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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

IN THE MATTER OF THE BOUNDARY DAM)
AND SULLIVAN PROJECT SETTLEMENT) Project No. 2144-038
AGREEMENTS)
) Project No. 2225-013
CITY OF SEATTLE)
PUD NO. 1)

TECHNICAL CONFERENCE

June 10, 2010
9:02 a.m.
Quality Inn Oakwood
Spokane, Washington

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APPEARANCES:

DAVID TURNER, FERC
BOB EASTON, FERC
FRANK WINCHELL, FERC
LINDA GILBERT (VIA TELECONFERENCE), FERC
PAT MURPHY (VIA TELECONFERENCE), FERC
PETER BARTON, SEATTLE CITY LIGHT
PHIL HILGERT, SEATTLE CITY LIGHT
AL SOLONSKY, SEATTLE CITY LIGHT
CHRISTINE PRATT, SEATTLE CITY LIGHT
MICHELE LYNN, SEATTLE CITY LIGHT
JOHN ARMSTRONG, SEATTLE CITY LIGHT
KIMBERLY PATE, SEATTLE CITY LIGHT
BARBARA GREENE, SEATTLE CITY LIGHT
MATT WELLS (VIA TELECONFERENCE), K & L GATES
ELIZABETH THOMAS, K & L GATES
MARK CAUCHY, PEND OREILLE PUD
BOB GEDDES, PEND OREILLE PUD
JACK SNYDER, PEND OREILLE PUD CONSULTANT
LAURA MERRILL, PEND OREILLE PUD COMMISSIONER
DOUG ROBISON, WASHINGTON DEPARTMENT OF FISH & WILDLIFE
KRISTEN BONANNO, U.S. FOREST SERVICE
DEAN GROVER, U.S. FOREST SERVICE
TOM SHUHDA, U.S. FOREST SERVICE

1 GLENN KOEHN, U.S. FOREST SERVICE
2 MIKE GERDES, U.S. FOREST SERVICE
3 DAN HALLER, ECOLOGY
4 JEREMY SIKES, ECOLOGY
5 MARCIE MANGOLD, ECOLOGY
6 KARIN BALDWIN, WA DEPARTMENT OF ECOLOGY
7 MARY AUSBURN, ECOLOGY
8 JOAN MARCHIORO, WA STATE ATTORNEY GENERAL'S OFFICE
9 JENNIFER FROZENA, DEPARTMENT OF THE INTERIOR
10 JERRY BOGGS, SELKIRK CONSERVATION ALLIANCE
11 BRANT HICKS, HISTORICAL RESEARCH ASSOCIATES
12 RICH BOWERS, HYDRO REFORM COALITION
13 BOB DACH, BUREAU OF INDIAN AFFAIRS
14 JOE MARONY, KALISPEL TRIBE
15 KEVIN COLBURN, AMERICAN WHITEWATER
16 MARK MILLER, U.S. FISH & WILDLIFE
17 STEVE PADULA, LONGVIEW ASSOCIATES
18 RICK LARSON, PUBLIC
19 EMILY ANDERSEN (VIA TELECONFERENCE), LONGVIEW ASSOCIATES
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	EXHIBITS:
1	
2	NO.
3	1 SIGN-IN SHEETS
4	2 "FERC TECHNICAL CONFERENCE BOUNDARY DAM AND
5	SULLIVAN PROJECT SETTLEMENT AGREEMENTS"
6	
7	3 FERC QUESTIONS ON THE BOUNDARY PROJECT
8	SETTLEMENT AGREEMENT AND RESPONSES
9	4 "SULLIVAN CREEK PROJECT WATER UTILIZATION
10	OPPORTUNITIES, CURRENT AND FUTURE OPERATIONS"
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1 MR. TURNER: Well, I guess we'll get
2 started. I was expecting a couple of staff to call in,
3 but they're lost.

4 Everybody probably knows me, but just for
5 introductions, David Turner with the Federal Energy
6 Regulatory Commission. Appreciate you guys coming out to
7 talk about the settlement agreement you filed.

8 MR. WELLS: Can we get the mic closer to
9 the speaker?

10 MS. THOMAS: Let's see.

11 MR. TURNER: Oh, I didn't know you had
12 those.

13 (A brief recess was had.)

14 MR. TURNER: Okay. Let's try this again.
15 I'm David Turner with FERC and I know we have
16 a couple of people on the phone. We've got Emily and
17 Matt.

18 Did somebody else just join?

19 MR. MURPHY: Yeah. It's Pat Murphy.

20 MR. TURNER: Okay. Hey, Pat. He's with
21 FERC.

22 Again, thank you for coming to the technical
23 conference.

24 Everybody hearing me okay on the phone?

25 MR. MURPHY: Sounds fine to me.

1 MS. ANDERSEN: Yes.

2 MR. TURNER: We don't really have a
3 specific agenda today. I -- well, I guess let me do a
4 couple housekeeping things.

5 We are recording this, for the record. We've
6 reviewed the settlement agreements -- the settlement
7 agreement and revised Boundary license application and the
8 Sullivan surrender.

9 MR. MURPHY: Dave, you're kind of breaking
10 up there.

11 MR. TURNER: Really? Let me start again.

12 We're holding a technical conference for the
13 staff to get a better understanding about some of the
14 elements of the settlement agreement and revised
15 application for Boundary and the Sullivan Creek surrender.

16 We're recording this, for the record, so
17 please speak your name and give your affiliation each time
18 you do. And if we need to speak up, hopefully Amy will
19 remind me to do so.

20 Also, for the benefit of the folks on the
21 phone, please speak your name and affiliation each time.

22 I put a sign-in sheet on the outside. I hope
23 everybody signed in as you're coming in. I don't know if
24 you noticed it. If you didn't, sign in before -- some
25 time today. We'll try to break around 10:15 or so.

1 Who just joined on the phone?

2 MS. GILBERT: Hi, it's Linda Gilbert.

3 MR. TURNER: Hey, Linda. Linda Gilbert
4 with FERC.

5 So, again, speak your name and sign in on the
6 sign-in sheet. And I think with that let me just kind of
7 jump into what we want to accomplish today.

8 Like I said, we reviewed the applications and
9 the settlement agreement. There's some things about it
10 that we thought we would benefit from hearing some further
11 explanation on.

12 To kind of help with that, we provided the PUD
13 and the City with a list of questions that staff had and
14 they gave us a matrix of that information, but I think
15 we'll probably talk a little bit more about that here
16 today.

17 The first part of this meeting is intended to
18 be -- to kind of discuss the settlement agreement, then
19 we'll break in and I'm going to let the City and the PUD
20 kind of go over it, over the settlement agreement, give
21 their presentations.

22 I don't care if we interject and, you know,
23 ask questions, but that's up -- entirely up to you guys.
24 If you want to just run it through, I'll leave it to you
25 in terms of how you want to do that.

1 The second half of the meeting I want to cover
2 any other issues that folks need or believe we need to
3 cover in our environmental document.

4 We scoped Boundary as part of the integrated
5 licensing process a number of years back, so we're pretty
6 well covered on that, but we haven't talked about the
7 Sullivan Creek surrender, so if there's other issues, we
8 need to. And our intent here is to do an environmental
9 document that considers both actions.

10 We put -- I'm sorry. Go ahead. Did somebody
11 have something to say on the phone?

12 We put out our notice in noticing this meeting
13 and we were soliciting comments particularly on the
14 Sullivan Creek surrender, which are due by June 25th of
15 2010, so just keep that in mind, but you can also provide
16 some comments here orally today.

17 Any questions?

18 (No response.)

19 Maybe for the benefit of the folks on the
20 phone as well as the court reporter, I probably should
21 have done this first, maybe we should go around the room
22 and give our name and affiliations first. And we'll start
23 here.

24 MR. SIKES: I'm Jeremy Sikes with
25 Department of Ecology.

1 Affairs.

2 MR. GERDES: I'm Mike Gerdes with the U.S.
3 Forest Service, resource specialist for Colville Forest.

4 MS. AUSBURN: Mary Ausburn; I'm the SEPA
5 project manager for Department of Ecology.

6 MS. BALDWIN: Karin Baldwin, Department of
7 Ecology.

8 MS. MANGOLD: Marcie Mangold, Department
9 of Ecology, 401 coordinator.

10 MR. ROBISON: Doug Robison, Washington
11 Department of Fish and Wildlife.

12 MS. MARCHIORO: Joan Marchioro with
13 Washington Attorney General's Office representing Ecology.

14 MS. FROZENA: Jennifer Frozena, with the
15 Department of Interior Solicitor's Office.

16 MR. MILLER: Mark Miller, U.S. Fish and
17 Wildlife Service.

18 MR. MARONY: Joe Marony, Kalispel Tribe.

19 MR. GROVER: Dean Grover, fish bio.,
20 Forest Service.

21 MS. BONANNO: Kristen Bonanno, United
22 States Forest Service.

23 MR. KOEHN: Glenn Koehn, U.S. Forest
24 Service, Colville.

25 MR. SHUHDA: Tom Shuhda, U.S. Forest

1 Service fisheries biologist in Colville.

2 MR. BOGGS: Jerry Boggs, Selkirk
3 Conservation Alliance.

4 MR. BOWERS: Rich Bowers, Hydro Reform
5 Coalition.

6 MS. PRATT: Christine Pratt, Seattle City
7 Light, water resources lead.

8 MS. LYNN: Michele Lynn, Seattle City
9 Light, recreation and terrestrial resources lead.

10 MR. PADULA: Steve Padula with Longview
11 Associates, re-licensing consultant to City Light.

12 MS. GREENE: Barbara Greene, manager of
13 re-licensing for City Light.

14 MR. HALLER: Dan Haller; I'm with the
15 Ecology's office, Columbia River.

16 MR. EASTON: Bob Easton, fish biologist,
17 FERC.

18 MR. ARMSTRONG: John Armstrong, Seattle
19 City Light.

20 MS. PATE: Kimberly Pate, Seattle City
21 Light TGD lead.

22 MS. MERRILL: Laura Merrill, Pend Oreille
23 County Commissioner.

24 MR. COLBURN: Kevin Colburn, American
25 Whitewater.

1 MR. LARSON: Rick Larson, representing the
2 public.

3 MS. THOMAS: Elizabeth Thomas for Seattle
4 City Light.

5 MR. TURNER: Okay. Anybody got any
6 questions before we get started?

7 (No response).

8 Barbara, you want to take it over.

9 MS. GREENE: Sure. Thanks. Barbara
10 Greene with Seattle City Light. Pwhat we thought we would
11 do is run through a general overview of the settlement
12 agreement for the Boundary project and then turn to the
13 table of questions and answers, if that works for you.

14 We have copies of the answers that we provided
15 to FERC. I e-mailed them to as many people as I knew to
16 e-mail them to, but I'm happy to pass them out if people
17 don't have one. I have some copies here, so I'll pass
18 those around.

19 What we're going to do -- first of all, I want
20 to thank everyone and all of those of you who turned up in
21 the rain yesterday, that was a lot of fun, and I
22 appreciate everybody's participation.

23 I'm going to just do a few of the first slides
24 and then I'm going to turn it over to Liz Thomas from K &
25 L Gates, our outside counsel, to review the rest of the

1 settlement.

2 At times if there are questions, particularly
3 on some of the technical issues, we may turn to either our
4 fish guys, Phil and Al. We also have Matt Wells on the
5 phone, as you know, who is with K & L Gates and helped a
6 lot with the water quality issues.

7 So we'll try to go through the presentation
8 and then answer questions as best we can.

9 So you want to go to the first slide? Well,
10 then we'll -- when we're done, we'll turn it over to Mark
11 from the PUD to do his thing. Next slide.

12 So, just a little history. I think most
13 people know, but Boundary is a fairly large project, 1,040
14 megawatts, located in the northeast corner of the state on
15 the Pend Oreille River.

16 It's downstream from a number of major
17 projects, as you can see, and I know a lot of you know the
18 region so you're familiar with those projects.

19 We completed the project in 1967 and added the
20 two additional units in 1986. Boundary is our largest and
21 most economical generation source, and that's very
22 important to us.

23 For those of you who are involved in our
24 negotiations, you know that a key issue for us was the
25 flexibility that we have in operation of Boundary, both

1 for our portfolio as well as for the region. It's a
2 reliable and renewable resource and it provides a major
3 capacity for City Light's load, as well as provides us the
4 flexibility to deal with some of the restrictions that we
5 have on our other generation.

6 If you can go to the next slide.

7 One of the goals that we really set forward
8 when we started this process many years ago was
9 maintaining our operational flexibility in the new
10 license. That's Article 1.

11 So as we go through here as we mention certain
12 issues, we'll refer to them by article, if you have a list
13 of the articles that we propose.

14 We also had a great commitment to mitigating
15 ongoing impacts. As many of you know, City Light has a
16 long history of environmental stewardship that we wanted
17 to continue at the Boundary project.

18 And we really were looking for ways to
19 identify mitigation measures that were most effective for
20 the resource, and in doing that we really turned to the
21 value that the tributaries provided for us and looking at
22 ways to provide new habitat for the fisheries resource,
23 one of the ones that really was elevated in our
24 discussions with all the participants as a key concern in
25 the Boundary project area.

1 So you'll see in the settlement agreement, and
2 those of you who were involved in negotiations remember,
3 the focus of a lot of our measures are in the tributaries,
4 improving habitat in the tributaries as a way to restore a
5 native fishery in the region.

6 And through all of the process that we've been
7 through today and through the implementation of our new
8 license, we were very committed to establishing an ongoing
9 process with our stakeholders, partners that are here
10 today, all the settlement parties.

11 We feel really pleased with the result of the
12 settlement agreement. We want to thank all the parties
13 for everything you've contributed today. We're very
14 pleased with it, happy and excited about implementing this
15 new measure.

16 So wanted to give a good thanks to all of you
17 for the last couple of years of very hard work. And with
18 that, I'm going to turn it over to Liz Thomas.

19 MS. THOMAS: Thanks, Barbara. And I think
20 so I can work the computer, I'll just speak from here, if
21 everyone can hear me.

22 This is a schematic of the settlement project.
23 I think most people in the room either have a large
24 notebook or a disc or both. This shows you what you've
25 got there.

1 A couple of key features of it are the
2 exhibits to the Boundary license. The proposed license
3 articles are the first exhibit to the Boundary license.
4 The management plans are a series of additional exhibits.

5 And also included in the settlement package
6 for Boundary are two off-license agreements between the
7 PUD and Seattle City Light.

8 These are submitted as part of the settlement
9 package for informational purposes. They're part of the
10 contractual arrangements among the parties, but we are not
11 asking the Commission to act on those two off-license
12 agreements in any way.

13 One of those is an interlocal agreement
14 pursuant to which City Light will perform the Mill Pond
15 Dam removal work. The other is a memorandum of agreement
16 pursuant to which City Light will make a financial
17 contribution to the Cold Water Release.

18 A couple of key documents on the PUD side of
19 it, the green boxes, are the Mill Pond Decommissioning
20 Plan and Alternatives Analysis, which is one of the
21 appendices to the PUD's settlement, and another is the
22 Cold Water Release Facility Plan.

23 Again, you'll see the Mill Pond Interlocal
24 Agreement and the Cold Water Release Memorandum of
25 Agreement show up on the Sullivan side of the ledger.

