FEDERAL ENERGY REGULATORY COMMISSION

ALLISON LAKE HYDROELECTRIC PROJECT

SCOPING MEETING

FERC NO. 12530-001

AUGUST 16, 2005

7:00 P.M.

VALDEZ CONVENTION & CIVIC CENTER

110 CLIFTON DRIVE

VALDEZ, ALASKA

Participants:

Steve Hocking, FERC

Kim Nguyen, FERC

Earle Ausman, Green Power Development

David Ausman, Green Power Development

Joel Groves, Green Power Development

Steve Bushong, Copper Valley Electric

Jim Ferguson, State of Alaska, Department of Fish & Game

Larry Peltz, NMFS

Dennis Gnath, DNR

Gary Prokosch, DNR

Lisa Von Bargen, City of Valdez

PROCEEDINGS

STEVE HOCKING: Well, let's go ahead and get started.

My name is Steve Hocking. I'm an environmental protection specialist with the Federal Energy Regulatory Commission, FERC, Office of Energy Projects, and I want to welcome everybody to our meeting on the proposed Allison Lake Project. This is FERC's scoping meeting, the evening scoping meeting for the Allison Lake Project, which is Project No. 12530 in the Commission's records.

We want to make sure that everybody did sign in, which I see that everybody has. Also, we're going to take a quick look at the agenda. I think everybody has the five handouts or so that I have brought, and Green Power Development has brought two others -- three others, the Pre-Application document, the PAD document, a copy of their slide show and a new photo, which everybody should have.

Let's go ahead and take a quick look at the agenda, and then we can talk after we go through the introduction about how we want

to proceed. Everybody here, except Gary, was at the site visit today.

GARY PROKOSCH: I've seen the site.

STEVE HOCKING: Okay. Just take a quick look at your agenda. We're going to go through the room and quickly go through the introductions and make sure that the court reporter and everybody is aware of who's here.

I was going to start off with an overview of the Commission's licensing process and go over the few major milestones for the project at Allison Lake. Green Power Development has a PowerPoint presentation to talk about the proposed project and proposed action.

We probably will not need a break. Then we will go immediately to scoping and talk about issues and alternatives. We can also talk about -- or I would like to talk about the study and development process, which is the next phase of the ILP, integrated licensing process. And I want to mention that the Commission study requests criteria that everybody has to comply with and address prior

to filing study requests with the Commission and with Green Power Development, and then quickly go over the process plan and make sure that we have all the processes down on the plan and any milestones we need to have. I think we do, but we'll go over it formally as well.

As you can see, we do have a court reporter or stenographer. She will be taking all oral and written comments, if you have anything to submit to myself, and then all oral and written comments will become part of FERC's official record for this proceeding.

Before we go ahead and get started, anybody have any questions?

If you want a copy of the transcript of tonight's meeting, if you want it within the next ten days, you have to get it directly from Ace Federal Reporters, which is our transcription service. After ten days, you can get it from the Commission off of our E-library system. We can talk about that a little bit later.

All right. Let's do our introductions first. Go ahead.

LARRY PELTZ: I'm Larry Peltz

with the National Marine Fisheries Service.

DENNIS GNATH: Dennis Gnath with the Department of Natural Resources.

GARY PROKOSCH: Gary Prokosch, Division of Mind, Land and Water Resource Section, Department of Natural Resources.

STEVE BUSHONG: Steve Bushong, Copper Valley Electric Association.

DAVID AUSMAN: David Ausman, Green Power Development.

JIM FERGUSON: Jim Ferguson, State of Alaska, Department of Fish & Game.

KIM NGUYEN: My name is Kim Nguyen. I'm a civil engineer and I work with Steve in licensing.

EARLE AUSMAN: Earle Ausman, Green Power Development.

JOEL GROVES: And Joel Groves, also with Green Power Development.

STEVE HOCKING: Okay. Well, everybody here was at the site visit, except for Gary. So we'll go ahead and get started.

Let me talk just a minute or two about the ILP process, the integrated licensing process. If you have any questions, just stop

me as we're going along. I just wanted to talk quickly about the major steps in the process so everybody is kind of orientated as to where we are now and where we're going.

The ILP process is basically a new licensing process. FERC did a rulemaking on this back two years ago, in July of '03. The process is now the default licensing process that everyone does use, unless you get specific permission to use the other licensing processes, as of a couple weeks ago.

Basically, a few changes is we do scoping early now. We have an early study plan development process. We have a formal dispute resolution process that is available to the mandatory commissioning agencies. The ILP process is designed to be a little bit better in terms of coordination with all the other types of statutes that come into play with a FERC hydro-licensing proceeding. All those other types of statutes that come into play.

And last but not least has pretty strict and short time frames in terms of providing comments for review and comment periods. People basically liken it to a

speeding train, and if you don't keep up with it, it's going to pass you by. So we'll go over the time frames when we go over the process plan.

This is some of the major steps in the ILP process. We'll just kind of quickly go through them, and if you have any questions, just stop me as we do.

Starting in the top left-hand box it says, NOI/PAD. The process really starts with the filing of a notice of intent, or NOI, to a final license application and a pre-application document or a PAD document. Green Power Development filed their NOI and PAD document on May 23rd, I believe -- May 23rd.

The next step is what we're doing this week, which is FERC scoping and going over the process plan. After that we go into the study plan development phase. And from the time of the NOI and PAD being filed to the end of a -- to a Commission-approved study plan, is about a year. It takes about a year.

After that there are two study seasons. Green Power Development will conduct their studies over one or two seasons, if both

are necessary. Then they'll file an application, bottom left-hand box, with the Commission.

After that we -- sometime after that the Commission will issue what we call our REA notice, or Ready for Environmental Analysis Notice, which basically means that we have all the information we need in order to process the license application and move on to the next step, which is putting together a NEPA document, an EA or EIS. For this project we're proposing a single NEPA document at this stage, although that could change. Finally, an order on the application, which from the time the application is filed until the order is about one-and-a-half to two years is what we're looking at.

So some of the major milestones for Allison Lake. The NOI/PAD was filed last May. We're doing the scoping this August. Study development really starts now with the scoping meetings and should run through about March of next year. First study season would be summer of 2006; second study season would be summer 2007.

Green Power Development would be

filing a preliminary licensing proposal in about January, 2008, and a final license application about June, 2008. And those are projected dates.

Major post-filing milestones. By post-filing, I mean after the license application is actually filed. Again, they would be filing their application about June of 2008 and then our REA notice would go out about September, 2008; NEPA document, March of '09, and then the license order in September of '09.

So we're looking forward about four years from this point. All the particular and individual steps in this process are in the process plan. That's it in a nutshell. It's not that bad. You can take a look at the flow chart, which is quite intimidating, but this is the ILP flow chart right here. The blue is the pre-filing steps and the green are the post-filing steps. So, keep a copy of this and this will help keep you orientated as to where we are in the process.

DAVID AUSMAN: What do the numbers signify between the boxes on that flow chart?

STEVE HOCKING: Those are days, number of calendar days. So, in between each box is the number 30, 60, 45. It means how many days elapse between the individual steps. All right. So, Joel is going to go ahead and talk about the project.

Does anybody have any questions? Everybody got this down now?

STEVE BUSHONG: Steve, I did have a question. Joel is going to review the project, and then are you doing anything after that?

STEVE HOCKING: Yeah. Joel is going to review the project, and then after that we're going to talk about whatever issues you guys might have that we need to consider in our NEPA document, and as we move forward, any alternatives you think that we need to consider, and any information that you think we need to look at that we don't have and need to have, which is the primary purpose of scoping. So we'll do that right after they go through the proposed action.

STEVE BUSHONG: Well, I have some questions about the format, and I think after

that explanation I'll just wait, so I can have a chance to get a little more familiar with the process as you take us through it.

