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TRANSCRIPT OF SCOPING MEETING  
PROJECT NOS. 13212-001 AK and 13211-001 AK  
GRANT LAKE/FALLS CREEK HYDROELECTRIC PROJECT  
KENAI HYDRO, LLC

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June 2, 2010, 7:00 p.m.

Taken at  
Moose Pass Community Hall  
Moose Pass, Alaska

Reported by: Mary A. Vavrik  
Registered Merit Reporter

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A-P-P-E-A-R-A-N-C-E-S

For Federal Energy Regulatory Commission:

Mark Ivy

Outdoor Recreation Planner

Ryan Hansen

Fisheries Biologist

For Kenai Hydro, LLC:

Brad Zubeck

Project Engineer

For Homer Electric Association:

Brad Janorschke

General Manager

For Longview Associates:

Steve Padula

Principal

1                                   Moose Pass, Alaska; June 2, 2010

2   7:00 p.m.

3   P-R-O-C-E-E-D-I-N-G-S

4                                   MR. MARK IVY: I know all of you have  
5 other things you could be doing this evening, so we're  
6 going to go ahead and get started. Thank you all for  
7 showing up. I'm Mark Ivy. I'm with the Federal Energy  
8 Regulatory Commission. And we are here to gather  
9 information about the project, the Grant Lake project.

10                                   This is the public scoping meeting for the Grant  
11 Lake/Falls Creek project. Thank you for taking your time  
12 to participate in this scoping meeting. Before we get  
13 started, I want to let you all know that this meeting is  
14 being recorded, and so if you could help her out by  
15 making -- to make a complete record of the meeting, please  
16 state your name before you speak. There are also  
17 registration forms. Most of you have already filled those  
18 out, but if you haven't, please fill out a registration  
19 form. That way we can have a complete summary of everyone  
20 that attended the meeting tonight.

21                                   There is also copies of the SD1, the scoping  
22 document, and that's basically the document we are going  
23 to be using during the course of the meeting, so it would  
24 probably be helpful to have a copy. You can follow along  
25 through the meeting. There's a bunch of those on the

1 table. You can help yourself if you haven't gotten one  
2 yet.

3 So the Federal Energy Regulatory Commission is an  
4 independent agency that regulates the interstate  
5 transmission of electricity, natural gas, and oil. The  
6 transmission of electricity can come from hydropower  
7 projects, which we license. Today the Commission has  
8 three commissioners and a chairman. All are appointed by  
9 the President. Of the 11 offices within the Commission,  
10 the Office of Energy Products, or OEP, is responsible for  
11 oversight of hydroelectric and natural gas projects. The  
12 Division of Hydropower Licensing licenses hydropower  
13 projects like the Grant Lake/Falls Creek project.

14 The division is divided into six geographic regions.  
15 My branch is the Northwest Branch, and we are responsible  
16 for all projects in Alaska, Washington, Oregon, Idaho,  
17 Montana and Wyoming.

18 So first I'd like to go over our agenda. We will  
19 introduce ourselves, the staff. We will discuss the  
20 purpose of the scoping and requests for information. The  
21 applicant, Kenai Hydro, will then give us a description of  
22 their proposed project, along with any proposed  
23 environmental measures and studies. Next we will discuss  
24 the scope of cumulative effects and all resource issues  
25 that have been notified in this scoping document. Then we

1 are going to solicit your comments and conclude with our  
2 tentative environmental assessment schedule.

3 So as I said, my name is Mark Ivy. I'm an outdoor  
4 recreation planner with the Federal Energy Regulatory  
5 Commission, and I am coordinating this project for the  
6 Commission.

7 MR. RYAN HANSEN: I'll be assisting Mark  
8 Ivy. My name is Ryan Hansen. I'm a fisheries biologist.  
9 We have a number of team members still back in Washington  
10 who also specialize in terrestrial resources, cultural  
11 resources on the project. So we have a large  
12 multidisciplinary team that will be looking at the effects  
13 of this proposed project.

14 MR. MARK IVY: And for those of you who  
15 are just coming in, we do need to get you to sign in at  
16 some point, so before you leave, please sign in over here,  
17 and you can pick up the scoping documents, as well.

18 AN UNIDENTIFIED SPEAKER: Could you repeat  
19 what you said? We couldn't hear you.

20 MR. RYAN HANSEN: Oh, sure. My name is  
21 Ryan Hansen. I'm a fisheries biologist working on this  
22 project. We have a large team back in Washington -- we  
23 didn't bring everybody up for this meeting -- who will be  
24 looking at this project and the effects that it may have.  
25 We have a terrestrial biologist, someone who is interested

1 in the cultural resources of the area. We have a project  
2 engineer. So the team is much larger than just Dr. Ivy  
3 and myself that will be evaluating the proposed project.

4 MR. MARK IVY: Now for some background  
5 information. On August 6, 2009, Kenai Hydro filed a  
6 Notice of Intent and a preapplication document with the  
7 Commission and requested to use the traditional listening  
8 process. So we have three different processes that we  
9 use, and that's the one they decided they wanted to use  
10 for this process.

11 This slide gives you an overview of the traditional  
12 licensing process. Right now we are still in what we call  
13 the prefiling stage. So that means an application has not  
14 yet been submitted for this project. And with the TLP,  
15 the traditional licensing process, the applicant takes on  
16 the responsibility of doing all the scoping and  
17 everything, putting all the documents together, and then  
18 bringing us a complete application. And that process  
19 usually takes two to three years. So you are going  
20 through that process now.

21 Typically with the traditional licensing process, we  
22 won't have a scoping meeting until after an application  
23 has been submitted, but in this case the applicant asked  
24 us to come and do early scoping. And so we're here to  
25 come talk to you and gather information. And we are

1       trying to find out what are the issues that are important  
2       to you regarding this project. So we are trying to  
3       identify as many issues as we can. And we have already  
4       got the Scoping Document 1 that we put out that identifies  
5       some issues, and we will talk about all those issues  
6       tonight. And you can tell us if there is other issues  
7       that also should be addressed.

8               So the National Environmental Policy Act, or NEPA,  
9       the Commission's regulations, and other applicable laws  
10       require an evaluation of environmental effects of  
11       licensing and relicensing hydropower projects. This  
12       scoping process is part of NEPA. And it's used to help  
13       the Commission identify potential issues for analysis in  
14       the environmental assessment. In scoping we invite  
15       participation of federal, State, local resource agencies,  
16       Indian tribes, nongovernment organizations, and the public  
17       to help identify significant environment -- environmental  
18       and socioeconomic issues related to the proposed project.

19               Scoping helps us to determine the resource area, the  
20       depth of analysis and significant issues to be addressed.  
21       Scoping could also identify how the project would or would  
22       not contribute to cumulative effects of project  
23       development in the area. The scoping process may also  
24       identify reasonable alternatives to the proposed action  
25       that should be evaluated.

1           So, request for information. With scoping we solicit  
2           from participants available information on resource issues  
3           and determine the resource area and potential issues that  
4           do not require detailed analysis. So if there is issues  
5           that have been identified that do not need to be analyzed,  
6           you can tell us that and we will cross them off the list,  
7           just as you can add new issues to the list.

8           Through scoping we are asking for information that  
9           will help us conduct an accurate and thorough analysis.  
10          The type of information we are looking for include, but is  
11          not limited to, information, quantitative data,  
12          professional opinions that may help define the scope,  
13          identification of any information from other environmental  
14          assessments or similar environmental studies that are  
15          relevant to the proposed project; any information and data  
16          that would help us describe the past, present and future  
17          actions and the effects of the projects on any existing or  
18          reasonably expected developments in the area, the  
19          geographic scope.

20          Information that would help us characterize the  
21          existing environment and habitat in the area, any federal,  
22          State, local resource plans, as well as any future project  
23          proposals that might be in the affected area;  
24          documentation that the proposed project would or would not  
25          contribute to cumulative adverse effects on any of the

1 resources; and documentation showing why any resource  
2 should be excluded from further analysis.

3 So this information can be given to us today orally  
4 or in writing, or you can also file it electronically with  
5 the Commission. And some of you may choose to do that  
6 later after you have had a chance to listen to the issues  
7 that are brought up today and look at some of the  
8 documentation.

9 Those of you who are still coming in, you might want  
10 to grab one of our scoping documents. And please sign in.  
11 We have sign-in sheets for everybody.

12 Now we would like to have Kenai Hydro go ahead and  
13 give their presentation about the proposed projects.

14 MR. BRAD ZUBECK: Hi. Thanks for coming  
15 out tonight. Thanks for the opportunity to give an  
16 overview of the presentation. My name is Brad Zubeck.  
17 I'm an employee of Homer Electric Association and Kenai  
18 Hydro. Speaking tonight also will be Steve Padula with  
19 Longview Associates, who is our consultant in the FERC  
20 licensing process. So with that, we will take a brief  
21 look at the project.

22 First, a licensing overview that Steve will present.  
23 Second, talk about why the project is important to us,  
24 what's driving the project for us. And then we will talk  
25 about the proposed project facilities. So we'll advance

1 to the next slide. And Steve, step up and talk a little  
2 bit about the licensing.

3 MR. STEVE PADULA: Thanks, Brad. Steve  
4 Padula with Longview Associates. Mark actually covered a  
5 number of these dates in his opening remarks, so what I'll  
6 try to do is really just focus on the activities that  
7 Kenai Hydro has really just undertaken really over the  
8 last year or so. So again, I'll just focus here.

9 Once the preliminary permits were issued, there were  
10 a series of public meetings that were held early last year  
11 in a number of communities here on the Kenai to introduce  
12 folks to the project concept.

13 We also understood early on that there was going to  
14 be significant interest in the project, particularly in  
15 the fish and aquatics area. And that's one of the areas  
16 that's one of the more technical areas, so we wanted to  
17 make sure we had folks on board relatively early. And we  
18 formed a fish and aquatics work group and, more  
19 specifically, an instream flow technical work group, so  
20 folks who really had expertise in the design and  
21 conducting of those kinds of studies. And there were a  
22 series of meetings held again last year to start to get  
23 input from those experts on that technical work.

24 Moving down here, that -- that instream flow group  
25 again met and had a field visit in September of '09. And

1 then we had a required joint meeting. One of the  
2 requirements of the FERC process is a joint meeting with  
3 both the public and the agencies. It was held in Seward  
4 in November. And we also had a 60-day comment period at  
5 that point in time based on what we understood to be the  
6 issues that had been raised up to that point in time. So  
7 we really wanted to start to get our feedback from folks  
8 during that 60-day period.

9 We had a request at that point to actually hold an  
10 additional public meeting, and we did that here in Moose  
11 Pass early this year. And also during 2009 there was a  
12 preliminary study program that was done. There wasn't an  
13 awful lot of information that was available about the  
14 project site, so Kenai thought that it would be good to  
15 kind of get a headstart on the formal study program by  
16 collecting what was available for existing information and  
17 getting their feel around the site and the characteristics  
18 that would help us all design a good study program. So  
19 that information was also generated, and that was filed  
20 with FERC in March of this year.

21 And then the last point on this slide is, of course,  
22 we have the 2010 study program that's just getting under  
23 way, so there was a notice in April to folks about that  
24 study program proceeding. There was some question early  
25 this year as to whether or not the project was going to

1 proceed this year. Brad can talk about this a little bit  
2 more, but the Homer Board actually met and gave a go ahead  
3 to the project. And so as soon as we had that go ahead,  
4 we geared up. And again, we are proceeding with our  
5 technical study program this year.

6 That's mostly history. Now where we are today is  
7 here we are at these meetings here in early June, and we  
8 have a proposed study program that's been out there for  
9 review, and we are hoping for comments by early July on  
10 the draft study plans.

11 Again, due to the seasonal nature of some studies, we  
12 have actually got some of those studies that are starting,  
13 but our intent is, as we continue to get feedback from  
14 folks -- and we would love your feedback. Again, if you  
15 have interest in a particular study area, as soon as you  
16 can get that to us, but we will -- we are hoping to get at  
17 least all the comments we hope to get by early July, and  
18 we will incorporate those as best we can as we are  
19 actually undertaking the studies this year.

20 And this study program will really run this year and  
21 into early next year. So if you can think about, you  
22 know, a typical cycle of being in the field and collecting  
23 your data through this spring, summer and fall, and then  
24 that data will be analyzed. It will be actually then  
25 producing draft study reports which will be circulated.

1 And we will be looking for people to review and comment on  
2 those study reports.

3 And all of that information will then help Kenai put  
4 together what is called a draft license application. So  
5 what we will do is take what we can from all of the input  
6 and the information that we have gained through this year,  
7 and we will then produce a draft.

8 And in that document, Kenai will be able to lay out a  
9 much more clear vision of what they perceive for the  
10 project, the facilities, the operations, and any proposed  
11 measures to deal with any of the potential effects of the  
12 project. So it's really premature to be talking too much  
13 about measures at this point. We really have to go out  
14 and collect this information and do the analysis, and then  
15 that will allow us to put that draft license application  
16 together. Target for that is about a year from now.

17 And then there is another opportunity for folks to  
18 comment on that. There is a 90-day comment period on a  
19 draft license application, and then we are shooting for  
20 getting the final license application into FERC September  
21 29th of next year. And the preliminary permit expires the  
22 next day.

23 So that's our target. Our marching orders is to  
24 conduct what we need to do in terms of the study program  
25 and analysis and license application development so we

1 could hit that target of end of September of next year.

2 So thanks. I'm going to hand it back to Brad.

3 MR. MARK IVY: Before you go on, would you  
4 mind telling them what the preliminary permit is so they  
5 can understand that deadline?

6 MR. STEVE PADULA: Oh, sure, sure. A  
7 preliminary permit is -- it's issued for three years by  
8 FERC to an entity that's interested in studying a site to  
9 see whether or not it has the potential to ultimately meet  
10 the needs in terms of design and energy and economics and  
11 environmental requirements to actually get a FERC license.  
12 So it really is a study period. It doesn't give Kenai any  
13 rights to -- to develop.

14 It's essentially a three-year period of time during  
15 which Kenai, as they have got -- if they continue to  
16 progress and show -- show FERC that it's serious about the  
17 site, they will maintain priority for the site should they  
18 file their license application before the permit expires.  
19 So that's why that's an important date getting this  
20 application in by the end of September of next year.

21 So three years is not a very long time. It actually  
22 goes pretty fast. And I know these folks know that at  
23 FERC. So that's one of the reasons it's kind of bringing  
24 urgency to us really taking full advantage of this field  
25 season, and then we will have some opportunity this time

1 next year if there is a need to do any supplemental work  
2 and then get all that information into the draft license  
3 application and ultimately into the final. Does that  
4 help?

5 MR. MARK IVY: Yes.

6 MR. BRAD ZUBECK: Two things to note, and  
7 it was in the --

8 MR. DAN SEAVEY: I'm Dan Seavey, Seward.  
9 I'm curious, what's the relationship between Kenai Hydro  
10 and Homer Electric? Probably all these people know that,  
11 but I don't. I'd like to know that.

12 MR. BRAD ZUBECK: Sure. Kenai Hydro was  
13 formed -- initially we started to look at the synergy  
14 between wind energy and hydro, whether or not we could  
15 couple the two. And we had a partner in that, Wind Energy  
16 Alaska. So we formed a business partnership called Kenai  
17 Hydro, LLC to do that. The partnership -- Kenai Hydro is  
18 now just solely owned by Homer Electric Association, the  
19 sole entity in that. Our partner has withdrawn. So Wind  
20 Energy Alaska is no longer part of that. That was part of  
21 the pick up in our schedule this winter was just allowing  
22 that to happen, bringing things to a close and then  
23 finding -- getting commitment from our board to continue  
24 to pursue the project.

25 MR. DAN SEAVEY: Kenai Hydro is a private

1 firm?

2 MR. BRAD ZUBECK: No. It's a company, a  
3 limited liability company, whose sole partner, if you  
4 will, is Homer Electric Association. So it's a wholly  
5 owned subsidiary, if you want to call it that, of Homer  
6 Electric Association. Yes.

7 MR. DAN SEAVEY: Thank you.

8 MR. BRAD ZUBECK: Any other questions?  
9 Okay. In Steve's schedule, just an invitation to  
10 tomorrow, two p.m., June 3 -- it was in the schedule --  
11 we're going to have a session from about 2:00, I hope it  
12 will end by 6:00 in this same location to discuss our  
13 study plans with you. So if you have comments or have  
14 questions about our study plans, you can attend that. So  
15 open invitation to folks to attend.