1 That's because it's part of their settlement as well as
2 part of our settlement, so we submitted them twice.

3 In the -- in this little PowerPoint
4 presentation I'm going to talk briefly about the various
5 measures that were agreed to as part of the Boundary
6 settlement.

7 If you want to jump in with questions, that's
8 fine, but we're also going to walk through the matrix
9 that both Dave Turner and Barbara Greene referred to.

10 And so if your questions are focused on the
11 matrix, you might want to hold them until then because
12 we'll be able to go into it with a little more detail
13 then.

14 For terrestrial measures, under articles --
15 proposed license Articles 3 and 4, you'll see we have an
16 erosion program; habitat management; integrated weed
17 management; a rare, threatened and endangered plant
18 species program; a wildlife program; shoreline management
19 provisions; management project activities and facilities,
20 and provision for acquisition of additional habitat lands.

21 The next two proposed license articles involve
22 recreation and the decommissioning of some water wells.

23 In the recreation provisions, which appear in
24 Exhibit 3 to the settlement, the Recreation Resource
25 Management Plan, there are a number of capital

1 proposed license Article 8. There is an aquatic invasive
2 species plan with measures and, in particular, bottom
3 barriers to suppress the abundance and control the spread
4 of invasive aquatic submerged macrophytes, which are
5 mainly Eurasian watermilfoil at targeted sites. There's
6 also monitoring and prevention programs for Zebra and
7 Quagga mussels and New Zealand Mudsnaills.

8 For dissolved oxygen, City Light has proposed
9 a monitoring program to better define the magnitude and
10 spatial and temporal extent of dissolved oxygen
11 concentrations below 8 milligrams per liter.

12 And I should mention that in the Boundary
13 settlement there are a number of water quality plans. All
14 of these are designed to be a part of Seattle's
15 application for certification under Section 401 of the
16 Clean Water Act, and so one part of the package of
17 materials in the Boundary settlement is Seattle's proposed
18 application for 401 certification.

19 Seattle would actually submit, formally
20 submit, the application to Ecology after FERC issues the
21 Ready For Environmental Analysis.

22 The water quality measures also include a fish
23 tissue sampling program to collect and analyze tissue
24 samples of sport fish in the reservoirs for lead and zinc
25 concentrations.

1 In the water quality plans we also have a
2 temperature attainment plan that's designed to work hand
3 in hand with Ecology's ongoing TMDL for temperature in the
4 Pend Oreille River. City Light's actions under the
5 attainment plan will be used to meet its temperature
6 allocations, we hope, as it results from the TMDL. The
7 TMDL isn't done yet.

8 The measures here include a number of
9 non-operational measures to improve aquatic habitat as the
10 reasonable and feasible improvements identified for
11 implementation.

12 And, as Mark will describe a little bit of,
13 Sweet, of tributary measures were found to be the most
14 effective to address water quality impacts on fish and
15 aquatic resources.

16 There is also a TDG Attainment Plan, and to
17 people who were at the site visit yesterday, this will
18 probably look somewhat familiar. I think this was a photo
19 taken at a different time, but it just gives you a sense
20 of the volume and velocity of the water that occasionally
21 goes through.

22 TDG has been under -- has been addressed on an
23 ongoing basis at Boundary Dam for a number of years
24 starting in 1999. There were changes to operations in
25 September 2003 for the largest generating units, units 55

1 and 56. These changes resulted in a significant reduction
2 of TDG, but City Light is continuing to work to further
3 reduce TDG.

4 There are three alternatives that remain for
5 further study. A number of alternatives were analyzed and
6 ranked.

7 The three that remain are throttling the
8 sluice gates, which would be operating them in a
9 partially-open positions. Roughening the sluice flow,
10 which would be modifying the sluice gate outlet to break
11 up and spread the flow the water. And, finally, would be
12 a spillway flow splitter and aerator, and that would
13 involve modifying the spillways to aerate, breakup and
14 spread the flow of water.

15 There are also a number of on-site measures to
16 address fish and aquatics issues. And when I say
17 "on-site," basically I mean on the mainstem, the Pend
18 Oreille River.

19 These include placement of large woody debris
20 at the deltas of the tributaries, monitoring fish
21 communities and predation, augmenting gravel to enhance
22 spawning for mountain whitefish, and modifying channels in
23 order to address trapping pools.

24 This area is the Cobble Sisters site, and this
25 is an area where project operations can cause pool levels

1 to rise and fall on a daily basis, and as pool levels
2 decline, fish can become stranded or trapped in
3 depressions, and these depressions result from pre-project
4 mining activities.

5 City Light plans to modify the pools in the
6 Cobble Sisters area to reduce the risk of fish being
7 trapped when flows and reservoir water surface elevations
8 decline.

9 Other on-site measures include upstream
10 passage, and for upstream passage -- well, I'll go into a
11 little more detail on that in a second -- as well as
12 measures for downstream entrainment, both of these
13 measures are anticipated to be included as Section 18
14 fishway requirements.

15 Upstream passage will involve the
16 installation, operation, maintenance and monitoring of a
17 trap-and-haul fishway facility in the project tailrace.
18 The purpose is to provide safe, timely, and effective
19 passage for bull trout, cutthroat trout, and mountain
20 whitefish. Those are the three species of concern, the
21 three target species for City Light.

22 City Light will work collaboratively with the
23 Fish and Aquatics Work Group which was set up under the
24 settlement and with the approving agencies in all aspects
25 of fishway development and implementation.

1 The first 12 years of the upstream passage
2 work will involve planning, research, development of
3 proposed design and submitting it to the Commission.
4 Beginning in year 14, approximately, City Light would
5 begin construction of the facility.

6 Entrainment involves three phases. The first
7 phase of the entrainment work would involve an initial
8 assessment and valuation. That would occur from years 1
9 through 18 at a cost of up to \$23 million.

10 The second phase of the entrainment work is
11 implementing entrainment reduction measures, if they're
12 needed. That would occur in years 19 through 33 at a cost
13 of up to \$47 million, plus anything left over from the
14 \$23 million.

15 The third and final phase of the entrainment
16 work is a reevaluation of entrainment-related mortality
17 and further adaptive measurement -- adaptive management as
18 needed, and that work would go on from year 34 to the end
19 of the license term, and there is no cost cap on the work
20 that could be required during that phase.

21 Off-site measures are an important part of the
22 Boundary settlement. That's because some of the best
23 opportunities for long term restoration of native
24 salmonids are in tributaries to the Boundary reservoir.

25 One of the off-site measures is a program to

1 suppress non-native trout and to eradicate them in the
2 tributaries to the Boundary Reservoir.

3 There is a phase program for four different
4 bundles of tributaries, if you will, and the work starts
5 in different bundles of tributaries at different times,
6 repeats over time, but the general idea is to have the
7 work performed on a coordinated basis over time to
8 continue the work to suppress and eradicate the non-native
9 species.

10 Other off-site measures for fish and aquatics
11 include work to improve the aquatic habitat for fish
12 communities. Measures there will involve improving
13 habitat condition and function of tributaries to the
14 Boundary Reservoir to offset an estimated 304 acres of
15 reservoir habitat affected by the Boundary project. This
16 includes replacement or removal of presently impassable
17 culverts.

18 In addition, there is a native salmonid
19 conservation facility where City Light will build and
20 operate a facility for the production of native salmonids
21 to supplement tributaries to the Boundary Reservoir.

22 City Light will release propagated native
23 salmonids to supplement existing populations or to
24 introduce native salmonids of resident and/or migratory
25 life histories into reaches where they are not currently

1 present.

2 The release sites will include reaches where
3 non-native trout have been actively suppressed or where
4 high quality but underutilized habitat is available. This
5 facility should be operational within six years of license
6 issuance.

7 This is a picture of Sweet Creek. And I'm
8 sorry throughout we're cutting off the very left edge of
9 the PowerPoint, but so far I think we've only lost two
10 letters and it's on this slide.

11 This is an example of where City Light is
12 going to do the non-native trout suppression and
13 eradication, the placement of large woody debris, riparian
14 planting, and also fish passage improvement at a culvert
15 under the main highway.

16 There are a number of fish and aquatic
17 measures designated for Sullivan Creek, which, of course,
18 is off site as to Boundary.

19 Sullivan is the largest tributary to the
20 Boundary Reservoir and it therefore provides the best
21 opportunity to restore native salmonids to the system.

22 Mill Pond Dam presents an artificial barrier
23 to upstream passage and deprives the creek downstream of
24 important sediments and habitat features.

25 Under an interlocal agreement with the PUD,

1 City Light will perform the work of taking out Mill Pond
2 Dam. The surrender order for the PUD will contain the
3 actual terms and conditions for dam removal and City Light
4 will do the work under contract to the PUD.

5 The Mill Pond area will stay within the
6 license area for the Sullivan project until surrender is
7 complete, until FERC determines that the conditions of the
8 surrender order have been met and the license can be
9 terminated, then at that point in time the Mill Pond area
10 will pass to City Light and be put within City Light's --
11 under City Light's license for the work of ongoing
12 monitoring and as-need-be restoration.

13 This is a picture of Sullivan Creek. This
14 gives you a sense of where things are located with respect
15 to one another. You see Sullivan Lake on the right and
16 Sullivan Creek draining to approximately the mid point of
17 the Boundary Reservoir, just below Metaline Falls or just
18 at Metaline Falls.

19 This is Mill Pond Dam. The dam would be taken
20 out when removal work is complete. The bridge would --
21 the walkway would still be there. It may have to be moved
22 during dam removal, but it would remain and the other
23 historic features would be preserved, and the PUD would be
24 responsible for that element of the work.

25 So, as I mentioned, once FERC determines that

1 the Sullivan surrender is complete, the Boundary license
2 requires City Light to provide long-term monitoring and
3 maintenance of the historic Sullivan Creek area in Mill
4 Pond Dam vicinity, and that goes together with all the
5 other tributary work that City Light will be performing.

6 This little chart is just a matrix of which
7 obligation goes under whose license and whether there's a
8 related off-license agreement. I'll let you look at it.
9 I think I mentioned all the elements that are up there.

10 Please let me know if there's any questions on
11 this, jurisdictional questions.

12 The final slide here is just a recap of key
13 events in the life of the new Boundary license and the
14 Sullivan surrender order.

15 We're assuming that the license to surrender
16 orders would issue roughly September 2011, because that's
17 when the Boundary license expires.

18 You see within a few years the cold water
19 release is built, then Mill Pond Dam comes out, the fish
20 propagation facility becomes operational. By the year
21 2020 we roughly estimate that the Sullivan surrender
22 activities would be complete and that license would be
23 terminated.

24 Then come the upstream trap-and-haul facility,
25 entrainment study. By the year 2031, the suppression and

1 eradication facilities would be underway in all the
2 tributaries that have been designated for that work, but
3 it starts much, much earlier. 2031 is just the last of
4 the sites to be pulled into that program.

5 In 2044 there would be the implementation of
6 the entrainment measures that fall within that \$47 million
7 figure, and in the year 2050, depending on evaluation and
8 results to date, City Light may be required to embark on
9 further entrainment measures.

10 MR. BOGGS: Under 2044, I want to point
11 out the "if necessary" clause. It may not be necessary to
12 implement.

13 MS. THOMAS: That's right, Jerry. Thank
14 you very much.

15 MR. TURNER: Right. Who was that?
16 Remember to say your name for the court reporter.

17 MR. BOGGS: Jerry Boggs, SCA.

18 MS. THOMAS: So unless there are any
19 questions on those slides, we can move to the matrix that
20 contain the questions that FERC posed to City Light and
21 City Light's responses.

22 I apologize. I know there's a way to make
23 this go to full screen.

24 I know this is hard to see, but I think
25 everyone has a handout or has access to the handout, if

1 you like.

2 And our thought was to just put this matrix up
3 a page at a time and pause and see if anyone has any
4 further questions on that page and if not move to the next
5 page. So page 1.

6 MR. TURNER: Let me just kind of preface.
7 This is David Turner with FERC. Let me kind of preface
8 some of these questions.

9 We're not trying here today basically to throw
10 darts at your settlement. You guys have done a phenomenal
11 job in a short amount of time. But we're going to be
12 faced with trying to do an environmental assessment and
13 making recommendations to the Commission about adopting
14 your settlement, and hopefully in whole or at least a
15 majority.

16 And we need to have an understanding of what's
17 going on and want to make you aware of where things are
18 maybe problematic for the Commission from a policy point
19 of view, if at all.

20 But, unfortunately, or fortunately -- I
21 should -- fortunately, there wasn't a lot of support for
22 reasons that we could put our fingers on for some of these
23 measures, so that's kind of why we posed the questions we
24 did.

25 We also have new staff on this, which doesn't

1 have the benefit of the understanding all the record, the
2 voluminous record that's coming on.

3 So bear with us. Give us the information,
4 answer these things as best you can and take it in the
5 context of we're just trying to make sure we're -- we have
6 the information and the ammunition to go forward with the
7 Commission and get them to adopt this thing the best we
8 can.

9 Go ahead.

10 MS. THOMAS: Thank you. Anybody have
11 anything on page 1?

12 MR. TURNER: Well, I guess I do. Your
13 answer didn't go to the question that I had.

14 I mean, what was the basis of the linear feet
15 and the acreage?

16 MS. THOMAS: I think, David, this is one
17 where, as in so many settlements, people agree on what
18 measures should go in to a complete settlement package.
19 They may not agree on the analysis that will get them to
20 the measure, but they do agree on the measure.

21 I think here City Light's view was in light of
22 the settlement as a whole and the terrestrial issues in
23 general, 158 numbers -- 158 acres was a figure that City
24 Light felt was appropriate.

25 MR. TURNER: Appropriate because? What

1 are we trying to accomplish? What effects are we dealing
2 with here? What's the basis of those numbers?

3 I can't go in and do an environmental
4 assessment and recommend to the Commission that this is
5 what everybody agreed to. We're not going to be able to
6 support that.

7 MS. THOMAS: We were operating with the
8 recognition that, you know, the different agencies had
9 mandatory conditioning authority or fishway authority, or
10 whatever, and that was always in the back of City Light's
11 mind as we were in discussions about what measures would
12 be acceptable to us as a complete settlement package.

13 And I think City Light felt that, under the
14 circumstances, that acquiring this acreage was an
15 appropriate element of the terrestrial package.

16 MR. TURNER: But from our point of view I
17 got to explain that and why not do that as an off-license
18 agreement or, you know -- I can't go to the Commission, do
19 analysis that the project is having this amount of effect,
20 therefore this kind of linear acreage and linear feet is
21 appropriate.

22 Or, I mean, what effects are we talking about
23 here? I mean -- Doug?

24 MR. ROBISON: Doug Robison, Department of
25 Fish and Wildlife.

1 I think part of those numbers came from
2 looking at project operations and the potential area for
3 terrestrial habitat that was affected by operations, and
4 the majority of that of course is above Metaline.

5 I'm not sure exactly the conversions of each
6 of the habitat types but, as this says, it was kind of a
7 flexible, you know, well, there's these types of habitats
8 here but in lieu of that there's these other high value
9 habitats that would be great to mitigate for, and then
10 some of those acreages fold into that, as well.

