NOTICE OF PREPARATION

From: Merced Irrigation District

Subject: Notice of Preparation of a Draft Environmental Impact Report

Project Title: FERC License, Merced River Hydroelectric Project and Merced Falls Hydroelectric Project

Project Location: Merced County, California.

Date: April 21, 2025

Public Scoping Meeting (Online): May 7, 2025, 4PM- 5:30PM

Login Link:
hdrinc.zoom.us/j/91212518036
Webinar ID: 912 1251 8036
Passcode: 665490
OR: Scan QR Code:

Merced Irrigation District (Merced ID) will be the Lead Agency and will prepare an Environmental Impact Report (EIR) for acceptance of new licenses from the Federal Energy Regulatory Commission (FERC) to continue operation of the Merced River Hydroelectric Project and the Merced Falls Hydroelectric Project (Proposed Project). Responsible and trustee agencies, and other interested agencies, organizations and individuals, are invited to provide written comments on the scope and content of the Draft EIR.

Merced ID is the 25th largest electric utility in California, has built its own electric distribution system, and maintains its own electric transmission lines and substations. Merced ID purchases power on the electric market and provides electric services in Eastern Merced County, serving over 13,000 customers.

Merced ID is the leading provider of clean, affordable irrigation water to approximately 2,200 customers within its 164,000-acre service territory in Merced County, with an estimated population of 175,000. Cities and communities within Merced ID's service territory include Merced, Atwater, Livingston, Winton, Le Grand, Snelling, Cressey and El Nido as well as the Castle Airport and Aviation Development Center. Merced ID makes irrigation water available at times to agricultural customers within the Le Grand-Athlone Water District and Chowchilla Water District, for example, and other individual growers around the perimeter of Merced ID's service territory.

Merced ID provides water that supports hundreds of small family farms, supports local food production, manages critical water infrastructure, and provides reliable, renewable hydroelectric power to our community. Merced ID serves a region that includes rural and urban populations, agricultural producers, and disadvantaged communities that depend on the continued viability of Merced ID water and power operations for their livelihoods. Importantly, many of the communities that Merced ID serves are among the most racially diverse and economically disadvantaged in California.

The description, location, and the potential environmental effects for the Proposed Project are described in the attached materials. Due to the time limits mandated by State law, your written response must be sent at the earliest possible date but **not later than 2:00 PM PDT 30 days from the date of this notice.** Please include a name and contact information to receive further information on this Proposed Project, or in the event Merced ID has questions regarding your written comments.

Please send your comments to:

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4-21-25

Bryan Kelly, Date

Deputy General Manager (Water)

Notice of Preparation
Merced River Hydroelectric Project and Merced Falls Hydroelectric Project Environmental Impact Report

1.0 Introduction

This Notice of Preparation (NOP) announces that the Merced Irrigation District (Merced ID) intends to prepare an Environmental Impact Report (EIR) for the relicensings of Merced ID's Merced River Hydroelectric Project (Merced River Project or P-2179) and Merced Falls Hydroelectric Project (Merced Falls Project or P-2467), which are collectively referred to as the projects. Merced ID anticipates the relicensings will result in the Federal Energy Regulatory Commission (FERC) issuing to Merced ID new licenses, each with a term of between 30 and 50 years, that will allow Merced ID to continue to operate and maintain the projects. FERC could issue a license for one project but not for the other project, or neither project, or issue each project licenses. For the purposes of this NOP, it is assumed FERC will issue new licenses for both projects, and this is referred to as the Proposed Project. The EIR will identify and evaluate possible environmental impacts of the Proposed Project, and alternatives, and will develop measures to avoid, reduce, or compensate for any significant impacts.