16 The next thing is just confirmation. Again, we sent  
17 out some e-mails. There was some confusion about when we  
18 would close comments, receiving comments on our study  
19 plans. That's July 6. We sent a couple notes out. But  
20 we will take your comments up until July 6. If you can  
21 get them to us sooner, we would surely appreciate that.  
22 So --

23 MR. MARK IVY: Why don't you take a minute  
24 and kind of tell them what the study plans are. Some  
25 people may not know.

1                   MR. BRAD ZUBECK: Sure. The study plans  
2 are what we intend to do to address the current list of  
3 issues that we have. So it's the plans that tell you how  
4 we plan to address or answer questions about the project  
5 impacts. And those resource areas are fisheries and  
6 aquatics, water quality; those are kind of all wrapped  
7 together; recreational resources, visual resources,  
8 terrestrial resources, which are plants, wildlife, and --  
9 I know I'm missing one -- cultural resources. So those  
10 are the scope or the breadth of the studies, the resource  
11 areas that we will be addressing. So you might think  
12 about framing your questions along those lines in  
13 accordance with those resource areas.

14                   MR. MARK IVY: So we are really not here  
15 today to talk about those study plans. We are here to  
16 talk about the big picture, what are the issues that are  
17 of concern to you. So if you are interested in delving  
18 into the details of those study plans, you should come  
19 back to the study plan meeting.

20                   MR. BRAD ZUBECK: Tomorrow. Yeah. So to  
21 follow progress of Kenai Hydro, we have got a website.  
22 And the purpose for that website is to be a clearinghouse  
23 for information. That's where you should go to find  
24 documents, historical documents, kind of the body of  
25 information that we hold that's available to you to

1 download. And you will find the current events, what our  
2 plans are. You'll see schedules there of activities. Any  
3 meetings that we have upcoming should be posted there, and  
4 you will see a "what's new" bar at the home page. And  
5 hopefully we've got our most current activities and  
6 information there.

7 So the web address is [www.kenaihydro.com](http://www.kenaihydro.com). And again,  
8 you can follow filings and activities with FERC at the  
9 FERC site, [www.ferc.gov](http://www.ferc.gov). So those are your two best  
10 resources to find information. If you think you need  
11 something or you want to see something about the history  
12 of the project, go there to find information.

13 So what's driving the project? Why is HEA interested  
14 in hydro? Our board has decided it would like to  
15 diversify our generation portfolio. We are a little  
16 better than 90 percent dependent on natural gas, and so we  
17 as a company would like to not put all our eggs in that  
18 gas basket. So we began a mission to look at what are the  
19 potential resources, renewable resources in particular,  
20 that might suit us.

21 Again, I mentioned that we formed that partnership to  
22 look at the synergy between wind and hydro. We are also  
23 interested in wind energy. The two most reliable  
24 technologies available to us right now that are reliable  
25 on the utility scale are wind and hydro at this time.

1       These renewables displace fossil fuels, reduce carbon  
2       emissions, and it will stabilize our energy prices, both  
3       near-term and long-term. So those are kind of the drivers  
4       for us.

5               So this is a graphic illustration of what the project  
6       can mean to us. Why are we bothering with four-and-a-half  
7       megawatts? What's it worth? Again, 89 percent of our  
8       generation -- and this is a hypothetical model. It's  
9       higher than that. If we take Grant Lake out of the mix,  
10      we are up at 93 percent. HEA only has seven percent of  
11      its energy, more or less, from one renewable energy  
12      resource, which is Bradley Lake. Right now that's our  
13      only source of renewable energy. If we were to add Grant  
14      Lake, we could get in the neighborhood of four percent  
15      more, almost 50 percent, 40 percent more renewable energy.

16             In addition to that, this could help us not start  
17      units in the winter months.

18                     MS. MARIAN GLASER: Hi. I'm Marian  
19      Glaser. I'm from Moose Pass. Thanks for taking my  
20      comment. I just wanted to say that Homer Electric -- this  
21      graph is kind of funny because Bradley Lake produces 126  
22      megawatts of electricity. Grant would produce 4.5. And  
23      Homer Electric only owns a portion of Bradley Lake. So  
24      Grant Lake, in actuality, looking at the power generated  
25      next to the power generated from Bradley Lake, is much,

1 much smaller.

2 MR. BRAD ZUBECK: Yes. This is in terms  
3 of energy. Okay? Energy for Homer Electric. And these  
4 figures, when we started creating this graph -- and I  
5 haven't really updated it. And this percentage actually  
6 would go up because our load now in terms of energy has  
7 shrunk since 2008. So I think at the time it was 555  
8 gigawatt hours of energy, and so this is a percentage of  
9 that energy based on 2008 figures.

10 So energy versus capacity, Bradley Lake is 120  
11 megawatts nominally. We have 12 percent of that. So  
12 roughly, in practice, it's about 10.8 megawatts. If you  
13 wanted to round it up, it's 14 in nominal terms. So  
14 four-and-a-half megawatts, 14 megawatts if you want to  
15 really conservatively estimate on the high side, capacity  
16 versus energy. And these are in terms of energy. Does  
17 that clarify that for you?

18 MS. MARIAN GLASER: Yeah, yeah.

19 MR. JERRY DIXON: Just one -- one, Grant  
20 Lake, is that the only one you are going to do?

21 MR. BRAD ZUBECK: That's correct. At this  
22 time we have only plans to develop Grant lake, yes. The  
23 other projects that we were looking at we have surrendered  
24 the preliminary permits for, with the exception of Falls  
25 Creek, which we maintain because the project area includes

1 what could be access for the Grant Lake project. So the  
2 Crescent Lake project, the Ptarmigan Lake project, we have  
3 surrendered the permits on those sites.

4 MR. JERRY DIXON: So it's just Grant Lake?

5 MR. BRAD ZUBECK: Yes.

6 MR. JERRY DIXON: Are you going to build a  
7 dam there?

8 MR. BRAD ZUBECK: We don't know. The  
9 permit -- this is a good question. The permit describes  
10 the envelope with which we will be able to develop the  
11 project. So the fact that we have said we could have an  
12 impoundment or a dam up at that site doesn't necessarily  
13 mean that we are going to have to have one. Okay? The  
14 fact that we have said in the permit that we might raise  
15 the lake level nine feet above the natural lake level and  
16 draw it down as much as 25 feet is an envelope that we  
17 would carry forward into a design, and that would be the  
18 envelope for design. We couldn't exceed those limits.

19 MR. JERRY DIXON: Would any of this power  
20 go to Seward?

21 MR. BRAD ZUBECK: That remains to be seen.

22 MR. JERRY DIXON: There is no electric  
23 lines between here and Seward.

24 MR. BRAD ZUBECK: We would interconnect.  
25 And we have talked with Seward about that, and we will

1 continue discussions with them. And we hope to  
2 interconnect to Seward's Lawing substation. And actually  
3 just before that a stretch of transmission line, yeah.

4 MR. WILLIAM BRENNAN: Will Brennan, Moose  
5 Pass. Just for some background, why did you guys  
6 surrender your preliminary permits for the other two  
7 projects?

8 MR. BRAD ZUBECK: Because they weren't --  
9 they weren't economically or environmentally feasible for  
10 us, so in terms of dollars per kilowatt hour, it didn't  
11 make sense for us.

12 MR. WILLIAM BRENNAN: Could you go into  
13 that some? Why wasn't it economically feasible for you?

14 MR. BRAD ZUBECK: The price was too high.

15 MR. WILLIAM BRENNAN: Can you elaborate at  
16 all?

17 MR. BRAD ZUBECK: You would have to kind  
18 of ask me a clear question. The price just wasn't  
19 acceptable to us in terms of other operations.

20 MR. WILLIAM BRENNAN: Grant Lake being one  
21 of the other options, why is this feasible, I guess, is  
22 what I'm getting at.

23 MR. BRAD ZUBECK: They were on the order  
24 of, let's say, a third to almost twice the price of the  
25 energy that we would expect from Grant Lake.

1                   MR. WILLIAM BRENNAN: Yeah, sure. What  
2 about it was more expensive? Was it the construction?

3                   MR. BRAD ZUBECK: It's all of the costs  
4 rolled in. So development, construction, crude operation.  
5 And financing of that cost.

6                   MR. DAN PALMER: Dan Palmer, Moose Pass.  
7 I'd like to know why you haven't tried wind.

8                   MR. BRAD ZUBECK: We are hoping to try  
9 wind.

10                  MR. DOUG PALMER: Isn't that less  
11 expensive?

12                  MR. BRAD ZUBECK: It is -- on the surface  
13 it appears to be to just buy a unit and stand it up, but  
14 the cost of integration is significantly higher than the  
15 total cost of a hydro project. So we have evaluated our  
16 wind opportunity side by side with Grant Lake. Grant Lake  
17 wins in terms of economics. Yeah.

18                  MS. JANETTE CADIEUX: Janette Cadieux,  
19 Cooper Landing. Have you considered environmental impacts  
20 of wind in this area with the given waterfowl migration  
21 routes that come through this area?

22                  MR. BRAD ZUBECK: We are not considering  
23 wind in this location. This is hydro only.

24                  MR. JASON AIGELDINGER: Jason Aigeldinger,  
25 A-I-G-E-L-D-I-N-G-E-R, Moose Pass. Hey, Brad, I was

1       curious to know, what are the advantages to an LLC? You  
2       guys have Homer Electric Association, so why doesn't Homer  
3       Electric Association just build it? Why do you guys have  
4       an LLC?

5                   MR. BRAD ZUBECK: Again, we initially  
6       formed the business entity to look at the synergies  
7       between wind and hydro. At the time early on we thought  
8       that because of financial advantages that are available to  
9       independent power producers for production tax credits and  
10      financing and so on, we thought that we might have an  
11      opportunity, an advantage by looking at the project with a  
12      wind developer. Yeah.

13                  MR. JASON AIGELDINGER: Thanks.

14                  MR. MARK IVY: I think in the interest of  
15      time, we should probably go ahead and finish the  
16      presentations, and then we can go into the questions. We  
17      just want to make sure we get through the presentations.

18                  MR. RYAN HANSEN: We will make sure that  
19      we get to all of the concerns and questions after the  
20      presentations, so we are not trying to -- we will get back  
21      to it.

22                  MR. BRAD ZUBECK: Some brief benefits of  
23      small hydro, we talked about these briefly in bullet  
24      points, but hydro energy could displace fossil fuels and  
25      associated emissions. Here are some numbers that just

1 kind of put brackets on what it could do. It could  
2 displace 182,000 to 225,000 mcf of gas per year. And  
3 depending upon the gas price, that could save us, in terms  
4 of dollars, 760,000 to about 1.9 million dollars in  
5 avoided gas costs and offset the equivalent of 12- to  
6 15,000 tons of CO2 a year.

7 With storage -- and that's the ability for us to  
8 fluctuate that lake level -- HEA can move our energy into  
9 the winter when we need it most. Again, we talked about  
10 avoiding the starts of the units in the winter months,  
11 November, December, January. And we can provide  
12 consistent and increased flows in the winter that could  
13 potentially benefit aquatic life. So there is an  
14 opportunity for this project to improve the fishery at  
15 Grant Creek.

16 Again, the strategic benefit, when the debt is  
17 retired, it would be the cheapest power we have and,  
18 again, it would stabilize, of course, weighted based on  
19 its contribution to our overall portfolio, but it could  
20 help stabilize prices of energy to us.

21 Why Moose Pass? Simply put, that's where the  
22 resource is. It would be nice if it were in our backyard  
23 in Kenai, but it's not. It's not unlike Bradley Lake,  
24 which all of the Railbelt benefits from, from Seward on up  
25 to Fairbanks and Kenai. It serves all those utilities,

1 and it's located at the head of Kachemak Bay. So it's  
2 simply built there because that's where the resource is  
3 at.

4 An overview of the project facilities, this will help  
5 you orient yourself to the area. Most of you are probably  
6 familiar with Moose Pass, but where we are at is right  
7 about here [indicating]. And this is very dim, but I'll  
8 move it around a little bit. Moose Pass. Grant Lake is  
9 an L-shaped lake with an east/west lobe here and a  
10 north/south lobe here [indicating]. The access to the  
11 project would be from the Falls Creek -- down here, Falls  
12 Creek Mine.

13 We run up to the intake and will -- go to the next  
14 slide. That will be a better place to point out project  
15 features. Again, a little closer view of this site.  
16 Access to the existing Falls Creek Road, we would follow a  
17 switchback and come up over this knob around between Vogt  
18 Lake and Trail Lake, a more direct route to the  
19 powerhouse. To get access to the intake, we would come up  
20 a little switchback here and follow this route to the  
21 intake.

22 Some of you were on the site visit today. This is  
23 about the location of the gravel shoal where a plane might  
24 land up near that intake. And we may or may not require a  
25 diversion structure, a dam that would be constructed at

1 the natural outlet of the lake and kind of socket it into  
2 bedrock on either side.

3 We would take the water from this intake and put it  
4 through a tunnel initially. There is a ridge here that  
5 prevents us from taking it out with a normal pipe. The  
6 tunnel would be about 2,800 feet long with daylight to  
7 another penstock, a steel penstock that would be above  
8 ground about five foot in diameter that would take it to  
9 the powerhouse. The powerhouse is located about halfway  
10 down Grant Creek. The reach above this is the canyon --  
11 what we call the canyon reach. That would be returning  
12 the water to Grant Creek and the most productive fish  
13 habitat down below the powerhouse.

14 Some of you may know that there are no salmon, there  
15 are no anadromous species up in Grant Lake, and there is  
16 also -- the reason for that is there is a barrier to fish  
17 passage in about this location [indicating]. So no salmon  
18 up in Grant Lake. There are salmon in Grant Creek. And  
19 again, that's why we are locating the powerhouse here,  
20 returning the water to the most productive habitat stream  
21 reach.

22 The transmission line would come from the powerhouse  
23 and follow this proposed road alignment out to Lawing  
24 substation, which is over in this neighborhood  
25 [indicating]. The transmission interconnection we think

1 would be about in this location. There is an existing  
2 transmission line that services that road. So we would  
3 interconnect at that existing transmission line at a  
4 distribution voltage about 24.9 KV.

5 So this is an aerial view again. What has changed  
6 from maps that you have seen in the past is our engineers  
7 have done some more work on the road alignment. In the  
8 past when Falls Creek was part of the project -- and it no  
9 longer is -- we proposed a diversion up at about the  
10 800-foot elevation, and we were going to follow -- take  
11 the road up to that site, of course, for access and then  
12 follow -- or build a road from that 800-foot level over to  
13 Grant Lake and the road would follow that penstock  
14 alignment over to Grant Lake. But again, that's no longer  
15 part of the project.

16 So we have taken another good, hard look at the  
17 access. Our engineers have said, hey, the more direct  
18 access to the powerhouse, that would be a better route and  
19 we would only occasionally need to get up to the intake  
20 site after construction.

21 This is just an overview of Grant Creek. The natural  
22 outlet from the lake is here. There is a little dogleg  
23 here [indicating], and about where this green dot is is  
24 the barrier to anadromous fish passage. You can see the  
25 shading. This is the canyon reach. The powerhouse would

1 be located down in this area and, again, return water to  
2 the more productive habitat on the lower half of Grant  
3 Creek.

4 So it's important, as you think about the project, to  
5 get a sense, a real three-dimensional idea of what these  
6 things could look like. How big are they? Is this a mega  
7 project? Is this a small project? So we have been down  
8 to Southeast Alaska, and we've got three sample projects  
9 to bring you to look at that are about the same size as  
10 the Grant Lake hydro project.

11 So Goat Lake hydro is an alpine like. It's got a  
12 lake tap inlet here -- excuse me -- a siphon intake.  
13 Their penstock runs down here to the powerhouse. The  
14 powerhouse is a nominally 24 by 36 pre-engineered metal  
15 building structure. And this is the pipe coming across  
16 the river there in Skagway. So pre-engineered metal  
17 building structure. We've envisioned something very much  
18 similar to that and similar in size to this project.

19 MR. WILLIAM BRENNAN: Do you have any  
20 photos of what it looked like before it was constructed?

21 MR. BRAD ZUBECK: I don't. Southfork  
22 Hydro is a run-of-river project, meaning it has no  
23 storage. It simply has this intake structure, and as the  
24 water comes, it goes through the penstock and down through  
25 the powerhouse. They are unable to control when the

1 flow -- or the energy is produced. Here again is the  
2 powerhouse. Again, a very small preengineered metal  
3 building structure. Their penstock alignment follows this  
4 valley and, again, I think this is that same alignment in  
5 the winter.