11 So we did look at the zone of operational
12 influence in terms of getting to this number.

13 MR. TURNER: So the reservoir fluctuations
14 was adversely affecting habitat in a sense?

15 I mean, the project operates with certain
16 fluctuations. You're going to continue under your
17 proposal to have those fluctuations, but you're talking
18 about mitigating that continued reservoir fluctuations by
19 acquiring these habitat types and linear feet?

20 MR. ROBISON: Something to that effect.

21 MR. GERDES: This is Mike Gerdes with the
22 Forest Service.

23 David, to answer your question directly, the
24 operational impacts are twofold. One is to the shoreline
25 of the reservoir from fluctuating water levels that's

1 causing shoreline erosion and, secondarily, from the
2 fluctuation zone on the potential of whether it be
3 riparian habitat or upland habitat to develop within that
4 operational zone.

5 So those two things, shoreline erosion and
6 habitats within the fluctuation zone, is where we came up
7 with those acre and lineal feet figures that you see up
8 here.

9 MR. TURNER: Is there anywhere in the
10 application that would get us to these numbers.

11 MR. GERDES: If you look at the updated
12 study reports, Study Report Number 1, which was shoreline
13 erosion, has the lineal feet and acre figures.

14 They're not exactly what you see in the
15 agreement that we have, but that's where those figures
16 came from. If you look at -- let's see, Study 16, which
17 is riparian, and Study 19, which is big game, that's where
18 those figures came from for the acre figures.

19 They're extrapolated not just to the top
20 20 feet but the full 40 feet with inside the fluctuation
21 zone.

22 MR. TURNER: Okay.

23 MR. GERDES: It's not spelled out, per se,
24 in the settlement agreement how we came out with those
25 acre and lineal feet features. I'm trying to do that in

1 the Forest Service piece that we'll file with the Ready
2 For Environmental Analysis, so you'll see it there.

3 MR. TURNER: Okay. So is the intent here,
4 and I need to go back and look at the article, but is the
5 intent to acquire habitat that meets these features or is
6 it a linear feet -- I can't remember.

7 Is it a linear feet plus an acreage or is it
8 one or the other, or what's the overall goal? I mean,
9 once you achieve one, you're still -- and you haven't got
10 to the overall total linear feet target, you continue
11 to --

12 MR. GERDES: Actually, they can count --
13 if you buy acreage that has water feature within it, that
14 will count then towards the lineal feet target that we
15 have with inside the article.

16 MR. TURNER: Right. I remember that.

17 MR. GERDES: So if you buy a hundred acres
18 and it has 10,000 lineal feet of water feature, whether
19 it's a stream or pond or whatever, they would count
20 together on that acquisition.

21 MR. TURNER: I recognize that. But the
22 point is you're still targeting both of those amounts?

23 MR. GERDES: Correct.

24 MR. TURNER: And if you don't get to one
25 or the other, you're still going out indeed to acquire

1 additional lands?

2 MS. THOMAS: I'm going to ask the City
3 Light's Michele Lynn if you want to comment. Is there
4 anything you want to add to what Michael said, Michele?

5 MS. LYNN: The values that are provided in
6 the Terrestrial Resources Management Plan are guidelines.

7 They're not -- they don't have to buy exactly
8 158 acres. They do not have to include exactly 13,022
9 lineal feet of water features. Those are general
10 guidelines. We're trying to kind of work within that
11 target area.

12 We also have within the TRMP other, you know,
13 habitat characteristics that we are trying to address. So
14 that's all listed in the TRMP. No, I'm sorry, in the
15 license article, not in the TRMP.

16 MR. TURNER: Well, that brings us to the
17 point of the question, is that how does the Commission,
18 assuming we buy this, how does the Commission assure
19 compliance with a "it doesn't have to be exact"?

20 MS. LYNN: Well, the way we worded it,
21 that it's -- that they're approximate values.

22 MR. TURNER: Right. So how would the
23 Commission know that you reached your goal?

24 MS. LYNN: Well, the parties would put
25 that forth once both the parties agree that a parcel or

1 more than one parcel, the parties believe that those --
2 those acreages meet the characteristics that we agreed to,
3 we would put that forth to the Commission and saying that
4 we all agree that we've met the conditions in the
5 settlement.

6 MS. THOMAS: Would this be captured in the
7 annual reporting, Michele?

8 MS. LYNN: (Nodding head).

9 MR. ROBISON: David, one of the reasons it
10 was written that way is based on opportunities out there.

11 So, for example, if there's a piece of
12 property for sale that's 200 acres and we couldn't find
13 anything else and it came pretty close to having those
14 quality attributes we're looking for, then we may agree on
15 that.

16 If it was, you know, 120 acres of some really
17 high quality stuff we're looking for, then all parties may
18 be satisfied with that.

19 So it's kind of looking at opportunities in
20 areas, as well. Trying to be flexible yet trying to
21 attain those habitats we're looking for.

22 MR. TURNER: This is David Turner again.

23 I can certainly understand the flexibility
24 point of view, but one of the things we have to think
25 about is when the Commission starts to administer the

1 license, it has a due date and a requirement to be met and
2 how do we determine when you've met that requirement.

3 How do we hold Seattle City Light to that
4 requirement if it's not, you know, defined well. Okay, we
5 bought the number of acres and it had this linear feet,
6 you've done all you have to do, then we know that it
7 complied with it.

8 Basically, the way you talked about it here is
9 it's open-ended. You may find something much less that is
10 high quality but -- and you're satisfied. That's great.
11 The Commission wouldn't necessarily know that.

12 I guess what I'm trying to figure out from a
13 license administration point of view, at what point and
14 how would the Commission know that?

15 MS. LYNN: This is Michele Lynn again from
16 Seattle City Light.

17 In terms of the time frame, the license
18 article does reference a five-year period in which the
19 City would have to acquire the property, so that is --
20 that is contained there.

21 And then, again, I guess I would just repeat
22 that, you know, as you very well know, you know, land
23 acquisition is such an opportunistic thing and so we have
24 established these targets and we'll work to, you know, to
25 -- we will stay within the targets and, again, we'll tell

1 the Commission when we believe we've met the goals.

2 So that's how we would let you know that --

3 MR. EASTON: This is Bob Easton.

4 Can I just give you an example where I can see
5 this being a problem? You as a group agree that 120 acres
6 satisfies your 158-acre requirement. You send that to
7 FERC. FERC looks at that it and says, "Yeah, but your
8 article says 158. Go get the other 38, or whatever it
9 is."

10 You follow me?

11 MS. LYNN: I think we're trying to -- this
12 is Michele Lynn again.

13 I think the thing we're trying to distinguish
14 is that it's a target; it's not exactly 158 acres. I
15 understand what you're saying but we're not agreeing --

16 MR. EASTON: How is the article written?
17 Does it say that? It says target?

18 MS. LYNN: It says approximately 158. It
19 says, "The project habitat land acquired by licensee
20 pursuant to this article shall achieve the targets of
21 approximately 158 acres of riparian upland habitat and
22 approximately 13,022 lineal feet of varying habitats
23 immediately adjacent to water."

24 MR. EASTON: If this comes in as a
25 mandatory condition, there's nothing we can do to change

1 it. There's really no way -- this is Bob Easton again.

2 I mean, if that condition comes in as a
3 mandatory condition under 4(e) or whatever, obviously it
4 would end up in the license. We can't modify it, but it
5 creates a problem in the sense that the Commission has no
6 way to really determine compliance.

7 It's not written -- you know, the way we would
8 write an article would be specific to exactly what you
9 need to do.

10 You're going to have a very -- I mean, it
11 would be interesting if you had problems if you don't
12 agree, how are you going to go to the Commission to get
13 help on --

14 PHONE OPERATOR: Excuse me. This is the
15 operator. I pulled your line out of conference. It looks
16 like there's a lot of static on your line.

17 Is there a BlackBerry or something next to
18 your phone that's picking up feedback? Excuse me? This
19 is the operator. Mr. Turner, are you on line?

20 MR. TURNER: Yeah. We don't hear it.

21 PHONE OPERATOR: All right. Just to let
22 you know the parties are hearing feedback on your line.
23 I'll go ahead and put you back in.

24 MR. TURNER: All right. Thank you.

25 MR. EASTON: The problem being if your

1 settlement isn't a happy situation and things start
2 blowing up and you go to FERC to resolve that issue, how
3 is FERC going to determine if you have gotten close to
4 your approximate target of 158 acres and satisfied that
5 condition or not?

6 MS. LYNN: Right. Michele Lynn again.

7 So we -- I think one of the reasons we didn't
8 want to have a very specific number is because you can't
9 go out and carve out a specific number to purchase. You
10 know, I mean, parcels are the way they are, so we can't
11 meet an actual number.

12 And in terms of whether the parties, whether
13 there would be any dispute, we do have a dispute
14 resolution process in the settlement agreement and if we
15 were to ever to get to that point, we have a mechanism to
16 address that kind of situation.

17 MR. EASTON: The whole thing gets down to
18 almost like why put any of this in the FERC license if
19 you're not going to involve us at all?

20 I mean, we can't -- we're not going to be able
21 to administer over any of that at all. We can't tell you
22 if you've complied. If you have a problem, you're going
23 to resolve it with your own dispute process.

24 MR. ROBISON: This is Doug Robison.

25 This brings up a good question. It may be a

1 resounding question throughout all of this. You know, I
2 think the important thing to recognize is some of the
3 substantive agreements that have occurred here, and I see
4 we need some clarification on justifying that and making
5 that more clear, but in terms of how you need to
6 administer, maybe things need to be written a little bit
7 differently.

8 So I guess if -- because this may be common
9 among settlement agreements and how they're submitted and
10 how you're expected to administer and do compliance, I'm
11 not sure at this point what the process is for cleaning
12 some of that up to make it more workable for FERC.

13 You know, we're talking about a 158-acre
14 number here for habitat that a lot of licensees are
15 looking at, you know, thousands of acres sometimes.

16 MR. EASTON: I think we usually don't get
17 targets and approximates. We usually get minimums or
18 exact figures.

19 MR. ROBISON: Okay.

20 MR. EASTON: I'm not saying this hasn't
21 happened elsewhere. There's other licenses that have this
22 type of ambiguity in it --

23 MR. ROBISON: So if we had minimums --

24 MR. EASTON: -- or flexibility --

25 MR. ROBISON: So if we had minimums or

1 exact figures, there's a process that allows us later to
2 say, "Well, we didn't achieve that and this is why so we
3 want to amend something."

4 MR. TURNER: You can amend -- this is
5 David Turner.

6 You can amend your license, the license terms,
7 and file it, you know, just as you said -- "We have bought
8 these habitats and they meet our goals; we want to amend
9 the license to remove this requirement or to adopt this as
10 completing that requirement."

11 MR. ROBISON: Well, maybe there's some
12 additional language then we could squeeze in there to
13 address that.

14 MR. EASTON: I think you could rewrite it
15 to say you were going to hit the 158 and the 13,022
16 exactly or other acreages and linear feet as agreed to and
17 amended through the license and approved by FERC.

18 MR. ROBISON: Very good.

19 MR. EASTON: Something along those lines.
20 And then you've got, like, your specific figure that FERC
21 knows is a target and can determine compliance with.

22 And if you come in with a different -- you
23 want to do something differently, you file a plan that
24 amends that, FERC looks at it, says "This makes sense to
25 us," check off on it, approve it, and you guys go do

1 whatever you agreed to do. Then there's a loop that keeps
2 us in. If there is a problem and you're arguing over it,
3 we know where you're at --

4 MR. ROBISON: Okay.

5 MR. EASTON: -- and we can do what we're
6 supposed to do, to some extent.

7 MS. THOMAS: Anything further on page 1?

8 (No response).

9 Good. Page 2?

10 MR. DACH: This is Bob Dach with Bureau of
11 Indian Affairs.

12 So my question is, and maybe we'll talk about
13 this at some point towards the end, does this mean we've
14 invited ourselves to prepare a modification to this?

15 I mean, FERC is going to modify it? What does
16 this mean?

17 MS. THOMAS: I guess I'd throw out a
18 suggestion to the settling parties that sometime after the
19 technical conference is complete that we get together and
20 maybe by phone to compare notes and decide what, if any,
21 action we should take at that time.

22 MR. DACH: Okay.

23 MS. THOMAS: Page 2, questions 3 and 4,
24 anything there?

25 MR. TURNER: He was making a suggestion we

1 turn the fan off. Does anybody really need to see these
2 up on the -- that may be the static they're hearing on the
3 phone.

4 MS. THOMAS: Yeah, it may be, although I
5 did disable my wireless. Can anyone on the phone say the
6 static situation has improved, or is it still bad?

7 MR. WELLS: Still bad.

8 MS. THOMAS: Does anyone have the need to
9 see these on the overhead or just page through? Okay.
10 We'll turn off the projector.

11 (Discussion had off the record.)

12 MS. THOMAS: Folks on the phone, how is
13 that?

14 (No response).

15 Good. No response. Anybody still on the
16 phone?

17 MS. GILBERT: Yes.

18 MS. THOMAS: Can you hear any better now?

19 MS. GILBERT: Yes. It's hard to tell, but
20 the bulk of this I haven't been able to follow so I don't
21 know how much longer I'll be able to stay on.

22 MS. THOMAS: Okay. Sorry about that.

23 MS. GILBERT: Yeah, it's unfortunate, but
24 it's just not working for me. This is Linda Gilbert at
25 FERC.

1 MS. THOMAS: Sorry, Linda. This is Liz.
2 I'm seeing if I can make the connections any tighter.
3 We've moved the microphones away from the fan on the
4 projector and turned off the Wi-Fi. I'm not sure there's
5 much else we can do.

6 (Discussion had off the record.)

7 MS. THOMAS: Okay. Guys on the phone, we
8 made some very sophisticated technical adjustments. I
9 think we're at the end of our capability on the audio
10 system. I'm sorry.

11 Anything on page 2 that anybody wants to bring
12 up now?

13 MR. EASTON: I don't think I have anything
14 on page 2.

15 MS. THOMAS: Page 3?

16 MR. EASTON: No. I'm good on that now,
17 too. Actually, I was good on that before I asked it.

18 MR. SOLONSKY: You were good on that
19 before you asked? Oh, okay.

20 MR. EASTON: Some of the stuff, the
21 problems and the reason I ask so many questions is because
22 I've only been on this project for a month and a half and
23 got the settlement and read through it and didn't have
24 time to dig through the entire record, and I'm hoping that
25 you guys can point me in the various directions of where

1 you kind of derive some of your ideas and concepts, and
2 then it makes it easier for me to write it up in the NEPA
3 documents.

4 MR. SOLONSKY: We would be pleased to.

5 MR. EASTON: That's all I'm trying to do,
6 is make my job easier.

7 MR. SOLONSKY: Good. Good. Okay.

8 MS. THOMAS: Page 4?

9 (No response).

10 Page 5?

11 MR. EASTON: Well, we talked a lot about
12 the upstream pass and stuff yesterday and I think I got a
13 couple of other ideas that will help along with the
14 response here, and also seeing that the project itself
15 from the tailrace --

16 MR. SOLONSKY: Yeah.

17 MR. EASTON: -- it helps me understand why
18 there's so much time involved in the study aspect. And
19 then also I think tying that in, I can see the discussion
20 in the NEPA document having some -- bringing in the idea
21 that the populations are going to -- you're going to be
22 implementing these tributary measures over that same time
23 frame while you're starting what you're going to do and
24 you would expect the populations to start hopefully
25 growing over that time and more fish to be available, and

1 by the time you get ready where you're implementing this
2 program you've now got more fish to implement it for.