STEVE HOCKING: The format of?

STEVE BUSHONG: Of the -- I've never been through a scoping meeting for a FERC project, and the question I was going to ask is that, other than the Green Power guys, the only other person here that has a stake, you know, from the traditional view of the stakeholder, is Copper Valley Electric. The rest of them are agencies that have processes they all have to go through, and I'm kind of curious about some of their processes.

But for those of us in the utility business, it seems like it takes forever, and I think there are processes that have to be accounted for that some of us, even though we know there's processes, could never communicate to John Doe down the road here why we can't hurry up and get cheaper power, because that's all anybody's going to ask.

STEVE HOCKING: Well, I mean, part of what we try to do during scoping is figure out everything that needs to be done. In

particular, from my point of view, everything that needs to be done that I can incorporate into the schedule to make sure that, you know, we're trying to do as much parallel processing as possible.

If there's a mandatory conditioning agency out there that has the ability to add conditions to the license, we need to know about that condition, and other types of, you know, individual State processes we want to be aware of as well, so that we know what can trip up the overall licensing proceeding.

So what we can do is go around and each person hopefully can talk about what it is, what permit they need to issue, you know, something like that.

Is that what you're looking at?

STEVE BUSHONG: Well, it dawned on me as we got started here, thinking about who's not here, I really thought there would be somebody, one or more, from the City of Valdez that would have been here. And I'm going, wow, jeez, I'm going to end up being the one asked all the questions, and I'll also be

considered -- in our own political small-town issues.

GARY PROKOSCH: You're going to be the expert on this project.

STEVE BUSHONG: Well, it won't be expert; it'll be, you know, where did he come up with that? There's some other complicated issues far outside the environmental side and I'm going, wow, I really wish the City of Valdez was here, quite frankly.

STEVE HOCKING: Well, they could still send somebody tomorrow, I mean, if they've got somebody in Anchorage.

STEVE BUSHONG: And that could very well happen. I don't mean to be representing anything. It was just sort of a stark reality. I apologize. I didn't want to take up that much time.

STEVE HOCKING: And the other thing you can let them know is certainly they can submit written comments, and then there's plenty of other opportunities to have input as we move forward, because it is from start to finish in the three to four years.

STEVE BUSHONG: There's many

times in the three-and-a-half years that I've been here that I've been asked about Allison Lake. I'm absolutely surprised that there's no more people here from the community than what there are. It's like, you've got to be kidding me. I apologize. I need to just stop right there.

GARY PROKOSCH: It's all on the record.

LARRY PELTZ: If you look at all those boxes, there's a tremendous amount of opportunity for anyone and everyone to have input at a lot of different stages nestled in amongst those boxes.

STEVE BUSHONG: Absolutely. The point of that may be really well-taken. Maybe they know more about it than I do. I'm trying to give them the benefit of the doubt.

STEVE HOCKING: Well, if there's somebody you think should be called directly, let me know, give me a name and phone number, and we'll call them and make sure that they get copies of all the information.

STEVE BUSHONG: I appreciate that, but that would truly be counterproductive

for me.

JOEL GROVES: Okay. We'll get started. The first thing I want to do is give a little bit of a background on Green Power Development and who we are. Green Power Development is basically five engineers, Alaskan engineers. We are all based and live in Anchorage. Many of us are actually lifelong Alaskans.

We also work for -- we have an engineering consulting firm called Polarconsult Alaska. Basically what we've done is set up Green Power Development as a vehicle to go ahead and pursue this project. This type of work is something that we have a lot of experience with from our engineering practice, as I imagine a lot of you have sort of gathered. You sort of see Green Power Development and then you see Polarconsult, and then there's some cross between the two. It's all the same people. Green Power Development is a vehicle to pursue the project at Allison Lake. Just to sort of clarify the situation there.

I think most of us are fairly familiar with what's been projected, but I'll

just go over the high points of the proposed project. What we're looking at is a project with 4.95 megawatt capacity on Allison Lake. It will most likely operate as a storage plant where we'll use the lake to regulate the production of power. That probably will depend on what the market -- what our customers will end up wanting.

An alternative river plant would be a possible operation, but most likely the lake will have that storage and regulated production has obvious value and will most likely be the point of the project.

The project will return water to Allison Creek above fish habitat. The way this project is conceived, the powerhouse will be located above Alyeska property. The current prospective customers would be either the Alyeska Valdez Marine Terminal where we would have direct power sales to the terminal, or to Copper Valley Electric Association where we would be selling power to Copper Valley or it would be some combination of those two players. There's a lot of players that are in flux, so that hasn't really been determined yet. We've

been talking to both of those other players and trying to determine -- working through the issues and starting to see what's possible.

This is sort of an overview map of the project. I think everyone here has pretty much flown over the area either today or previously, so are pretty familiar with it. What we have -- this right here is the existing marine terminal. This USGS map actually predates the construction of the terminal at Solomon Gulch.

This is where the terminal is. This is Allison Creek right here and Allison Lake. This area right here is the actual drainage that would be fed into the project. What we're proposing is that the intake would be at the natural outlook of Allison Lake into the creek. This is one conceptual line of the penstock, and that would actually be dependent on a lot more field investigation. Then the powerhouse would be located here. This line right here is the approximate Alyeska property line.

We would be entirely on State land with the project, and we would either be

building a transmission line over to the Alyeska Marine Terminal or over to the Copper Valley transmission located on Solomon. The powerhouse for Solomon is right here. This right here is the reservoirs up here, the dam and the penstock and whatnot.

There's the powerhouse down there. This area right here is the additional drainage below the project intake. It's about 1.8 square miles. The project is actually -- are there any questions on the really general information at this point?

STEVE HOCKING: Do any tributaries come into the creek below the lake?

JOEL GROVES: I think there might be a few coming down the mountain. There's nothing that's listed on this map. They're probably to some degree intermittent. This is a little bit clearer on the map. A lot of these features I already went over.

The terminal is located on this map at Solomon. Again, you can see the lake, the intake, the existing creeks, and this would be the bypass right here and the project's penstock coming down to the powerhouse, et

cetera, et cetera.

STEVE HOCKING: Do you have a proposed project map?

JOEL GROVES: We don't, mainly because the alignment of the penstock hasn't been really nailed down. Before we can do that we probably need to align our survey of the project area, come up with some perspective of penstock routes, then actually walk the proposed route and make sure it's feasible to construct and adjust it as needed. At that point we would have a project that we can proceed to refine and delineate.

This is an oblique aerial of the project site. Basically all the same features that we previously discussed. And just for reference for those of us who were on the hike today, we parked down here. This is the access trail that we were walking. This is the TAPS right of way. The pipeline is buried through here. The penstock is about here. We basically walked right along this property line here into somewhere in this vicinity right here.

Obviously this is just a mock-up location of the proposed powerhouse. So this

was a little hike that we did right here. So this sort of gives you a general context of the lay of the project. I think there's actually -- somewhere on the color printout is a different shot. Basically a lot of the same information.

The project drainage area is 5.7 square miles. The elevation of the lake is above 1,346 feet mean sea level. Mostly above the tree line it's predominantly scrub brush, tundra, barren rock and glaciers. There's no known fish up there. The additional drainage, based on available information, it's not fish habitat, and then there's no pink and chum salmon habitat near the mouth. Those of us who were out there smelling the rotting fish know there's a lot of pinks in there and there may be some silvers.

The existing area of the lake is 243 acres, which is about a third of a square mile, and the dimension of the lake is approximately a mile long and a third of a mile wide. And it's adequate storage to provide winter generation. And there's storage to provide firm energy capacity there. The project

footprint is all on State land. There's no parks or special reservations up there.