6 Last project to take a look at is Kasidaya Creek.  
7 Again, it's another run-of-river project just south of  
8 Skagway. From the air, the powerhouse is in this location  
9 [indicating]. The penstock follows the road access to the  
10 intake structure, which is located up in this part of the  
11 canyon. From the water, this is what the project looks  
12 like. It's hard to tell it's even there. And again, here  
13 is a very typical powerhouse for this size of project.  
14 Again, a preengineered metal building structure, about a  
15 30 by 30 or 24 by 36 footprint on that.

16 So this is more or less our expectation for what our  
17 project would look like in terms of a powerhouse size and,  
18 again, the tunnel, about a ten-foot diameter tunnel that  
19 you are not going to see from anywhere. It's going to be  
20 in the rock. And one section of exposed penstock from  
21 where the tunnel daylights down to the powerhouse.

22 MR. SHAWN LYNCH: How much is this project  
23 going to cost?

24 MR. BRAD ZUBECK: In the neighborhood of  
25 26- to \$30,000,000.

1                   MR. SHAWN LYNCH: And how much money are  
2 you going to save, let's say, in a ten-year period?

3                   MR. BRAD ZUBECK: The project could pay  
4 for itself just if we look at the capital --

5                   MR. SHAWN LYNCH: In how many years?

6                   MR. BRAD ZUBECK: Depending on the price  
7 of gas. These renewable projects -- hydro, in particular,  
8 is no exception -- are very sensitive to the price of gas.  
9 So the range of time, maybe 15 to 20 years this could pay  
10 off the cost of the project.

11                  MS. RACHEL SCHUBERT: I'm Rachel Schubert,  
12 Moose Pass. I'm just wondering how long each of these  
13 projects have been operational.

14                  MR. BRAD ZUBECK: I believe Goat Lake was  
15 built and put in service about 1995. Kasidaya Creek, the  
16 last one we looked at, came on line about August of last  
17 year. So in the last 15 years.

18                  MR. JASON AIGELDINGER: 1997 was when Goat  
19 Lake began construction. I believe it was completed in  
20 1998. And do you have any stats on Goat Lake as far as  
21 how much power you are able to generate in the winter  
22 months? Folks that I know in Skagway, they don't get any  
23 power out of it in the winter. They are really excited  
24 about it in the summer because they have upwards of six  
25 cruise ships in that bay right there, and they are able to

1 power them down completely and then, you know, use the  
2 energy created by that Goat Lake so they don't have to run  
3 their engines. So they have improved air quality in that  
4 area.

5 MR. BRAD ZUBECK: They have a combination  
6 of facilities. They have the Dorothy Lake projects, which  
7 have been in place since about 1906. Maybe it's 1904.  
8 It's got a stamp on the casing. Don't hold me to that  
9 exactly. They have the Goat Lake project and the Kasidaya  
10 Creek project. So they have a group of hydros that  
11 support that community. I don't know about the seasonal  
12 value or seasonal operation of Goat Lake off the top of my  
13 head.

14 MR. JASON AIGELDINGER: You got any ideas  
15 as to how much power you will be pulling off this one back  
16 here in the winter?

17 MR. BRAD ZUBECK: Well, again, it's --  
18 with storage, we are able to utilize it during the more  
19 critical months for us of November, December and January.  
20 And with storage.

21 MR. JASON AIGELDINGER: With storage is  
22 the key, right?

23 MR. BRAD ZUBECK: Is the key, yes.

24 MR. JASON AIGELDINGER: So elevating the  
25 lake level?

1                   MR. BRAD ZUBECK: Well, again, it's the  
2 envelope. The permit envelope -- we don't know for  
3 certain, but we've put ourselves -- painted ourselves into  
4 this window, which is plus nine to minus 25 feet above  
5 what is nominally the natural lake level about 700 feet.  
6 That lake level, my engineers tell me, or my hydrologists  
7 tell me, fluctuates naturally about seven feet. So --

8                   MR. JASON AIGELDINGER: So when FERC gives  
9 you this license, are you locked into that elevation when  
10 you are gathering water to deal with generation in the  
11 winter, or is that going to change?

12                   MR. BRAD ZUBECK: We have started  
13 optimization studies on the storage, and when FERC, if  
14 they were to issue us a license, we would then go into  
15 final design. But we would have a pretty good idea by the  
16 time we got to that point what that range of storage would  
17 likely be.

18                   MR. RYAN HANSEN: Typically any license  
19 that is issued by the Commission will include pretty  
20 strict operational conditions that they must abide by so  
21 that, you know, a licensee certainly couldn't propose to  
22 fluctuate a certain amount, and once they are licensed a  
23 few years down the road decide, well, we'd like to make  
24 more money and change that. That would be against the  
25 terms of their license and they could be penalized quite

1 heavily.

2 MR. SHAWN LYNCH: So have you guys washed  
3 anything out or had any flooding from these Southeast  
4 projects, unexpected volumes?

5 MR. BRAD ZUBECK: You know, I don't  
6 believe so, but I am not an expert and really can't speak  
7 to the history of those projects.

8 MR. SHAWN LYNCH: You have got a lot of  
9 water up there.

10 MR. BRAD ZUBECK: Yeah. And that's one of  
11 the reasons for us trying to keep the natural lake level  
12 rise to less than ten feet because that eliminates a lot  
13 of the dam complications or continuing ongoing maintenance  
14 and monitoring efforts that FERC would mandate.

15 Just back again, a reminder, if you want to find  
16 project information, the best place to do that is to go to  
17 our website at [kenaihydro.com](http://kenaihydro.com).

18 Mark, I think we are done. I'll turn it over to you.

19 MR. RICKY GEASE: You were talking about  
20 Bradley Lake. Is Bradley Lake running at full capacity  
21 and, if not, what are the bottlenecks for preventing  
22 Bradley Lake from running at full capacity?

23 MR. BRAD ZUBECK: Brad, do you want to  
24 help me there?

25 MR. BRAD JANORSCHKE: Brad Janorschke,

1 Homer Electric. Bradley Lake, the bottlenecks are --  
2 there is actually a shortage of water. Earlier someone  
3 made the comment of 126-megawatt nameplate rating, and  
4 that certainly is the case; however, it has an operating  
5 limitation of only 90 megawatts due to system stability  
6 challenges and the limitations of the transmission system.  
7 Right now the capacity factor, I believe, of Bradley Lake  
8 is roughly between 40 and 48 percent, depending on the  
9 water fall and how much energy or water is stored up in  
10 that lake. And so if we were -- or the utilities wanted  
11 all their proportionate capacities or energy possible  
12 January 1st, by the time we got to late spring, it would  
13 be out of water. So it would be down to the lower  
14 operating levels of that lake, at least within the FERC  
15 permit, so --

16 MR. RICKY GEASE: What are the  
17 transmission limitations?

18 MR. BRAD JANORSCHKE: Transmission  
19 limitations are -- basically HEA has got a double circuit,  
20 115 KV system which, once it gets to Soldotna, it narrows  
21 down to primarily a single 115-kilovolt system that goes  
22 all the way to Anchorage. There is a redundant or a  
23 secondary transmission line of 69 KV, lower voltage, lower  
24 capacity. But the challenge right now is if you follow  
25 the energy sector on the Railbelt, one of the challenges

1 is we really have a nonrobust transmission grid between  
2 Homer and Fairbanks. And so there is a real limited  
3 ability to transfer power amongst the Railbelt.

4 MR. RICKY GEASE: So a follow-up question  
5 would be: If that transmission bottleneck wasn't there,  
6 would Bradley Lake be able to generate more electricity or  
7 the same amount that it is right now, irregardless of  
8 whatever transmission limitations you have?

9 MR. BRAD JANORSCHKE: The same amount.  
10 The transmission limitations in Bradley, because we cannot  
11 get full output year-round, those limitations may adjust  
12 when a utility wants their power slightly, but in either  
13 case it is a severe shortage of water that limits its  
14 energy production.

15 MR. BRAD ZUBECK: Thanks, Brad.

16 MR. BRUCE JAFFA: I have a question.  
17 Bruce Jaffa, Moose Pass. It's actually for Brad or Brad.  
18 Could you briefly, from your knowledge as managers of a  
19 utility, speak to how close the energy generating capacity  
20 and usage is along the Railbelt and this last winter how  
21 close this entire area was to brownouts?

22 MR. BRAD JANORSCHKE: Very close. Part of  
23 it depends -- very closely correlated to what the  
24 temperatures are in the winter. When we get just a short  
25 cold snap, it's not as big a deal. When we start getting

1       into day five of 20, 30 below, which we avoided last year,  
2       we certainly end up with gas deliverability problems. The  
3       Railbelt, particularly from the Matanuska Valley down to  
4       Seward and Homer, are highly dependent on natural gas.  
5       And that's no surprise to anybody here.

6               And because of the aging generation assets and  
7       transmission on the Railbelt, you are finding both Homer  
8       Electric, Chugach, Anchorage Municipal Light & Power,  
9       Matanuska Electric, all four of us large utilities are all  
10      proposing new generation. And all of it, for the most  
11      part, is based on natural gas. We really have no other  
12      options today. The newer assets obviously will use  
13      natural gas much more efficiently, but the older assets  
14      are not only inefficient, they are just wore out.

15             So those are the challenges. And Mr. Jaffa was  
16      right. At least two years ago, I think at least two, if  
17      not three times, we narrowly dodged a bullet on the  
18      Railbelt when we had certain assets down, generation  
19      assets either scheduled or nonscheduled, and we were a  
20      stone's throw away from having blackouts on the Railbelt.

21             Ironically, last winter was the first winter I  
22      believe ever that Golden Valley Electric was actually  
23      producing energy off of coal and oil and selling it down  
24      to Chugach, which serves all of us. First time ever. And  
25      that's how short we were coming on the gas challenges of

1 the Railbelt. Yes, this is a smaller project, but every  
2 little project we can add on the system goes a long way  
3 when it's 30 below out.

4 MR. BRAD ZUBECK: One thing. While we're  
5 talking about the Bradley project, I might add that the  
6 fish populations in the Lower Bradley River have increased  
7 since the Bradley Lake hydroelectric project was built.  
8 So there is another example of a hydro project that's  
9 benefited a fishery in Alaska.

10 MR. MARK IVY: We need to move on to get  
11 to the issues for this project.

12 MR. WILLIAM BRENNAN: Can I also add one  
13 thing about the Bradley project? The amount of dams on  
14 the lake has also increased and rose. So just remember  
15 that, as well.

16 MR. BRAD ZUBECK: Okay.

17 MR. MARK IVY: Okay. So the proposed  
18 environmental measures that the applicant has suggested at  
19 this point -- and right now I'm on page 11 of the scoping  
20 document, if you want to follow along.

21 MR. RYAN HANSEN: Does anyone still need  
22 one?

23 MR. BRUCE JAFFA: The Internet printout  
24 went from page 21 to page 26.

25 MR. MARK IVY: Okay.

1 MR. RYAN HANSEN: Yeah. That will --

2 MR. BRUCE JAFFA: Is there a break?

3 MR. RYAN HANSEN: Whenever we send a  
4 document to what's called our e-library system, sometimes  
5 thing get jostled around and page numbers do change. So  
6 if you are having problems locating anything, let me know  
7 and I'll find the corresponding page that you need to be  
8 on.

9 MR. MARK IVY: And there are still a few  
10 more chairs if you want to put a chair out so you can be  
11 more comfortable, if anybody wants one.

12 So the proposed environmental measures there, you see  
13 on the top 3.1.3, and these deal with the transmission  
14 line. We are still in the planning phase of the project.  
15 So they are not sure if there is going to be a  
16 transmission line that's buried or if it's going to be  
17 above ground. But if it's not buried, they are saying  
18 that the environmental measures that we use for  
19 terrestrial resources are incorporating the raptor  
20 protection guidelines into the transmission line design;  
21 installing collision avoidance devices on the transmission  
22 line in appropriate locations to protect the migratory  
23 birds. Also for aesthetic resources, incorporating the  
24 setbacks into the transmission line route to minimize  
25 visual impacts as viewed from the Seward Highway.

1           The proposed studies: Kenai Hydro has recently  
2 posted proposed study plans for the following resources on  
3 their website: The water resources, aquatic resources,  
4 terrestrial resources, recreation and visual resources, as  
5 well as cultural resources. So those are all available  
6 for you to look at. And those are draft study plans, and  
7 they are looking for comments, as Brad mentioned earlier.  
8 So the sooner you can get those to him, the better, but  
9 you do have until July 6th.

10           There is also the issue of cumulative effects.  
11 Cumulative effects relative to other existing and  
12 reasonably foreseeable development within the geographic  
13 scope of the project is what we are looking for. Based on  
14 our preliminary analysis of the Grant Lake/Falls Creek  
15 projects, we have identified water quality, water  
16 quantity, and fisheries as resources that could be  
17 cumulatively affected by this project.

18           MR. RYAN HANSEN: And just to clarify,  
19 that's kind of a -- we thought it was going to be a  
20 confusing issue. It certainly was and still is for me at  
21 times, but what that really means is that these are the  
22 resource areas that we think that either now or in the  
23 future there may be other things in the area in the basin  
24 that could occur or are occurring that could add to the  
25 effects of this project.

1           We don't want to look at this project simply by  
2           itself and the effects it may have if it may exacerbate  
3           effects from something else further down the road. It's  
4           kind of a way to -- it's a more holistic approach to  
5           looking at effects, understanding that little drops  
6           sometimes can make a cup of tea, if you will.

7                         MR. MARK LUTTRELL: My name is Mark  
8           Luttrell -- that's spelled L-U-T-T-R-E-L-L -- from Seward.  
9           And I mean, that's a good explanation, but I think that  
10          would apply to all the other resources that -- that we are  
11          discussing.

12                        MR. RYAN HANSEN: Well, I was saying that  
13          -- yes, sir. The ones that we have identified now are  
14          simply the ones that we, on the surface, thought  
15          definitely seem to have a positive cumulative effect.  
16          That's one of the reasons that we are here because we  
17          would like to hear from you all if you all think they need  
18          to be included in the cumulative effects analysis.

19                        And then when we go to do our analysis, we can do  
20          that if that's something that -- and we need the  
21          information from the folks that are -- know more what's  
22          happening in the basin, what could be happening in the  
23          basin. There may be proposed projects. There could be  
24          mining. There could be timber harvests. There could be  
25          any number of things that we don't know anything about

1 that are planned.

2 So we certainly welcome and encourage you to share  
3 any of those things that you know about with us.

4 MR. MARK LUTTRELL: I think I would make  
5 the comment that you should open it up to all resources  
6 and then start narrowing it down if you find out that  
7 cumulative impacts to forestry, for example, is not  
8 relevant. So keep it open and then shut it down as  
9 opposed to -- it looks like right now it's very narrow and  
10 then waiting for possibilities to expand.

11 MR. MARK IVY: We have used the  
12 information we have available to us at this time, and  
13 that's what the scoping document is all about is we have  
14 looked at all the information that's out there on the  
15 record, and if this is the limits of the information we  
16 receive, these are the things that we perceive would be  
17 cumulatively affected. So if you are going to provide  
18 more information to us, then we can broaden our scope.

19 MR. RYAN HANSEN: And following this  
20 document, there will be another document called the  
21 Scoping Document 2, and it will show, then, what our scope  
22 of analysis will be after this process. So it will either  
23 be expanded or narrowed according to what we learn while  
24 we are here. So far we have obviously had your comments  
25 encouraging us to expand the cumulative effects. So

1 that's certainly something that we will consider when we  
2 public our Scoping Document 2, absolutely.

3 MR. BRUCE JAFFA: Can I ask I question on  
4 process? Bruce Jaffa. Jaffa Construction, Moose Pass  
5 resident. My other identity. And I hope to build this,  
6 and I hope -- when we have had several meetings in the  
7 past, we have gone through a lot of the issues, and we  
8 have written them down. Brad and Homer Electric has done  
9 an extensive recording of that. Does this board or does  
10 the FERC board have access to that, or do you have to  
11 repeat it?