3 So I can see tying that all in there, and
4 that's in this response, too, so.

5 MR. SOLONSKY: Okay.

6 MR. EASTON: I'm good now.

7 MR. SOLONSKY: Okay. Good.

8 MS. THOMAS: Page 6?

9 MR. EASTON: 11 was helpful for sure and
10 we don't need to talk about the cost stuff.

11 Yeah. We could probably skip 12, 13 and 14,
12 not pages but the questions.

13 MR. SOLONSKY: Okay.

14 MR. EASTON: I don't think we need to get
15 into a philosophical discussion about cost caps.

16 MR. DACH: This is Bob Dach with Indian
17 Affairs.

18 Just one issue on the cost caps, that we
19 wanted to be clear that there -- and I don't know that
20 I've seen this level of specificity in FERC's discussions,
21 and maybe I'll pose it as a question.

22 Do you view a cost cap, for example, that
23 limits expenses within a period of time, even though that
24 there's no cost cap for the long term implementation of
25 the measure, as being inconsistent with your policy?

1 So, for example, where we've said you're not
2 going to spend more than \$10 million for the first ten
3 years, but here is the very specific goal that needs to be
4 met and if you can't meet it within ten years for that
5 amount of money, then there remains an obligation on the
6 part of the licensee.

7 MR. EASTON: I think that actually is kind
8 of -- I'm not sure if I understand exactly what you're
9 saying, but what our policy statement essentially is is
10 that we don't like these cost caps because we believe the
11 responsibility in this situation is FERC is saying "You
12 need to build the structure to pass fish upstream. We
13 don't care what it costs."

14 At the time we require it we've got an
15 estimate of what we think it's going to cost and we
16 balance that against what we think the benefits will be
17 and then we say "Go do it."

18 If you come back later and say, "Well, it's
19 going to cost \$5 million more than you estimated," we say,
20 "Well, we still think it's worth doing. Go do it."

21 If you have a spending cap in a settlement,
22 you're saying we're going to spend \$10 million, no more,
23 if FERC doesn't think that meets the environmental benefit
24 that you're trying to achieve, then we would in our
25 situation where it's not controlled by mandatory

1 conditions, we would say "Go spend whatever is required to
2 meet the intent of this measure."

3 MR. TURNER: Actually, we wouldn't say "Go
4 spend." We would just say "Go implement this measure."

5 MR. EASTON: That's the thing. Go do the
6 measure, not how much it costs.

7 MR. DACH: So specifically my question was
8 we recognize the need to be able to plan over time a high
9 cost capital investment, so we -- we worked with the
10 utilities to say, "Okay. We can appreciate that."

11 You know, we want to have the standard met by
12 this period. If that means you can only spend, say, \$10
13 million in the year 10 and another \$10 million in the year
14 20 and we're satisfied to have it met through year 25
15 under those requirements, so long as you meet the final
16 standard.

17 So I might portray them as interim cost caps
18 to help with some financial planning purposes on the part
19 of the utilities, but in certain cases not as a total cost
20 cap on the amount of money that would be spent in order to
21 meet the objective of the project.

22 MR. TURNER: This is David Turner with
23 FERC.

24 It's still, from our point of view, I think,
25 contrary to our Commission policy on price caps. The way

1 I would construct it, it would be, "Here is our goals to
2 achieve in that first year. We have an estimated cost of
3 \$10 million. Go do those actions and hopefully it meets
4 that \$10 million goal." And maybe you have interim type
5 of actions that -- or interim goals or interim steps and
6 that can be complied with and we can say, okay, it makes
7 sense.

8 Here is your steps, you have completed it,
9 here is your ultimate goal by the end of the year 25 or
10 the end of the year 45 or whatever it is.

11 But each one of those measures if we found it
12 to be in the public interest to require those, then that's
13 what we need to be done. We just don't -- we can put the
14 price caps in if we're required to do so, but it's not one
15 that we like to do.

16 MR. EASTON: On projects where there's not
17 a settlement or there's not mandatory conditions
18 controlling each of the articles and FERC staff are
19 actually writing the articles, we would write something
20 that would say implement -- I mean, it could be as vague
21 as "Implement measures to achieve a target survival rate
22 of 70 percent."

23 I mean, and we wouldn't say "or until you
24 spend \$10 million." It wouldn't be like that. And that's
25 -- that's just how it is.

1 It's not like there aren't other settlements
2 out -- or other licenses out there with cost caps in them.
3 They come in through settlements and mandatory conditions
4 all the time.

5 And that's -- my comments were only hoping if
6 there were calculations that were behind these numbers
7 that can be supported from some sort of biological basis,
8 then I'd like to see them and then maybe I can get behind
9 them a little bit and it will make more sense when it gets
10 to the Commission and they're making a decision on it.

11 But if it's just based on kind of sitting
12 around the table making an agreement based on what you
13 guys anticipate and you have some calculations but they're
14 not really tied to the biology necessarily or however you
15 came to that -- I mean, I know how settlements work, you
16 know.

17 But if you can tie them to the biology
18 somehow, then I'd like to see that. If you don't have it,
19 you don't have it.

20 MR. DACH: Okay.

21 MR. EASTON: That's all. That's kind of
22 why I want to skip the cost stuff because it's the same
23 mess every time for us.

24 MR. DACH: Well, it is, and we -- of
25 course it helps the parties reach settlement.

1 MR. EASTON: Yeah.

2 MR. DACH: If we didn't need cost caps we
3 certainly wouldn't have cost caps. We tried to structure
4 the cost caps in a way that's consistent with the
5 Commission's policy, recognizing exactly what you just
6 said.

7 So as we work on these here in and in other
8 places, it's helpful to kind of focus in and narrow in on
9 exactly what the Commission is looking for short of having
10 no cost caps at all.

11 MR. EASTON: Right.

12 MR. TURNER: This is David Turner again.

13 We know that licensees like to limit their
14 exposure to financial constraints and that is a real rub,
15 I'm sure, in terms of having to reach agreements. So I'm
16 sure they will continue in your settlement negotiations
17 and discussions.

18 But I guess just expanding what Bob was
19 saying, is that it's good to have an idea what it's going
20 to cost and give us a basis for that cost and what you're
21 going to achieve in doing those measures.

22 I mean, we have to consider the developmental
23 and the non-developmental values and we'll put our cost in
24 there too and we'll use your number.

25 I mean, these are good numbers to have, but

1 the bottom line is we're not necessarily going to
2 constrain the Commission's ability to implement the
3 measures based on a cost.

4 MR. DACH: Thanks.

5 MR. TURNER: Where are we at?

6 MS. THOMAS: I'm on page 7.

7 MR. EASTON: I think we're on 9 because
8 all that other stuff is really cost based. I mean, we've
9 basically covered it all with just one discussion.

10 MS. THOMAS: Page 9 then.

11 MR. EASTON: And I'm good with the
12 response on 17. Yeah, on this one.

13 MR. TURNER: Which one are you on? 18?

14 MR. EASTON: I'm looking at 18. I'm
15 sorry. This is Bob Easton again.

16 On 18, the explanation sounds more precise
17 than what I remember the article saying or perhaps the
18 plan. Because I think doesn't the -- it just says will
19 improve -- you'll do these measures to improve survival,
20 but over here you're saying to improve survival above
21 60 percent.

22 MS. THOMAS: I think the achievement of
23 60 percent is a bright line in the article.

24 MR. SOLONSKY: In year 18.

25 MR. EASTON: Okay. Maybe I missed that.

1 MR. SOLONSKY: Yeah. In year 18 there
2 needs to be an assessment of is the survival through the
3 project above or below 60 percent.

4 MR. EASTON: And then it says you will
5 implement these measures to improve it above 60 if it's
6 not --

7 MR. SOLONSKY: If it's above 60, then I'm
8 not sure it's mandatory or we move to off -- to other
9 kinds of improvements. If it's less than 60, I think we
10 spend the money at the project to work towards achieving
11 at least 60 percent survival.

12 MR. EASTON: Okay.

13 MR. SOLONSKY: Correct me if I'm wrong.

14 MR. DACH: There is a hard-and-fast
15 criteria to be met and depending upon where they're at
16 there is a specific outcome based on that.

17 So everything has been pretty well defined so
18 there wouldn't be any of the guesswork that you're talking
19 about.

20 MR. EASTON: Well, that was the concern is
21 it almost sounded like -- when I read it the first time,
22 and maybe I didn't spend enough time looking at this, but
23 it almost sounded like these measures will be implemented
24 to improve survival and that was it and I was like, How is
25 the Commission to determine what improvement is?

1 MS. THOMAS: Maybe what we should do is
2 during a break, find exact cites in the article -- Phil,
3 you have it written down?

4 MR. HILGERT: Yeah. This is Phil Hilgert.
5 If you look in the back, Section 5.3.3 under
6 E.

7 MR. EASTON: What page are you on?

8 MR. HILGERT: Page 52.

9 MR. EASTON: Okay.

10 MR. HILGERT: There's a, under E, you have
11 an i and a ii, and it's kind of an either/or. At that
12 year, year 18 decision point, if it's less than
13 60 percent, you do this, if it's more than 60 percent, you
14 do something else.

15 MR. SOLONSKY: Yep.

16 MR. EASTON: Right. See that first
17 sentence there under i. It says, If Boundary Dam survival
18 of target species is less than -- or greater than 4 inches
19 is less than 60 percent, SCL shall design, build, operate,
20 maintain, monitor and as needed modify facilities to
21 improve Boundary Dam survival of target species.

22 Improve it to what?

23 MR. HILGERT: It has to be more than
24 60 percent.

25 MR. SOLONSKY: Yeah.

1 MR. EASTON: It doesn't say that. If you
2 improved it 1 percent -- if it was at 40 percent and
3 improved it 1 percent to 41 percent, you'd actually be in
4 compliance with this article by my evaluation of it,
5 unless I'm -- what am I missing?

6 MR. HILGERT: If -- this is Phil Hilgert.
7 If in year 18 you're at less than 60 percent,
8 you then work with your technical advisory committee to
9 design a facility to improve survival. You may not meet
10 your 60 percent, but the agreement is between years 19
11 through 34 you'll spend \$47 million on facilities to
12 improve dam survival.

13 MR. EASTON: To greater than 60 percent?

14 MR. HILGERT: If it's less than 60, you
15 work to do whatever you can to get it above 60.

16 MS. THOMAS: And if it's still not above
17 60 in year 33, then?

18 MR. HILGERT: All bets are off and it's
19 completed unlimited.

20 MR. SOLONSKY: Yeah.

21 MR. HILGERT: Part of the problem is, you
22 may not be able to achieve a specific target.

23 If it's less than 60, years 19 through 34,
24 you'll spend \$47 million doing the best job that you can
25 under the advice of the technical advisory committee to

1 improve project survival, and your goal is to get at least
2 above 60.

3 MR. DACH: If you -- this is Bob Dach
4 again.

5 If you -- if you read the whole section, it
6 kind of goes together with the 60 percent. I could see
7 what you're saying, there's no line in there that says you
8 must meet the 60 percent standard. There is a --

9 MR. EASTON: Is this like almost written
10 in a way -- I'm sorry. I didn't mean to interrupt.

11 But it's almost written in a way where you're
12 -- you don't have a specific number you're going to but
13 you're going to work over the term of the license to
14 continually improve survival.

15 MR. DACH: There is a -- the component is
16 if you hit the number that's in there, 60 percent, since
17 that's what we're talking about now. If you hit that
18 60 percent number, then you just have to continue to
19 perform at that level based on the requirements that are
20 in there.

21 So there are a specific set of requirements
22 that you do under one set of survivals if you can make it
23 versus what you can do under another set of survivals if
24 you don't make it.

25 The requirement would be at least as good as

1 60 percent. It's is in there throughout the term of the
2 license. So if you get to the phase 3 question that we
3 were just talking about, so year 34 if you have not met
4 that 60 percent requirement, then you have to continue to
5 do other stuff in order to get to that 60 percent
6 requirement. And we can only foresee the plan out that
7 far, to year 34, based on the structure that we set up.

8 But the goal, at least the goal we had
9 intended all along and we thought we had it spelled out
10 clear enough, is that -- or the criteria, if you will, is
11 that 60 percent criteria.

12 And if that's not -- if that's not, you know,
13 acutely clear in there, it should be.

14 MR. EASTON: I'm not sure. I'm wondering
15 if I just have a thick skull and I'm not getting it or if
16 it really is almost too vague for the Commission to
17 administer.

18 MR. DACH: Well, this is, in essence, a
19 34-year plan to meet 60 percent and if you don't -- if you
20 can't get to 60 percent following the 34-year plan, then
21 we're back to the drawing board scratching our head
22 saying, "We have not met the criteria."

23 MR. EASTON: Right.

24 MR. DACH: "What else can we do now in
25 order to meet the 60 percent?"

1 I think we're all comfortable at that stage
2 because we have a pretty thorough R & D program put in
3 place to try to ensure ourselves that we've done
4 everything we can to get the survival up as high as we
5 thought we needed it for the project.

6 One of the requirements on the part of the
7 Seattle was, okay, if we get to year 34 and we haven't met
8 60 percent, we're willing to spend the extra money but, by
9 golly, we have to be sure the money we spend will be worth
10 while. That's reasonable.

11 We spent a whole bunch of money, whole bunch
12 of time up to this point to get us somewhere. We're not
13 going to throw good money after bad money at this point if
14 we can't get there.

15 So that's the way the structure is laid out,
16 but the requirement to meet the 60 percent is there
17 throughout the license term. And if that's not
18 articulated in that fashion clear enough for you guys,
19 then maybe we can clean that up a bit.

20 MR. EASTON: Well, do you -- when -- do
21 you have the --

22 MR. DACH: I'm looking at the license
23 article we proposed here in front of me.

24 MR. EASTON: Okay. Do you understand what
25 my concern is with that first sentence there?

1 MR. DACH: I can, if you read it -- if you
2 read it without reading the context of the entire process
3 that we have laid out.

4 MR. EASTON: But that's -- I mean, if
5 you're the regulatory agency, you're looking at the -- I
6 mean, concepts are one thing, but you have to look at the
7 words.

8 I mean, that single sentence there is pretty
9 specific and that looks like that's the main crux of that
10 particular requirement of i.

11 MR. DACH: So at that point in time if you
12 are not at 60 percent, you have these extra measures that
13 are in here to get you to the 60 percent. So --

14 MR. EASTON: But it doesn't say that. It
15 just says "You shall design, build, operate, maintain,
16 monitor, and as needed modify facilities to improve
17 Boundary Dam survival of target species."

18 It doesn't say what you're going to improve it
19 to.

20 MR. DACH: And that's where you would get
21 if you go down to the phase 3 section and you look at the
22 phase 3 section and you ask yourself the same question,
23 "Have we met the 60 percent target?"

24 And if you have or have not met the 60 percent
25 target in the phase 3 question, then there's a

1 prescription of measures to implement at that point.

