The seal of Butte County is a circular emblem. It features a central landscape with a mountain range, a river, and trees. The word "BUTTE" is arched across the top, and "COUNTY" is arched across the bottom. The seal is rendered in a light gray, semi-transparent style.

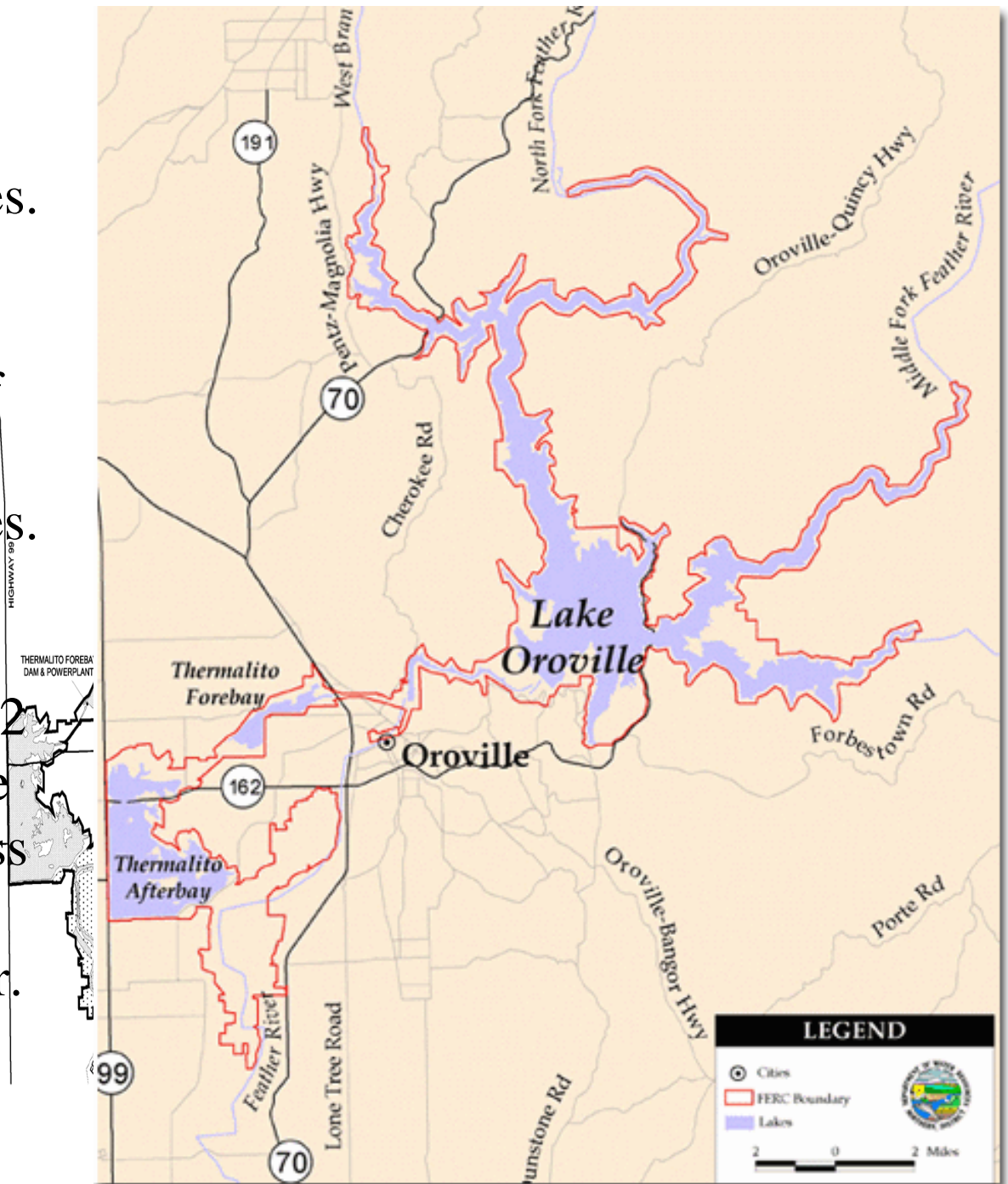
The Renewal of
Lake Oroville's License:
Concerns of Butte County

FERC Project No. 2100

Lake Oroville:

Encompasses 41,100 acres.
100% of the Project is located within the unincorporated portion of Butte County. The shoreline covers 167 miles. The Project provides 4.2 million acre feet of water per year and generates 762 megawatts of power. The Project generates in excess of \$300 Billion in economic benefit per year.

