	Implement Pyramid Lake Water Surface Elevation Restrictions	\$0	\$0	\$0
WR2	Implement Hazardous Materials Management Plan	\$0	\$0	\$0
AR1	Implement Flow Releases into Pyramid Reach	\$0	\$360,000	\$12,000
AR2	Implement Pyramid Lake Fish Stocking Measure	\$0	\$0 \$2,850,000	\$0 \$95,000
TR1	Implement Integrated Vegetation Management Plan	\$0	\$330,000	\$11,000
TR2	Implement Sensitive Aquatic and Terrestrial Wildlife Management Plan	\$0	\$1,110,000	\$37,000

Table 6.1-2. Estimated Costs to Implement the Licensees' Proposed Measures Beyond Those Costs Shown in Table 6.1-1 (continued)

Licensees' Proposed Measure ¹		Total Capital Cost Over 30 Years (2018 U.S. Dollars)	Total O&M Cost Over 30 Years (2018 U.S. Dollars)	Annualized Cost Over 30 Years ² (2018 U.S. Dollars)
Designation	Description			
RR1	Implement Recreation Management Plan	\$10,040,000 \$9,850,000	\$31,500,000 \$9,516,000	\$1,385,000 \$646,000
LU1	Implement the Fire Prevention and Response Plan	\$0	\$450,000	\$15,000
LU2	Develop and Implement Project Safety Plan	\$0	\$0	\$0
VR1	Implement Visual Resources Management Plan	\$0	\$150,000	\$5,000
CR1	Implement Historic Properties Management Plan (HPMP)	\$0	\$3,510,000	\$117,000
Total		\$10,040,000 \$9,850,000	\$37,410,000 \$18,276,000	\$1,582,000 \$938,000

Notes:

¹Refer to Appendix E of Exhibit E in this Application for New License for the complete text of each of DWR's proposed measures.

²Total annualized costs are calculated by summing Capital Cost and Total O&M Cost and dividing the sum by 30.

Key:

DWR = California Department of Water Resources

O&M = operations and maintenance

U.S. = United States

Table 6.1-3. Anticipated Annual Cost for Implementation of the Proposed Recreation Management Plan Over the First 30 Years of the New License (Estimated Cost for Each Year after License Issuance)

Year	Dollars	Year	Dollars	Year	Dollars
1	\$2,253,334 \$1,550,534	11	\$1,290,000 \$662,200	21	\$1,050,000 \$422,200
2	\$2,253,333 \$1,550,533	12	\$1,290,000 \$662,200	22	\$1,050,000 \$422,200
3	\$2,218,333 \$1,550,533	13	\$1,290,000 \$662,200	23	\$1,050,000 \$422,200
4	\$2,095,000 \$1,467,200	14	\$1,290,000 \$662,200	24	\$1,050,000 \$422,200
5	\$1,970,000 \$1,342,200	15	\$1,290,000 \$662,200	25	\$1,050,000 \$422,200

Table 6.1-3. Anticipated Annual Cost for Implementation of the Proposed Recreation Management Plan Over the First 30 Years of the New License (Estimated Cost for Each Year after License Issuance) (continued)

Year	Dollars	Year	Dollars	Year	Dollars
6	\$1,970,000 \$1,342,200	16	\$1,090,000 \$462,200	26	\$1,050,000 \$422,200
7	\$1,970,000 \$1,342,200	17	\$1,090,000 \$462,200	27	\$1,050,000 \$422,200
8	\$1,470,000 \$842,200	18	\$1,090,000 \$462,200	28	\$1,050,000 \$422,200
9	\$1,470,000 \$842,200	19	\$1,090,000 \$462,200	29	\$1,050,000 \$422,200
10	\$1,470,000 \$842,200	20	\$1,090,000 \$462,200	30	\$1,050,000 \$422,200
Total¹					\$41,540,000 \$22,516,000

Notes:

¹Total cost includes Articles 50 and 58 from Table 6.1-1 and RR1 from Table 6.2-2.