As the lead agency responsible for compliance with the California Environmental Quality Act (CEQA), Merced ID determined that the Proposed Project may have a significant impact on the physical environment and, therefore, determined it is appropriate to prepare an EIR to provide ample opportunity for public disclosure and participation in the planning and decision-making process. This NOP, which is required by CEQA Guidelines California Code of Regulations (CCR) Section (§) 15082:

1) provides background information that is relevant to the Proposed Project;
2) describes the purposes and objectives of the Proposed Project;
3) describes location of the existing projects, including facilities and operations;
4) lists issue areas to be analyzed in the EIR;
5) describes the EIR review process, including opportunities for responsible agencies and public involvement; and
6) provides contact information for Merced ID.

Merced ID is undertaking the CEQA environmental review process as part of the overall Proposed Project review and operation process. Pending the outcome of the environmental review process, the Proposed Project will be submitted to the Merced ID Board of Directors for its consideration and potential approval. This process is aimed at providing the public and decision-makers with a

clear understanding of the activities, elements, and methods involved should the Proposed Project be approved and implemented.

FERC is an independent agency that, among other responsibilities, regulates the interstate transmission of electricity, natural gas, and oil, and licenses hydroelectric projects.

2.0 Background

The existing Merced River Project consists of two developments, New Exchequer and McSwain, which are described below. The initial license for the Merced River Project was issued by the Federal Power Commission, FERC's predecessor, to Merced ID on April 18, 1964, effective on March 1, 1964, for a term ending February 28, 2014. Merced ID filed with FERC an application for new license on February 26, 2012, which Merced ID amended on April 23, 2014.

The Merced Falls Project consists of one development, Merced Falls, which is described below. On February 8, 2012, Pacific Gas and Electric Company (PG&E) filed with FERC an application for a new license for the Merced Falls Project. On March 2, 2017, PG&E formally transferred the license and ownership of the Merced Falls Project to Merced ID. As the license holder for the Merced Falls Project, Merced ID assumed responsibility for completing the Merced Falls Project relicensing.

In conformance with the National Environmental Protection Act (NEPA), FERC issued a joint Final Environmental Impact Statement (FEIS) for the Merced River Project and Merced Falls Project relicensings on December 4, 2015. Until such time as FERC completes its relicensing process, Merced ID will continue operating the Merced River Project and Merced Falls Project under annual FERC licenses that contain the same terms and conditions as those in the respective initial licenses for the projects.

3.0 Purpose and Objectives of Proposed Project

Merced ID's fundamental objective in proposing the Project is to obtain new FERC licenses of maximum term for the Merced River Project and the Merced Falls Project at minimum cost, both initially and ongoing, that protects and enhances the projects' primary purposes, which include flood control, water supply, electricity generation using a carbon-free and renewable source, economic benefits for Merced County, environmental protection, and recreational opportunities.

4.0 Project Description

4.1 Project Overview

Merced ID proposes to relicense the Merced River and Merced Falls Projects under the auspices of the FERC relicensing process. Merced ID has applied to FERC for licenses with 50-year terms for both projects. For both projects, alterations to existing project boundaries are proposed. In addition, Merced ID proposes improvements to its existing recreational facilities and construction of a new recreational facility, which are analyzed in a separate CEQA document (Merced Recreation PEIR; SCH# 2024051222 (https://ceqanet.opr.ca.gov). Aside from recreation area upgrades, no changes to existing hydroelectric facilities or operations and maintenance of both projects are proposed.

4.2 Project Location

The existing Merced River Project is on the main stem of the Merced River in Mariposa and Merced counties, California, about 23 miles northeast of Merced, California. It occupies approximately 11,143 acres of land, with 3,154.9 acres being federal lands administered by the United States Department of the Interior, Bureau of Land Management, (BLM) as part of the Sierra Resource Management Area. Most of the remaining lands are owned by Merced ID. The existing Merced Falls Project is located on the main stem of the Merced River immediately downstream of the Merced River Project in Mariposa and Merced counties. It occupies approximately 75.6 acres of land, with 1.0 acre of federal lands administered by BLM, and most of the remaining lands owned by Merced ID.