In terms of the need for power, Alyeska had previously, as part of their strategic reconfiguration for the marine terminal, identified a need for up to five megawatts of power. The status of that is in flux right now. The time scale for the process, I think, that's -- their demand is still very much an issue that needs to be pursued. That still exists and whatnot.

STEVE HOCKING: What do you mean by the timing of the process?

JOEL GROVES: Well, I mean that --

STEVE HOCKING: It's going to take them a while before they need that power or --

JOEL ROVES: Well, at this point in time based on what we've been able to ascertain, they don't know exactly what their needs are, and over the next five years a lot of that, I think, will be determined.

STEVE HOCKING: So they need a little bit more time and it may coincide with

the license order.

JOEL GROVES: Yeah.

EARLE AUSMAN: Well, it could change conditions for them and for us. For example, let's say they know we're about five years out. Okay. So the net result is that if they don't make up their mind and they decide to do their work in three-and-a-half or four or five years out also, for some particular reason, they may not have to put in as much auxiliary power because we'd be there to help them.

If they do connect with Copper Valley Electric, if that's desirable, then we're all there to help them. Copper Valley is there to help Alyeska, and we're there to help Alyeska to make the system more reliable. It means that the value of Allison Creek becomes better. It's more helpful for the entire system.

KIM NGUYEN: Is this five megawatts just the winter supply or is this an annual need?

EARLE AUSMAN: We have the five megawatts at any time, however, Solomon Gulch generates quite a bit of power in the entire summer period and some in the fall and some

starting up early in the springtime. So ideally what we'll do is help fill in the gap where they're currently bringing in diesel fuel and things like that.

If we were solely connected to Alyeska, we would reconfigure the storage because we would still need to have -- we could perhaps supply them in the summer and in the winter, too, because we wouldn't need to have as much storage, but working with Copper Valley we need more storage.

STEVE HOCKING: So you would be drawing down the lake in the wintertime and refilling --

EARLE AUSMAN: Right. Refilling in the springtime. We probably are going to be a little bit later in the snowbelt than Solomon because we're in slightly higher elevation, but not much. It's probably not going to be appreciably greater. And we'll certainly be -- freeze-up will be just a little bit quicker, but maybe not much, or we may also get some of the winter storms in a little higher elevation, so we might get a little bit more. There is going to be some differences, but they won't be too

much in our view. We're oriented about the same and everything else.

GARY PROKOSCH: I have a question. This is Gary. You're going to build -- your infrastructure is going to be at the mouth of the lake. Are you going to build a dam at the mouth and plan on filling the slope in the event of increased storage at the lake or just use existing storage?

EARLE AUSMAN: For the sake of this licensing, we have to plan that we're going to go in because we have to present a project and work it through the system. That's a worst case. We can always come back down. Is that not right, Steve? We can always build less of a dam when we come to the final plans than a dam that we might originally conceive of.

In other words, if the result of our studies and things shows that we want less of one. But in the going-in part here we want to project the maximum projected possible environmental impact. We can go back down, but we can't go back up again.

STEVE HOCKING: You didn't study that?

EARLE AUSMAN: That's right.

GARY PROKOSCH: So I guess the question is: On your maximum now, how much additional storage do you plan on putting back there? How much more will you be feeding the lake there?

EARLE AUSMAN: We can adjust our storage in a number of ways. One of the ways we can adjust it is we can adjust it by building a relatively small dam, much smaller than Solomon and everything like that. We can also adjust it by lowering our penstock and making a cut through the existing mouth maybe 15 or 20 feet deep. We can also add syphon capabilities to our pipeline.

GARY PROKOSCH: Are you going to increase the size of the footprint of Allison Lake, is what my question was?

EARLE PROKOSCH: With the dam we will, but not by much. The site is so vertical that the major place we're going to increase the area is going to be up in the delta area where currently we get a deposition of material flowing into Allison Lake. We had to go up in that gently sloping area and go further back in,

but not greatly. We're talking 20 feet or something else up there maximum, so it won't make much difference.

STEVE HOCKING: So are you saying that for now we should assume that the proposed action is a 20-foot high dam?

EARLE AUSMAN: Right. Right.

STEVE HOCKING: So that's what people should be focused on, is construction of a 20-foot high dam?

EARLE AUSMAN: It could turn out to be 22, could turn out to be 18, could be nine. But for environmental purposes, let's look at a 20-foot.

STEVE HOCKING: Okay. And then a lake level elevation change of a total of 40 feet, is what I remember from the PAD?

EARLE AUSMAN: Well, if we go in the micro tunnel, we could actually make it greater.

STEVE HOCKING: I guess what the agencies are going to want to know is what's the range of possibilities, because then we'll, you know, tailor the site --

EARLE AUSMAN: For the purpose of

now, let's go from a minimum of 70 to a low existing lake elevation to plus 20 above, which means 90 feet.

JOEL GROVES: The terminology in the PAD was we expected that 40 feet of lake will be accepted. That was a preliminary projection.

STEVE HOCKING: Okay. So from existing current lake levels going up 20?

EARLE AUSMAN: And down 70.

STEVE HOCKING: And down 70, for a total of 90?

EARLE AUSMAN: Right.

STEVE HOCKING: That answers one question.

JOEL GROVES: Continuing with the presentation. The other prospective client was Copper Valley Electric. And currently Copper Valley relies on diesel -- depends on diesel gensets to meet their winter lows. What they have at Solomon Gulch provides all or most of their power in the summer months. Then they rely -- that is their primary choice generation source by operating efficiency cost and also contractual obligation for fuel.

Their secondary choice for power is a five-megawatt co-gen facility they have at the Solomon facility. The tertiary, when those two resources or assets can't meet their lows, the tertiary preference of generating power is diesel gensets at Glennallen and they also have back-up power here in Valdez. Of course the diesel gensets are dependent on volatile oil prices. Right now oil is very expensive, so that generation source is very expensive.

Less costly alternatives exist. There's talk of the building of a gas pipeline that would come down through Valdez. If that did come down through Valdez, that would be a way to get the natural gas to market out of Valdez. That would be available to Copper Valley Electric to generate power. Also, there's some cap wells being drilled up in Glenallen. If those end up being proven, then that would be another potential source of economical or cheap gas that Copper Valley could use to generate power.

The other less costly project of immediate interest would be this project at Allison Lake. I think we have covered this.

Allison Lake Hydro Project Details. Construction trail, basically we pioneered a trail up there. Intake, as we just discussed, would be a dam with siphon or potential lake tap located in the vicinity of the natural outlet of Allison Lake.

The penstock would consist of approximately 10,000 feet of 36-inch diameter pipe. That would be HDPE pipe, plastic and steel at this point, depending on pressure and various things. Head on the project is 1220 gross and probably around 1140 net. Those are still preliminary, but at this point that's what we have.

Turbines for the project would be Pelton wheels. The power, depending on the configuration of the project and on what the customers need, it would be approximately 20.4 to 29.4 gigawatt hours of production. It would have 4.95 megawatt peak capacity, and that would be an average annual output of about 3.4 megawatts of average output. Distribution to get the power to market would depend on who the market was. If it's the marine terminal, it would consist of a few hundred yards of

transmission lines, depending on where we end up interconnecting with the grid on their site.

If it's Copper Valley Electric tied into Solomon Gulch, it would be about 2.5 mils of new transmission line to get to that market. Air quality, the benefits and impacts to the project. The air quality, this project would improve air quality in the airshed by removing and reducing fossil fuel being burned by Copper Valley Electric or Alyeska Marine Terminal or possibly also improve the airshed in Glennallen.

Recreation, we would have improved access to Allison Valley. The backcountry would have easier access to skiing, hiking, hunting and other recreational opportunities up there. Another possibility from this project is we would have the potential to provide fire protection flows to the marine terminal. We would have a large volume of water at very high pressure right across the Allison Creek from the terminal. It would be a simple matter of building a short pipeline and associated facilities and they could have a lot of water, if they needed it.