12 MR. MARK IVY: No, no. We have access to  
13 all that information, and we have looked through it.

14 MS. MARIAN GLASER: Thanks to all my  
15 friends and community members and people who are here. I  
16 went up with Homer Electric and the consulting firms  
17 today, and Kenai Hydro, and we went to the study site.  
18 And I just want to say that, as all of you guys know, it's  
19 really beautiful. And my personal bias is that I may be a  
20 young idyllic graduate student, but I bought land here and  
21 I have a house here, and I really, really love and care  
22 about this place. I found a moose antler today. Black  
23 bears on the hillside.

24 It's just an incredibly rich -- biologically,  
25 environmentally rich area. It is at this point untouched

1 by a lot of extensive human development. There has been  
2 mining and stuff in the past. But I think that leaving  
3 places pristine are really important for the wildlife in  
4 general. At the head of Grant Lake there is a really cool  
5 old glacial valley which has a lot of moose browse in it,  
6 willows and alders. It's similar to the Placer River  
7 Valley which has a lot of moose and the Twenty Mile River  
8 Valley. And here on the Seward Ranger District on Game  
9 Management Unit 7, it is thought that winter habitat and  
10 winter browse is a limiting factor for moose populations.

11 So I just wanted to, in addition to I know all the  
12 fisheries research that's going on, bring up the fact that  
13 it's an important area for moose as well, as well as we  
14 saw Harlequin ducks there today. We saw Golden Eyes. So  
15 there is a lot of animals that use that. And --

16 MR. MARK IVY: As we go through the  
17 scoping document, you will see that we were going to  
18 discuss a lot more of these issues. And perhaps we can go  
19 ahead and go through that and we can identify all the  
20 issues that have been included in the scoping document,  
21 and then you can add to that.

22 MS. MARIAN GLASER: All right. Thank you.

23 MR. RICKY GEASE: The Kenai Watershed  
24 Forum has a cumulative effects model for the Kenai  
25 Peninsula, and I would hope that you would make use of

1 that resource. They have put a lot on a watershed basis,  
2 not just what happens here on Kenai Lake because it is a  
3 watershed.

4 MR. MARK IVY: Great. Thank you. Good to  
5 know about that resource.

6 MR. RYAN HANSEN: It's a model?

7 MR. RICKY GEASE: Yeah. It has a lot of  
8 hydrological data in it.

9 MR. RYAN HANSEN: Who has created the  
10 model, do you know? Who has created the models, the  
11 State?

12 MR. RICKY GEASE: The Kenai Watershed  
13 Forum. Robert Ruffner is their executive director.

14 MR. RYAN HANSEN: Okay. Thank you.  
15 That's very helpful.

16 MR. JASON AIGELDINGER: Just a quick note  
17 on the transmission line, and just a hazard I'd like to  
18 point out is the fact that on the USGS 15-minute maps, as  
19 well as the Trails Illustrated maps that a lot of people  
20 use here -- and I don't know about maps for aviation  
21 maps -- but that south end of Lower Trail Lake is an  
22 identifiable seaplane base. Local businesses use it to  
23 shuttle people in and out, whether it's hunters or  
24 tourists.

25 And the other thing, too, if you guys are thinking

1 about putting transmission lines out over there, all this  
2 week, you know, from an emergency service perspective,  
3 there has been no aerial fire fighting equipment tankers  
4 available south of the Alaska Range for the last eight  
5 days. The only option we have right now are what's called  
6 CL215s. They get down on a lake and they scoop water, and  
7 you then apply the water on the fire. You need about over  
8 a mile to a mile-and-a-half of clear area for those to  
9 safely work. So preattack plans, if those transmission  
10 lines come, we need to then redefine our strategies, how  
11 we are going to have to deal with that subdivision that's  
12 directly south on Lower Trail Lake when you are installing  
13 this hazard there. It needs to be noted.

14 MR. MARK IVY: Thank you for that issue.  
15 Let's go ahead and try and get through the rest of the  
16 presentation, and then we can really delve into the issues  
17 that are really important to you all. I know you are  
18 chomping at the bit to get to it, and we want to hear  
19 them.

20 So at this time, the proposed geographic scope for  
21 the resources in the Kenai River basin, for the temporal  
22 scope, we're looking 30 to 50 years out, which would be  
23 generally the time span of a license for a project.

24 So the resource issues, they start on page 13. The  
25 geology and soil resources. The effects of project

1 construction and operation on erosion and sedimentation of  
2 Grant Lake and the shoreline. The effects of project  
3 production and operation on erosion and sedimentation of  
4 the existing Inlet Creek delta, which is what I believe  
5 the last speaker was talking about. Marian, was that  
6 Inlet Creek you were discussing?

7 MS. MARIAN GLASER: Yes.

8 MR. MARK IVY: Water quantity and quality.  
9 Effects of project construction and operation on the water  
10 quality of Grant Lake, Grant Creek, Falls Creek, Lower  
11 Trail Lake, and Trail Creek. The effects of project  
12 construction and operation on the hydrology of Grant Lake,  
13 Grant Creek, Falls Creek, Lower Trail Lake, and Trail  
14 Creek, as well.

15 The next is aquatic resources. The effects of  
16 project construction and operation on the fish and aquatic  
17 resources in Grant Lake, Grant Creek, Falls Creek, Lower  
18 Trail Lake, and Trail Creek. The effects of diverted  
19 flows on fish and aquatic resources in the proposed  
20 bypassed reach of Grant Creek.

21 MR. RYAN HANSEN: That's kind of a term of  
22 the industry that you may or may not be aware of. Does  
23 anyone want clarification on what bypassed reach refers  
24 to? What it is is basically the proposal will be taking  
25 water from the lake and through a tunnel to a penstock and

1 putting it back into the river. And there will be a  
2 section of Grant Creek where that water will no longer be  
3 going through the creek, but around that section. We  
4 refer to that section as a bypassed reach. That's what  
5 that means.

6 MR. MARK IVY: The effects of Grant Lake  
7 reservoir fluctuations on fish and aquatic resources. The  
8 effects of entrainment on fish populations in Grant Lake  
9 and Grant Creek.

10 MR. RYAN HANSEN: Entrainment is another  
11 fancy term for basically the entrapment of fish and other  
12 animals into project structures. Usually we are talking  
13 about fish going through turbines would be the most  
14 common.

15 MR. RICKY GEASE: Aquatic resources, I  
16 assume since you are talking about fishery populations,  
17 includes insect populations?

18 MR. RYAN HANSEN: Absolutely. Under  
19 aquatic resources, we would consider any insect food base  
20 for any sort of native fish populations. Absolutely.

21 MR. MARK IVY: Okay. We also have the  
22 effects of loss of habitat connectivity and bi-directional  
23 passage on resident fish populations in Grant Creek --  
24 Grant Lake and Grant Creek.

25 And then we move on to terrestrial resources. The

1 effects of project construction and operation on the  
2 distribution and abundance of plant species designated by  
3 the Forest Service as sensitive. The effects of project  
4 construction and operation on the distribution and  
5 abundance of invasive plant species. The effects of  
6 project construction and operation on forests/scrub,  
7 wetland, riparian, and littoral habitats used by wildlife  
8 on Grant Lake and Grant Creek.

9 The effects of project construction and operation on  
10 wildlife critical life stages, distribution and abundance,  
11 including wildlife species designated by the Forest  
12 Service as management indicator species, such as brown  
13 bear, moose and mountain goat; wildlife species designated  
14 by the Forest Service as species of special interest, such  
15 as the Canada lynx, wolverine, river otter, the marbled  
16 murrelet, Townsend's warbler, Northern goshawk, bald eagle  
17 and osprey; and wildlife species designated by the State  
18 of Alaska as species of special concern, such as the  
19 olive-sided flycatcher, gray-cheeked warbler, blackpoll  
20 warbler and brown bear.

21 Also look at the effects of project operation on  
22 availability of fish as food for wildlife; the effects of  
23 project construction and operation on wildlife movement  
24 between Grant Lake and Trail Lake; the effects of project  
25 operation on littoral wildlife habitat at the narrows

1       between Upper and Lower Trail Lakes; the effects of  
2       project construction and operation on breeding and rearing  
3       habitat and nesting success of shorebirds and waterfowl in  
4       Grant Lake and Inlet Creek; and the effect of project  
5       transmission lines on raptors and other birds, including  
6       electrocution and collision hazards.

7               Next category is threatened and endangered species,  
8       and there are no federally listed threatened and  
9       endangered species known to occur in the project vicinity  
10      and no issues regarding threatened and endangered species  
11      have been identified at this time. So if you have other  
12      information to the contrary, please let us know.

13             Recreation resources and land use. We will look at  
14      the effects of project construction and operation on  
15      existing recreation and land use in and around Grant Lake,  
16      Grant Creek, Falls Creek, Lower Trail Lake and Trail  
17      Creek; and the effects of project construction and  
18      operation on current or future over the term of the  
19      license recreation demand and use, including barrier-free  
20      access and the need for and benefit of interpretive  
21      opportunities, such as interpretive signs at the project.

22             And I just thought some of you might be wondering why  
23      we keep saying Falls Creek, as well, since they have taken  
24      the Falls Creek part of the project out, but there may be  
25      transmission lines going along Falls Creek, so there may

1 be some impact from that. That's why we left it in, in  
2 case you are wondering.

3 Aesthetic resources.

4 MR. MARK KROMREY: I believe Trail Creek  
5 is actually quite -- quite a distance out of the project  
6 area. Do you mean Trail River?

7 MR. MARK IVY: We are talking about the  
8 connection between the two lakes.

9 MR. MARK KROMREY: Between Kenai Lake and  
10 Trail Lake is Trail River.

11 MR. MARK IVY: Between Upper and Lower  
12 Trail Lakes.

13 MR. MARK KROMREY: That's referred to as  
14 the narrows, usually. Trail Creek is actually what feeds  
15 Trail Lake to the north of town.

16 MR. MARK IVY: Thank you for that  
17 clarification.

18 MR. MARK KROMREY: That's my wife's --  
19 she's the editor.

20 MR. MARK IVY: We want to be accurate.  
21 All right. Aesthetic resources. The effects of project  
22 construction, facilities, and operation on the aesthetic  
23 values of the project area, including noise and light  
24 pollution; the effects of the transmission line on scenic  
25 byway viewpoints from the Seward All American Highway; and

1 views from existing recreation trails, such as the  
2 Iditarod National Historic Trail.

3 Cultural resources. Effects of project construction  
4 and operation on historical and archeological resources  
5 and properties of traditional religious and cultural  
6 importance to Native Alaska tribes; effects of Grant Lake  
7 reservoir fluctuations and reduced flows in Falls Creek  
8 and Grant Creek on archeological resources located along  
9 the reservoir shoreline; the effects of project  
10 construction and operation on subsistence use, hunting,  
11 fishing and gathering, involving Native Alaskan tribes.

12 Then we have socioeconomics, and that's looking at  
13 the effects of project construction and operation on  
14 local, tribal, and regional economies.

15 And the last one is developmental resources. The  
16 effects of recommended environmental measures on project  
17 generation and economics; and the effects of construction,  
18 operation and maintenance on project economics.

19 So now you have had an opportunity to hear the issues  
20 that have been identified by FERC staff. We would like to  
21 hear your comments and concerns. Please state your name  
22 and your affiliations prior to giving your input.

23 MR. DAVID PEARSON: David Pearson, Moose  
24 Pass. I live on Falls Creek, or Mine Road. Nowhere is  
25 there a category, besides maybe land use, that talk about

1 people who live on the road and who might have  
2 transmission lines going near their houses. And also  
3 barrier-free access, is that meaning you would like to  
4 keep that road open for the public?

5 MR. MARK IVY: Typically we're talking  
6 about universal design, so providing recreational access  
7 for people with disabilities. So if there is new  
8 facilities developed, a percentage of those should be  
9 accessible.

10 MR. DAVID PEARSON: Is this project  
11 looking to include recreational facilities along this new  
12 road onto the lake? If so, as a resident, I am extremely  
13 against that. If it happens, I want gates and the whole  
14 nine yards on that road. I don't want that being a public  
15 road. Thank you.

16 MR. IVY: We haven't seen any proposals  
17 for recreation development along that road so far in the  
18 record.

19 MR. DAVID PEARSON: There is just no  
20 category for people that live there.

21 MR. MARK IVY: You are right. It is under  
22 land uses where we look at that kind of issue. And I'm  
23 glad you brought that up.

24 MR. RICKY GEASE: I want to bring up an  
25 issue. It might be agency management resources or

1 cooperation. The Kenai River watershed is a broad  
2 watershed with many land managers and agencies that are  
3 involved in its management of its resources. The largest  
4 cooperative management plan is the Kenai River Special  
5 Management Area Comprehensive Management Plan. Embedded  
6 within that plan there is a section that talks about no  
7 new impoundment structures within the special management  
8 area. And that is part of the watershed.

9 And it is an impact of where you have competing  
10 agencies looking at land uses and its impacts further on  
11 down the line when you are looking at a cooperative  
12 management agreement. So I don't really see any -- I  
13 don't know where you would put that, in socioeconomics or  
14 developmental resource. It's more of a management issue  
15 between different land managers that have lands that they  
16 manage within this watershed.

17 MR. RYAN HANSEN: We do have that  
18 comprehensive plan on file with us, which is -- if you  
19 look actually on page -- well, page 22, and then the next  
20 page, which is 26 inexplicably, there are a list of  
21 comprehensive plans. And what these are, these are plans  
22 that we currently, as -- as of this date we know to exist  
23 that any proposed project will need to -- to basically be  
24 aware of and to operate within the -- anything set out in  
25 these plans that is, you know, considered management of --

1                   MR. RICKY GEASE: I don't see that.  
2           That's a DNR document. That's not a Fish & Game document.  
3           What you have listed there is a Fish & Game document. I  
4           think you might have mislabeled that. On page 26 you  
5           have --

6                   MR. RYAN HANSEN: Yes. I see that we have  
7           it as the last one, Fish & Game.

8                   MR. RICKY GEASE: It's actually a DNR,  
9           Department of Natural Resources, document. And that's a  
10          -- it's the Kenai River Special Management Area  
11          Comprehensive Management Plan.

12                  MR. MARK IVY: Does that date sound  
13          accurate, 1997?

14                  MR. RICKY GEASE: Yes.

15                  MR. MARK IVY: If there is other plans  
16          that you are aware of, please submit them on our website.  
17          We can include them in our analysis.

18                  MR. RON RAINEY: Ron Rainey. I live at  
19          Mile 10 of the Kenai River. And going through here, we  
20          are looking at the effects of many, many areas that this  
21          project may have an effect on, including dewatering part  
22          of the creek and watering the bottom part of it and making  
23          it even better. Who is going to determine what effects  
24          are acceptable, what effects are not acceptable, and how  
25          are those decisions going to be made?



1 people that have the power to do that. Certainly this  
2 being Forest Service land, they are a big player in saying  
3 this is acceptable to us to have what's called 4E  
4 management. That refers to section 4E of the Federal  
5 Power Act, which actually gives us the jurisdiction to do  
6 what we do. So there is certainly -- Forest Service is  
7 involved in looking at all of -- basically we are going to  
8 write an EA or an EIS and we're going to say, here is a  
9 what we think is going to happen to the resource if this  
10 project operates and it's constructed and operates. The  
11 resource agencies, both the State resource agencies as  
12 well as federal ones, like the Forest Service --

13 MR. RON RAINEY: ADF&G will have input?

14 MR. RYAN HANSEN: Absolutely. And all of  
15 them will have usually mandatory chances to say if we are  
16 going to allow this project to happen in our national  
17 forest, in our state, they have to abide by these things.  
18 So an awful lot of the teeth of the licenses that are  
19 issued by the Commission come from those mandatory  
20 conditions.

21 So basically the effects are going to be looked at  
22 very closely by lots of different agencies on both the  
23 State and federal level to see if it really fits with what  
24 they -- their mandate for management or their vision of  
25 what the resource needs to be. Does that help at all?

1                   MR. RON RAINEY: It does. And if I may,  
2 one more quick question to both the Brads. Why in the  
3 world hasn't the transmission system been upgraded to full  
4 capacity?

5                   MR. BRAD JANORSCHKE: As far as full  
6 capacity, I'm sorry, Ron, I --

7                   MR. RON RAINEY: You said it limited your  
8 ability to utilize Bradley Lake because of the  
9 transmission capacity.

10                  MR. BRAD JANORSCHKE: No. The primary  
11 reason for the lack of utilization of Bradley Lake is  
12 there's not enough water in the lake. The reason Bradley  
13 Lake is not utilized to its full capacity is a lack of  
14 water.