Lester Snow, Director, DWR



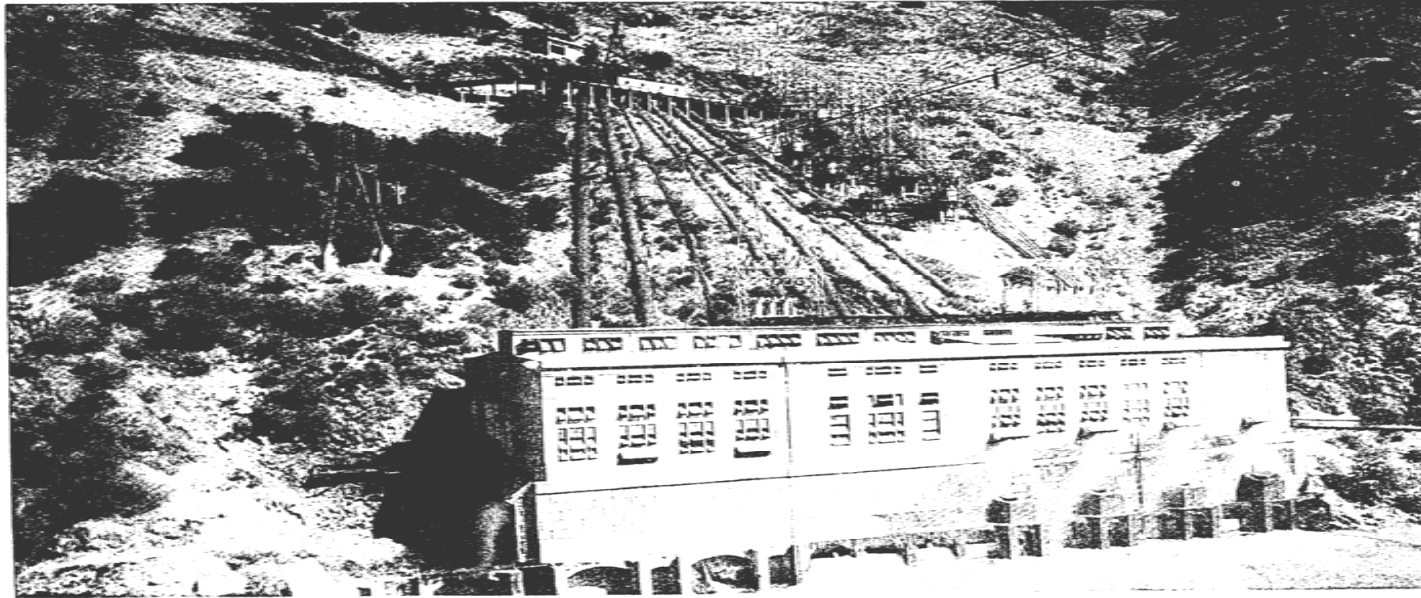
Butte County's Concerns

- Mitigation of service impacts required by Project
 - Police, Fire and Rescue, prosecution
 - Health and Human Services
- Mitigation of taxes lost when Project was built
 - Big Bend Power plant - \$631,000 annually
 - Taxes paid if investor-owned - \$6.9 million
- Availability of low cost power for community
 - \$1 Billion in economic activity
- Mitigation of traffic and road impacts
 - Impacts on existing road network
 - Expanded access to recreation facilities

Mitigation of Service Impacts

100% of the Project lies within Butte County. If a crime occurs, the County Sheriff is usually called. If a person is arrested they are taken to the County jail, they are prosecuted by the County District Attorney, defended by a County-hired public defender. Their court report is done by a County Probation Officer and if convicted they serve time in a County jail. Fire and Rescue responds to all emergency calls within the Project area. All of these costs are borne by the taxpayers of Butte County

Lost Tax Dollars



Heavy machinery was moved across Feather River by aerial tramway to build Big Bend Dam, the largest hydro operation west of the Mississippi.