4.3 Existing Facilities Related to the Proposed Project

Merced River Project

The 101.25-megawatt (MW) Project ranges in elevation from approximately 880 feet to 320 feet. The New Exchequer Development, which is the upstream development, consists of:

1) New Exchequer Dam, a rock structure with a reinforced concrete upstream face, 490 feet high and 1,220 feet long that impounds Lake McClure, which has a surface area of 7,110 acres and a gross storage capacity of 1,024,600 acre-feet;
2) an ogee-type concrete spillway with a 1,080-foot-long, ungated section and a 240-foot-long, gated section with six radial gates that are 40 feet wide and 30 feet high and is designed to pass a maximum of 375,000 cubic feet per second (cfs) that releases directly into McSwain Reservoir when spilling;
3) an earth-and-rock dike that is 62 feet high and 1,500 feet long;

4) an intake structure located upstream of the dam in Lake McClure;
5) a concrete-lined power tunnel that is 383 feet long and 18 feet in diameter and has a capacity of 3,200 cfs;
6) a concrete-encased, steel penstock that is 982 feet long and 16 feet in diameter;
7) an above-ground concrete powerhouse that is 75 feet by 91 feet and discharges up to 3,200 cfs directly to McSwain Reservoir;
8) a low-level outlet, consisting of a 945.5-foot long, 108-inch-diameter powerhouse bypass that runs from the New Exchequer power tunnel and discharges up to 9,000 cfs via a 108-inch-diameter Howell-Bunger valve directly into McSwain Reservoir;
9) an interconnection to the grid at the step-up transformer in the powerhouse switchyard; and
10) appurtenant structures and equipment. In addition, the existing Merced River Project includes facilities to provide water to the United States Department of the Interior, Fish and Wildlife Service's Merced National Wildlife Refuge.

The facilities are modifications to Merced ID's existing Benedict Lateral canal, which is part of Merced ID's water supply delivery system and composed of non-FERC project facilities. The eight water delivery modifications, from upstream to downstream, included:

1) Benedict Lateral headworks;
2) Benedict Lateral Duck Slough crossing;
3) Benedict Lateral Rahilly Road crossing;
4) Benedict Lateral farm road crossing;
5) Benedict Lateral to Deadman Creek connection;
6) Deadman Creek Dam and flashboard risers (Station 77+73);
7) Deadman Creek Dam and flashboard risers (Station 142+00); and
8) a measurement weir.

The New Exchequer Dam and Powerhouse discharge directly into the McSwain Development, which consists of:

1) McSwain Dam, an embankment structure with a central impervious core of rolled fill between shoulders of cobbles or crushed rock, which is 80 feet high and 1,620 feet long and impounds McSwain Reservoir, which has a surface area of 310 acres and a gross storage capacity of 9,730 acre-feet;

2) an ungated concrete overflow spillway that is 802 feet long and is designed to pass 250,000 cfs and releases directly into Merced Falls Reservoir when spilling;
3) an intake structure that is integral with the dam;
4) a concrete-lined power tunnel that is 160 feet long and 15 feet in diameter and has a capacity of 3,000 cfs;
5) a steel penstock that is 160 feet long and 15 feet in diameter;
6) an above-ground, concrete powerhouse that is 72 feet by 72 feet and discharges up to 2,700 cfs directly into Merced Falls Reservoir;
7) a low-level outlet, consisting of a 360-foot-long, 9-foot diameter powerhouse bypass pipe that runs from the McSwain power tunnel and discharges via an 8-foot-diameter Howell-Bunger valve directly into Merced Falls Reservoir;
8) an interconnection to the grid at the step-up transformer in the powerhouse switchyard; and
9) appurtenant structures and equipment.