15                  MR. RON RAINEY: Poor planning.

16                  MR. TRAVIS MOSELEY: I guess a point of  
17 clarification relative to Forest Service and State  
18 jurisdiction and whatnot, land-based wise, all that  
19 infrastructure out there, the dam, the road, those kinds  
20 of things are all on State lands. The impacts to Grant  
21 Lake itself, by and large, the vast majority of what  
22 happens with the fluctuations, would occur on the federal  
23 lands. So there is some confounding things in terms of --  
24 I think in terms of jurisdiction and who says what.

25                  Certainly the State has a big say so in terms of the

1 wildlife populations and thus and such. We, pretty much  
2 on the habitat side of things and the visual quality and  
3 those impacts.

4 And another key point is we have a right-of-way  
5 through State lands where the Iditarod Trail is that will  
6 be affected. What I see as the current alignment, which  
7 is an issue that is not yet addressed in this. And so --

8 MR. MARK IVY: Can you restate your issue?

9 MR. TRAVIS MOSELEY: It's one of the  
10 effects to the Iditarod Trail right-of-way. It's  
11 superimposed, as near as I can tell.

12 MR. RYAN HANSEN: There are project  
13 facilities that will actually --

14 MR. TRAVIS MOSELEY: The road system. And  
15 it certainly -- the alignment is suspect. And that's  
16 pretty much a nonmotorized trail system that we have the  
17 right-of-way for.

18 MR. JEFF ESTES: Jeff Estes, resident,  
19 Moose Pass, long time. KRSMA. Maybe somebody else can  
20 correct me if I'm wrong, but there is 1,000 foot lake  
21 frontage development prohibition on Upper and Lower Trail  
22 Lake. Iditarod Trail right-of-way, 1,000 foot wide  
23 corridor. Both of these are interrupted by the current  
24 map. I see that the previous map, the original one with  
25 the Falls Creek input, and since they are still

1 maintaining option on that preliminary application  
2 document, I understand, it would be a much more  
3 advantageous route should that ever in the future  
4 long-term effects occur to have it in the previously  
5 proposed eastern route.

6 MR. MARK IVY: To clarify, you are saying  
7 there is 1,000-foot corridor, nondevelopment corridor.  
8 And who has established that, what agency?

9 MR. JEFF ESTES: I said correct me if I'm  
10 wrong. I thought it was KRSMA originally. KRSMA, Kenai  
11 River Special Management.

12 AN UNIDENTIFIED SPEAKER: That's not --  
13 no, no. That's not correct.

14 MR. JEFF ESTES: Then it's probably in the  
15 Moose Pass Comprehensive Plan.

16 MR. MARK IVY: Can you file a copy of that  
17 with us, please?

18 MR. JEFF ESTES: I'm sure the sportsmen's  
19 club can or the Community Planning Advisory Board or the  
20 Kenai Peninsula Borough.

21 AN UNIDENTIFIED SPEAKER: It's on the  
22 borough website.

23 MR. MARK IVY: We need to have somebody  
24 actually file it with the Commission so we can consider it  
25 during the deliberation of the project, so --

1                   MR. JEFF ESTES:  Either of those,  
2           1,000-foot Iditarod corridor which runs along the lake or  
3           that, either one would be in conflict, along with the  
4           current existing hiking trail.  Also interfering with  
5           recreational resources of that lake elevation changes  
6           should be looked at on the recreational value, lake  
7           elevation changes during the winter promoting cracking ice  
8           and unavailability as snowmobile or ski travel or  
9           snowshoeing, if you please.

10                   I'm glad to see that they have now abandoned crossing  
11           the archeological site at this south end of Lower Trail  
12           Lake, which is between existing Falls Creek Mine Road and  
13           Lower Trail Lake.  For -- I'm also an electrical engineer  
14           for the City, so let me speak a little to that.  A lot of  
15           people are getting excited about transmission lines.  The  
16           transmission lines they are talking about are indeed what  
17           you would normally think of as the distribution line that  
18           feeds all our homes in this area; same look, same path.  
19           At the most, I would expect they would have 45-foot poles,  
20           which would only reach 38-and-a-half feet, which may allay  
21           the concerns of the aerial traffic off the end of Lower  
22           Trail Lake, especially if it runs along the Crown Point  
23           Mine Road.

24                   MR. MARK IVY:  Can I interrupt just a  
25           minute?  You are talking about different recreational

1 uses, like snowmobiling and cross-country skiing and  
2 snowshoeing.

3 MR. JEFF ESTES: On Grant Lake.

4 MR. MARK IVY: Is there any documentation?  
5 Has anybody counted the kind of use that occurs, or does  
6 it exist anywhere?

7 MR. JEFF ESTES: For a time there was a  
8 log at the far end of -- east end of Grant Lake at the  
9 little known rundown cabin. There was for a time a log --  
10 and I don't know what happened to them -- at the -- what I  
11 call Grant Lake bargee or the case mining cabins, which  
12 are on the northwest corner where the lake turns.

13 MR. MARK IVY: So any documentation like  
14 that that you can find will be very helpful for us.

15 MR. DAVID PEARSON: Can everyone raise  
16 their hand who has recreated in the winter on that lake?

17 (Showing of hands.)

18 MR. RYAN HANSEN: I'm going to count and  
19 speak that number for the record. I count 24.  
20 Twenty-four.

21 MR. BRUCE JAFFA: Can we weigh it as to --

22 MR. RYAN HANSEN: Twenty-four out of the  
23 number of attendees, which we will verify with our sign-in  
24 sheet. So I do please ask everyone again when we are done  
25 if you haven't signed in, please do so.

1                   MR. JEFF ESTES: Finally, if it's an  
2                   underground transmission line, all those issues go away,  
3                   but also provides for the State's selected land and  
4                   further overselected. I think the borough is  
5                   overselecting a lot of those lands for community  
6                   development, which provides future power for whatever to  
7                   that area. Underground would, of course, look much nicer.

8                   MR. DAN SEAVEY: I feel like I'm a  
9                   Johnny-come-lately here on this process, but actually I  
10                  represent the 28-year-old local nonprofit called the  
11                  Seward Iditarod Trailblazers. We have been working for  
12                  about that many years to establish the Iditarod Historic  
13                  Trail through this area. Also I'm on the board of  
14                  directors for the Iditarod Historic Trail Alliance, which  
15                  is likewise a nonprofit about ten years of age. And we  
16                  are very, very concerned about what happens to the trail.

17                  And I would like to point out that there is another  
18                  management plan, federal management plan, the Iditarod  
19                  Trail -- actually comprehensive management plan of 1978.  
20                  I got a copy if you want one. Probably got a couple of  
21                  them. But that's our bible.

22                  We are in the midst of a huge project in cooperation  
23                  with the Forest Service that's called the Southern Trek or  
24                  the Seward to Girdwood Trail project, and some of the area  
25                  that you have, I see, mapped out here runs over our old

1 trail, plus we got new trail coming through here. If you  
2 look around, there will be flags for that trail. And the  
3 Forest Service has done a lot of the engineering for that.  
4 It's part of the management plan which, by the way, the  
5 City of Seward signed off about 25 years ago. The Kenai  
6 Peninsula signed off about 25 years ago. The U.S. Forest  
7 Service signed off about 25 years ago, and so on. So we  
8 have been around a long time.

9 It's the Department of Interior through BLM, Bureau  
10 of Land Management, that oversees the Iditarod Trail,  
11 historic trail. And it's a big deal. And we are -- you  
12 know, we are going to monitor this very, very closely.

13 The way the management plan called when it was  
14 originally adopted by Congress, was on all federal lands  
15 that were conveyed to the State or local a 1,000-foot  
16 corridor for that trail was to be maintained. Now, we  
17 have fudged on that in some areas. The Forest Service  
18 can -- actually since the Forest Service is the trail  
19 manager on the Peninsula, it can, in a sense, dictate  
20 those widths to some extent. But it has to be adequate.  
21 It has to be permanent.

22 MR. MARK IVY: Could we please get a copy  
23 of that 1978 plan? That would probably be difficult to  
24 find electronically. So if you have that, we would really  
25 appreciate it.

1                   MR. DAN SEAVEY: I can do that. But  
2 again, I feel as though I hadn't done my homework here.

3                   Another -- on the aesthetic resources, I think we  
4 need to include the historic transportation corridor  
5 people, as well. Jim Richardson.

6                   MS. JANETTE CADIEUX: There is a Kenai  
7 Mountains/Turnagain Arm National Heritage Corridor  
8 designation for this area. So Jim Richardson and Mona  
9 Painter are two of the locals that headed that up.

10                  MR. RYAN HANSEN: Could you state the name  
11 of that again? I know it's on the record, but I want to  
12 get --

13                  MR. BRAD JANORSCHKE: Kenai  
14 Mountains/Turnagain Arm National Heritage Corridor. It  
15 reaches all the way from Girdwood to Whittier, includes  
16 Cooper Landing, Moose Pass and Seward.

17                  MR. MARK IVY: Thank you. There was  
18 another comment over here.

19                  MR. WILLIAM BRENNAN: As far as the  
20 recreation resources go, you should include in your  
21 studies Vogt Lake, the impacts on Vogt Lake because as the  
22 road is proposed now, it's going to cross the Vogt Lake  
23 trail parallel to the trail and the lake, and there is a  
24 huge difference between going up uninterrupted trail and  
25 going up a trail that crosses a road, and then to be able

1 to hear and see the road once you get there. And the road  
2 will also be crossing the -- the winter route up to Vogt  
3 Lake, as well. So it should be included.

4 MR. MARK IVY: Thank you.

5 MR. DAN SEAVEY: In that regard, the Vogt  
6 Lake trail has actually been designated by the Forest  
7 Service as an access trail to the Iditarod. And I really  
8 think that we need to do our homework as it relates to the  
9 Iditarod trail because this is a national historic trail.  
10 It's not some little pioneer thing. This is a big deal.  
11 We need to take that into account.

12 MR. MARK IVY: That's why we are here, to  
13 get everybody involved in the process.

14 MS. PAM RUSSELL: Maybe something on that  
15 line for information is, I don't know if you guys have  
16 been dealing with the SHPO, the state historical office in  
17 Anchorage. I would definitely make sure I have some  
18 mapping and stuff before I go too far. I didn't know if I  
19 saw them on the list of people to be here tomorrow, but --

20 MR. RYAN HANSEN: Yeah. Our cultural  
21 resources person back in D.C. will be working very closely  
22 with the SHPO on all cultural issues on the project,  
23 absolutely.

24 MS. PAM RUSSELL: That can be real  
25 important for the trail and other areas.

1                   MR. MARK IVY: Since we are using the  
2 traditional licensing process, our staff will not be  
3 involved until the license application is submitted.  
4 That's going to be a couple of years from now, or maybe  
5 next year. Sorry. Next year is their goal. So yes, it  
6 would be good to get them involved before that.

7                   MR. BRUCE JAFFA: Process, again, you are  
8 asking for comments on important issues, and some of the  
9 issues certainly are being expressed, like trails. The  
10 plan we are seeing today as far as the alignment of the  
11 road is not the plan that Kenai Hydro had presented  
12 sometime ago. So this is obviously in development. So  
13 how can we possibly make valid comments on something that  
14 will be changing tomorrow? You say, I agree with Dan, the  
15 Iditarod Trail is important, but is that where the road is  
16 going to be? If they move the road somewhere else, what  
17 is it going to impact? So how -- it's like the cart  
18 before the horse here.

19                   MR. MARK IVY: We need to look at the  
20 broad perspective and be holistic and look at all the  
21 issues and say what might be impacted within the area  
22 where it would be developed.

23                   MR. BRUCE JAFFA: I'd like to go on  
24 record. My concern would be that we don't interfere with  
25 traditional transportation corridors, designated and

1 future, and that we minimize to the extent of -- of  
2 eliminating visual impacts. Power lines, roads should not  
3 be seen. The goat trails, if that's what is okay winding  
4 through the woods, but anything that could be seen from  
5 across the river would be a tremendous negative to this  
6 community.

7 MR. MARK IVY: Thank you.

8 MR. RYAN HANSEN: And to clarify about the  
9 actual proposal, the proposal as it is today, you are  
10 correct in that it could change. The proposal before the  
11 Commission that we will actually analyze specifically in  
12 our environmental analysis document will be the draft  
13 application -- will be the final application which the  
14 first -- the draft one he was talking about submitting in  
15 September of next year. When that comes out, that will be  
16 the applicant's proposal saying this is exactly what we  
17 are proposing to do. At that point -- there may be  
18 changes before the final, but there is no longer this  
19 uncertainty that you are feeling now.

20 Once we get further along in the process and they  
21 have done some of their studies, they'll refine their  
22 proposal, and that actual application for a license will  
23 be the proposal and there will be no longer any  
24 uncertainty as to what they may or may not do. And that's  
25 what we will use to analyze when we do our environmental

1 analysis.

2 MR. RICKY GEASE: Two other issues I just  
3 want to include in there. I had some comments from some  
4 trappers indicating that when the Cooper Lake dam went in,  
5 it has impacted the -- I was looking at your wildlife  
6 resources, but it did impact the marten populations around  
7 there in terms of trappers, and other species. So I know  
8 you have "such as" listed in there, but I would think that  
9 it's more inclusive than just the animals that you listed  
10 specifically there.

11 And then also on water quality, there have been  
12 some -- I think people that, you know, drive by Kenai Lake  
13 can definitely see the thermal impacts of the water being  
14 used from the Cooper Lake dam and its impact on Kenai Lake  
15 in the wintertime. And since this is the time frame when  
16 most of the -- it seems like most of the water with an  
17 impoundment structure would be used, an evaluation of the  
18 thermal impacts, what those impacts might be.

19 You do have impacts on recreation on Kenai Lake in  
20 terms of snowmachining and cross-country skiing. There  
21 are definitely areas of Kenai Lake you don't want to be  
22 going on. And if those are -- any of those thermal  
23 outflows coming down in the wintertime impact traditional  
24 ice corridors, I think people need to be aware of that.

25 MR. MARK IVY: Thank you.

1                   MR. RYAN HANSEN: And an analysis of -- we  
2 use the broad term at this point water quality. That  
3 includes a wide variety of possible pollutants or  
4 anything. It could be sediment. It could be straight up.  
5 But temperature is certainly something that we will  
6 absolutely consider as a water quality parameter.  
7 Absolutely.

8                   MR. MARK LUTTRELL: Mark Luttrell, Seward.  
9 I'm concerned about the capacity of the generating plant.  
10 I mean, at maximum capacity before Falls Creek was  
11 withdrawn from this proposal, the two turbines could -- I  
12 guess the maximum capacity was 4.5 megawatts. But the  
13 actual energy would be less, presumably because of  
14 fluctuations. But then out of that we have removed Falls  
15 Creek, so that's even less.

16                   Now I hear Brad Zubeck saying that we might not even  
17 have a dam that's -- what was it? Provide the permit  
18 envelope. So if there isn't a dam, that's just a tiny  
19 little blink of energy that this could possibly create,  
20 and yet Homer Electric Association is asking the public to  
21 shoulder all kinds of burdens. The costs of this are  
22 incalculable. And yet we're going to get a little blink  
23 of power.

24                   MR. RYAN HANSEN: If I may, one of the  
25 things the Commission balances, we -- it is our mission,

1 our Commission's mission, to balance the benefit of power  
2 generation, which includes how much power will be derived  
3 from a project, as well as how much it will cost to derive  
4 that power, balance that with all of the natural resource  
5 tradeoffs. So all of those considerations are taken into  
6 account in our environmental analysis.

7 MR. MARK LUTTRELL: So what sort of  
8 criteria do you use? There is 70 of us here. Half of us  
9 are public. Half -- and those are probably opposed to the  
10 proposal. How are you going to factor that into your  
11 weighing of the benefits and the costs?

12 MR. RYAN HANSEN: What we will do is issue  
13 our environmental document, and it will say basically all  
14 of these things in the scoping document we said we were  
15 going to look at. We will look at them in that document.  
16 We will say that the project, if it's constructed, will do  
17 this, we believe. It will result in this. And then we  
18 will put that document out for review by everybody: All  
19 of the resource agencies, State and federal, all of the  
20 public and everyone. And we are really asking -- you  
21 know, looking for agreement on that, looking for how  
22 people feel about it.

23 And that's the document we will use to base our  
24 decisions on. And we explain how we make all of our  
25 decisions in that document. And then there is comment

1 periods after it's issued for -- obviously for filing  
2 disagreements and things like that. But that document  
3 will make it transparent as to what information we used  
4 and how we came to our decision on it.

