

**PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**



To: Responsible Agencies and Interested Parties
Subject: Notice of Preparation of a Focused Environmental Impact Report for the Golden State Water Company – Sutter Pointe Certificate of Public Convenience and Necessity Project
Date: January 14, 2010

In accordance with the provisions of the California Environmental Quality Act (CEQA), the California Public Utilities Commission (CPUC) has prepared a Notice of Preparation (NOP) for a Focused Tiered Environmental Impact Report (EIR) for the establishment of a non-contiguous water service area and associated water supply infrastructure located in the southern, unincorporated portion of Sutter County, known as the Sutter Pointe Specific Plan Area. The CPUC will be the Lead Agency pursuant to CEQA. The CPUC is requesting comments from responsible and trustee agencies and other interested parties regarding the scope and content of the environmental information to be included in the EIR. This NOP for the proposed Golden State Water Company – Sutter Pointe Certificate of Public Convenience and Necessity (GSWC-Sutter Pointe CPCN or proposed project) EIR is issued pursuant to Section 15082 of the State CEQA Guidelines.

The CPUC is soliciting the views of interested persons, organizations, and agencies regarding the scope and content of the environmental information in connection with the proposed project. In addition, each responsible agency shall provide CPUC with specific detail about the scope, significant environmental issues, reasonable alternatives, and mitigation measures related to each responsible agency's area of statutory responsibility that must be explored in the EIR. In accordance with CEQA Guidelines Section 15082(b)(1)(B), responsible and trustee agencies should indicate their respective level of responsibility for the project in their response.

Responsible and trustee agencies under CEQA may include: The U.S. Army Corps of Engineers (Corps); U.S. Fish and Wildlife Service (USFWS); California Department of Fish and Game (CDFG); California Department of Public Health; California Department of Transportation; Central Valley Regional Water Quality Control Board (CVRWQCB); the State Water Resources Control Board (SWRCB); and the County of Sutter.

All comments received will be made available for public review in their entirety, including the names and addresses of the respondents.

This NOP will be circulated for a public response period beginning January 14, 2010 and ending February 12, 2010. At the end of the public response period, the CPUC will consider all comments received from interested persons, organizations, and agencies in preparing the environmental analysis to be included in the EIR.

Two scoping meetings will be held to receive agency and public comments at the following location and time:

**Wednesday February 3, 2010
2:00 pm – 4:00 pm & 6:00 pm to 8:00 pm
Veterans Memorial Community Building
1425 Veterans Memorial Circle,
Yuba City, CA 95993**

Please submit your comments at the earliest possible date, but no later than 5 p.m. on February 12, 2010. Written comments on the scope of the EIR should be sent to:

Andrew Barnsdale c/o
Environmental Science Associates
2600 Capitol Avenue, Ste. 200
Sacramento California 95816
Attn: Sutter Pointe Project
Phone: (916)-231-1273
Fax: (916) 564-4501
Email: CPUC-GSWC@esassoc.com

Website: http://www.cpuc.ca.gov/Environment/info/esa/gswc_sp/index.html

The following information includes project background, project objectives, a preliminary project description and a summary of possible environmental effects anticipated to be evaluated in the EIR. Comments received on the NOP, received in writing or provided at the scoping meetings may identify additional potential environmental impacts to be evaluated in the EIR.

Project Background

Golden State Water Company (GSWC) has submitted Application 08-08-022 to the CPUC for a Certificate of Public Convenience and Necessity (CPCN) to establish a non-contiguous service area comprised of the southern, unincorporated portion of Sutter County that falls within the corporate boundaries of Natomas Central Mutual Water Company (NMWC). GSWC, through its parent company American States Water Company (ASWC), has an agreement with NMWC to provide municipal and industrial (M&I) water service to a proposed service area in south Sutter County known as the Sutter Pointe Specific Plan Area.