Table 7.0-1. Comparison of Average Annual Power Benefits, Costs, and Net Benefits of the No Project Alternative and the Licensees' Proposal

Value	No Action Alternative	Licensees' Proposal	Change ¹
Average Annual Power Benefits			
Capacity			
Installed (kW)	1,349,290	1,349,290	\$0
Dependable (kW)	1,292,540	1,292,540	\$0
Value (2018 U.S. Dollars)	\$25,101,000	\$25,101,000	\$0
Generation			
Peak Energy (MWh)	578,523	578,523	\$0
Off-Peak Energy (MWh)	246,280	246,280	\$0
Subtotal (MWh)	824,803	824,803	\$0
Value (2018 U.S. Dollars)	\$28,554,000	\$28,554,000	\$0
Ancillary Services			
Reserves (MWh)	8,470,433	8,470,433	\$0
Value (2019 U.S. Dollars)	\$51,146,000	\$51,146,000	\$0
Total Benefits (2019 U.S. Dollars)	\$104,801,000	\$104,801,000	\$0

Table 7.0-1. Comparison of Average Annual Power Benefits, Costs, and Net Benefits of the No Project Alternative and the Licensees' Proposal (continued)

Value	No Action Alternative	Licensees' Proposal	Change ¹
Average Annual Costs			
Non-Environmental / Non-Recreation O&M Costs (2018 U.S. Dollars)	\$38,547,000	\$38,547,000	\$0
Recovery of Relicensing Costs (2018 U.S. Dollars)	\$1,155,000	\$1,155,000	\$0
Environmental and Recreational Cost (2018 U.S. Dollars)	\$2,524,000 ²	\$4,106,000 \$3,462,000	\$1,582,000 \$938,000
Total Costs (2018 U.S. Dollars)	\$42,226,000	\$43,808,000 \$43,164,000	\$1,582,000 \$938,000
Average Annual Net Benefits			
Value (2018 U.S. Dollars)	\$62,575,000	\$60,993,000 \$61,637,000	-\$1,582,000 -\$938,000

Notes:

¹Calculated by subtracting the No Action Alternative values from the values for the Licensees' Proposal.

²Related to Existing Environmental Expenditures.

Key:

kWh = kilowatt hour

MWh = megawatt hour

U.S. = United States

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In addition to the updates to the tables in Section 6 and 7 as shown above, the Licensees' annual proposal cost of \$1,582,000 noted in the text of Section 6.1.2 would correspondingly change to \$1,288,000, and the summary text of Section 7.0 would change as follows:

*In summary, under both the No Action Alternative and the Licensees' Proposal, the Project's installed and dependable capacity would be 1,349,290 kW and 1,292,540 kW, respectively, and the Project would generate on average 824,803,000 kWh of energy annually. No change would occur in the Project's ancillary services, or the total benefits from the Project's capacity, energy and ancillary services sales. However, under the Licensees' Proposal, the Project's average annual cost would increase from \$42,226,000 to ~~\$43,808,000~~ **\$43,164,000** an increase of ~~\$1,582,000~~ **\$938,000** (3.8 **2.2** percent), resulting in an overall reduction of ~~2.5~~ **1.5** percent in average annual net benefits from \$62,575,000 to ~~\$60,993,000~~ **\$61,637,000**. In terms of cost of power, the Licensees' Proposal would increase the cost of the Project's generation from \$0.051/kWh to ~~\$0.053~~ **\$0.052/kWh**.*

The Licensees appreciate the FERC's consideration of the use of these clarified Exhibit D costs in ongoing and future analyses.

If you or your staff have any questions or would like to discuss this further, please contact Jeremiah McNeil, DWR's Relicensing Program Manager at (916) 557-4555 or Anton Sy, LADWP's Relicensing Project Manager at (213) 367-2332.

Sincerely,

Jeremiah McNeil for

Gwen Knittweis, Chief
Hydropower License Planning
and Compliance Office
Executive Division
California Department of Water Resources

Simon Zewdu

Simon Zewdu, Director
Regulatory Compliance and
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Zewdu
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