2 MR. EASTON: Phase 3 being what part of
3 the article?

4 MR. DACH: G. It says Reevaluation and
5 Adaptive Management.

6 MR. HILGERT: I think Bob is looking at
7 the plan here.

8 MR. DACH: Oh, I'm looking at the actual
9 article.

10 MR. HILGERT: It's section F, page 53.
11 It's at year 34, reevaluation. This is Phil Hilgert.

12 MR. SOLONSKY: And, again --

13 MR. EASTON: The problem is from FERC --
14 this is Bob Easton again.

15 The problem is from FERC's standpoint we're
16 going to be through 19 and 33, we're not administering in
17 year 34 yet.

18 We're administering back here during this term
19 and this is what you're required to do during this term.
20 So if you're during this period, years 19 through 33,
21 you're improving survival, you're in compliance.

22 MR. DACH: That's right. That's
23 absolutely right.

24 MR. EASTON: Okay.

25 MR. DACH: Because there's not a

1 compliance issue again until we make that -- until we meet
2 that --

3 MR. EASTON: If you get to year 34, if you
4 haven't --

5 MR. DACH: Exactly.

6 MR. EASTON: I got it. I got it.

7 MR. DACH: Because you're not going to
8 look at it every year and say "Have you made 60 percent?"

9 MR. EASTON: Got it. That makes sense.

10 MR. TURNER: This is David Turner. Is
11 another way of saying that is "By year 34, you shall
12 achieve a target of 60 percent"?

13 MR. DACH: Yes.

14 MR. EASTON: We would have written it
15 differently, but it can be administered.

16 MR. DACH: Yes.

17 MR. EASTON: This is complicated.

18 MR. DACH: From our perspective, we can
19 write things like that, and maybe it's best to put like a
20 sentence like that in the beginning and say, "Through the
21 following process".

22 Because what -- the risk that we try to avoid
23 is saying you have to have it done by year 34 and somebody
24 goes away for 33 years and doesn't do anything, then we
25 don't have any control over the situation until the year

1 34 decision point.

2 So what we're trying to do is set up a --
3 clearly a process --

4 MR. EASTON: Yeah.

5 MR. DACH: -- that has the specific
6 criteria that FERC needs to measure compliance by, but
7 allows the parties to work together over the intervening
8 period of time in order to, in essence, put our best
9 brains together to figure out the problem.

10 MR. TURNER: Okay.

11 MR. DACH: So we're trying to meet
12 everybody's needs, but of course if we don't meet yours we
13 want to figure out --

14 MR. EASTON: No. This is Bob Easton
15 again.

16 I think I've attained it now. I think it's
17 just -- it's like my brain works one way because I've been
18 working at FERC too long and I just would have written it
19 in the FERC way and it's written in a way that works for
20 you guys and it doesn't mean we can't administer over it.

21 So I think it's going to --

22 MR. DACH: We wrote it in a way that
23 worked for us, but we certainly knew what the FERC
24 requirements were when we were writing it. So we were
25 doing our best to be consistent with what your

1 requirements are.

2 So if you guys aren't seeing it, then -- then
3 we need to be better at spelling it out.

4 MR. EASTON: That's why we're here. You
5 know, that's the point of this meeting, is to have this
6 discussion, figure it out. And I can explain this either
7 in the NEPA document or to whoever is working on it in
8 compliance when we get to that point, so.

9 MR. DACH: Right. Okay.

10 MR. TURNER: Should we take a break?
11 Okay. Maybe 10:30? It's by my watch 10:23 right now.

12 (A brief recess was had.)

13 MR. TURNER: Okay. Let's get started.
14 We're, what, on page 10 now?

15 MR. SOLONSKY: Page 10.

16 MR. EASTON: This is Bob Easton. I'm good
17 on 19. On the three -- what exactly is the 304 acres? Is
18 that the inundation fluctuation area?

19 MR. SOLONSKY: Yeah. This is Al Solonsky.
20 I think it is. I think it's in Study 7 I think we
21 referenced -- referenced it. I believe it's the area of
22 inundation between high water and low water.

23 MR. EASTON: Okay.

24 MR. SOLONSKY: Area of aquatic impact or
25 area of aquatic habitat that's affected by the

1 reservoir --

2 MR. EASTON: Is that the --

3 MR. SOLONSKY: -- potentially affected.

4 MR. EASTON: -- primary adverse effect of
5 the project operations?

6 MS. THOMAS: I don't think that we as a
7 group of settling parties ever asked ourselves that
8 question and so I don't think we necessarily can say this
9 or that is the primary project effect.

10 MR. EASTON: Okay. Then let me word it
11 differently.

12 If you were -- if you were going to identify
13 the -- the first Article 1 is about maintaining the
14 operational flexibility of the project. If we can do
15 that, then there's going to be some impacts from it.

16 Those impacts, whatever they are on the
17 aquatic environment, are being addressed through this
18 plan, this series of measures that you're doing. So if
19 you were going to list in a single sentence, what would be
20 the effects of that operational flexibility of operating
21 like that.

22 MS. THOMAS: I think different parties may
23 have different answers to that question.

24 We had some dialogue about how different
25 parties analyze project effects and we did not have the

1 same analysis of that.

2 In the Joint Explanatory Statement we tried to
3 articulate as best we could the points of agreement among
4 us, but we recognize that each party comes to the table
5 with a different set of interests and therefore a
6 different analysis. So I guess --

7 MR. ROBISON: Doug Robison, Fish and
8 Wildlife.

9 This is correct, but if you want to simplify
10 looking at one aspect of area of aquatic habitat as it
11 pertains to project operations, that is the value we
12 agreed upon, we came up with.

13 But in terms of functions, in terms of, for
14 example, bird roosts and what that means and limiting
15 factors and access to tributary habitat, those are all
16 factors in project effects, as well.

17 So it's not representative of the primary
18 impact but it definitely represents a number of area of
19 effect of the --

20 MR. EASTON: I mean, here is where I'm
21 coming from. I'm looking at what I have to write in the
22 NEPA document and in the NEPA document I'm going to say
23 that operating the project over the license term in
24 compliance with Article 1 will have these effects.

25 And at this point if you're not going to give

1 me a lot, I'm going to go ahead and make up what I think
2 those are based on the reports and documents that you've
3 got and you put in the record.

4 I'll go through, dig through there, find out
5 what I can find from that, that looks like they're
6 correlated with the project operations and then put that
7 in the NEPA document, and then I'm going to say you're
8 going off and doing these other things to mitigate for
9 those or offset or whatever word we end up using.

10 Right now it sounds like you're going to let
11 me go out and figure that out on my own. Because you've
12 kind of unofficially agreed through the settlement that
13 you know what you want done but you don't really want to
14 talk about what the exact effects are because you don't
15 feel it's important to agree on that.

16 And I understand that. That's fine. It's not
17 really a problem. I was just hoping you'd, like, nail it
18 down for me and make it easier on my end to write the
19 analysis.

20 MR. SHUHDA: This is Tom Shuhda from the
21 Forest Service. I'll nail it down for you.

22 We're going to include the exact analysis as
23 to how we came up with those acres as a part of our term
24 and condition and justification statement.

25 I don't know if that works for you on a timely

1 basis. If it doesn't, I could just send you the work up.

2 MR. EASTON: No. Timeliness, that's fine,
3 because you're going to have that to me before I get to
4 the NEPA document.

5 MR. SHUHDA: Yeah. That's the plan.

6 MR. EASTON: I can't say I'm going to
7 swallow it and put it directly into the NEPA document.

8 I'm going to look at it, evaluate and
9 determine whether it works for me, and if I agree with it
10 I might put it in there or base parts of it or whatever.

11 MR. SHUHDA: I have a question.

12 MR. EASTON: Yeah.

13 MR. SHUHDA: After submitting that and say
14 hypothetically you don't agree with it, what kind of
15 process does FERC use to determine continuous effects of
16 the project on aquatic habitat at that time.

17 MR. EASTON: Well, I mean, almost always
18 just are doing like a synthesis or pulling together of
19 whatever is in the record and trying to pick and choose
20 what makes the most sense to us.

21 You know? I mean, it's really a lot of times
22 you're getting in a really contentious proceeding where
23 you don't have a lot of agreement, you may get different
24 estimates of effects from all sorts of parties and you're
25 looking at them all and trying to figure out which one

1 makes the most sense, and sometimes one of them will have,
2 you know, no basis at all really and it's easy to
3 disregard.

4 Then others will be pretty reasonable and have
5 a lot of scientific support behind them and then you have
6 to kind of say, well, this one makes the most sense
7 because of these reasons and that's where we end up.

8 MR. SHUHDA: So in the past, what does
9 FERC use as a baseline to determine continuing effects of
10 the project under re-licensing? What do you use as a
11 baseline?

12 You've got to use some sort of baseline to
13 determine effects.

14 MR. EASTON: Well, we always -- I'm not
15 sure where you're trying to get me.

16 MR. SHUHDA: What I'm trying to do -- I'm
17 not trying to be -- I asked about this, but when we look
18 at effects, continuous effects, you have to start
19 somewhere and there's been a lot of contention about where
20 you start.

21 Do you start at pre-dam conditions? Not in an
22 effort to go back to pre-dam conditions but in an effort
23 to determine what would be the continuing effects over the
24 term of the next license.

25 MR. EASTON: Well, I mean, you know, the

1 answer is we start at whatever the existing condition is.
2 So in the case of this project, you're starting -- you've
3 got a reservoir. It's already there. So we're not going
4 to address inundated lands.

5 MR. SHUHDA: Well, I don't want to make
6 this longer than it needs to be, but I don't understand
7 how you can address effects that way if your basic project
8 operations under the settlement agreement are going to
9 continue exactly the way they've been in the last 50
10 years.

11 MR. EASTON: Well, that's --

12 MR. SHUHDA: Again, I'm talking about
13 continuous project effects.

14 MR. EASTON: Well, if you're talking about
15 the fluctuation zone, that's an ongoing effect. We would
16 identify that as an effect. The project's fluctuating
17 during the license term. The project is fluctuating from
18 a low point up to a high point and back down again. So
19 that area.

20 But the area below the range of operations
21 that's flooded and those lands at one point weren't part
22 of the river and when the dam was built they became
23 inundated. We address that impact at the time that the
24 project was originally authorized and then --

25 MR. SHUHDA: How so?

1 policy -- this is an opportunity for me to try and
2 understand how FERC staff come up with continuing
3 project -- I'm not asking you. I'm looking at you, but
4 it's the FERC policy.

5 Because I really didn't understand that until
6 you just stated that and you stated it clearly and I
7 appreciate it and I don't want to take more people's
8 time --

9 MR. TURNER: One way I kind of like to
10 think about it -- and it's a struggle and it's been a
11 struggle for me for 15 years that I've been with the
12 Commission in terms of trying to evaluate the effects, and
13 that's the reason I don't like to try to focus on that
14 necessarily if that's not in contention.

15 But the -- one way to kind of look at it that
16 someone explained to me was that can you change something
17 about the project to achieve a goal.

18 Increase fish habitat, to increase fish
19 numbers, and if you can change that then there is a
20 potential for calling that a continuing effect.

21 In other words, if there's something you can
22 change about the project to achieve that goal, then that
23 project is having that effect of not achieving that
24 management goal that you have.

25 So when we look at an alternative and then we

1 balance that alternative against the cost and the benefits
2 and we say "Is changing that operation to achieve that
3 goal in the public interest?" And that's -- that's what
4 we compare it against. But the project is in place and
5 that is our baseline.

6 MR. ROBISON: If I may. Doug Robison,
7 Department of Fish and Wildlife. Go back to the question.
8 I just want to make sure we are getting what you need.

9 The question was how did the project affect
10 304 acres and where is this document, and there was a
11 response provided. Do you need more help with that or do
12 you want to get more detail?

13 MR. EASTON: Originally I was uncertain
14 enough that I wasn't even sure if it was the fluctuation
15 zone but I think between you saying you're going to
16 provide some information and I'm guessing some of the
17 other agencies that provide info are going to have some
18 backup to some of their recommendations so I'll get other
19 stuff, I'm sure, and the report, the study report, helps,
20 too.

21 MR. SHUHDA: And this is Tom Shuhda from
22 the Forest Service. Just for your information, it's not
23 just the fluctuation zone.

24 MR. EASTON: Okay.

25 MR. TURNER: So hopefully -- this is David

1 Turner.

2 Hopefully, you'll lay out how you got to the
3 304 acres.

4 MR. SHUHDA: We will as part of the --

5 MR. TURNER: 4(e) support.

6 MR. SHUHDA: 4(e) terms and conditions,
7 yes. You're not going to agree with it, but you'll see,
8 see how we got there.

9 MR. TURNER: Okay. Next one?

10 MR. EASTON: We can skip 21. I'm on page
11 11 now and actually I don't have any comments on page 11.
12 The answers will help with that.

13 And I would suggest that if people look at
14 some of these responses and think there's other stuff that
15 can be added in, and maybe when you file your
16 recommendation, Fish and Wildlife recommendations or
17 whatever, if you can support -- add something to these.

18 If you have other reports that you know are in
19 the record that you know will help to support some of
20 these, respond to some of these questions of mine, if you
21 want to point me in those directions, that would be
22 helpful, too.

23 I mean, it's what I'm looking to is basically
24 where in the record all this stuff comes from.

25 And I'm good on page 12. 13, I'm good. I did

1 look at these already. Yeah. I have to look at them
2 again to remember what I -- should have wrote notes in the
3 corner. Okay. Okay. Yeah, I think I'm good on that. On
4 14, I'm okay.

5 Really just -- and then on 15 we have the -- I
6 guess we're getting into the recreational fishing
7 mitigation. And I think I had a couple of discussions I
8 think at the site visit yesterday and during the break
9 here, sort of got into this a little bit.

10 I -- I don't know if it's clear why this is
11 sort of a problem for FERC but you've got -- at a typical
12 FERC project if you're going to do fish stocking, you
13 would do it in the project.

14 In this case you have species you're trying to
15 manage -- westslope cutthroats and bull trout, and you
16 don't want to put the recreational fish in with those
17 species to avoid competition, and I understand that.

18 In FERC's case what I think we would do
19 normally in this instance is to say, well, you're managing
20 the system for those species, there's really no loss to
21 recreational opportunity there that we can identify and
22 why should we require the applicant to run around and
23 stock fish in lakes all over the place that have nothing
24 to do with the project.

25 So this one is a little -- I don't know how --

1 I've had a very similar type of measure that came in
2 through Priest Rapids when I was working on that one and
3 I'm not sure this is identical, but it's pretty similar.

4 And they basically couldn't stock fish in the
5 impoundment behind Priest and Wanapum, so in order to
6 provide a recreational opportunity, because they were a
7 listed species in the reservoirs or impoundments, so the
8 state asked them to, and they agreed, to cut them a check
9 for \$1 million to update a state hatchery and then spend
10 100K a year to -- for O & M of the hatchery.

11 And those fish were going to be, you know,
12 probably a stock of rainbows, whitefish, and take those
13 things and go and throw them in a bunch of lakes for
14 people to go -- for sporting type of fishing.

15 FERC, you know, ultimately actually ended up
16 in the licensing because it was mandatory but, you know,
17 our NEPA analysis basically said we didn't see why that
18 should belong in the FERC license, that should be an
19 off-license agreement.

20 And we basically -- I think the language that
21 was in the NEPA document in the order, license order, said
22 that something to the effect that if the fisheries
23 management agencies have decided that the waters where the
24 project is located should be managed for native species,
25 then -- and not for recreational fisheries, then we don't

1 believe it's appropriate to require the applicant or
2 licensee to run around and stock these fish in these other
3 lakes that have nothing to do with the project.