The Big Bend Power Plant was built by the Great Western Power Co. in 1908. It was the largest power plant west of the Mississippi. GWP and all assets was purchased by PG&E in 1937. Big Bend was purchased from PG&E by DWR in 1966 for \$25 million and taken off-line in 1967. It now sits under 400 feet of Lake Oroville. The Project eliminated and replaced a taxable power plant with a tax-exempt power plant and avoids paying any taxes. This shifts the financial burden of the Project to the taxpayers of Butte County, not the State of California.

Loss of Tax Dollars (Cont'd)

- Significant revenue lost to the County and general community due to Lake Oroville
 - Project covers 41,100 acres with 167 miles of shoreline
 - Property excluded from tax rolls
 - Places excess burden on Butte County and community to service Project area without revenues to offset resource demands
 - Represents subsidy by Butte County to Project beneficiaries
 - Detracts from ability to provide adequate services to tax-paying public
- Federal government makes payments in lieu of taxes to Trinity County
- LA Department of Water & Power pays taxes to Inyo and Mono Counties for resources used

Availability of Low-Cost Power

The Project produces 762 megawatts of power, 100% of which is exported from Butte County. Costs of production are estimated at nearly 5 cents per kilowatt hour less than Butte County businesses currently pay. An allocation of power from the Project for local community use would significantly boost economic development potential for the region and help Butte County create strong, sustainable jobs.

The City of Redding receives a power allocation from the Shasta Dam, managed by the Bureau of Reclamation.

Mitigation of Road and Traffic Impacts

There is only one primary access to the main recreation facilities of the Project – the Olive Highway out of Oroville. That highway is currently at Level of Service F. Other road improvements were promised when the Project was built, but were never delivered. Butte County seeks:

- Improvement of Olive Highway to LOS C

- Creation of an alternative route to the Project Facilities

Highway 70 is the primary access from Sacramento.

There is 1 passing lane between Marysville and Oroville.

Improvements to Highway 70 are necessary for expansion of this Project

Federal Environmental Process

- FERC has issued Final Environmental Impact Statement

...”we conclude that construction and continued operation of the Oroville Facilities resulted in an on-going loss of tax revenue associated with the Big Bend Project that has not been offset by any project-related gains ...”

“Construction of the Oroville Facilities led to the direct loss of tax revenue to Butte County through the loss of property taxes previously paid on project lands and the privately owned Big Bend Project... The absence of tax or other payments to the county adds to the fiscal hardship of the county...”

Federal Environmental Process

“After considering the costs and benefits that have been quantified, we conclude that the project may impose a negative net fiscal impact on Butte County. This negative net fiscal impact is the result of the County’s obligation to provide services to the project and project visitors, including law enforcement, fire and rescue, and road maintenance services, that are not compensated through property taxes, sales taxes, or other payments.”

Federal Environmental Process

- FERC staff estimate of unreimbursed costs:
 - Law Enforcement/Prosecution - \$926,200
 - Fire and Rescue - \$353,820
 - Other Expenses - \$221,700
 - Road Maintenance - \$200,480
- Total unreimbursed expenses: **\$1,702,200**
- Property tax loss up to **\$6.9 million**
- Big Bend Tax Loss - **\$631,000**

Costs over 50 year license term

- Unreimbursed Expenses - \$197,762,912
 - Assumes 3% increase per year
- Property Tax Losses - \$595,269,827
 - Assumes 2% annual increase
- Big Bend Power Plant Losses - \$54,436,994
 - Assumes 2% annual increase
- **TOTAL - \$874,469,734**

Next Steps

- FERC
 - Staff writes license conditions
 - Commission considers FEIS and License
- DWR
 - Circulating Draft EIR for 401 permit
 - Comments due by July 20, 2007

You Can Send Comments to:

- FERC
James Fargo
Federal Energy Regulatory Commission
Office of Energy Projects
888 First Street, N.E.
Washington, DC 20426
202-502-6095
- DWR
Henry M. Ramirez
Manager, Oroville Facilities Relicensing Program
California Department of Water Resources
1416 Ninth Street, Room 1155
Sacramento, California 95814
(916) 653-6700

Questions?