Merced Falls Project

The existing 3.4-MW Merced Falls Project consists of:

1) a concrete gravity dam with a structural height of 34 feet and a crest length of 575 feet;
2) three radial gates, each 20 feet long and 13.5 feet high, which releases into the Merced River when spilling;
3) a 1-mile-long project impoundment with approximately 900 acre-feet of storage capacity, a useable storage capacity of approximately 579 acre-feet, a total surface area of approximately 65 acres, and a normal impoundment elevation of 344 feet above mean sea level (msl);
4) powerhouse facilities consisting of an above-ground, steel building housing a single vertical Kaplan-type four-blade turbine and associated generator;
5) a 1,000-foot-long earthen levee with a crest width of 8 feet;
6) an adjacent intake structure with a debris rack;
7) recreation facilities; and
8) appurtenant structures and equipment. The project has a dependable capacity of 1.7 MW and, on average, generates approximately 14.4 gigawatt-hours (GWh) of electricity annually.

Recreation Facilities

The project includes five recreational areas; operations, maintenance, and improvements to the recreation areas, which have been evaluated in the Programmatic EIR (https://ceqanet.opr.ca.gov/2024051222).

4.4 Existing Operations Related to the Proposed Project

Merced ID operates the existing Merced River Project, consistent with the terms and conditions in the initial license, primarily for flood control, water supply, environmental enhancement, recreation, and power generation. Merced ID operates Lake McClure for storage by capturing winter and spring runoff from rain and snowmelt. The reservoir reaches its peak storage at the end of the spring runoff season and then is gradually drawn down to its lowest elevation in early to mid-winter. Lake McClure has mandatory reserved flood storage space criteria. McSwain Reservoir is operated as a re-regulating reservoir. The New Exchequer Powerhouse is used for peaking, and the McSwain Powerhouse is operated primarily as a base-load facility.

Merced ID operates the existing Merced Falls Project, consistent with the terms and conditions in the initial license, primarily for water supply, environmental enhancement, recreation, and power generation. The project is operated in a run-of-river mode dependent on water outflow from the upstream Merced River Project. Inflow to the Merced Falls Project passes through the Merced Falls Reservoir, which is kept at a constant water elevation, and then flows either through the powerhouse or the dam's radial gates.

Issue Areas to be Analyzed in the EIR

Based on the Proposed Project's potential for significant impacts on the environment, Merced ID will prepare an EIR. The EIR will assess the Proposed Project's effects on the environment, identify significant impacts, and identify feasible measures to reduce or eliminate potentially significant environmental impacts. The EIR will also include an analysis of alternatives to the Proposed Project. Merced ID will review comments received on this NOP, and may modify or add to scope of environmental issues evaluated in the EIR.

Currently identified environmental issues to be evaluated in the EIR include:

4.5 Agriculture and Forestry

The EIR will evaluate potential environmental effects related to the proposed project and alternatives.

4.6 Air Quality & Greenhouse Gas

Since no construction or modification of physical facilities is proposed, impacts to air quality are

not expected to vary from baseline. The air quality analysis contained in the Recreation EIR will be reviewed, and pertinent information incorporated by reference as necessary.

4.7 Fisheries Resources

A comprehensive assessment of potential impacts to fisheries will be included in the EIR. The assessment will consider previous and new inputs by Responsible and Trustee agencies such as the State Water Resources Control Board and California Department of Fish and Wildlife.

4.8 Terrestrial Biological Resources

The EIR will include a fully scoped terrestrial biological resource analysis. It will consider potential effects to sensitive species and their habitats, riparian and agricultural habitats, and wetlands/wildlife refuges.

4.9 Cultural Resources

The EIR will contain an analysis of potential effects to cultural and tribal resources. Necessary tribal consultations will also be included.

4.10 Energy

The EIR will evaluate potential effects to energy resources from the proposed project and alternatives.

4.11 Geology and Soils

The EIR will evaluate potential effects to geologic and soil resources, including the potential for subsidence due to groundwater pumping.