5 MR. MARK LUTTRELL: The actual people that  
6 are making these decisions are you guys and the rest  
7 that's on the FERC team?

8 MR. MARK IVY: There is a team of us that  
9 write the document, and then it goes up to the Commission.  
10 The Commission makes the decision. It's not us. We are  
11 the staff.

12 MS. JANETTE CADIEUX: I have a question on  
13 the process. There have been a number of things that you  
14 guys weren't aware of that the public today has made you  
15 aware of. And you have asked people to provide you with  
16 information. And I want to know, for example, is  
17 Mr. Seavey responsible for providing you with that  
18 document from 1978 and, if he does not, then you are just  
19 going to ignore that? Or one of your staff, because you  
20 have his name and his comment, is going to contact him and  
21 say can we get that document from you?

22 MR. RYAN HANSEN: Absolutely. We will  
23 make every effort we can to locate everything that's  
24 brought up tonight that we think we can use. That's  
25 why --

1                   MS. JANETTE CADIEUX: Well, it surprised  
2 me a bit, honestly, that you have never heard of the Kenai  
3 Watershed Forum, so there is a fair bit of information out  
4 there that you apparently don't have. So I want to  
5 know -- and I think I have heard you satisfactorily say  
6 you are going to pursue that and everything that we have  
7 brought up tonight, as opposed to just leave it up to us,  
8 and if we don't provide you with that information, you  
9 know --

10                   MR. RYAN HANSEN: If anything that you  
11 brought up we can't find, we will contact folks that we  
12 think that can provide it to us. But we certainly try to  
13 search out anything to a dead end because this is all  
14 material we need to do a good analysis. That's what we do  
15 for -- we pride ourselves on doing a -- you know, a  
16 justifiable and reasonable analysis. And without these  
17 data, without these tools, it's very hard for us to do our  
18 jobs. So we need this stuff as much as you all need to  
19 give it to us.

20                   MR. MARK IVY: It's obviously important to  
21 you or you wouldn't be here spending your time. So we're  
22 hopeful that you will help us do our job and provide that  
23 information. So --

24                   MS. MARIAN GLASER: I don't think I saw in  
25 the document the effects of future climate change. And I

1       only bring that up because Alaska is experiencing warming  
2       quicker than other places on the globe, and because I  
3       don't know if the watershed which supplies Grant Lake is  
4       actually connected to the Sargent Icefield, or is it  
5       supplied by alpine glaciers, because over my lifetime --  
6       I'm 26 -- Mother Goose Glacier, which has supplied Victor  
7       Creek, is now half the size it used to be when I was a  
8       little girl.

9               So if you are hoping that Grant Lake will continually  
10       supply optimum amounts of water, unlike Bradley Lake,  
11       which either the supply has gone down or they didn't  
12       calculate it correctly in the first place, you need to  
13       take into account what is -- I guess, what is the source  
14       of the water in Grant Lake. And if it is alpine glaciers,  
15       really how long will they be there. So what is the  
16       longevity of this project.

17               MR. MARK IVY: That's a good issue. Thank  
18       you.

19               MS. JANETTE CADIEUX: And there was, with  
20       the Kenai National Wildlife Refuge, a number -- just  
21       several years ago someone doing a graduate thesis did a  
22       study on the shrinking of the wetlands and the lakes and  
23       ponds on the Kenai Peninsula doing aerial studies and  
24       comparing them to the 1950s. So Kenai National Wildlife  
25       Refuge would have a study that I think would be important

1 to you relative to Marian's comment.

2 MS. MARIAN GLASER: I believe it was Roman  
3 Dial, who is a professor at the University of Alaska  
4 Southeast.

5 MS. JANETTE CADIEUX: Or one of his  
6 graduate students.

7 MR. RYAN HANSEN: The university again?

8 MS. MARIAN GLASER: University of Alaska  
9 Southeast, Roman Dial. APU. Dial, D-I-A-L.

10 MR. MARK IVY: APU is what?

11 MS. JANETTE CADIEUX: Alaska Pacific  
12 University.

13 MR. MARK IVY: Thank you.

14 MR. RICKY GEASE: Just one -- somebody  
15 leaned over to me and Mr. Seavey and mentioned when we  
16 talk about safety issues for people on trails, dog teams  
17 also included in your analysis for corridors and winter  
18 transportation.

19 Another component on this, you are projecting out  
20 into time 20, 30, 40 years. There is another thing called  
21 either the instate gas bullet line that's coming down from  
22 the North Slope or the big pipe that goes to the Lower 48  
23 with a spur line coming down here. Within ten years,  
24 supposedly, we are going to have 35 billion BTUs available  
25 on to the market and a bottleneck of natural gas.

1           Maybe that's more in HEA's arena of how they are  
2           pencilling out the profitability of this project and  
3           whether to -- whether there is a need to diversify their  
4           portfolio in energy production to, you know, four percent  
5           hydro that this would add into it. But it seems to me  
6           that this area within a period of time is going to be  
7           awash in natural gas.

8           How does that influence your understanding of  
9           socioeconomics versus the tradeoffs when you analyze this?  
10          Because I believe your agency is also involved in that 30,  
11          40-billion-dollar project analysis, also.

12                         MR. MARK IVY: That would be actually a  
13          different division that does that analysis but, yeah, we  
14          can talk to them and see what kind of planning has been  
15          going on. But we need to look at whatever master plans  
16          that are available that kind of line out how far into the  
17          future it would be before those gas lines would come.  
18          That's something else we would definitely look at in our  
19          socioeconomic --

20                         MS. JANETTE CADIEUX: In -- and I am  
21          wondering, on the website, do you have the history of how  
22          many creeks and streams you looked at before you came to  
23          this one?

24                         MR. MARK IVY: We didn't identify it. The  
25          applicant identifies it.

1 MS. JANETTE CADIEUX: Is that on the  
2 website? Is that on the website?

3 MR. BRAD ZUBECK: I don't know that we  
4 have documented the history of how we came to that, but we  
5 looked at -- the Corps compiled inventory of hydro powered  
6 sites back in the early '80s, and that was kind of a map  
7 for us, road map, the low hanging fruit that was close to  
8 road system, transmission lines and such.

9 MS. JANETTE CADIEUX: Whose document was  
10 that?

11 MR. BRAD ZUBECK: U.S. Army Corps of  
12 Engineers.

13 MS. LEAH SMITH: Was that in the '50s or  
14 the '80s?

15 MR. BRAD ZUBECK: 1980s. It was 1982.

16 MR. THEO LEXMOND: My name is Theo  
17 Lexmond, L-E-X-M-O-N-D. I'm from Cooper Landing. I have  
18 a broad question about the process. I'm relatively  
19 ignorant about the FERC and how this process plays out in  
20 the community. About how many decisions does the FERC  
21 render in a given year on projects like this all across  
22 the country?

23 MR. MARK IVY: That's a good question. I  
24 know we have -- trying to remember. I believe it's about  
25 200 projects that we are reviewing at this time, license

1 projects. There are some in what we call prefiling, like  
2 this project. Others are in postfiling, so they have  
3 actually filed a license application. And in the  
4 prefiling stage -- we don't even know if this will get to  
5 the application stage at this point, so those projects are  
6 some that may or may not occur. The ones that have an  
7 application already submitted, those are ones that are  
8 really before the Commission to be considered.

9 MR. THEO LEXMOND: Of those that become  
10 applications and the Commission makes a decision on, do  
11 you have a sense, could you share with us how many of them  
12 become a no action option relative to the other  
13 alternatives that are before the Commission?

14 MR. MARK IVY: No. Unfortunately, I don't  
15 have that off the top of my head. That's something I  
16 could get back to you if you are interested.

17 MR. THEO LEXMOND: I'd just like to have a  
18 sense for how this plays out over time and what other  
19 communities come to experience when they are confronted  
20 with development versus impacts on their environment issue  
21 in a broad way.

22 MR. MARK IVY: Right, right. Okay. I'll  
23 look into that.

24 MR. TRAVIS MOSELEY: General question.  
25 Longer term talking about 30- to 50-year time horizons

1 and, worst case scenario, I'll paint this. Water supplies  
2 diminish, no longer economic to pursue the -- the use of  
3 this. What kind of provisions are there for reclamation  
4 and/or basically putting it back to some state of  
5 functionality?

6 MR. MARK IVY: If it got to the point  
7 where the holder of the license is no longer interested in  
8 operating the project, they would actually have to file to  
9 surrender their license, and then there would be a whole  
10 new proceedings, like this one, we go through, entire  
11 analysis, scoping, the whole thing, to talk about what are  
12 we going to do with this site now. Is there someone else  
13 that's interested in coming in and running it? There  
14 might be another agency that's interested in taking over  
15 the project. Or we may decommission the site. That's  
16 another alternative.

17 And then we would talk about what do they have to do  
18 to decommission it, to make it -- environmentally what are  
19 the issues that now you have to address. We go through  
20 the scoping process again and determine what the end  
21 product would have to be.

22 MR. BRUCE JAFFA: As I understand it, your  
23 Commission has come here tonight to -- sort of an early  
24 introduction or sampling of opinion, possibly, of ideas,  
25 but the ongoing schedule that Homer Electric or Kenai

1 Hydro showed, there will be a number of interactive  
2 meetings over the next year-and-a-half, is that correct,  
3 that FERC is involved in or not involved in?

4 MR. MARK IVY: We are not going to be  
5 involved in those meetings. We will be involved once the  
6 license application is submitted. There will be numerous  
7 times for you to be able to comment, and those comments  
8 will actually come to us, and we are creating a record for  
9 this project. So that will be part of the official record  
10 for this project.

11 MR. BRUCE JAFFA: The second part of that  
12 question, would it be -- at what point does FERC need to  
13 sample -- socioeconomic topic here, obviously the impact  
14 on the community. I think there are probably some  
15 weighted views on how a project moved forward and what  
16 impact it would have on a small community. When do you  
17 sample community opinion?

18 MR. MARK IVY: What we would do, actually,  
19 is we look at the application that's submitted. So we  
20 look to the applicant to go through all of these issues  
21 and address all these issues, and then we look at their  
22 analysis and say do we agree or disagree with that  
23 analysis, have they done a good job. So socioeconomics  
24 would be one of the resource issues that they would do.

25 So we are hopeful that during this process of doing

1 the license application, that everyone will work together,  
2 figure out what are the key issues, how are we going to  
3 assess these issues, what kind of studies need to be done.  
4 All that information will be gathered. It will go into a  
5 license application. If that doesn't happen, then we can  
6 say, well, we think that there is these other issues that  
7 need to be addressed, or we disagree with the way this  
8 study was conducted. We need you to gather more  
9 information.

10 Or the worst case scenario, we can say this  
11 application is patently deficient, so we're not even going  
12 to consider it. You can start over and try again.

13 So there is that whole range of alternatives we have  
14 when we finally get that application. And it's really in  
15 everybody's best interest to try and do it right the first  
16 time.

17 MR. RYAN HANSEN: And along the way, as  
18 the process continues, there are just a whole number of  
19 comment periods where we are inviting everyone to -- we  
20 are polling public opinion, as well as -- when I say  
21 public, I mean citizens, I mean resource agencies. We  
22 have just issued this document. Tell us what you think  
23 about it. What did we get wrong? What did we get right?

24 So there is just numerous comment periods where we're  
25 always trying to poll it from start to finish public

1 opinion, as you phrased it.

2 MR. MARK IVY: And you can sign up on our  
3 website to get e-mails of any documents that are issued  
4 pertaining to this project. So then your mailbox will  
5 automatically get everything related to this project. So  
6 just go on to e-library, which is on the FERC website, and  
7 you can sign up to get all the information that comes in  
8 for this project. So if someone submits some kind of  
9 plan, that will automatically go under the docket number,  
10 which for here we have 13211 and 13212 are the project  
11 numbers.

12 MR. RYAN HANSEN: And the instructions are  
13 on the very last paragraph of the last page, what he's  
14 just describing right there. If you want to get  
15 everything about this project delivered right to your  
16 mailbox, so every time we get something from anyone, it  
17 will come straight to you, as well. So this is the way to  
18 sign up. It's actually very simple. You may get more  
19 e-mails than you want, but you will be informed.

20 MR. DAN PALMER: I'd like to ask how much  
21 this project is going to benefit each individual  
22 landowner.

23 MR. MARK IVY: That we don't know.

24 MR. BRAD ZUBECK: The question was how  
25 would the project benefit each individual landowner?

1 MR. DAN PALMER: Yes.

2 MR. BRAD ZUBECK: I don't know that it's  
3 meant to serve individual landowners. It's meant to  
4 serve --

5 MR. DOUG PALMER: We are going to give up  
6 a lot, though.

7 MR. BRAD ZUBECK: -- members of the  
8 cooperative, members of the Homer Electric Association.  
9 You will indirectly benefit by increased reliability in  
10 transmission system down here, reducing transmission  
11 losses along the system. Those would be fairly  
12 imperceptible to you, but your energy provider will  
13 benefit from those.

14 MR. DOUG PALMER: Will it reduce our  
15 outlay, cash outlay?

16 MR. BRAD ZUBECK: Reducing transmission  
17 line losses will save your co-op costs, so again in terms  
18 of dollars and cents out of your bill, they may be fairly  
19 imperceptible, but in the big picture, it's a significant  
20 amount. Brad, do you have anything to add to that?

21 MR. BRAD JANORSCHKE: No. I'm sorry. I  
22 lost the last part of that question.

23 MR. BRAD ZUBECK: How would the project  
24 benefit individual landowners here in Moose Pass.

25 MR. BRAD JANORSCHKE: I know at one point

1 at one of the meetings the question was we don't buy our  
2 power from Homer Electric; how does it benefit the members  
3 of this community. And it's a very good question. And it  
4 certainly benefits -- even though Homer Electric is trying  
5 to create a project that is acceptable to the community  
6 and acceptable to our cooperative, eventually anything  
7 that any of the cooperatives do, we are all tied together  
8 in the same transmission grid and it does, like Brad said,  
9 impact reliability and losses that we all pay for.

10 If you followed the legislative sessions last year,  
11 there was certainly a proposal to aggregate all the  
12 Railbelt generation transmission activities under one  
13 organization, which puts the members of Homer, Soldotna  
14 in the same resource boat as the members of Cooper Landing  
15 and Moose Pass. And so thinking that we won't get there  
16 eventually is kind of shortsighted because it will be a  
17 matter of time and we will be there. We will all be  
18 buying it off the same -- from the same resources.

19 MR. RICKY GEASE: The fisheries issue has  
20 come up a couple times, and as an anadromous fish stream  
21 where salmon are spawning, I believe there is sockeye,  
22 coho, and Chinook salmon spawning in that region. It  
23 would seem to me that if you are going to use more water  
24 in the wintertime, you need to reduce flows in the  
25 summertime. So it would seem to me there is a tradeoff

1 between winter survivability versus summer rearing  
2 capacity area. I would think that that has to go through  
3 some modeling exercise.

4 As FERC, do you have your own modeler and modeling  
5 experts who look at that, or do you -- I mean, how do you  
6 peer review the work that's done here in terms of  
7 fisheries modeling?

8 MR. RYAN HANSEN: There is an instream  
9 flow study that has been proposed. When we receive the  
10 results of a modeling effort from an applicant, we review  
11 them very specifically. Staff at FERC are -- we basically  
12 go through really extensive training with the people that  
13 develop these models, and we basically are taught  
14 diagnostics.

15 Someone sends you results, here is the things to look  
16 for and make sure they knew how to run the model  
17 correctly. Here is the things to look for that show you  
18 that they are playing funny with their data. All of these  
19 things we have experts on these models, and every, say,  
20 fish biologist at the Commission is required to learn  
21 these techniques.

22 So I think that we do a really fair -- good job of  
23 evaluating these modeling efforts. We are certainly  
24 not -- we are knowledgeable -- plenty knowledgeable, in my  
25 opinion, I would say, to render a good decision on whether

1 that modeling effort is successful and done correctly.  
2 Absolutely.

3 MR. RICKY GEASE: So you have experience  
4 in the past where you talk about -- has it been your  
5 experience in past efforts where there have been dams on  
6 spawning and rearing areas for salmon that -- impoundments  
7 which -- in arctic or subarctic areas which put more  
8 winter flows in the wintertime, the survivability of the  
9 fry -- the eggs and the fry outweigh the negative impacts  
10 of less water in summer flows for spawning populations?  
11 Do you have examples that we can go back and review  
12 ourselves?