An EIR for the Sutter Pointe Specific Plan was certified by the Sutter County Board of Supervisors on June 30th, 2009. The EIR included a programmatic assessment of development of the entire specific plan area and a project-level analysis for the first phase of development. The EIR stated that it was the intent of the County and the Sutter County Water Agency (SCWA) to form a community services district or other County-related entity to provide water utility service for Sutter Pointe but also identified the intent of GSWC to provide water service for Sutter Pointe. The Sutter Pointe Specific Plan EIR analysis of impacts associated with water services assumed that such services could be provided either by a County-related entity or by GSWC, and that, “[r]egardless of the entity that provides the service,...the same sources of water supply would be used, therefore the analysis of the physical water availability would not change”

In July 2009, a Memorandum of Agreement (MOA) was signed between Sutter County, SCWA, and GSWC. In the MOA, it was agreed that the CPUC would tier from and incorporate by reference information to the extent relevant and appropriate from the Water Supply Assessment (WSA) prepared for the Sutter Pointe Specific Plan (adopted June 30, 2009) and the Sutter Pointe EIR in the environmental review document prepared for Application 08-08-022. In addition, Sutter County and SCWA reaffirmed their interpretation that the WSA and Sutter Pointe EIR adequately analyzed the impacts of providing water service to Sutter Pointe whether such water service is by a County-related entity or by GSWC. Therefore, the CPUC will prepare a Focused Tiered EIR to address the environmental impacts associated with the construction and operation of new water supply infrastructure to support development of the Sutter Pointe Specific Plan Area.

Project Objectives

The purpose of the proposed project is to construct and operate the infrastructure necessary to provide municipal and industrial (M&I) water supply to planned development consistent with the Sutter County General Plan in south Sutter County. Project objectives include:

- Timely delivery of water infrastructure to support the Sutter Pointe project; and
- Development of an economically and environmentally sustainable water supply for Sutter Pointe.

Project Description

Project Location

The Sutter Pointe Specific Plan Area presently includes agricultural (primarily rice fields) and industrial uses, encompassing approximately 7,500 acres of south Sutter County (**Figure 1**). The general project area is bordered on the west by the Sacramento River, on the east by the Natomas East Main Drainage Canal, on the north by the Natomas Cross Canal, and on the south by the Sacramento County line.

Project Elements

The proposed project would include an integrated network of water extraction, transmission, storage, and treatment facilities to convey groundwater and surface water to municipal and industrial development in the Sutter Pointe Specific Plan Area (**Figure 2**). The water supply infrastructure would be developed in four phases of varying lengths to correspond with buildout of the Sutter Pointe Specific Plan over an approximately 20-year period. The first phase would involve the development of groundwater wells, treatment, storage, and distribution infrastructure. Additional groundwater wells, treatment, storage, and distribution infrastructure would be developed under Phases 2, 3 and 4, as well as infrastructure for receipt, conveyance and treatment of surface water. At buildout, the proposed project would include the conjunctive use of groundwater and surface water to serve the Sutter Pointe Specific Plan Area which is estimated to require a water supply of approximately 25,200 acre-feet per year (AFY). Specific facilities proposed under Phases 1 through 4 of the proposed project are summarized below.

Phase 1

Phase 1 of the proposed project includes development and operation of the following infrastructure:

- nine groundwater wells with yields of approximately 1,800 gallons per minute (gpm) each;
- a western groundwater treatment plant capable of treating approximately 12.5 million gallons per day (mgd) at buildout;
- approximately 16 miles of interconnected water transmission and distribution pipelines varying in size from 8- to 36-inch diameter; and
- one 7.5 million gallon storage tank and one five million gallon storage tank, and associated pumps to process and distribute water.

All facilities constructed during Phase 1 would be developed entirely within the Sutter Pointe Specific Plan Area. Phase 1 will be evaluated at a project-level in the EIR.