4 That's -- I'm not saying it exactly how it's
5 written. It's obviously lawyers were involved and it was
6 written much more eloquently than that.

7 So you might -- I guess you could go look at
8 Priest Rapids, the order, or maybe the NEPA document or
9 both and find what I'm getting at. I don't know that the
10 response here really helps me much.

11 I'm not sure -- this is -- I think there's
12 really two things that stood out that are going to be
13 problematic for me and I don't know if I can get past
14 them, and it's probably going to be the cost cap stuff and
15 it might be this particular measure that -- I'm not trying
16 to prejudge or anything where the Commission is going to
17 go with this.

18 But I can see as I write my NEPA document and
19 get to the comprehensive development section, the two
20 things that stand out as being sort of the most difficult
21 to try to make them sound palatable for the Commission
22 would be the cost cap, obviously, because that competes
23 directly with the settlement policy guidance statement we
24 put out, and then this measure with the recreational fish
25 stocking.

1 If there's other things you guys want to
2 provide here to try and bolster this and help me make it
3 sound like it works better, that would be great, but I
4 think we know where we're at on this and I'm not sure I
5 can do anything but just sort of tell you where I think
6 I'm going to head with it.

7 So I think that's it for the fish stuff, isn't
8 it? Am I off the hook finally?

9 MS. THOMAS: Off the hook.

10 MR. EASTON: Next time I won't ask so many
11 questions.

12 MR. TURNER: Well, I guess with that let's
13 turn to the Sullivan Creek surrender and, Mark, if you
14 want to run through that.

15 (Discussion had off the record.)

16 MR. CAUCHY: I guess -- I'm Mark Cauchy
17 from the PUD doing a presentation. Jack Snyder from EES
18 as well as Brant Hicks from HRA will assist in certain
19 points of it. I'll fill in the blanks. And also Bob
20 Geddes, general manager.

21 So let's get this -- we'll go over it briefly,
22 the brief history of the project. Sullivan Dam. The Mill
23 Pond Dam was constructed in 1911. Small hydro plant. Was
24 also -- that's the powerhouse constructed in 1911, as
25 well, as operating until 1956.

1 We pushed the project until 1958, which
2 included the water rights, storage rights, obtained the
3 FERC license, but we never actually generated power.
4 Actually, the project was decommissioned and basically
5 generators and turbines and powerhouse were all removed.

6 The project has been operating as mainly as a
7 storage project. Sullivan Lake has the storage water
8 that's been used for downstream power benefits.

9 The parties got together, as we listed here.
10 Many are here today. We reached an agreement, felt that
11 we -- as part of the license surrender process.

12 Again, I think everyone is familiar where the
13 location is and -- I have to get used to this thing.
14 We're talking right here on this little yellow line.
15 That's Sullivan Creek and Sullivan Lake as well as Mill
16 Pond.

17 And next slide.

18 Okay. Again, a better description. The thing
19 I want to point out here is there's a little blue line
20 here and that's Sullivan Creek and it joins at Outlet
21 Creek here below Sullivan Lake Dam, and we call it the
22 confluence of both Outlet and Sullivan Creek.

23 I've got to get used to not using a mouse.

24 And that's going to be important as we talk
25 about temperature requirements later in the presentation.

1 So just keep that in mind.

2 The existing project, Sullivan Lake, the dam,
3 the lake, Mill Pond, Mill Pond Dam, the abandoned flume
4 and the canal between Mill Pond and Sullivan Creek
5 powerhouse.

6 We have an existing powerhouse structure down
7 in town in Metaline Falls, abandoned, as I mentioned. And
8 the powerhouse is used as part of the town of Metaline
9 Falls' water system. We'll talk about that. It's one the
10 questions that came up. As well as the diversion canal,
11 we'll be talking about that, as well.

12 Again, I think many of you saw the lake, so I
13 won't -- this is actually at the Forest Service campground
14 and boat launch. You see the boat there next to the dock.

15 This is an aerial view of Sullivan Lake Dam.
16 That's the county road. It goes right adjacent, parallel
17 to the dam. Another picture of it.

18 This is the -- I thinks it was mentioned on
19 the tour that the original dam was refaced and in the mid
20 '90s, late '90s, and what's shown here. But I also want
21 to point out at this time that the lower gates, we use
22 release water. Again, later on in the presentation that
23 will be an important note.

24 This is behind the dam. It's not quite at
25 full level. Again, close-up of the outlet gates. There's

1 three gates.

2 Current lake, Sullivan Lake, operations and
3 basically we -- in April we start filling the lake and we
4 try to reach full elevation every year to 2,588.6, and we
5 maintain that level for summer recreation.

6 In the fall of -- October, we release the
7 water and it's basically drawn down approximately 20 feet,
8 25 feet, and completed by December 15th. Minimum flows
9 currently are 10 CFS, and much of that is actually leakage
10 around the dam. And sometimes the flows get up to about
11 15 CFS, according to the monitor, so.

12 We have Forest Service campgrounds, two of
13 them, one in the north end and one on the south end. We
14 also have -- they have boat launches as well as there's
15 cabin owners located on the lake, on the I guess it would
16 be the west side and sort of on the south side.

17 And flows at the dams are monitored. The
18 gates are adjusted and maintained, and we do the FERC
19 safety program conducted as part of the FERC license.

20 This is the sort of the hydrograph showing
21 basically we fill it up, we keep it level through the
22 summer, and then we let the water out beginning in
23 October.

24 And so you see this pretty steep -- when we
25 start drawing the lake down, it drops pretty quickly. And

1 that's another area I want to point out that we'll be
2 talking about with the new operation regime for the
3 settlement.

4 And historically, three out of ten years, the
5 lake is not filled because there's not enough snow pack to
6 do that. Again, I want to point that out. That will come
7 up, too, of how we'll address that for the cabin owners
8 and recreationists.

9 The other thing is when the lake starts
10 draining in October, obviously the lake has been warmed up
11 through the summer and right -- if I can find this. Let's
12 see where I'm at. There it is.

13 Right there you see when you start letting the
14 water out, the temperature really spikes up, and so that
15 was another issue that we wanted to deal with.

16 So these are the main issues and concerns that
17 came up in the license surrender negotiations.

18 Desire to improve the fisheries in Sullivan
19 Creek. It's been identified as a bull trout recovery
20 habitat.

21 Desire to maintain water temperatures,
22 increases to try to minimize those, as I showed in that
23 earlier slide, that spike in October particularly.

24 Whitewater recreation to increase the -- or
25 enhance that opportunity.

1 Desire to maintain a full lake as many years
2 as possible for recreation and for the cabin owners.

3 Desire to increase minimum instream flow
4 releases.

5 And desire to avoid rapid increases and
6 decreases, and in the settlement agreement that's
7 identified by ramp-up and ramp-down rates.

8 And then minimize impacts to lake
9 productivity. It's a very pristine lake and so with that
10 you don't have a lot of nutrients so the productivity,
11 it's not a very productive lake in that respect.

12 And then the desire to new cost -- control
13 cost of new measures. Obviously with no generation and
14 just basically going for the license surrender, it's the
15 district's interest to make that work, as well, for rate
16 payers. We have 8,500 rate payers.

17 So the settlement, to address the issues,
18 stakeholders participated in a settlement agreement
19 beginning in September of '08 and as you know we filed the
20 agreement in 2010 in March. These are some of the
21 parties.

22 The settlement reached, again, in
23 February 2010 and I think filed in March, and then we also
24 filed the application for Forest Service Special Use
25 Authorization as well as the application for the 401 Clean

1 Water Certificate.

2 So operational changes. And, again, these are
3 sort of listed to try to meet those issues and concerns
4 that I listed here that we were trying to accomplish.

5 Instream flow releases went from 10 CFS up to
6 60 CFS in June, and up to 30 CFS in July and August.

7 And part of that is that's not all minimal
8 instream flows. Some of those increases is also for what
9 we call in the settlement agreement the Columbia River
10 Management Program. That's to try to provide water
11 downstream in the Columbia, Upper Columbia Basin, and that
12 basically also helps give us some funding to do a lot of
13 these projects and measures that are going to be
14 discussed.

15 Lake draining started sooner. Instead of just
16 opening all the gates on October 1, we do a more -- a
17 little more gradual drawdown.

18 We start out in September, just after Labor
19 Day, and I also then there's been ramping down rates, so
20 we don't dump all this hot water or warm water in all at
21 once. Again, we'll talk about another facility that we're
22 going to start to help also improve that.

23 Also we have, we'll be including additional
24 monitoring and temperature gauges on the project around
25 Sullivan Lake, at Harvey Creek, which is one of the main

1 inflows into the lake, as well as below the dam at Outlet
2 Creek and at the confluence of where Outlet Creek and
3 Sullivan Creek meet above Mill Pond Dam -- or Mill Pond.

4 We also are going to include a screened cold
5 water release pipe. We call it a cold water release
6 facility to be constructed and allow discharges to come
7 from deep in the lake, with cooler water, and we'll be
8 talking about that in a minute.

9 Mill Pond, again, Mill Pond Dam will be
10 decommissioned and removed, and Liz talked about that
11 earlier. Flow rate changes will be controlled to meet,
12 again, ramping rates, as I mentioned.

13 This is the cold water release facility
14 and basically -- get that arrow again. Here we go.

15 Here is Sullivan Lake Dam. The pipe will
16 actually connect to one of the gates. There are three
17 gates, so two gates will remain as they are and then one
18 gate will be the -- where the cold water release pipe will
19 be attached to.

20 This is the bridge. The county road that I
21 showed earlier that parallels the dam. The pipe will go
22 out I think it's about, what, 800 feet, and then it will
23 go down about 120 meters -- 120 feet. So it would be near
24 the bottom, off the bottom. It will have fish screens on
25 it so we don't entrain fish. And basically -- it just

1 disappeared on me. So that's the cold water release pipe
2 facility.

3 And this is the revised operational
4 hydrograph. The lake ramp-up in the spring is very
5 similar to existing conditions but what you see a change
6 in is -- probably the biggest change is not only the
7 instream flows during the summer releases but also at the
8 right end of the graph there, this is not as steep.

9 We're doing a longer and more controlled
10 drawdown. Used to go out here in October and it used to
11 be, you know, pretty steep. So that's, again, for
12 purposes of reducing temperatures, improve the temperature
13 regime, but also helps us with more controlled flows.

14 With the cold water release the other two
15 gates then can be -- since those, the cold water release
16 pipe is screened, the other two gates will only have to be
17 opened just several inches and, again, will help prevent
18 fish from being entrained.

19 And the other thing is that starting in --
20 when we lower the lake elevation, we're not going to go to
21 the bottom of the dam. We're going to keep 5 additional
22 feet in, and the purpose of that is that when you come to
23 the next spring that it will improve the opportunity to
24 fill the lake every summer.

25 So in the earlier slide I showed that the lake

1 did not fill three out of the ten years because of not
2 enough water. With that 5 feet additional water in the
3 winter, coming the following spring if we went for that
4 last ten years using that scenario, the lake would have
5 filled nine out of ten years. So there's an improvement
6 there for recreation and the cabin homes.

7 And this, basically -- I know it's confusing a
8 little bit, but the point here is the cold water release
9 pipe if you look at the bottom, at 20 meters, which is
10 this bottom line here, it's the coolest, you know, coolest
11 water, as you can see, as you go along the bottom.

12 The temperature then stays relatively cool to
13 allow us to meet those temperature requirements of the
14 state water quality standards when we do the releases.
15 That's really the point of this slide.

16 And, again, we're going to meet water quality
17 standards and with the goal to not exceed 14C below the
18 confluence and, again, that's below where Sullivan Creek
19 and Outlet Creek meet above the Mill Pond and the goal is
20 to minimize temperature deviations and the modeling shows
21 that that will occur.

22 So that's the goals and we're very hopeful
23 that that can happen.

24 So basically WITH the new operational changes
25 along with the cold water release facility, basically the

1 issues were addressed in ways of temperature,
2 productivity. Again, when we're releasing water from, you
3 know, down at the bottom of the lake, all the food basket
4 is at the top so, again, we're not releasing that food
5 basket so it stays in the lake so we include -- we
6 minimize impacts on that.

7 So it does that, accomplishes those things,
8 meets the recreational needs. We're increasing
9 opportunities for whitewatering and we're doing that,
10 again, increasing flows, 50 CFS average, 33,000-acre-feet
11 in June.

12 We have increases in July and August from the
13 10 to the 20, and this is the minimum instream flows. And
14 then, again, in September we're really starting to
15 increase the flows to get that, to try to level out that
16 ramping, ramp down over the fall, and that's about
17 9,000-acre-feet. So total release between June 1st and
18 September 30 is about 14,400-acre-feet.

19 The amount of water storage in the lake that
20 the dam produces is about 30,000-acre-feet, just to give
21 you an idea.

22 Here is the picture of the lake, south end.
23 At the very bottom here where you see this delta -- let me
24 find my -- this is where Harvey Creek comes in. And one
25 of the things in the settlement agreement is that there's

1 a lot of bedload that has built up over the years.

2 Sullivan Creek -- I mean Harvey Creek came
3 into -- flows into the lake, and so we have what's called
4 a decision tree. And what a decision tree does is that if
5 there's a lot of snow pack in the basin above Harvey Creek
6 in the watershed and we have a very good runoff and we get
7 into the month of May, if certain things happen then we're
8 going to hold the lake down and not -- not close the gates
9 to fill it up and we're going to see if we can get enough
10 water to come down Harvey Creek to push on that bedload
11 farther into the lake so it opens up the bottom of the
12 creek for better habitat.

13 MR. ROBISON: Mark, Doug Robison from the
14 Department of Fish and Wildlife.

15 You may want to note for those viewing this
16 that the lake is near -- near full drawdown at this point,
17 this photo. So the effect of bedload dropping out is when
18 the lake is inundating. Beyond the corner of that photo
19 the bedload drops out.

20 So during drawdown when the flows are up in
21 the spring and they're starting to fill the lake, the idea
22 is to keep the lake down so more flushing effect occurs.

23 MR. CAUCHY: Thanks, Doug.

24 The diversion canal. This is a canal that was
25 built when the project was developed. And the idea with

1 the conversion -- diversion canal is basically it was the
2 original plan, the way I understood it, because I don't
3 think it's ever been used, was to divert water above
4 Sullivan Creek -- which is, if you remember the picture,
5 it comes around the other side of Sullivan Lake and it
6 meets below -- to diverted water from that to the lake to
7 get more water potential for power.

8 And the canal was built but I don't believe
9 the dam ever was on Sullivan Creek. I walked that for
10 several miles and never found anything, any structures of
11 any kind.

12 The only thing that's left really, as you can
13 see in this photo -- we took quite a few photos along the
14 route. It's basically overgrown and this last part that
15 goes -- this actually runs along the road that goes to the
16 boat launch at the Sullivan Lake campground.

17 It's been paved over, so basically it really
18 doesn't exist any more. And I guess that was one of the
19 questions, too. And basically we'll address that in the
20 questions. But, again, remember, you know, when you get
21 to that question what's going on with the diversion canal.