In terms of esthetics, most of the project would not be visible except by air. All you would be able to see, for example, from here in Valdez, you might be able to see some of the penstock, and if you've got a good eye, you might be able to see the powerhouse.

KIM NGUYEN: You could paint it green.

JOEL GROVES: Yeah. If you paint it green or do appropriate landscaping.

It's located between the existing Valdez Marine Terminal, which has quite an unusual footprint, and Solomon Gulch Hydro, so it will fit into the region. Impacts to fish, the powerhouse is located above fish habitat on Allison Creek, so we project minimal impacts to the fish, and no other impacts to other wildlife has been identified at this point in time.

Long-term benefits to the communities of Valdez and Glennallen. Increased sustainable energy capacity in the region. Therefore, also decreased dependence on oil for their energy supply. There would be a lasting legacy with this project in that there would be affordable power to the region long after the

pipeline and TAPS are all gone. Fifty years, a hundred years down the road the hydro project would still be there operating, and the marine terminal at that point in time would certainly be gone.

Additionally, the winter capacity that Allison has because of the lake can augment the Solomon Gulch Hydro, which currently is shut down in the winter, roughly from November to May, and Allison could provide power throughout that period.

Some similar project experience that the principals at Green Power have. We can go over this pretty quickly. McRoberts Hydro -- you can go down the list and read that. We've got projects ranging from a small 35-kilowatt plant that we've done the FERC relicensing for down in Chignik up to the biggest one outside of Juneau in Snettisham at 85 megawatts and many plants in between of a similar-sized capacity as Allison Lake.

We have extensive experience working, building, constructing, designing hydroelectric projects throughout the state and we have a pretty good track record for getting

this done.

This is a reiteration of the FERC process plan. Some more pretty pictures. This is similar to what we've already seen. It's an oblique aerial shot of the project vicinity. I won't bother to narrate that. A view of the lake and the outlet and the terrain up there.

GARY PROKOSCH: Do you have dates on this?

JOEL GROVES: Yeah, these are all from last month, July 15th, 2005.

Of interest on this is that at the back of the lake up there you can actually see there's still -- up in here there's still some ice on the lake, and that was a month ago.

STEVE HOCKING: When does it freeze up?

JOEL GROVES: I don't know.

EARLE AUSMAN: Probably about the same time Sullivan Gulch freezes up. What time, Steve?

STEVE BUSHONG: It's pretty late. I think it's on into November, December before you really start having a significant freeze. You might have a lot of freeze and thawing.

JOEL GROVES: This is a little mock-up showing where some of the features of the project would be. This is again the preliminary routing for the penstock. It just follows down and then just drop it down to the powerhouse. Also, this is the proposed access road, which would assume that we would have access from Alyeska to use existing roads to get to the project. These lines are proposed.

STEVE HOCKING: So, during the site visit, when you were talking about if you cannot get an access through with Alyeska, then we would have to go around the property line, all the way around.

JOEL GROVES: Exactly. In the worst-case scenario if we were refused access we would end up building a road parallel to this one all the way down around here. I don't see that happening, but that would be a means of access of last resort.

Then for our hike we came in and walked along this property line out to this vicinity right here.

STEVE HOCKING: Right now you're proposing one or two lines?

EARLE AUSMAN: One.

STEVE HOCKING: Just one?

EARLE AUSMAN: Do you mean double-circuit or single-circuit?

STEVE HOCKING: No. You've got a line going to the terminal and a line going down to --

EARLE AUSMAN: For now we have to propose two at this stage, because we're going to present the maximum potential impact.

STEVE HOCKING: Okay.

JOEL GROVES: And that would also depend on who the customers end up being.

This is a similar setup, different view. Nothing new to add there. This is a view on the ground up at the natural outlet of the lake indicating sort of the terrain up there. Basically it's a boulder field and scrub vegetation and tundra.

This is a little mock-up with the worst-case scenario dam, the largest dam, about 20 foot tall and what the reservoir would look like generally.

A rough mock-up of what that might look like. This is a view looking out

from the access road, looking west towards the powerhouse location. This is the end of the fence right here, and on the site visit walk we walked straight out here to the property line, about where this tree is right here. Came out to the creek here, walked up to that large tree.

This is a view of the creek from the general vicinity of the proposed powerhouse. This is looking upstream and it's a fairly steep gradient, fairly large boulders, very fast-moving water.

At this point we'll take it back to Steve.

STEVE HOCKING: Before we get into talking about some other issues and alternatives, can you describe one more time just kind of the overall power picture in terms of Solomon Gulch? What I heard you say was Solomon Gulch provides the bulk of the power right now?

EARLE AUSMAN: Could I possibly turn this over to Steve to answer your question, because that would be much more accurate than if I gave it to you? He knows it intimately.

STEVE BUSHONG: I think what is

trying to be pointed out right now is the electrical load annually based on this calendar year is approximately 83 million kilowatt hours in terms of gross generation and the way we've scheduled to meet that need.

And it doesn't really change much from year to year, unless we're accounting for some additional growth modification, addition or subtraction of load, but for keeping it simple, of that 83 million, 50 million comes from the Solomon Gulch project, 25 million comes from the co-gen, and that remaining balance comes from the diesel plant, particularly the Glennallen diesel plant.

The reason is with the transmission line that goes up through the Thompson Pass, it gets hit, whacked pretty hard sometimes in the winter with the avalanches that we have going through the pass. So we have to maintain the Glennallen diesel plant. The Glennallen diesel plant will be there forever until the State of Alaska starts developing transmission loops, and I don't see that on the horizon right now.

So what we're doing in the

wintertime is operating the co-gen plant with a nominal rating of five megawatts. We get a little bit more out of that. We actually run the co-gen based on its maximum exhaust temperature, what we can get out of it, and then what we do is base load one, sometimes two of the Glenallen diesel units because our most efficient unit is in Glennallen.

Our cost of fuel is the same whether it's at Valdez diesel plant or at Glennallen diesel plant. Then what we do is we use one of the few hydro units as the lead unit. It will vary anywhere from two to four megawatts throughout the day. Then we rotate units one and two to keep the water moving through the penstock so we don't have to worry about any ice build-up. So it's actually a pretty comfortable way for us to operate.

So when you build that dam, only ten percent of our kilowatt hours actually comes from the two reciprocating plants. Co-gen is a contract arrangement where we buy fuel from Petrostar and we sell them the exhaust heat off of it. So it's probably more complicated than most people realize, the relationship between

the four plants that we have.

Both diesel plants, both in downtown Valdez and the Glenallen diesel plant, are part of reliability criteria. The way we try to operate the Copper Basin District and the Valdez District is such that we can have a transmission line down and the largest unit at either end.

So the way we operate plants is three different ways; one is efficiency in terms of cost; environmental and then power liability criteria, where we're trying to have the double contingency down. So what happens is when we start talking to Green Power, and we are just now starting to talk because of what's been going on over at the Valdez Marine Terminal, is that it hasn't matured to a point where any of us could have ever agreed to what a power supply plan really ought to be.

That had to do with the fact that everybody, I think, in this room from the State knows that Alyeska and their strategic reconfiguration is a hard thing to get your arms around, what that really means. Basically what they've done is -- what they're telling us, is

strategic reconfiguration in terms of Valdez Marine Terminal has been indefinitely postponed as it relates to the power vapor plant, meaning we don't know what it means.

There could be a new staff over there next year. Some of these guys have been around longer than I have. We don't really know. So what we're doing is saying at Copper Valley Electric, we're ready to move on with doing other power supply planning, because the growth at Copper Valley Electric is not in the Valdez District, it's actually in the Copper Basin, and it's not a big growth. It's not one we have a hard time keeping up with.