13 MR. RYAN HANSEN: Those examples may  
14 exist. I'm not aware of an exact proceeding, which  
15 doesn't mean there isn't one of them. It doesn't mean  
16 there is not 1,000 of them. There's so many proceedings  
17 that come before the Commission. And especially any  
18 proceeding that has anadromous fish is a major issue. We  
19 get a lot of stream flow models coming in all the time.  
20 So I can't give you a great answer at this moment. What I  
21 could do, if you are interested, is get an e-mail address  
22 from you because I could, just within half an hour of  
23 talking to the other fish biologists on the floor, I  
24 probably could find some great examples and pass them on  
25 to you. After the meeting, please come see me. I'd like

1 to get an e-mail from you and see if I can help you find  
2 one of those proceedings.

3 MR. DAVE CAREY: Kenai Peninsula Borough  
4 mayor. Are there any estimates on the amount of  
5 resources -- I'm thinking particularly money, as well as  
6 time spent -- for this process? And that it seems like  
7 when I look at all the things -- and you have got a lot --  
8 possibly hundreds of thousands and maybe -- maybe it's  
9 more than a million dollars could -- and I don't know if  
10 Mr. Janorschke could help on this, but are there any  
11 estimates in terms of this possible two-year process or  
12 one-and-a-half-year process, how much cost is going to go  
13 in for all these studies, how much expense in terms of all  
14 of the federal people? Are there any ballpark figures in  
15 terms of how much money is going to be spent before a  
16 decision is made kind of yes or no?

17 MR. MARK IVY: Well, the applicant would  
18 be the best, if they are willing to share that  
19 information, to tell you how much they are spending to do  
20 all the background work. And it's really up to them if  
21 they want to divulge that information.

22 MR. DAVE CAREY: The reason I ask --

23 MR. BRAD ZUBECK: We have budgeted, from  
24 the time we decided to continue with the project at the --  
25 in early April, we budgeted about \$2,000,000 to complete

1 the work to license application.

2 MR. DAVE CAREY: Thank you. On June 22nd,  
3 two weeks from this coming Tuesday, there will be a  
4 resolution before the borough assembly on this project.  
5 I'd like to encourage people to provide input. Sue  
6 McClure was here -- she's ill tonight, so she left early.  
7 She represents this area. And as borough mayor, I'd very  
8 interested in your input. And a resolution is a one-time  
9 thing. So it will be introduced on June 22nd, and it will  
10 be voted on at that time and so that it will meet the July  
11 6th comment period that I heard mentioned.

12 And so I just, one, we will definitely send you some  
13 material on that, and I'd like to encourage people to  
14 possibly communicate your wishes. If indeed 2,000,000 is  
15 going to be spent, if indeed this shouldn't go forward,  
16 I'd like to see us stop it now.

17 MR. BRUCE JAFFA: I was going to avoid a  
18 quote, but I am going to -- I just read through this and  
19 its questions and comments. So under comments, my quote  
20 would start, the problem of the world -- this is George  
21 Bernard Shaw. The problems of the world cannot possibly  
22 be solved by skeptics or cynics whose horizons are limited  
23 by obvious realities. We need people who can dream things  
24 that never were and ask why not. Robert Kennedy and Jack  
25 Kennedy were also somewhat credited with that same quote.

1           I'm in favor of this project because I cannot see a  
2           reason not to do it. Yes, we are going to give up some  
3           things in the community, but the benefit to us in the  
4           community and the benefit to our society as a whole is  
5           great. And if it's -- if it's a few dollars now versus  
6           the overall impact of this project for hundreds of  
7           years -- well, for 100 years -- 50 to 100 years is a  
8           realistic life of a project like this. And whether I'm  
9           the contractor in there or not, I'm a citizen of this  
10          community and I'm a citizen of the Kenai Peninsula  
11          Borough. I'm a citizen of the State of Alaska and the  
12          United States. And the challenging time that we are in  
13          demands small projects like this to go forward.

14          So I'm -- I'm not going to pretend that I don't have  
15          an opinion. I sit on some boards. The mayor knows that.  
16          I will do my duty, be as fair and open-minded to those  
17          committee meetings as I can, but my opinion is, as a  
18          citizen, we need to build this project.

19                   MR. SHAWN LYNCH: I'm against this project  
20          because it just doesn't sound like it's going to be  
21          profitable for you guys. And we are in a different time  
22          now. This is a different era. We don't need to go and  
23          keep tearing up pristine wildernesses. No -- nobody in  
24          this room is really saying -- nobody is excited about this  
25          project.

1 MS. MARIAN GLASER: Bruce is.

2 MR. SHAWN LYNCH: I could probably get a  
3 job on it and make a lot of money, but I just don't think  
4 it's a good idea. You know, let's just leave things how  
5 they are and you guys can pack your bags and head down the  
6 road, Kenai Hydro. That's what I think.

7 MR. MARK IVY: Thank you.

8 MS. RACHEL SCHUBERT: I'm just wondering  
9 after the -- okay -- we will say the project is completed  
10 and operational, how many jobs it will provide,  
11 hopefully.

12 MR. BRAD ZUBECK: The intent would be for  
13 the project to be unmanned. So we would probably send a  
14 two-man team out on a monthly basis to do a physical  
15 inspection monitoring of the site, and then there would be  
16 periodic maintenance and activities that would go on that  
17 would bring a small crew probably to service it. So very  
18 little staff on site, very little presence except for  
19 ongoing maintenance, scheduled maintenance.

20 MR. WILLIAM BRENNAN: I mean, I'm  
21 realistic enough to realize that we need energy from  
22 somewhere, and hydro is part of it. And I guess where I  
23 stand on it is this community is bearing a lot of the  
24 cost, but I don't see the benefits coming to us because we  
25 don't get our power from Homer Electric. If someone else

1       came to us -- let's say Chugach came and said we need more  
2       power, guys; Grant seems like a viable option, I'd be a  
3       little more open to it, but a small scale project on the  
4       other side of the Peninsula seems a lot -- makes a lot  
5       more sense to me. If you guys need the power, you should  
6       be the ones bearing the brunt of the cost. You know, we  
7       are living within our means right now. So that's where I  
8       stand on the issue.

9                       MR. JASON AIGELDINGER: I guess I've got  
10       to say one thing, you know. I've gone in with due  
11       process. I've written in comments. And I'm not going to  
12       waste anybody else's time, but the way that I see this  
13       really is, you know, a tale of two kinds of communities.  
14       You have got Kenai, Soldotna, Homer as one big -- almost  
15       like a -- they are one community, and then you have Cooper  
16       Landing, Seward and Moose Pass.

17               And definitely I'm in agreement with Will as far as  
18       the reality is, yeah, we have got some energy needs, I'm  
19       sure, big picture, but the bottom line is people don't  
20       come here to see the dam. This isn't Hoover Dam. They  
21       come here to hike, come here to ski. We sell them food.  
22       We offer them things. And that's the way we make our  
23       living here. And we all moved here knowing full well that  
24       that's all you get. Right?

25               And now we got a dam. So I don't know. Maybe we

1       should start selling T-shirts or things you can look  
2       through, whatever. Bottom line is I'm here without a dam,  
3       and I'd like to stay living here without a dam, I guess.

4             And the thing is the taxpayer is going to pay for it,  
5       the end result. Taxpayer is going to pay for this whole  
6       show. It's going to be dragging out for two-and-a-half  
7       years. And the taxpayer is going to pay to rip it down  
8       because you go up and down through the mid-Atlantic and  
9       there is big business ripping out dams because people are  
10      like, oh, wow, it's affected the fish. I mean, they  
11      figured that out. It took a long time; two generations,  
12      three generations, maybe more. But you know, who gets to  
13      bear the brunt of the whole show? Everybody in this room.  
14      So yeah, I guess I'm not into the dam. And that's my  
15      comment. Thank you.

16            MS. MARIAN GLASER: I just want to say  
17      that I am for renewable energy and I do understand the  
18      need for the community and the state and the nation to  
19      decrease its dependence on fossil fuels, but I agree with  
20      Jason and Will and the other young people in this room  
21      that I do not think Grant Lake is the answer.

22            I think that Kenai Hydro and Homer Electric have  
23      received a lot of federal funding, and I think for them to  
24      diversify their portfolio and get this green hydro power  
25      project looks really good but, in actuality, I'm not

1 convinced that it's good because I need to know more about  
2 the longevity of the project. Like I was talking about,  
3 is it going to be -- is it going to be feasible for 20  
4 years until the glaciers melt, 50 years, 100 years, and is  
5 it -- can it be engineered in a way that minimizes visual  
6 impacts, and -- and you know, the dam on Cooper Lake did a  
7 lot of damage to the anadromous fish populations in Cooper  
8 Creek.

9 And we are connected to the Kenai River. So things  
10 that impact the Kenai River impact a lot more than just  
11 the town and economy of Moose Pass. And I think that our  
12 land in its pristine condition, like everyone has said, is  
13 the most valuable thing that we, as residents of Moose  
14 Pass and stewards of our natural environment, have to  
15 fight for and stand up for. And I just am in support of  
16 protecting it.

17 MR. MARK IVY: Thank you. Brad, did you  
18 want to make a comment?

19 MR. BRAD ZUBECK: Just a brief  
20 clarification. I heard you say that Homer Electric has  
21 benefited from federal monies, and that is not the case.  
22 We have had no federal subsidy whatsoever, federal dollars  
23 to support our project or develop this project.

24 MR. DAVID PEARSON: Just to point out an  
25 irony to you guys who may have not heard it. They are

1 running the facilities for the project down Falls Creek  
2 Road or Mine Road, depending which map you look at. The  
3 irony is over 90 percent of the houses on the road doesn't  
4 have power. And we will bear the most. And over 90  
5 percent of the people who live on that road do not have  
6 power. Kind of ironic.

7 MR. MARK IVY: Thank you.

8 MR. JASON AIGELDINGER: Sounds like TVA in  
9 Tennessee. Sorry.

10 MR. SHAWN LYNCH: So another thing that  
11 this guy was talking about was a bullet line natural gas.  
12 So by the time this project is completed, by the time you  
13 start making a profit, if you ever get your four percent,  
14 maybe the bullet line will be here. It may be an  
15 irrelevant project. Construction guys will make a lot of  
16 money, but I don't know if this will be, you know, really  
17 that profitable in the future, you know. And once again,  
18 I just have to say it's a pristine wilderness area, and I  
19 think it should be left alone.

20 MR. BRUCE JAFFA: I've heard this pristine  
21 comments from my neighbors a number of times tonight. And  
22 there needs to be documentation presented to you to show  
23 this area is anything but pristine. This has been worked  
24 over for 100 years. I'm on the board of directors of the  
25 Kenai Mountain/Turnagain Arm National Heritage Area, and

1       one of the things that we are going to promote and are --  
2       is this corridor is an economic engine from Seward through  
3       Girdwood, has been an economic engine, including mines,  
4       sawmills, logging, transportation, all sorts up and down  
5       Grant Lake, Falls Creek. One of our heroines in the area,  
6       Alaska Nellie, you know, moved rocks to make a road up a  
7       mountain. The scar is still there. That's not pristine.

8               So it may be something else, and it's certainly  
9       beautiful, and it's certainly valuable, and I don't  
10      diminish or discount the importance of that. I moved here  
11      for that lifestyle, too. And I may not be young anymore  
12      in body, but I certainly am in spirit, and I do not want  
13      to destroy the area or see Homer Electric or Kenai Hydro  
14      destroy the area. But it's already been worked over.  
15      There historically has been worked over [sic]. The Estes  
16      family has hydroelectrics. Where is the damage?

17             So I think that these projects can be done and should  
18      be done in balance.

19                     MR. MIKE COONEY: Mike Cooney, Moose Pass.  
20      I'm just wondering, maybe Bruce is talking about  
21      cumulative effects over the course of a century. Maybe  
22      everything he mentioned here needs to be considered in the  
23      decisions of --

24                     MR. BRUCE JAFFA: Well, 100 years from now  
25      I'll tell you.

1                   MR. MIKE COONEY: My name is Mike Cooney,  
2                   and I'm a full-time resident of Moose Pass. My mailing  
3                   address is P.O. Box 169, Moose Pass, Alaska 99631. Since  
4                   1979 I have worked continuously in the fields of forestry  
5                   and natural resource management in all regions of Alaska  
6                   and in both the public and private sectors.

7                   My substantive comments are directed mainly to  
8                   Federal Energy Regulatory Commission officials and to  
9                   Homer Electric Association officials. My comments are  
10                  also for agency representatives and HEA's consultants.

11                  Additional resource, environmental, and socioeconomic  
12                  issues. I request the FERC add the following fisheries  
13                  and socioeconomic issues to its future revised Scoping  
14                  Document 2 and that these problems be carefully considered  
15                  and investigated in the NEPA process related to this  
16                  project.

17                  Fisheries issues. One, probable negative project  
18                  impacts to Grant Creek's natural ability to annually  
19                  produce and to annually supply wild fish, including any of  
20                  all five species of Pacific salmon and rainbow trout, to  
21                  the greater Kenai River Basin ecosystem, including Kenai  
22                  River reaches located downstream of Kenai Lake.

23                  Two, probable negative impacts to spawning gravel  
24                  recruitment in Grant Creek necessary to maintaining viable  
25                  populations of Grant Creek's existing wild fish stocks,

1 including all five species of Pacific salmon, rainbow  
2 trout and other fish species documented in the creek.

3 Three, probable negative project impacts that could  
4 cause the extinction of the relatively small but  
5 genetically significant runs of wild pink and chum salmon  
6 that are documented to exist in Grant Creek.

7 Four, probable negative project impacts to fish  
8 habitat as a result of constructing and maintaining an  
9 access road parallel to Grant Creek and below the main  
10 slope break inside the canyon.

11 Five, probable negative project impacts to Kenai  
12 River Basin ecosystem resulting from the potential use of  
13 hatchery raised fish that may be prescribed as mitigation  
14 for damage done to naturally sustainable wild fisheries.

15 Socioeconomic issues. One, probable negative project  
16 impacts to the local quality of life, small local  
17 businesses, and to the tourism, outdoor recreation, and  
18 sportfishing dependent economics of Moose Pass and Cooper  
19 Landing and other communities that depend in very large  
20 measure on the existing and relatively undeveloped -- not  
21 pristine, but undeveloped -- and unindustrialized nature  
22 of nearby public lands, waters and natural resources in  
23 the Kenai River Basin.

24 Additional studies. Without addressing specific  
25 studies and in recognition of significant probable

1 negative project impacts to the local and unique quality  
2 of life, individual businesses, and local economies,  
3 socioeconomic issues related to this project should not be  
4 evaluated peripherally or as a byproduct of other studies  
5 currently proposed by HEA. I again request HEA to  
6 immediately establish an independent technical working  
7 group to comprehensively identify and investigate these  
8 issues.

9 Socioeconomic TWG membership should be significantly  
10 comprised of residents from local project area  
11 communities, including local business owners. I look  
12 forward to participating on that study group.

13 Environmental document should be an EIS. Based on  
14 the controversial nature of the project, my experience in  
15 natural resource management and the NEPA process, my  
16 understanding of the project, my familiarity with public  
17 lands, waters, resources, and the local communities'  
18 dependence on them, and my knowledge of the tremendous  
19 negative impacts of similar hydro projects, including the  
20 one at Cooper Creek, I firmly believe that the reasonably  
21 foreseeable, probable, negative, direct, indirect, and  
22 cumulative project impacts of the Grant Lake project rise  
23 to a level of significance under NEPA such that an  
24 environmental impact statement is required.

25 I request the FERC rescind its plan to conduct an EA

1 and immediately commit to the process of preparing an EIS  
2 for this project. The Kenai River and its  
3 resource-dependent communities deserve no less.

4 Comprehensive plans. I request the FERC add the  
5 Kenai Area Plan -- that's the Alaska DNR plan -- to its  
6 list of comprehensive plans, Section 9 of its revised  
7 Scoping Document 2. I also request that the following  
8 passage from that plan be incorporated and emphasized in  
9 the text of revised Scoping Document 2. And I quote from  
10 that plan: "G, impoundment structures. The construction  
11 of new dams or diversions on the Kenai River or its  
12 fish-bearing tributaries that impede fish movements or  
13 reduce essential stream flows for spawning, rearing or  
14 migration will be prohibited."