Phases 2, 3 and 4

Phases 2, 3 and 4 of the proposed project include development and operation of the following infrastructure:

- a 42-inch raw water transmission pipeline from the Sankey Diversion (or the existing Bennett Pumping Plant if the proposed Sankey Diversion has not been constructed) to either the western or eastern groundwater treatment plant site;
- a phased surface water treatment plant built adjacent to the groundwater treatment plant site capable of treating approximately 30 mgd at buildout;
- seven groundwater wells with yields of approximately 1,800 gpm each;
- an eastern groundwater treatment plant capable of treating approximately 12.5 mgd at buildout;
- approximately 28 miles of interconnected water transmission and distribution pipelines varying in size from 8- to 36-inch diameter; and
- four 5-million gallon storage tanks, and associated pumps to process and distribute water.

With the exception of the raw water transmission pipeline and pump station (and potential improvements to the Bennett pumping plant, if the Sankey Diversion has not been constructed), all facilities constructed during Phases 2, 3 and 4 would be developed entirely within the Sutter Pointe Specific Plan Area. Phases 2, 3 and 4 have been conceptually developed and will be analyzed in the EIR at a programmatic level.

Surface Water Diversion Facilities

Currently, surface water is provided to the NMWC service area by five existing surface water diversions located on the Sacramento River and the Natomas Cross Canal. As identified and evaluated in the American Basin Fish Screen and Habitat Improvement Project EIR/EIS (SCH # 2003092006; certified July, 2008), NMWC plans to consolidate its five existing surface water intakes into two intakes. The 420 cubic feet per second (cfs) Sankey Diversion would be located approximately one-quarter mile downstream of the confluence of the Natomas Cross Canal and the Sacramento River. The 210 cfs Elkhorn Diversion would be located approximately 0.9 miles downstream of Elverta Road near the existing Elkhorn pumping plant. The Sankey Diversion would be the source of the M&I water to be transmitted through the raw water pipeline to the surface water treatment plant facilities proposed to be installed as part of Phases 2, 3 and 4 of the proposed project (see Project Elements). Construction of the American Basin Fish Screen and Habitat Improvement Project is expected to commence in 2010, thus it is estimated that the Sankey Diversion would be constructed before the end of Phase 1 of development of the Sutter Pointe Specific Plan Area.