But because of that double-down criteria, the transmission line being down at the largest unit, we still have to look about putting another approximately two-megawatt machine in the Glenallen diesel plant. So what we're really talking about -- I'm not trying to address their issues, but provide some technical information, is what we're particularly interested in is looking at any alternative to help reduce the fuel and purchase power cost containment, which is the cost of power out of

the Solomon Gulch project plus what the cost of fuel is for our systems.

STEVE HOCKING: Okay. So the project would be more for redundancy rather than for growth?

STEVE BUSHONG: I'm not going to speak to that. I think that's theirs. What I'll tell you is right now there's no five-megawatt load for me to plan for.

So one of the questions I wanted to ask before we went through the presentation was to you, Steve. And saying that from what I understand, and like I said, I haven't been through this before, is that there's a needs-based criteria, that it's my assumption that you're looking at on behalf of FERC.

STEVE HOCKING: Uh-huh.

STEVE BUSHONG: Well, I think they have to represent that issue for themselves, because we filed as an intervenor and so did the Fordham pool because of the complexity of the contractual arrangement Fordham pool had with the Solomon Gulch project as well as Copper Valley Electric saying, we've got a contractual arrangement with Petrostar and

these packages aren't easily opened.

At the same time all three of them from Green Power and myself have talked about, you know, in a very open dialog in the last couple days trying to get to know each other and saying, you know, the cost of fossil fuel is going crazy. I don't think there's anybody that will try to tell you it's going to return back to what it once was.

So Copper Valley Electric is interested in looking at alternatives. Whether or not there's a five-megawatt need or not, that's for them to represent.

STEVE HOCKING: Okay. All right. So, again, just in the big picture, about 50 percent from Solomon Gulch?

STEVE BUSHONG: About 60 percent.

STEVE HOCKING: Sixty percent; 25 percent for the co-gen?

STEVE BUSHONG: Thirty.

STEVE HOCKING: Thirty.

STEVE BUSHONG: And then 10 percent from the reciprocating diesel plants, is the way I define them.

Just so when it comes up, the

co-gen doesn't use diesel fuel. We're not permitted in our air quality permit to use diesel fuel for anything but start-up and shut-down because the LSR is so corrosive that we can't have that sitting in the equipment. But we use what they call LSR, light straight run.

And it's a product that -- because they don't make gasoline over there. Normally LSR is feeder stopped from making gasoline, but that particular refinery doesn't do it. So somebody figured out a long time ago it's a good opportunity for Copper Valley Electric to use that product versus reinjecting it back into the pipeline stream.

STEVE HOCKING: Any other questions?

KIM NGUYEN: Just to add on that. When we look at a need for power in our region, we look at the need for power for the whole region. We're not necessarily looking at your need or Alyeska's need. We look at the whole region when we do our power analysis.

STEVE BUSHONG: Sure.

STEVE HOCKING: All right. What

we'll do is basically throw the floor open to anybody to start talking about issues and alternatives we need to take a look at. Again, the purpose of us being here is to look at existing conditions and information, identify issues and alternatives, and what additional information does the issue have.

Then from there we'll make the jump to what studies we need to have. Typically we'll go resource by resource and use Scoping Document 1 and just mark that up. We can do that now or we can kind of just open it up and let you all say, you know, what you would like to present in terms of issues. That might be the better move or format, you know, for this meeting since we have such a small group.

So why don't you take a quick look. Why don't we grab Scoping Document 1, if you all can do that, which again is this document right here. Turn to Page 10. And what we have done, as far as Commission staff goes, we've tried to pick out of the PAD document and what we've heard so far the issues that have come up, and it's our job here to try and refine them and get them down into as much detail as we

can.

So if anybody has any particular issues about the project, let's go ahead and talk about them.

STEVE BUSHONG: I'll leap in there. Being new to this process, and just talking to the Green Power representatives here for the last two days, it's obvious to me -- or it appears to be another evolutionary process to go through here to file the initial FERC permit and for them to bring a lot of details together.

I can't really tell from the integrated licensing process or if there's something else I should be looking at. I can't tell where to allow a concept to evolve before you start throwing up red flags. Because my intent wasn't to throw up red flags tonight, but just try to make sure I understood the process, so as we get to the more technical issues that have to do with a final FERC process where we would, you know, be taking our roles in energy to the same end, we need to have some questions here. I can't tell where that is on here.

STEVE HOCKING: You mean in terms of them coming up with a more complete and final

design or --

STEVE BUSHONG: Well, I didn't get to talk to the guys about this at Green Power, so I apologize in advance, because I'm getting into a zone I'm not really familiar with. But what I'm doing is saying, what we're concerned about is what happens with the PURPA rules. Somebody comes in and says, you know, we want you at the table because we want you to consider buying our power.

That opens a lot of complicated doors for us, as it does for any utility. I don't see us being at a point in the process where we need to broach that subject. Because in talking to these guys, there's a lot of different ways for them to do things. What it sounds like to me is they're trying to figure out what the niche is.

It's not far enough along, it seems to me, for anybody to be able to give any particular straight answers because there's still a lot of variables. It's an evolutionary process that helps resolve some of that. What happened is we have to file as an intervenor in the beginning so we make sure we have our right

if we need it. But it's not one where you want to play a really heavy hand if there's some really cool idea coming down. And I can't tell where that sweet spot is.

STEVE HOCKING: Well, first thing, as far as filing an intervention, you did so in a preliminary permit. That's a different proceeding. The time for filing interventions for this project, now that it's a licensing proceeding, we've moved beyond the preliminary permit proceeding; now we're in a different proceeding, Subdocket 001. So you would have to file another intervention when the Commission solicits interventions.

So just to let you know that you'll have to file another one when that time comes. But I guess what you're asking is when does -- your question is not with regards to the final design, right? You're not questioning when Green Power Development is going to come up with their final design plans?

STEVE BUSHONG: That's correct. Not really. It's pretty obvious that the question I've asked doesn't fit the processes. So I'm trying to figure out here really fast if

I have a way to restate it and try to be in tune with what you're pointing me to, but I'm not sure I'm getting it.

STEVE HOCKING: What we're trying to do here today, this week, is to identify what the important resource issues are, what alternatives we need to look at as they move along the process here, and then start looking at potential studies to make sure that we can do a proper analysis. So, I guess I'm not understanding...

LARRY PELTZ: Larry Peltz. If I can kind of meet where you guys are both trying to go and get in the middle. This project has the ability to evolve up until a point in time that a final -- where they file a final license application, which is the green boxes down here. So over the next two or three years a lot of things can change as they collect more information and do studies and talk to you guys and talk to Alyeska and things come into play, this whole thing has the ability to evolve quite a bit.

And there's a lot of points in here where everybody has an opportunity to get

together to discuss what some of these evolutionary processes are and people work together. So over the next two or three years there's going to be a lot of changes, I would suspect, and a lot of input from a lot of different people.

When the product comes down and we get to the green, it may be significantly different, but that's part of what this whole process is. Does that make any sense at all?

STEVE BUSHONG: Yeah, it does. In the generic sense, that's what I was looking for. What I was hoping was I would get something more definite from Steve to say, Steve Bushong, you don't need to worry about it. Let it evolve, because I don't see how else you could ever get to anything really good if you didn't let something evolve, and by no means do I mean to do otherwise.

It's just this is a new process, and when I read these steps, it probably means a lot to those of you that go through it from time to time, but for me it's somewhat abstract.

STEVE HOCKING: Okay. For the State, do you have any immediate questions,

concerns, issues? I have questions if you don't.

GARY PROKOSCH: I don't have a question. I know that right now the adequacy of the hydrology is somewhat limited. I think they're going to have to reestablish a gauge at some point in there and collect a few more years of data than what's available right now. That goes back to study plans.