22 Mill Pond Dam, I'm not going to really go much
23 through it. I think Liz did a great job on that and I
24 think basically the only point I want to make here is
25 through an off-license interlocal agreement with the PUD,

1 Seattle is going to be removing the dam, but we're going
2 to address the cultural resources part and we'll -- again,
3 that was part of the questions as well as the AIR.

4 A lot of the questions were revolving around
5 the cultural or historical, and we'll talk a little bit
6 about that.

7 So -- and with that move to the questions.
8 And so we can go through the -- before we maybe start with
9 that, is there any questions before we get into the
10 questions that FERC has?

11 MR. ROBISON: I have a question before we
12 get into the questions. We're -- I'm unfamiliar with
13 these. Are these -- were these distributed to anybody
14 else?

15 MR. CAUCHY: No, they haven't. I didn't
16 get a chance to do that, so. We can get them out to
17 everybody.

18 Our questions weren't quite as -- I think we
19 had six questions, quite a bit less than what the
20 Boundary's were. So, again, we can go through the
21 questions and if there's questions on the questions or on
22 the answers, then, you know, I'm hoping that the parties
23 can help clarify anything that we don't got it quite
24 right.

25 So the first question, and FERC hasn't seen

1 the answers to these.

2 MR. WINCHELL: Yeah.

3 MR. TURNER: Frank.

4 MR. WINCHELL: I have a question. Frank
5 Winchell, FERC.

6 Mark, I'm -- I'm still expecting that you are
7 going to respond to us in writing on the information we
8 requested.

9 MR. CAUCHY: Right. Correct. Yes.

10 MR. WINCHELL: Okay. Great.

11 MR. CAUCHY: I think all the questions on
12 the AIR involve historical, if I remember.

13 MR. WINCHELL: I believe so, yes.

14 MR. CAUCHY: It's just basically the
15 historical district.

16 MR. TURNER: I think there was one other
17 one on --

18 MR. WINCHELL: On Exhibit A?

19 MR. TURNER: Might have been. I think
20 their engineer came up with one, too, but I can't
21 remember.

22 MR. CAUCHY: I can't remember offhand.

23 MR. WINCHELL: I can read what I've got
24 here.

25 MR. CAUCHY: I have it in my pile over

1 there, so.

2 Question 1 is we understand this has to do
3 with the remaining project facilities and, again, it has
4 to do with the historical or cultural piece regarding
5 those abandon-in-place structures, and I believe that's
6 like the flume route, the powerhouse, things that really
7 were not covered in the settlement agreement.

8 And basically the reason is that those are on
9 existing PUD properties and currently we're not planning
10 on -- you know, we don't really have a plan what we're
11 going to do with those facilities.

12 We own them. It really wasn't part of the
13 negotiations.

14 MR. WINCHELL: Okay. But -- again, Frank,
15 Frank Winchell, FERC.

16 What I wanted to know, though, precisely,
17 though, you know, since the Commission is planning to make
18 a decision on surrendering the existing license for
19 Sullivan Creek, is that we've got to know what cultural
20 resources have been documented within that project
21 Boundary.

22 MR. CAUCHY: Right.

23 MR. WINCHELL: So we need clarification on
24 that question. My understanding is that the Sullivan
25 Creek project boundary is larger than just the Mill Pond

1 historic complex.

2 MR. CAUCHY: Yeah. That came up, I know,
3 in a lot of the filings and when the district filed for
4 that -- during that period we were asking to void the
5 license.

6 Basically the boundary from Mill Pond down to
7 the powerhouse was basically a proposed boundary and that
8 was really what we were saying. FERC came back, said, no,
9 we we're including that boundary, as well.

10 MR. WINCHELL: Okay.

11 MR. CAUCHY: So -- and I believe the
12 historical district basically includes the powerhouse and
13 the flume; is that correct? The old flume route or at
14 least the flume, what's left of it.

15 MR. HICKS: As described in the only
16 technical report that's cited by SHPO, There's never been
17 a formal definition of the historic district. That's
18 actually part of the -- that.

19 MR. CAUCHY: So that's one of the issues
20 right now, is the historical district was never formally
21 defined.

22 I mean, one was basically presented to SHPO,
23 but, you know, the definition of what the boundaries were
24 was never defined in that. So it never really went
25 through a formal process.

1 But I guess our focus is really on the hydro
2 related resources that contributes to the what we call the
3 Sullivan Creek hydro district, and so that would be, you
4 know, the dam, Sullivan Lake Dam, Mill Pond Dam, the Log
5 Trip Dam, the -- what's it called -- CNF 1, which is the
6 trail, some of the features on that historical trail --
7 that's on Forest Service land -- the old flume, the dump
8 site.

9 And then we looked at, okay, what, at least
10 from a settlement agreement, what effect would the removal
11 of Mill Pond Dam, because that's really the big -- that's
12 really the change in the historical.

13 MR. WINCHELL: Well, there are other
14 effects, though.

15 MR. CAUCHY: So when that gets removed,
16 what was going to happen.

17 So we looked at, you know, photo documentation
18 and panels, took panels from Mill Pond Dam as well as the
19 Log Trip Dam. We looked at the powerhouse.

20 Currently we're looking -- putting together a
21 paper and going to have to -- the DHP had a -- they're
22 concerned about what happens with the powerhouse from a
23 historical standpoint and so we're working right now with
24 them on that.

25 The other sites that I mention are going to be

1 dealt with through -- we're trying to get together to do
2 an MOA on that. However, until we can get the powerhouse
3 worked out with the DHP, we'll hope to do that in the next
4 couple of weeks and then get the group back together to
5 try to come up with the MOA.

6 So that's sort of the schedule.

7 MR. WINCHELL: Yeah. Let me -- I have a
8 question on that. Frank Winchell again.

9 So, Mark, okay, on the MOA, now that's --
10 that's separate then the MOA that the Commission would be
11 planning to do to implement this DHP or what we're going
12 to call it --

13 MR. CAUCHY: Yeah, the MOA was part of the
14 settlement agreement that we agreed to develop and MOA
15 that would list basically what the effects are of the
16 removal of Mill Pond Dam and how we're going to mitigate
17 for it.

18 MR. WINCHELL: Okay. That's going to come
19 before the Commission decides the issue of --

20 MR. CAUCHY: Correct.

21 MR. WINCHELL: Okay. The other thing I'd
22 like to point out, too, on the project boundary is that,
23 you know, I wanted to know what elements -- all the
24 elements that was contained within that original FERC
25 project boundary for Sullivan Creek, including elements

1 that are no longer eligible.

2 So that would include that powerhouse now.
3 And, again, put that on a map so it's real clear. But,
4 yeah, I think there's other things that were reported. I
5 think there's several archaeological sites.

6 But I wanted to see that on this APE map that
7 was -- so everything was very crystal clear on where
8 everything was.

9 MR. CAUCHY: We just recently went out
10 just last month and actually did some more surveying.

11 MR. WINCHELL: Right.

12 MR. CAUCHY: And maybe Brant can talk
13 about that.

14 MR. HICKS: So this is Brant Hicks. It's
15 interesting, the questions you posed in here came from the
16 SHPO three weeks before you did because the sequence was
17 the settlement agreement came out, the draft MOA came up
18 and different parties were working on that, and based on
19 that was the recognition that area that might be impacted
20 by these activities, including the habitat restoration
21 activities once the drainage occurred, hadn't been
22 surveyed necessarily, at least not in a long time.

23 So the district had us go out and do a survey.
24 A couple of extra minor archaeological sites have been
25 identified, too, so that needs to be incorporated in this,

1 as well.

2 But based on the settlement agreement the
3 Forest Service put together an Area of Potential Effect
4 letter to submit to DHP and that focused right on the Mill
5 Pond as a result of the settlement agreement and it was
6 SHPO, like I say, a few weeks before your letter arrived
7 essentially asked a lot of those same questions and that's
8 what Mark is talking about in terms of consulting with
9 SHPO on the powerhouse because it hadn't been included in
10 that APE letter.

11 MR. CAUCHY: Right.

12 MR. HICKS: So that's coming down to
13 having to nail all these things down, get the map. That's
14 never been done before, and actually consider from your
15 point what are the contributing elements.

16 MR. TURNER: This is David Turner with
17 FERC.

18 I guess part of that first question really was
19 important. You talk about cultural, but I just wanted to
20 make sure since we haven't really completed scoping that
21 there wasn't -- we need to understand when we surrender it
22 and terminate the license on that, all those elements that
23 we had licensed under your project boundary, we understand
24 what's going to happen with them so we can disclose that.

25 MR. CAUCHY: Right.

1 MR. TURNER: And if you're not proposing
2 to do anything with them, they're just basically being
3 abandoned in place. I don't know if that's a safety
4 issue, an aesthetic issue, or what.

5 MR. CAUCHY: Well, right now the flume
6 route, which is basically from Mill Pond Dam down to the
7 powerhouse, that's just vacant land. We don't know.

8 I mean, right now we manage -- we have -- the
9 district has quite a few properties that we manage,
10 basically the forest. You know, we do forest management.

11 I don't know what our long term -- we haven't
12 really discussed what the long term plan for that land is
13 because basically it's just land.

14 MR. TURNER: And I'm not concerned about
15 land, but more importantly, any of the remaining
16 structures, the powerhouse, anything associated with the
17 flume or any of those things that basically will continue
18 to deteriorate, I guess, over time, but if there was any
19 issues.

20 It was more of a question to be posed to make
21 sure it was something we consider.

22 MR. CAUCHY: We'll address those. We --

23 MR. TURNER: So your view is you haven't
24 heard -- over the last license obviously you haven't been
25 maintaining those either but they haven't created issues

1 for you?

2 MR. CAUCHY: Right, they haven't.

3 MR. TURNER: And you're not anticipating
4 it in the future?

5 MR. CAUCHY: What's left of the flume is
6 -- you know, it's a few sticks of wood. I mean, that's
7 what we're talking about.

8 MR. TURNER: Okay.

9 MR. CAUCHY: And the route is basically
10 just land and the powerhouse, you know, the district in
11 the future may want to sell that, but obviously that's one
12 of the things we've got to work with the SHPO.

13 They're concerned that if it's an eligible
14 structure historically and whoever owns it in the future
15 understand that. And that's what we're working out with
16 the SHPO. And we're fine with that.

17 MR. HICKS: One other thing. This is
18 Brant again.

19 Previous eligibility recommendations from the
20 district consultants since the '80s to the SHPO have been
21 concurred on as not eligible for all of those properties
22 so they weren't maintained and there was no requirement to
23 maintain them. And now with this most recent question
24 there's been a new analysis of the powerhouse and the
25 suggestion is it might now meet eligibility requirements.

1 MS. GILBERT: David?

2 MR. TURNER: Yeah, Linda.

3 MS. GILBERT: I just wanted to weigh in on
4 this issue just briefly to make sure everyone understands
5 what the Commission is interested in. We want to know two
6 things.

7 One, what remaining structures will be covered
8 under a Forest Service special use authorization in the
9 future and, two, what structures are eligible?

10 Because they'll be going out of FERC
11 jurisdiction and we'll need to make sure that we document
12 those resources before they go out of our jurisdiction
13 because that's considered an adverse effect under the
14 council's regulations. So those are our two points of
15 interest.

16 MR. CAUCHY: Well, I guess maybe to go
17 down and highlight the main structures.

18 The diversion canal, which is up at the north
19 end of the lake, it goes from Sullivan Creek -- actually,
20 doesn't quite go all the way because the road paved over
21 it. Along the road to the boat launch to the lake, that's
22 basically overgrown and about a quarter of it has been
23 paved over.

24 So it's our understanding that we were not
25 planning on doing anything with it because really it's

1 just a grown-over ditch, what's left of it, not paved
2 over. And my understanding is the Forest Service was in
3 concurrence with that.

4 Sullivan Lake --

5 MS. GILBERT: I guess if everyone is in
6 agreement that that's -- that's no longer eligible, then
7 that's fine.

8 MR. CAUCHY: Okay.

9 MS. GILBERT: It just makes it -- we need
10 to make sure we have done whatever analysis we need.

11 MR. CAUCHY: Okay. Sullivan Lake Dam,
12 since it's staying in place, that will be basically
13 overseen by the -- in the special use authorization.

14 And that also includes -- like this question
15 about dam safety, the Forest Service has a dam safety
16 program as well as the Department of Ecology and we're
17 planning on basically that's going to be the jurisdiction,
18 Sullivan Lake Dam.

19 Mill Pond Dam, obviously, is not going to be
20 there.

21 The historical loop or the historical trail,
22 that's going to be after. Again, we're going to make sure
23 that the adverse effects are addressed prior and during
24 and after construction. Basically "construction" meaning
25 the removal of Mill Pond Dam.

1 We're going to make sure that the -- any
2 removal of the dam that requires putting pipes through the
3 dike, which is where the trail is basically on top of,
4 make sure that when that pipe gets removed that trail
5 still remains, its integrity, so it doesn't slope in or
6 whatever.

7 So those types of things. But once all that
8 is done, the Forest Service will continue to maintain the
9 trail and, again, that's -- that should be made clear in
10 the settlement agreement.

11 MR. WINCHELL: Frank Winchell here.

12 I guess, yeah, I had a question on it looked
13 like when we look at that table in the presentation that
14 was in the PowerPoint presentation -- it was the table
15 that says "Jurisdiction Over Related Elements of
16 Settlement Agreement."

17 And I looked at it and I noticed that in the
18 third row down it says "Long-term monitoring and
19 maintenance of Mill Pond area of Sullivan Creek," and then
20 it's got an X under the column that FERC license order for
21 Boundary.

22 So does that mean that Seattle City Light will
23 be responsible for maintaining the Mill Pond area for
24 their new license if and when the Commission issues that
25 license?

1 MR. CAUCHY: After the dam has been
2 removed, it's been re-vegetated, all that work is done,
3 once -- there's a period of time that once basically that
4 has stabilized and the surrender license order is done,
5 all the work is completed, then after that point in time
6 Seattle takes over as part of just because of the fish
7 habitat. That's part of their --

8 MR. WINCHELL: Okay. But how about --
9 what about -- we know that there's that one, at least one
10 historic structure that exists right along that path
11 there.

12 MR. CAUCHY: Yeah.

13 MR. WINCHELL: That will still exist. So
14 it kind of in my mind I was thinking that possibly could
15 kick into some kind of another management measure for
16 Seattle City Light to at least monitor that, but I don't
17 know.

18 MR. CAUCHY: No. I believe that the
19 settlement agreement says that the district will be
20 responsible for cultural and historical.

21 MR. WINCHELL: So I guess I want to make
22 clear. Will that contradict what I'm seeing in this table
23 because the table says "Long-term monitoring and
24 maintenance of Mill Pond area of Sullivan Creek." When
25 I'm reading that it sounds to me it's more general than

1 just --

2 MR. BARTON: This is Peter Barton. We're
3 separating the fisheries issues from the cultural issues.

4 MR. WINCHELL: Okay.

5 MS. GREENE: And our monitoring has to do
6 with how our treatment of the river channel is holding up
7 after storms or long term how it is for fisheries habitat.
8 And we're responsible for the whole Sullivan Creek for all
9 of the mitigation that we're going to be doing over time.