4.12 Hydrology and Water Quality

The EIR will evaluate potential effects to hydrology and water quality for the proposed project and alternatives.

4.13 Land Use and Planning

The EIR will evaluate potential impacts to land use and planning from the proposed project and alternatives.

4.14 Population and Housing

The EIR will evaluate potential impacts to housing and population.

4.15 Recreation

The EIR will incorporate previous analysis from the Merced ID Programmatic Recreation EIR, particularly for construction and operational impacts related to existing and new recreation facilities.

It will also analyze potential changes to recreation due to changed river flows and reservoir water surface elevations.

4.16 Tribal Cultural Resources

The EIR will include an analysis of potential effects to tribal cultural resources.

4.17 Alternatives to the Project

The EIR will identify and evaluate feasible alternatives to the Proposed Project that might reasonably be assumed to reduce significant impacts and will include a "No Project" alternative.

1) Environmental Baseline Alternative. This is the "No Project" alternative and assumes Merced ID continues to operate and maintain the Merced River Project and the Merced Falls Project under the terms and conditions in the existing FERC licenses, and meeting all existing water and contract demands.
2) FEIS Alternative. This alternative assumes FERC issues new 50-year-long licenses for both the Merced River Project and Merced Falls Project with terms and conditions consistent with those in the FERC Staff's Alternative with Mandatory Conditions described in the FEIS, excluding those draft and preliminary terms and conditions proposed by the State Water Board in its July 22, 2014, filing with FERC.
3) FEIS/Draft WQC Alternative. This alternative is the same as the FEIS Alternative but includes the terms and conditions in the State Water Board's January 27, 2025, Clean Water Act Section 401 Water Quality Certification (Draft WQC). Under this alternative, when a term or condition in a Draft WQC overlaps with a term or condition in the FEIS, the term and condition in the Draft WQC replaces the term and condition in the FEIS and if a term or condition in the Draft WQC is not included in the FEIS, the Draft WQC is included in this alternative.
4) FEIS/Merced HR&L Agreement Alternative. This alternative is the same as the FEIS Alternative but includes the terms and conditions in Merced ID's Merced River Healthy Rivers and Landscape proposed Agreement. Under this alternative, when a term or condition in a Merced HR&L Agreement overlaps with a term or condition in the FEIS, the term and condition in the Merced HR&L Agreement replaces the term and condition in the FEIS and if a term or condition in the Merced HR&L Agreement is not

included in the FEIS, the Merced HR&L Agreement is included in this alternative. At this time, this is Merced ID's Preferred Alternative.

None of the Alternatives include modifications to the projects' generation facilities.

4.18 Cumulative Impacts

The EIR will identify environmental impacts of the Proposed Project that may be individually limited but cumulatively considerable (i.e., meaning the incremental effects of the Proposed Project are significant when viewed in connection with the effects of other projects).

4.19 Other Required Sections

The EIR will also include other information required for an EIR. These other sections include the following:

1) Growth Inducing Impacts;
2) Significant, Unavoidable Impacts;
3) Significant Irreversible Environmental Changes;
4) References; and
5) EIR Authors. Relevant technical reports will be provided as technical appendices.

5.0 Environmental Review Procedures

This NOP initiates the CEQA process through which Merced ID will refine the range of issues and Proposed Project alternatives to be addressed in the EIR. Comments are invited on these topics.

After the 30-day review period for the NOP is complete, a Draft EIR will be prepared in accordance with CEQA (Public Resources Code § 21000 et seq.), and the State CEQA Guidelines (CCR § 15000 et seq.).

Once the Draft EIR is completed, it will be made available for a 45-day public review and comment period. Copies of the Draft EIR will be sent directly to interested parties, responsible and trustee agencies, and those agencies that commented on the NOP. Information about availability of the Draft EIR will also be posted on Merced ID's website at https://mercedid.org/ferc-relicensing.

6.0 Contact Information

For further information regarding the NOP, contact:

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