JIM FERGUSON: Again, I'd say along those lines, the sooner the better.

STEVE HOCKING: It sounds like Alyeska might have a gauge that's been operating.

GARY PROKOSCH: Well, they have a gauge to measure how much water they're actually taking, and they do have a -- there's a V-notch weir there that they can get data from. We only ask how much water they take and then how much water is met so that they maintain the minimum two CFS that we require. But there is data there, yeah.

JOEL GROVES: Yeah. We did actually set a gauge that we laid out last month. So it's collecting data right now.

EARLE AUSMAN: There has been some pretty extensive studies on this particular drainage basin whereby the State and other people that were contemplating either building this or in some cases driving through to Solomon Gulch. So there has been quite a bit of gauging. So that data is incorporated within our --

GARY PROKOSCH: I saw what you had.

EARLE AUSMAN: I think we have more than that. Didn't you incorporate more into the web site?

JOEL GROVES: Yeah. The gauging data that we have is three years of gauging data.

GARY PROKOSCH: And then you get some correlation with that data, do some comparisons and get some actual gauge numbers.

EARLE AUSMAN: We definitely agree with you. The gauging is appropriate and the thing to do.

JOEL GROVES: Yeah, to get as much data as possible.

GARY PROKOSCH: It will operate

all winter?

JOEL GROVES: Well, it's a remote gauge.

GARY PROKOSCH: It's going to be under 150 feet of snow.

STEVE HOCKING: So what kind of gauge did you put in?

JOEL GROVES: It's a pressure gauge. So we're going to go back to that and see what the data is for measurements.

STEVE HOCKING: Do you have a weir up there?

JOEL GROVES: We identified the best available natural weir upstream. It's a pretty standard practice. There's not a lot of data in Alaska, generally, doing projects up there.

GARY PROKOSCH: What you might consider is building something down by the bridge.

JOEL GROVES: Yeah, yeah, we're --

GARY PROKOSCH: So that you can get to it all winter.

EARLE AUSMAN: The only problem

is we have to get permission.

STEVE HOCKING: Gary, is what they're doing going to be acceptable to you guys in terms of producing valid data?

GARY PROKOSCH: I would have to look at it more closely and see what they've done up there, but I think having something at the mouth is good. I also think you need something at the lower part at the bridge or at the old site. Because I know that way you can at least get to it and see it. Six months out of the year you're not going to see that.

JOEL GROVES: Right.

STEVE HOCKING: Will you have the opportunity to take a look at what they've done or they can at least describe it, so that if, you know, to make sure that you're as comfortable as possible with it?

GARY PROKOSCH: Yeah.

STEVE HOCKING: You guys can run it by Gary to get his input on the natural weir and the gauges.

JOEL GROVES: Right.

JIM FERGUSON: We'll want to take a look at that as well.

GARY PROKOSCH: I see that you have some accommodations for the existing water rights, and you might propose to Alyeska, you know, that you in fact supply water to their intake or come from the intake structure to make up for the water rights. That discussion will have to go along at some point too. We'll have to be involved in that.

JOEL GROVES: Right. They're receiving water right up the creek, so we want to make sure they get their water by whatever means.

STEVE HOCKING: Right now they're permitted to withdraw how much?

GARY PROKOSCH: About 283,000 gallons of water.

STEVE HOCKING: Which ends up being in CFS?

GARY PROKOSCH: What, about .44 or something. Fairly small amount.

STEVE HOCKING: Then they have to bypass two CFS?

GARY PROKOSCH: Right now they have to bypass two CFS. But there's been some extensive work done on the creek, too, and we'll

have to look at that to see if that's adequate.

STEVE HOCKING: Uh-huh.

DENNIS GNATH: This is Dennis Gnath. The State is also interested in the fish resources downstream of the project and protecting that. To do that we'd like to see a plan that's scheduled for maintaining water flow for fish during the build-out if the dam is used and how that would be done.

STEVE HOCKING: You mean during construction of the project?

DENNIS GNATH: Yes, of the dam.

LARRY PELTZ: Reservoir build-up.

KIM NGUYEN: That's not just during construction; that's during operation.

GARY PROKOSCH: There would have to be minimum flow during operations based on some of the rehab work that's been done.

DENNIS GNATH: We don't fully understand that now. It would be nice if we can identify that range.

JIM FERGUSON: We're looking for key pieces of information. One is the distribution and that includes the life stages and then the period subsequent to that. I can't

speak for my bosses, but I don't see this project going in the direction of a detailed analysis of ISM and PSM. But I think some habitat mapping would be appropriate in association with the fish standpoint, and certainly you should be taking a look at the width as well. I probably do have to say that.

But I think the key issues there, if we do find fish in the lake, which I'm doubtful about given the situation at Solomon, and it's about twice the elevation. If there are fish there, we need to start looking at the possibility of the inlet streams to the lake and the effect of fluctuations on them, and the possibility of screening the lake's intake.

But, you know, again, those are primarily contingent on if there's fish in the lake. The 90-foot elevation change can have serious impacts on inlet streams.

STEVE HOCKING: So some sort of survey, fishery survey?

JIM FERGUSON: Yes. And it would be good to run the -- we can talk about this more tomorrow when we'll have a fish biologist at the meeting, but to run it by us so we can

run it by our bionutritionist.

STEVE HOCKING: And when you say like habitat mapping, something less intensive than ISM?

JIM FERGUSON: Less intensive, that's maybe along the lines of the forest service. We have a four-level protocol, and I'd say that's probably in an accepted technique. It's out of Alaska. It's certainly what I'm most familiar with in coastal Alaska, and that would be something we could talk to you about.

I think one other thing. It's a little hard to get a handle on, but if we're talking about potentially low winter flows, which quite often is the case for the flow requirements, in the bypass reach you may want to look at icing as an issue since that can be a concern.

Again, that's going to depend a lot on what we find up there. If we find fish, we can talk about icing.

GARY PROKOSCH: You know, one of the issues that will come up in this project, since you will be providing more water in the wintertime to the stream, some of the benefits

of more water to the stream and the analysis.

JIM FERGUSON: You bet.

GARY PROKOSCH: I think there will be some benefits.

JIM FERGUSON: There could be temperature benefits and that kind of thing.

STEVE HOCKING: So I guess there's no consensus on nystagmus fish and access to the stream. There's no one falls that everybody agrees upon is the upstream limit, is that true, or is there consensus?

JIM FERGUSON: You probably know more about it than I do.

DENNIS GNATH: I don't think there's any one clear velocity gradient for those fish, but given that it looked like it was about at 15 percent, I don't -- it certainly doesn't exceed the swimming capability of the fish, but clearly there was no available habitat for them.

GARY PROKOSCH: I was just going to say silvers like to travel upstream and say, no, there's nothing up here, and turn around and head back.

JIM FERGUSON: Definitely

limited. There may be spawning habitat, but not much else that I can see.

STEVE HOCKING: So the habitat mapping will do the trick in terms of that issue for you?

DENNIS GNATH: Yeah, and inventorying the species.

JIM FERGUSON: Right. In other words, looking for the species, but also looking at the habitat that exists in the stream. It's a fairly easy thing to do. Actually, the procedures can be done probably in that stretch up to where we consider to be, you know, impassable to nystagmus fish. It would take a couple days to do.

STEVE HOCKING: And then the survey in the lake itself. Any specific methodology?

JIM FERGUSON: I defer to my fish biologist tomorrow.

EARLE AUSMAN: What did you say, Jim?

JIM FERGUSON: I said, I'll defer to my fisheries biologist. The situation with Fish & Game is, I work on all hydro projects

statewide and coordinate all the licensing and monitoring, so in some ways I work as a consultant for the fisheries biologist. Unless the fisheries biologist says, I've got an issue of concern; I might bring up issues he's not aware of it.