10 MR. WINCHELL: It's got nothing to do with
11 cultural, just everything --

12 MS. GREENE: No. It's focused. Correct.

13 MR. WINCHELL: And the district is going
14 to be responsible for the cultural stuff?

15 MR. CAUCHY: We need to clarify that as
16 part of our AIR and it's not really one of the questions.
17 But if we do we can.

18 MR. TURNER: I think it was pretty clear.

19 MR. EASTON: You just did.

20 MR. WINCHELL: Got a document and the
21 transcript.

22 MR. HICKS: I would just note it's more of
23 an I and E issue at that point, interpretation and
24 education, as opposed to a Section 106 issue because the
25 site is not an eligible resource.

1 MR. WINCHELL: Okay. Whatever. That's
2 clear. Thank you for making that distinction.

3 MR. CAUCHY: So question 2, again, I think
4 you just answered it about the cold water release
5 facility, the gauges and the dam itself at Sullivan Lake.

6 We're going to be operating and maintaining
7 it. It will be under the jurisdiction in ways of
8 compliance for the -- under the SUA, the Forest Service
9 and then with the dam safety, Forest Service and Ecology.
10 Okay.

11 MR. TURNER: Just to back up to that
12 question, though. Until we actually terminate the
13 license, you've got a number of measures in there that the
14 Commission would still be overseeing in terms of your
15 reservoir level fluctuations and your instream flows. We
16 usually have some sort of gauging requirement.

17 Do you guys have a means by which to --

18 MR. CAUCHY: Yes.

19 MR. TURNER: -- gauge those flows and
20 reservoir levels?

21 MR. CAUCHY: Correct. Correct. And that
22 was really -- we're adding gauges so we can actually --
23 the requirement's to follow the -- try to maintain
24 temperatures. We also have ramping rates, as I said, up
25 rates, down rates, and they're pretty -- they're pretty

1 tight.

2 So we need a lot of information because
3 especially in the fall drawdown we're going to be up there
4 quite a bit operating the gates because we can't go over
5 1 degree C, you know, a day. I can't remember what the
6 actual timing is, but we have -- so we really needed the
7 gauges to help us do that.

8 And we're planning to try to automate that as
9 much as possible so we can actually do a better job of
10 operating the gates. So, yes. The answer --

11 MR. TURNER: So you already have gauges in
12 place?

13 MR. CAUCHY: We already have gauges.

14 MR. TURNER: Okay.

15 MR. CAUCHY: We're adding three more
16 gauges, I believe. We actually have --

17 MR. SNYDER: Jack Snyder with EES
18 Consulting. There's USGS gauges on the creek now. That's
19 the primary gauge for measuring what the outflow is from
20 the dam.

21 MR. CAUCHY: We're including a gauge up at
22 Harvey Creek and down in the confluence of Sullivan Creek
23 and Outlet Creek and then also temperature gauges.

24 MR. SNYDER: Yeah. That's all clearly
25 laid out in --

1 Consulting.

2 I think the main other constraint, as he said
3 in the answer here, is whether it's a wet, dry or average
4 year, and it's clearly laid out in the documentation how
5 we'll be deciding if it's a wet, dry or average year.

6 And if it's a dry year, you can't let out
7 quite as much water as fast or you'll drop the level too
8 quickly.

9 If it's a wet year, you have to let out more
10 water sooner to get rid of it all.

11 So it affects how long you can maintain the
12 200 CFS range for the whitewater guys. But that's -- I
13 think there's enough flexibility that we can meet that
14 pretty easily, I think, most of the time.

15 MR. COLBURN: This is Kevin Colburn with
16 American Whitewater.

17 Yes, so right now there are boating flows,
18 boatable flows all of October, well into November, and
19 those flows are being moved earlier to September, so there
20 probably will be increased use. It's a better season for
21 boating.

22 And right now there is adequate access, and
23 with the removal of Mill Pond that will open up a new
24 reach of river that will be accessible for Forest Service
25 lands for the campground upstream. That will be nice.

1 And the powerhouse right now has suitable
2 access immediately adjacent to the bridge and we're
3 interested in maintaining that over the long term, and
4 that's part of the agreement, is that the PUD will make
5 every effort possible, acknowledging that they don't own
6 all the land that's needed to make that happen.

7 So we're happy with that. We think it's going
8 to work long term.

9 MR. TURNER: Okay.

10 MR. CAUCHY: And I think we already talked
11 about the Mill Pond Loop Trail. Basically, once
12 everything has been completed the Forest Service will
13 maintain that Loop Trail. It's on Forest Service land.
14 Okay.

15 This has to do with Sullivan Lake docks and
16 launch facilities. I think there's several questions
17 there.

18 Who owns the facilities. Forest Service has
19 two boat launches, so they own several. We have the cabin
20 owners, they own the others.

21 And, you know, what happens if we don't reach
22 an agreement with a cabin owner? I guess, you know, we're
23 going to make the -- I guess we're going to be making the
24 -- if they're impacted by the -- it's going to be later in
25 the summer where they would see it, we're going to make --

1 basically make them whole, meaning that we will extend the
2 docks out so they have the same use as they do now today.

3 So I guess we don't see really a disagreement
4 because they're still going to have the use of the docks.
5 They're not going to be limited. Obviously the only
6 limitations that -- there's several at the south end of
7 the lake, they might have to walk quite a bit farther.
8 There's going to be a pretty long extension because they
9 already have a very long extension. There's actually one
10 that's going to be longer.

11 But this is not a new dock replacement
12 program. It's basically to make them whole so they can
13 still use their waterfront.

14 MR. TURNER: Okay.

15 MR. CAUCHY: I don't know if that answers
16 your question. If we get a disagreement, that can happen,
17 but, you know, we're going to do the best we can.

18 MR. TURNER: Well, just an FYI. Our reg
19 person came up. It was unclear what you meant by, you
20 know, making or mitigating those functional designs. We
21 didn't have enough in hand yet to understand where you're
22 going, so your answer gets to that.

23 MR. LARSON: Rick Larson, public.

24 And there is a resource committee already
25 addressed in the agreement that these people could -- and

1 the public is involved in that, myself included. So they
2 could bring that to the resource committee to look at if
3 they have a complaint or have a disagreement about what's
4 being done.

5 MR. CAUCHY: Question 6. This has to do
6 with the Metaline Falls drinking water system. We own and
7 operate the Metaline Falls system, as well as, again, it
8 runs through the powerhouse.

9 And any -- there will be -- obviously we're
10 not going to impact our own customers so, again, I guess I
11 don't know how we -- you know, we are -- we did get -- our
12 water manager did get a grant to remove that part out of
13 the powerhouse. They've done that. We still have
14 facilities in there. They will be removed over time.

15 But the water system basically has really
16 remained whole and really wasn't an impact on them. So
17 regardless, again, we're not going to impact our own
18 customers. So I don't know if that answers your question,
19 but.

20 MR. TURNER: Well, this is David Turner.
21 I guess we didn't have a clear picture of what the
22 relationship of your water supply system is to the FERC
23 project and once we terminate it --

24 MR. CAUCHY: Right.

25 MR. TURNER: -- and we're outside of our

1 jurisdiction, what's going to be the effect?

2 And obviously if there is none because it
3 really is just a pipe that's going through the powerhouse,
4 then that kind of clears it up. But I was under the
5 impression it was a forebay that was also providing some
6 sort of supply, but I guess not.

7 MR. CAUCHY: Yeah. And actually that was
8 part of the water system because there were ponds up above
9 the powerhouse and those are -- five years, five or six
10 years ago. Actually, probably even ten years now. God,
11 time flies.

12 We put in a new water treatment plant. We got
13 a grant to do that. So that eliminated those ponds, so it
14 eliminated the use of the ponds as well as that forebay.
15 So the water system doesn't even use that any more.

16 MR. TURNER: Okay.

17 MR. CAUCHY: And that was it. Any other
18 questions you might have?

19 MR. TURNER: Okay. If nobody has any
20 other questions about the technical -- technical aspects
21 of the settlement agreement, I want to kind of open it up
22 to two things.

23 One, see what kind of other issues that we
24 should be addressing in the environmental document. We
25 may have already covered a lot of that already, and then,

1 two, is there any other general questions about next steps
2 or whatever else. I'll be glad to take those, as well.

3 MS. AUSBURN: This is Mary Ausburn with
4 the Department of Ecology.

5 I have a general question regarding how the
6 settlement agreement, which contains quite a few
7 mitigation measures and is done before the environmental
8 assessment has been prepared, and that's an opportunity
9 for public to comment and for FERC to apply mitigation
10 measures to that document.

11 Is there a process that's going to reconcile
12 where those two documents may not mesh? I mean, there may
13 be things identified at this point that need to be changed
14 when more analysis is done on the impacts.

15 MR. TURNER: If I understand your
16 question, basically you're saying if we didn't necessarily
17 buy all of the -- or if there were things that we
18 ultimately required in our license that conflicted with
19 the settlement agreement, how would that be dealt with?

20 MS. AUSBURN: Yeah. How will you
21 reconcile those, what they've agreed to as a group versus
22 what you've come up with in your environmental assessment?

23 And if there are differences in what you think
24 is appropriate mitigation, at that point it is not too
25 late for FERC to take out the sections of the agreement it

1 doesn't agree with.

2 MR. TURNER: Well, I guess two points
3 then.

4 Our environmental analysis will look at the
5 overall effects and benefits of the settlement agreement
6 as proposed. Where we may have problems with it, like we
7 talked about earlier, we'll spell that out in the
8 environmental documents.

9 The Commission then issues a license that --
10 or a decision on the license that would basically require
11 the implementation of those measures.

12 The second point being is that some conditions
13 will be out of our control. They're mandatory conditions
14 under the 401 or the 4(e) conditions. They will be
15 attached to the license regardless of what the Commission
16 likes.

17 So there won't necessarily be anything to
18 reconcile. We may add on to it and those recommendations
19 will be spelled out in the NEPA document and ultimately
20 hopefully included in the license.

21 Does that answer your question?

22 MS. AUSBURN: Pretty much.

23 MR. EASTON: This is Bob Easton. If we
24 came up with some additional measure and it conflicted
25 with what was in the settlement, which I think is what

1 you're getting at --

2 MS. AUSBURN: That's what I was --

3 MR. EASTON: -- you get one shot at the
4 draft NEPA document to comment and point out to us where
5 the conflict occurs and we don't want that so we would try
6 to find a solution. That would be one chance.

7 And if we didn't think it was a conflict and
8 you still believed it was a conflict and we ended up
9 ultimately issuing an order that included that conflict
10 still, there would be an opportunity on re-hearing for
11 people to come back in and intervenors, anyway, people in
12 that standing room proceeding would be able to come back
13 in on hearing and say, "Commission, you need to take
14 another look at this. There's a problem here, and here is
15 what it is," and then we get another shot.

16 The attorneys and the commissioners would go
17 back and look at it again. Then of course it could go to
18 court after that.

19 So there's a lot of steps in the process for
20 that. But we don't ultimately want to have a conflict so
21 we're going to try to not have that. So if we do add
22 additional measures and you point it out to us and we
23 agree that it's a conflict, we'll try to get rid of that.

24 Those would be the steps, anyway, where you
25 would be able to point it out to us or take us to court or

1 whatever.

2 MS. AUSBURN: Thanks.

3 MR. EASTON: Did that answer it?

4 MS. AUSBURN: Yeah.

5 MR. TURNER: Somebody else had their hand
6 up.

7 MR. BOGGS: This is Jerry Boggs with the
8 Selkirk Conservation Alliance.

9 And going back to Tom's question on baseline.
10 Do you treat the baseline for the Boundary re-licensing as
11 if it's in a vacuum and not related to what was on the Box
12 Canyon, Metaline Falls Dam and so on?

13 I mean, do you factor in the influences that
14 other facilities have on what happens in Boundary
15 Reservoir as part of the baseline determination, or not?

16 MR. TURNER: Sure. As cumulative effects.
17 I mean, we have to understand what's happening in the
18 system and we look at it from that -- from that
19 perspective and what's trying to be achieved.

20 So we'll look at it as a whole. But the
21 bottom line is the project is there and it is existing and
22 that's part of the existing environment and that's where
23 we start from.

24 MR. EASTON: This is Bob Easton. I think
25 also what's going on at Box -- Box Canyon and other

1 projects and other timber activities, whatever, all those
2 things are part of the existing condition that we defined
3 in the affected environment of the NEPA document.

4 So it's all in there. It's how much detail we
5 go into might not be much.

6 MR. BOGGS: It will be referenced.

7 MR. EASTON: If you're describing the
8 existing condition, all that other stuff will have an
9 influence on that. So even if you're only describing it
10 in the project area, any of those influences from the
11 other areas on the project area is being accounted for.

12 MR. BOGGS: Okay. I'll look for that.

13 MR. TURNER: Doug?

14 MR. ROBISON: Doug Robison, Department of
15 Fish and Wildlife.

16 Can you briefly go over your timeline for the
17 next steps.

18 MR. TURNER: Before we do, is there any
19 issues associated with Sullivan Creek that we need to
20 consider in our environmental document?

21 MR. CAUCHY: I just have one question,
22 talking about baseline.

23 In a surrender situation, you look at the
24 baseline? Basically you do the same thing, you look at
25 what's existing and go from there?

1 MR. TURNER: (Nodding head). I mean,
2 basically a surrender, it's looking at what needs to occur
3 and when so that when the Commission terminates and our
4 jurisdiction is there no longer we're comfortable we've
5 explained that and that the conditions are there,
6 conditions for appropriate restoration of the sites are in
7 place.

8 MR. CAUCHY: Okay.

9 MR. TURNER: Timeline in terms of the next
10 steps.

11 MR. EASTON: Too fast.

12 MR. TURNER: We had some written comments
13 and AIRs on cultural resources to the PUD which are due
14 June 25th. We're going to take a look at that information
15 and take the information you brought back here.

16 If everything falls in place, we should
17 probably be ready to issue our Ready For Environmental
18 Analysis Notice very early in July. If we throw a date
19 out there, July 2nd, we're probably talking about
20 comments, terms and conditions coming in by August 31st.

21 Reply to comments from the PUD and others by
22 -- and the City by October 15th. And then because we're
23 using the integrated licensing process and we're
24 processing both of these applications together, our
25 targeted date would be for the draft EA of March 1, 2011,

1 and then with the 30-day comment period from March 31st,
2 and modified terms and conditions, May 31st, and then the
3 targeted date for the FEA of August 30th, 2011.

4 Doug?

5 MR. ROBISON: Is this -- this obviously
6 isn't reflected in the last publication of the timeline?

7 MR. TURNER: No. I'll update it when we
8 get ready to issue the REA notice.

9 But I'm just saying right now if we had to
10 pick a date, we'd make that -- those dates are going to
11 slip if I don't get the notice and we decide we need
12 additional information.

13 So don't hold me to those dates, but we should
14 be issuing a notice, REA notice, if everything works out
15 right, the first part of July.

16 MR. ROBISON: Great. Thank you.

17 MR. CAUCHY: Draft EA was when, proposed?

18 MR. TURNER: If those dates hold in terms
19 of issuing the REA notice on July 2nd, the draft EA would
20 be out March 1, 2011, by March 1st.

21 Anything else? Any other questions?

22 Well, with that, I guess we'll close.

23 I really appreciate it. You guys, again, have
24 done a phenomenal amount of work in a short amount of
25 time. Good work. It's been a real pleasure working with