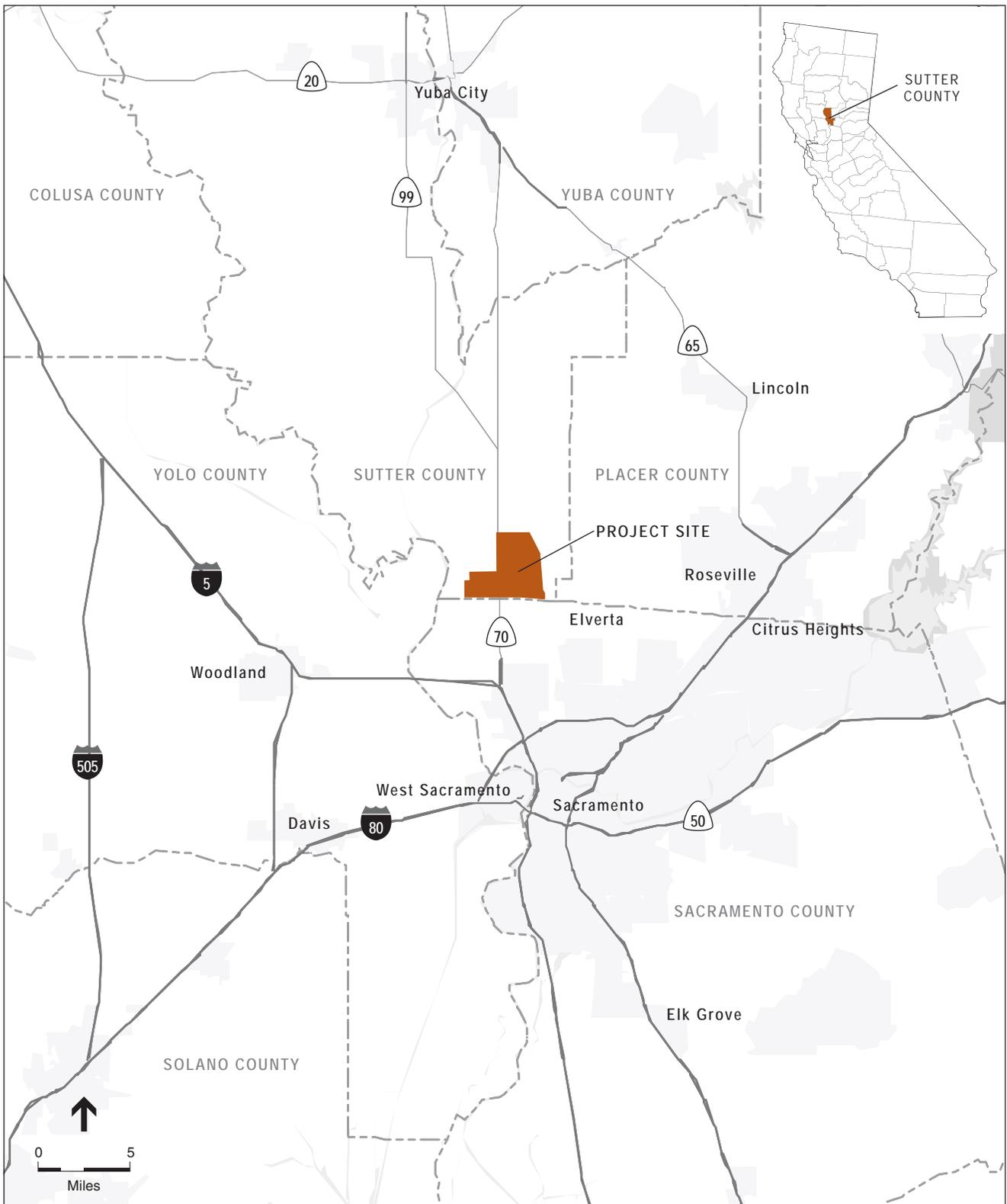
Potential Environmental Effects

The EIR will evaluate potential project-specific and cumulative environmental effects associated with the construction and/or operation of the proposed project. It is anticipated that potential environmental effects would be focused to include, but may not be limited to, the following:

- Agricultural land uses – potential short-term disruption or permanent loss of prime farmland and disruption of crop production associated with the installation of project facilities.
- Air Quality – temporary construction related emissions and long term operational emissions associated with the proposed project.
- Biological Resources (Wetland Resources) - potential loss and degradation of jurisdictional wetlands and other waters of the United States.
- Climate Change – potential short-term and long-term impacts attributed to greenhouse gas emissions and how climate change could affect proposed project operation.
- Cultural Resources – potential damage or destruction of historic-era cultural resources associated with the construction of project facilities.
- Growth Inducing Impacts – potential growth inducing impacts associated with the expansion of water supply facilities in Sutter County.
- Visual Resources – temporary construction related impacts to visual resources and the conversion of agricultural land to urban uses.

It is anticipated that the following resource areas will remain unchanged from the Sutter Pointe EIR and will not be contribute significant impacts to the Phase 1 project:

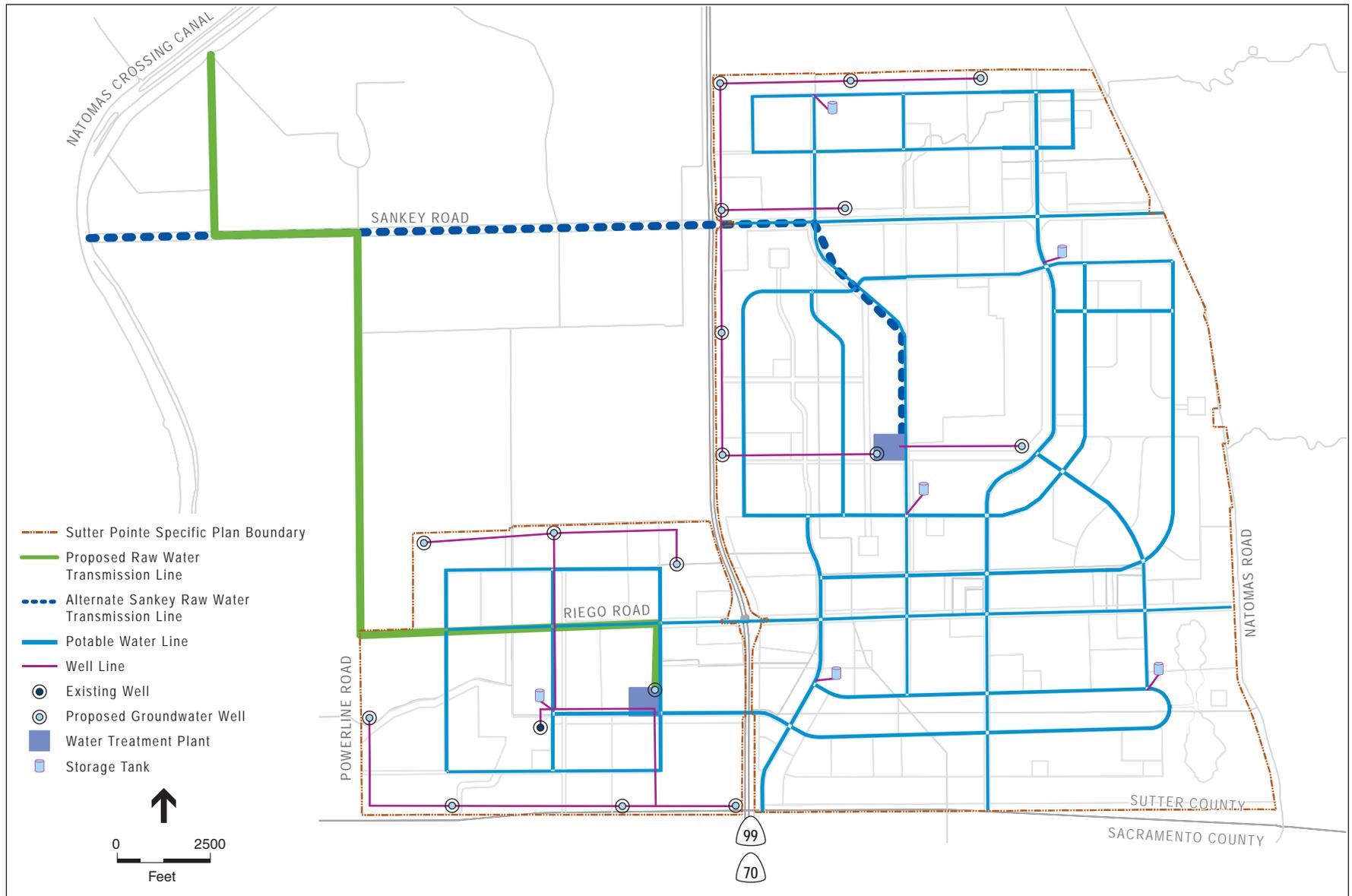
- Geology and Soils
- Hazardous Materials / Public Health
- Land Use and Planning
- Hydrology and Water Quality
- Noise
- Public Services and Utilities
- Recreation
- Transportation and Circulation



SOURCE: DeLorme Street Atlas USA, 2000; and ESA, 2009

GSWC – Sutter Pointe CPCN EIR . 207584

Figure 1
Regional Location



SOURCE: MacCay & Soms, 2008; and ESA, 2009

GSWC – Sutter Pointe CPCN EIR . 207584

Figure 2
Proposed Facility Layout