When it comes to doing that kind of thing, I defer to our experts on fish population, estimation, that kind of thing, Earle.

STEVE HOCKING: When you all say minimum flows, where are you talking exactly? Right at the base of the dam, the new dam? In the bypass to provide a minimum flow past the dam through the entire bypass ridge?

JIM FERGUSON: That's typically what we're talking about.

GARY PROKOSCH: It depends on what's in the bypass reach. If there's nothing in the bypass reach, there's still needs to be required some type of minimum flow. If you're looking at fish, it's going to be a minimum flow. It's a necessary flow.

JIM FERGUSON: It's the instream flows.

STEVE HOCKING: Because today somebody was talking about just below the powerhouse.

GARY PROKOSCH: Below the powerhouse is more than likely where you're going to find the fish.

JIM FERGUSON: And you've pulled out a few of the other issues that come up when you've got a powerhouse located with nystagmus habitat and some of those things. You know, aside from some of the typical things we end up putting in the license later in the protection, mitigation, enhancement measures realm, which is kind of where we're headed with the studies, I can't see where you're adding a lot to this at this point.

There's a whole lot of details in the annual meetings and notification procedures, noncompliance, a lot of typical stuff. We'll talk about it some more.

STEVE HOCKING: And the main fish species of concern?

JIM FERGUSON: We know there's pinks and chums down below. I guess some coho could be in the lake. I imagine there's dollies

in there somewhere.

DENNIS GNATH: They have not been nominated and specified in the catalog as waters of a spawning area, but the coho were in last year and it was following removal of the weir in the stream. Those observations were made in September and it was rather late in the year. And those observations were made by Philip Lazar, who is the environmental coordinator. He works for Alyeska at Valdez Marine Terminal. And he provided that information to me and I forwarded it over to Fish & Game, but it was pretty late in the season to get a verification.

They have a nomination form that's submitted before the deadline, so we're going to try to do that this year. I'm returning in September to look at that species of fish.

STEVE HOCKING: When you say "nomination form," what do you mean?

DENNIS GNATH: There's a formal nomination process done by a recognized biologist and it usually provides some sort of evidence, either fish in hand or photographic evidence, and then the nomination form is

submitted and it's circulated among the area biologists, and they can either concur or not concur. And then it goes to Ed Weiss, who's in charge of the catalog, and then it's sent on to Department of Law in Juneau and they verify that it was correct. Then a new set of maps come out.

STEVE HOCKING: So it's a form to basically say that the coho are there?

GARY PROKOSCH: Fish recognized in the catalog.

STEVE HOCKING: But it's not a form that is -- so it's not a fish that you're currently managing, is what you're saying?

DENNIS GNATH: It hasn't been identified in that stream before.

JIM FERGUSON: Basically what it will show is these species are present and as far as we know, they go this far up the stream, and this far up the stream could be very accurate or could be just where we stopped for lunch and we had to go back. It's whatever was observed. And hopefully we try to put information in there that's solid evidence.

STEVE HOCKING: Do you all have

any idea how you would release minimum flows at the dam? A simple pipe?

EARLE AUSMAN: As of now we have no particular plans because we don't know the extent of what we're dealing with, so we can't make plans until we know exactly what we're going to do. We could do almost anything, so there's a dozen different ways to do it. We can't talk about it at this time.

STEVE HOCKING: Okay. Anything else?

JIM FERGUSON: I guess one thing I would mention, and it's probably worth thinking about now as opposed to bringing it up later, is what monitoring can be done. Maybe what you would propose in terms of monitoring both during construction and then long term. And during construction we've typically recently had an environmental compliance monitor onsite who has the ability to stop work if there's a serious water quality problem or something along those lines happens. I think that's been pretty effective, and I think it's something we should pursue for this project as well.

STEVE HOCKING: So that would be

general environmental monitoring and pretty much --

JIM FERGUSON: Actually we have some pretty good information about what somebody would do and what they would be looking at. Of course it's tied with license requirements that have come out. It's something that really isn't set up until you're ready to roll the machinery. It's something to think about. I'm tossing it out.

STEVE HOCKING: And you're thinking in terms of really construction, during the construction period?

JIM FERGUSON: Yes.

STEVE HOCKING: Just in general, what about wildlife resources? Any particular concerns? Anything we need to be focused in on?

JIM FERGUSON: I don't know. You're definitely talking goat country up there, but I'm not even sure what Fish & Game has done in the past on looking at that issue.

I don't know if you've seen any of that, Dennis.

DENNIS GNATH: There's certainly a lot of bears in that area. During

construction there would have to be probably bear safety consideration for the workers.

JIM FERGUSON: In this country that's almost become a standard thing.

DENNIS GNATH: The Department of Fish & Game has guidelines for waste management that can develop around construction areas. The Department can provide that.

JIM FERGUSON: Since you mentioned that, too. During transition to the increased access after the project and during the project, the construction personnel and making sure that everybody knows what the rules are.

STEVE HOCKING: Recreation?

JIM FERGUSON: Anybody here who deals with recreation?

STEVE HOCKING: They're proposing that the access trail be, I guess, open to the public for better access up there. Are you all in favor of that?

LISA VON BARGEN: I guess I would add that whether it is or whether it isn't, it will be. Whether it is officially open or not, it will be used as such. So I think the

approach that it is intended to be open for access is probably a good idea.

GARY PROKOSCH: It's something that has to be considered. It is State land and they will have to look at that, look at the pros and cons of opening or not opening it. You know, if you're building something -- if you build it, people will come.

LISA VON BARGEN: People will use it. That's exactly right.

GARY PROKOSCH: It's just a matter of how they come and what controls are put on it.

STEVE HOCKING: People are going to get around it, is what you're saying.

GARY PROKOSCH: Exactly. If you build it, they're going to come. It's just a matter of trying to control what you know might happen and try to force it in the right direction.

LISA VON BARGEN: Because once it's in, there will essentially be a sign there that says, Welcome, hunters, hikers, please access. That's how the community will approach it.

GARY PROKOSCH: Speaking of access to State land, Earle. Have you been working with our Division of Land as far as getting permission to do the studies and all the other stuff you might have to do up there? There will be access issues if you're going to clear trails and stuff.

The Division of Land has to know about that well in advance so they can get you the appropriate permits and stuff. That's no longer, you know, activities that the general public has, if you're going to start making trails for surveying and things like that.

EARLE AUSMAN: We haven't at this point done that because we haven't done anything that includes a real footprint, and certainly not a permanent footprint. We did cut a couple of bushes down, though. Alders.

GARY PROKOSCH: We're going to have to charge you for that.

LISA VON BARGEN: Please take those with you when you leave town.

GARY PROKOSCH: Again, just something that we should know in advance. If you're going to work on the State land and

you'll be there for a while, you need to get permission and work with our Division of Land and make sure what you're doing is within their management guide.

DENNIS GNATH: When you're in Anchorage tomorrow, if you make it into the Atwood building, you can go to the Public Information Center. They have a fact sheet which is generally allowed usage on State land. If your activity is covered under that, no problem. If it's not, then you may want to apply for a temporary land use permit.

GARY PROKOSCH: Unless it's for a project that's going to be for the next three years. That's not generally permitted.

STEVE HOCKING: So really no opinion or consensus right now on the use of the trail for access in terms of good or bad at this point?

JIM FERGUSON: I'll ask our area wildlife biologist if there's any concerns.

STEVE HOCKING: Yeah, if you can.

GARY PROKOSCH: Again, you build something, people are going to use it, and once they use it, you're going to run into more bear

and all kinds of other things that aren't normally associated with a place that you can't get to. You can get to this up there, but it's much harder now than it will be once the trails are in.