15 Reasonable alternatives to HEA's proposal. A  
16 seemingly reasonable and potentially feasible alternative  
17 to this project and one that deserves full consideration  
18 in this NEPA process is the opportunity to develop a  
19 hydroelectric facility at Lowell Creek near Seward. It  
20 would seem that retrofitting the hydropower turbines in  
21 the existing man-made tunnel that diverts water from  
22 Lowell Creek through Bear Mountain with outflow at  
23 tidewater on Resurrection Bay could supply renewable  
24 energy to the Railbelt electrical grid without most or  
25 even any of the negative environmental or social impacts

1 that will result in HEA's dam at Grant Lake.

2 Enhancement and mitigation. I request that agencies,  
3 HEA, and HEA's consultants do not attempt to convince the  
4 public and make it believe that on balance this project  
5 will actually enhance any existing natural resources in  
6 the project area without first providing compelling  
7 scientific data, information, action plans and budgets to  
8 substantiate any such assertions.

9 Typically mitigation and enhancement of hydropower  
10 projects results in costly half-vast -- that's V-A-S-T --  
11 half-vast and wholly deficient attempts to only partially  
12 remedy significant environmental problems that were  
13 intentionally created in the first place. The  
14 multimillion dollar plan to divert water from Stetson  
15 Creek into Cooper Creek without any guarantee it will  
16 either produce the desired result or at least not create  
17 additional environmental problems is only one example.

18 In its preapplication document, HEA concedes that the  
19 Kenai River is "one of the most productive salmon rivers  
20 in the world." I request that no aquaculture operations,  
21 including hatchery raised fish, be used to mitigate  
22 inevitable wild fisheries impacts resulting from this  
23 project.

24 To maintain the integrity of the Kenai River and its  
25 fisheries, including the maintenance of natural genetic

1 diversity, the most effective mitigation will be to select  
2 the no action alternative and to deny an original  
3 hydropower license for this project.

4 Just over two weeks ago, I began circulating a  
5 citizen petition in opposition to this project. From May  
6 15 to May 31, not less than 199 concerned citizens have  
7 added their names to the petition. People who signed the  
8 petition agree that the reasonably foreseeable, probable  
9 and extremely negative social and environmental impacts  
10 that will result compared with the relatively  
11 insignificant four percent amount of electricity that will  
12 be produced in no way justifies its licensing,  
13 construction or operation.

14 The citizen petition states, "By signing below, I  
15 wish to inform the Federal Energy Regulatory Commission  
16 (FERC) and Homer Electric Association (HEA) that I do not  
17 support the Grant Lake hydroelectric dam now planned for  
18 headwaters of the Kenai River near Moose Pass, Alaska.  
19 Health of the entire Kenai River, fish and wildlife,  
20 quality of life, and local economies are vastly more  
21 important than this dam. I do not support the FERC  
22 issuing an original hydropower license that would  
23 authorize HEA to construct the dam and operate it for the  
24 next 30 to 50 years. I support the no action alternative.  
25 In plain terms, I say to FERC and HEA, no dam way."

1 MR. DOUG PALMER: That sums it up.

2 MR. MARK IVY: Anybody want to follow that  
3 now?

4 MR. BRAD ZUBECK: One point to clarify,  
5 please. Our plan is to develop this project in compliance  
6 with the KRSMA comprehensive management plan. This  
7 project will not prevent fish movement as a result of that  
8 impoundment, and it will not reduce essential stream  
9 flows. That's what these studies are all about, to  
10 maintain the viability of fish in Grant Creek. So --

11 MR. THEO LEXMOND: I'd like to second  
12 everything that the gentleman said. I wish I could say it  
13 as well, but I can't. But what I can say is that many  
14 people throughout the Kenai River watershed over the last  
15 decade or two have really become sensitized to the broader  
16 implications of all these kinds of activities; all kinds  
17 of activities throughout the watershed. I think that's a  
18 -- a common feeling that's been evolving throughout our  
19 communities. I've lived in Kenai, Soldotna, Sterling, and  
20 Cooper Landing up and down the Kenai River. And there is  
21 really a strong sense of cumulative impacts, how all of  
22 the things that happen that we do individually and that  
23 we -- the decisions that we make as a community impact the  
24 overall health long-term of the Kenai River watershed.

25 And this notion -- one thing I really like about the

1 proposed study plan is the scope of cumulative effects.  
2 And that's why I want to second what the gentleman had to  
3 say. I think it's very important for your agency to take  
4 a broad view, to recognize that there are implications  
5 here that affect everyone up and down the entire Kenai  
6 River watershed, that there are many, many people who are  
7 thinking in a watershed frame of mind or frame of  
8 reference, and that we need to somehow figure out as  
9 people how to build that into our decision making.

10 A previous generation from us, not so far removed,  
11 but a previous group of people made the decision about the  
12 Cooper Creek dam and put that in and killed salmon runs  
13 and impacted what we now experience in Cooper Landing as a  
14 loss of fisheries and that the entire Kenai watershed  
15 experiences. And if our generation makes the decision to  
16 add one or two or three more projects and the next  
17 generation makes the decision to add several more, little  
18 by little we piecemeal our watershed to death.

19 And somehow when we get to the table and we have  
20 these kinds of discussions, that overall history needs to  
21 get taken into account. The agency needs to ensure that  
22 the group that wants to do this little slice, this little  
23 project, is forced to think more broadly about how that  
24 impact adds to the previous impacts and may -- may add to  
25 a cumulative effect on the overall watershed. And I hope

1       that what I'm seeing here indicates that that is going to  
2       be the case.

3                   MR. MARK IVY: That is always included in  
4       our analyses is the cumulative impacts.

5                   MS. JANETTE CADIEUX: I have been a past  
6       board member of the KRSMA, and back in the '90s when they  
7       really made an effort to provide a lot of information to  
8       the public about the plan to protect the Kenai River  
9       Special Management Area, the biologists stood there and  
10      told us the most important part of the entire watershed is  
11      the uplands. And we are talking about that. We are  
12      talking about the uplands to the Kenai River itself. So  
13      we are talking about exactly what the biologists warned us  
14      about.

15                  So there is reason why there are so many people  
16      sitting here on edge about this project. We have been  
17      hearing it for -- since the '90s, at least. And some  
18      people have built their careers on it. And you know, you  
19      can hear the passion in what he says.

20                  MR. MARK IVY: You had your hand up  
21      earlier. Do you still want to add something?

22                  MR. MIKE WILEY: After Mr. Cooney, I  
23      wasn't sure I wanted to say anything. My name is Mike  
24      Wiley. I'm a former resident of Moose Pass. Presently a  
25      resident of Clam Gulch, and I'm on the HEA Board.

1           But I wanted to point out a couple things. One of  
2 the things, right now the HEA board is very sensitive to  
3 renewable energy and trying to get moving toward renewable  
4 energy. We all know what's going on in the Gulf of Mexico  
5 and what happened in Alaska 20 years ago. We know that in  
6 the Middle East we got soldiers, men and women, dying  
7 because of our dependence on this petroleum product. And  
8 we've got to step away from that. We have to move  
9 somewhere.

10           And I know what NIMBY means, and I guess if I was  
11 here now, I might not be so gung-ho for this project, but  
12 this is a little piece of renewable energy, of clean  
13 energy that's going on up there. There was a sawmill up  
14 there that they already used this power. Solars Sawmill,  
15 I believe. And Jeff Estes can correct me if I'm wrong.  
16 Years ago the Solars sawmill up there was powered by this  
17 hydro that's going to waste.

18           But the impact on the fishery -- and I make a living  
19 fishing. And I'm on the Cook Inlet Aquaculture Board,  
20 also. So we studied this thing in the '80s. But the  
21 impact on the fishery could be positive, learning from the  
22 mistakes that were made over there at Cooper Lake and  
23 making sure that we don't upset the temperature regimes.

24           From the time -- I sat in this room before in the  
25 '80s when we had testimony like this, and they told us,

1 well, this project wouldn't work because the price of  
2 natural gas is too low. Well, the price of natural gas  
3 went up. But -- and hydroelectric is a very feasible  
4 low-cost power. And we need to look at it. We need to  
5 step forward and take that step, even if it's a little  
6 baby step.

7 And I agree that maybe we should look at Lowell  
8 Creek. They tried that before and the damn thing got  
9 flooded out. You see the pictures in the museum, 1917?  
10 But they tried it. But that doesn't mean we shouldn't try  
11 it again. Chackachamna, we were talking about that.

12 We need to look at other places besides nonrenewable  
13 coal and petroleum products. And that's what we are  
14 trying to do on HEA Board.

15 MS. MARIAN GLASER: I have to second Mike  
16 Wiley that we do need to look at renewable resources and  
17 that hydropower will decrease our dependence on fossil  
18 fuels, but for all this degradation to produce 4.5  
19 megawatts maximum of electricity versus putting -- putting  
20 all this effort into something like Chackachamna, which,  
21 for the degradation, would provide 300 megawatts of  
22 electricity, like, that's a cost benefit that I can bear,  
23 personally. Three hundred megawatts is a lot. But Grant  
24 Lake, 4.5, to me, it's not enough.

25 And Mike and I had a great discussion about that

1       today.  And Mike, I really appreciate you being here and  
2       talking to me.  And I think you are, like, a lot of props  
3       for that.  And we also had a talk about where -- where do  
4       you -- where do the cost benefit analyses fall out.  When  
5       does something become too meager benefit-wise and too high  
6       cost-wise to go through with it?  And it's just so  
7       complicated.  Thanks, Mike.

8                       MR. WILLIAM BRENNAN:  This is the third  
9       meeting I've been to on this.  So for you guys and other  
10      folks in the room who haven't been to the previous  
11      meetings, this is the third time I have seen the  
12      PowerPoint from HEA and the third time I've heard members  
13      of the HEA speak.

14                     And this is the first time that they are selling this  
15      as a renewable energy project and saying that this is one  
16      of their main concerns.  There was no discussion of this  
17      on the first two PowerPoints or all this discussion of how  
18      this is the big benefit.  And to me, it sounds like green  
19      washing.  It sounds like lip service.  They heard that --  
20      they came to the community, heard people weren't into it.  
21      They went and said, what do people at Moose Pass want.  
22      Renewable energy.  Let's sell that.

23                     So just for some background for you guys that weren't  
24      here before, the story has changed a little bit, at least  
25      to my ears, since I first started paying attention.

1                   MR. JEFF ESTES: Maybe a little history.  
2 My Frank Roycroft, R-O-Y-C-R-O-F-T, originally proposed it  
3 back in the '30s. He couldn't afford the \$30,000 it would  
4 take at that time, so he opted for federal power project  
5 1196, which I somewhat operate to date. Since it's been  
6 converted to a State project because of different  
7 regulations.

8                   Anyway, Mike Wiley is right. It was Al Solars that  
9 ran and operated a mill and mining operations, gold mining  
10 on Grant Lake. This area has been subject to a whole lot  
11 of things and developments that a lot of the locals may  
12 not know about.

13                   In behind Grant Lake and all the other areas that are  
14 behind all the areas, they are considered pristine, not  
15 the forefront in this valley because I have been all over  
16 it.

17                   It's been said that they need to prove that it's not  
18 going to cause any damage. I have yet to see any evidence  
19 showing that there will be damage or a significant impact  
20 to the environment. Until that date, I have to say that I  
21 am for the hydro project.

22                   MR. MARK IVY: Thank you. Can we go to  
23 the next slide, please? We are getting close to the time  
24 to wrap up our meeting, and I want to thank all of you for  
25 coming here and sharing your opinions, but there are still

1 several of you that have not said anything. And I know  
2 some people would rather sit back, take in information and  
3 reflect upon things and you want to submit comments later.  
4 So we would encourage you, if you have something else to  
5 say, please share it with us through electronic filings.

6 I want to go next into our tentative EA schedule. So  
7 at this time what we are looking at is we have the license  
8 application being filed in September, and then a request  
9 for environmental analysis notice issued on December.  
10 Comments, recommendations and agency terms and conditions  
11 will would be due in February of 2012, and then a draft EA  
12 issued August 2012, and a final EA in January 2013.  
13 That's kind of the timeline of what we are thinking to  
14 this point the way the project has been progressing.

15 Now, since there has been so much input today, there  
16 definitely will be a Scoping Document 2, an SD2 prepared.  
17 And that will be done no later than August 20th. And so  
18 if you do go ahead and sign up to get the information that  
19 comes from this project, that will be filed on the website  
20 and you will automatically get that SD2 in your mailbox.  
21 So if you are really interested in following along with  
22 the proceedings, I encourage you to sign up so you will  
23 get a copy of that, get on the mailing list.

24 So comments on scoping, request for information  
25 studies are due no later than July 6th. So you have got

1 some time to think about these issues and get information  
2 back to us.

3 And then this -- these will give you the  
4 instructions. All filings must clearly identify the  
5 following on the first page: Grant Lake/Falls Creek, the  
6 project number, 13212 and project 13211. And then address  
7 all communications to Kimberly Bose, who is the Secretary  
8 of the Federal Energy Regulatory Commission, 888 First  
9 Street Northeast, Room 1A, Washington, D.C. 20426.

10 AN UNIDENTIFIED SPEAKER: Is that address  
11 in here?

12 MR. RYAN HANSEN: It is.

13 MR. MIKE WILEY: It is.

14 MR. MARK IVY: So if there is -- if there  
15 is no additional comments -- are there any additional  
16 comments?

17 MR. BRAD JANORSCHKE: Brad Janorschke,  
18 general manager of Homer Electric. I would just like to  
19 again thank everybody for coming tonight. As I think we  
20 closed the last time we met here, January 19th --

21 MR. BRAD ZUBECK: 13th. Close enough.

22 MR. BRAD JANORSCHKE: One of the comments  
23 I stated near the end there is Homer Electric is certainly  
24 not trying to come over to Moose Pass and develop a  
25 project and shove it down the community's throat. We

1       certainly are trying to do our due diligence and see if  
2       there is a project that we can develop that is acceptable  
3       to the community.

4             You know, it's easy to say, well, it's a small  
5       project and it's certainly not worth this effort, but  
6       until we do that due diligence -- and the design does  
7       continually change as we get more information, and will  
8       continue probably for another year or until we see what is  
9       the most optimum we can create a potential project, and  
10      when we get to that point, then look at it from the  
11      community perspective and from the utility side and say,  
12      is this worth moving forward on; but until we have done  
13      our due diligence, it's kind of early to make that quick  
14      decision. I know it's our human nature to do that.

15            I hear -- I've heard the comment, look at  
16      Chackachamna. It's a wonderful big project. It's worth  
17      300 megawatts. How many homes does 300 megawatts serve?  
18      It sounds big, but the point is there hasn't been a lot of  
19      study work on it, but what has been done, some of the  
20      draft work so far says let's move this salmon stream from  
21      one basin to another. Completely dry up an existing basin  
22      that is used for fishing today.

23            That probably isn't acceptable with anybody here, but  
24      that is what's currently happening or being thought about  
25      with Chackachamna. But it certainly seems like a neat

1 large project. Other options like Susitna, which HEA is  
2 certainly a strong advocate for, 600 megawatts. It is a  
3 great resource. It is probably 15 to 25 years away.

4 So as we do look at other operations -- and I know I  
5 heard the comment also ten years we will be flush with gas  
6 in -- on the Kenai Peninsula. I will believe that  
7 pipeline when I see it.

8 And there isn't an industry expert out there that  
9 won't tell you that gas will not be cheap. In fact, most  
10 of the folks will tell you it will be cheaper to import  
11 gas from the Pacific Rim than it will be to pull it off  
12 the Slope and deliver it to Southcentral Alaska.

13 So this is a learning process for HEA, and we do  
14 appreciate your support in the due diligence of it. And  
15 certainly we are not trying to sell anything, but work  
16 with the community, get your input and see if together we  
17 can't come up with a mutually acceptable project. That is  
18 our goal. And due to -- give it our best effort to get  
19 there.

20 And at the end of the day if we don't get there,  
21 that's okay, too, but at least we can look a year from now  
22 or a year-and-a-half from now and say, all right, we gave  
23 it our best shot and it certainly isn't going to work,  
24 either for economic, socioeconomic, biological or lots of  
25 reasons that it could not flow. But we certainly are

1 going to give it our best opportunity, and we certainly  
2 would appreciate your effort in that goal as well. So  
3 thanks again for coming.

4 MR. MARK IVY: Any other comments? We are  
5 officially adjourning the meeting on behalf of the  
6 Commission.

7 (Proceedings adjourned at 9:41 p.m.)

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