LISA VON BARGEN: I think a critical piece to that recreational decision is going to be how you manage motorized versus nonmotorized access. The community will look at the access as a very positive accompaniment for the project and, you know, opening up ease of accessibility will be great. But there is -- well, the age-old issue here is motorized versus nonmotorized, and the motorized certainly will have a much greater impact on habitat and wildlife.

EARLE AUSMAN: Could you introduce yourself, please, because I don't think everybody here knows who you are?

LISA VON BARGEN: I'm Lisa Von Bargen. I'm the community and economic development director for the City. I apologize for being late. I had another meeting to attend.

STEVE HOCKING: Right now are

you -- Earle, is it proposed to be motorized versus nonmotorized?

EARLE AUSMAN: We have not made that decision because it's not an appropriate time to make the decision. It certainly ties in with what Alyeska requires. It certainly ties in with the characteristics of the trail.

If this turns out to be a 40-percent slope or something like that and it's 15 feet wide and it's subject to 100-foot dropoffs, what's our liability? And we have to talk to lawyers and things and find out what responsibility we might be held to for allowing people on such a thing.

It might be considered a hazard, an attractive hazard to people, and they might go up there and try it out and end up killing themselves. We certainly wouldn't want to be sued, so we have to be very cautious. We're not making any decisions at this time until we've done our homework.

STEVE HOCKING: Okay. So where it says, Recreation Group Access to Allison Valley Backcountry, et cetera, et cetera, by that you don't mean that we're building this as

a benefit in terms of recreation; you haven't made that decision yet?

DAVID AUSMAN: It's a potential benefit, depending upon what the final decision is regarding access.

EARLE AUSMAN: We have made a decision in that it is open to use by the public, and we'll foster that use wherever we can. However, you can't necessarily agree to opening it up to certain kinds of vehicles if they can do a lot of damage.

STEVE HOCKING: It's just the motorized portion that hasn't been decided.

EARLE AUSMAN: Maybe. We don't know. We have to talk to legal people, because we're potentially liable to be sued by somebody.

GARY PROKOSCH: There's going to be some limiting factors too as far as access. Even for cross-country skiing and stuff. There's avalanche dangers there that have to be looked at. The State, of course, is going to be in the same ballpark. We're not going to permit the use of that land if we think that the use of the land is going to jeopardize us.

STEVE HOCKING: So, I'm

summarizing. The proposal is to allow pedestrian access at this time and possibly motorized access later.

EARLE AUSMAN: That would be a more accurate summary at this time.

LISA VON BARGEN: And, again, I guess I would just add that whether you allow access or not, it will be used. I mean, the reality is that the pipeline access roads and corridor are used every day by hundreds of people across the state, whether there's approved access or not.

So that's a very legitimate -- I'm not sure concern is the right word -- but reality that needs to be looked at appropriately and managed appropriately. Because I'm using it. I will.

STEVE HOCKING: You'll be the first one up there.

LISA VON BARGEN: I'll be the first person hiking up there.

STEVE HOCKING: What about cultural resources? Any concerns? Any issues? Any traditional cultural properties that the tribes might be interested in?

LISA VON BARGEN: I'm not aware of any, but I think it would be very helpful if somebody got ahold of the Valdez -- and I think that we discussed this -- getting ahold of the Valdez Native tribe.

JOEL GROVES: Yes. I talked to them and they haven't brought up any issues at all.

STEVE HOCKING: We did contact them as well, and they didn't want to meet with us.

GARY PROKOSCH: Well, there's going to be some issues. SHPO is going to want to have some type of a survey done. That's just pretty standard.

LISA VON BARGEN: SHPO actually may -- I know for a number of our projects we have written a letter requesting concurrence that there's no historic or cultural properties affected, and they've stamped the letter and sent it back saying, yes, we concur.

GARY PROKOSCH: This might be one of those. I don't know of anything back there.

LISA VON BARGEN: I don't either.

GARY PROKOSCH: No gold, no

discoveries.

LISA VON BARGEN: No, but you're in the general vicinity of Fort Liscum, so there is the potential there.

STEVE HOCKING: Does the project have ground-disturbing activity where Fort Liscum is located or was located?

JOEL GROVES: No, it's all above Fort Liscum.

LISA VON BARGEN: It's all pretty much been buried by the terminal. They may have you do an archaeological survey nonetheless just to be sure.

STEVE HOCKING: Threatened and endangered species? No?

Nothing sensitive or significant on a State list or -- would it just be a State list?

LISA VON BARGEN: The only thing I've ever heard of is a Stellar's eider comes in here every once in a while, makes a guest appearance, but we're on the very peripheral range of that bird's territory. And that's only at certain times of the year. Every time I have talked to U.S. Fish & Wildlife they have said

no.

STEVE HOCKING: Which bird?

LISA VON BARGEN: A Stellar's eider. That guy's got more stuff named after him.

JIM FERGUSON: I thought of a couple other things that relate back to fish and water. These are things that might not -- you may not need to do this kind of analysis until we get into a better understanding of what the project is and how the operations are.

We're also particularly concerned about reservoir filling, how the reservoir fills up through the year, which can really affect what we're doing to fill these reservoirs. We're seeing the example right now on Prince of Wales. A good understanding of that up front would be really helpful to us.

Related to that is some kind of discussion of ramping, if there's any concerns about that from evaporation, the steam might rise and fall and including natural -- quite often it's good to know what is and what isn't natural in that respect. Quite often it's just a pelagic stream. It's good to know how that

works.

STEVE HOCKING: All right. Well, we're a little overtime. So do you want me to continue? We can talk briefly about the study development phase and the study criteria, or what would you all like to do?

JIM FERGUSON: I'm not sure how much we can get into that kind of detail.

KIM NGUYEN: We can do that tomorrow.

STEVE HOCKING: Not everybody's going to be there tomorrow. What I was going to do is kind of go over the next phase, which is the study development process, some of the things that we've talked about, and then go to the study request criteria, which we will definitely be talking about tomorrow. So we can or cannot.

LISA VON BARGEN: What time does the meeting start tomorrow?

STEVE HOCKING: It's 1:00 to 5:00 in Anchorage. Anybody like to cover it or not?

LISA VON BARGEN: Can I get a copy of your presentation?

STEVE HOCKING: Sure.

LISA VON BARGEN: That would be great.

JIM FERGUSON: I don't think it's something we need to discuss now, but we'll be talking about it as we go. Like I said, we're going to probably have professional bionutritionist.

STEVE HOCKING: All right. Any other issues or questions or comments at this point, then? Everybody knows that the second scoping meeting will be tomorrow in Anchorage at the Hawthorn Hotel -- Hawthorn Suites from 1:00 to 5:00. All right.

STEVE BUSHONG: Question. Why are the second set of scoping meetings in Anchorage?

STEVE HOCKING: Because the agencies are located there primarily. We try to have a meeting as close to the project as we can in the evening for people who are in the public, primarily designed for the public, and then another one where we can get most of the agencies that we can get together in one shot. So that's why we picked Anchorage for the other one.

STEVE BUSHONG: Thank you.

STEVE HOCKING: Okay. We'll go ahead and close the meeting.

(Proceedings concluded at 9:20 p.m.)

REPORTER'S CERTIFICATE

I, LESLIE J. KNISLEY, Shorthand Reporter and Notary Public in and for the State of Alaska do hereby certify:

That the proceedings were taken before me at the time and place herein set forth; that the proceedings were reported stenographically by me and later transcribed under my direction by computer transcription; that the foregoing is a true record of the proceedings taken at that time; and that I am not a party to nor have I any interest in the outcome of the action herein contained.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed my seal this 22nd day of August, 2005.

_____

LESLIE J. KNISLEY
Notary Public for Alaska
My Commission Expires: 12/30/06