

BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

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In Re:)

Draft Environmental Statement for)

the Wells Hydroelectric Project)

No. 2149-152)

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PUBLIC MEETING

Douglas PUD Auditorium

1151 Valley Mall Parkway

East Wenatchee, Washington 98802

Thursday, May 12th, 2011

6:30 p.m.

Reported by:

CHARLES D. HOFFMAN

1 PARTICIPANTS

2

3 KIM NGUYEN, FERC

4 MATT CUTLIP, FERC

5 SCOTT EDIGER, Esquire, FERC

6 FRED WINCHELL, The Louis Berger Group, Inc.

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1 PROCEEDINGS

2 (6:33 p.m.)

3 MS. NGUYEN: I think we're going to go
4 ahead and get started, please. Hi, more people
5 coming, we will wait a little bit. Is anyone else
6 out there?

7 Well, welcome to the first of two meetings to
8 discuss the Draft Environmental Impact Statement or
9 the draft EIS for the Wells Hydro Electric Project.
10 My name is Kim Nguyen. I'm a civil engineer and
11 project coordinator for the Federal Energy
12 Regulatory Commission or FERC. I will let my
13 colleagues on the panel introduce themselves before
14 I go on.

15 MR. CUTLIP: I am Matt Cutlip. I'm a fish
16 biologist out of the Portland Regional Office.

17 MR. EDIGER: Good evening, I'm Scott
18 Ediger. I'm with the Office of General Counsel.

19 MR. WINCHELL: My name is Fred Winchell.
20 I'm a contractor to FERC with the Louis Berger
21 Group, and I was the project manager for the
22 contract staff that worked on the EIS.

23 MS. NGUYEN: First some housekeeping
24 matters. Please sign in on the sign in sheet in the
25 back of the room even if you do not intend to speak.

1 This will help us have a complete record of
2 attendance. There are some hard copies of the
3 draft EIS as well as CDs on the table in the back,
4 if you don't have a copy. The licensee has also
5 made available a complete set of the license
6 applications for us to reference.

7 Since this meeting is being recorded and a
8 transcript being made a part of the record, which is
9 FERC Project Number P-2149-152, please use the mic
10 when you do make a comment. Before you speak,
11 please state your name with spelling and your
12 affiliation.

13 The current licensee, the Public Utility
14 District Number One of Douglas County or Douglas
15 PUD, filed a relicense application with FERC for the
16 project on May 27th of last year. On April 6th of
17 this year we issued the draft EIS for the project.
18 We are here today to provide the public and
19 stakeholders with an opportunity to comment on this
20 draft EIS.

21 The public and stakeholders also have an
22 opportunity to provide written comments by Tuesday,
23 May the 31st. Please see the filing instruction on
24 our notice for the draft EIS issued on April 6th.
25 And since you do have this opportunity to file

1 written comments, I ask that you limit your comments
2 at this meeting to substantive and measure issues
3 such as characterization of measures and our
4 analysis of those measures. Comments having to do
5 with clarification on dates, dimensions or
6 descriptions for example, or are grammatical in
7 nature are best filed electronically using our
8 e-filing link on our website, which is ferc.gov.

9 Following the comment period, we intend to
10 issue a final EIS, incorporating all comments, in
11 November of this year.

12 Douglas PUD will now give us a brief summary of
13 their relicensing proposal. I will then follow up
14 with FERC staff's alternative and highlight how it
15 differs from the PUD's proposal. Then we will open
16 it up for comments per resource area in the order
17 listed in the table of contents for the draft EIS.
18 Does anyone have any questions before we start?
19 Hearing none, Shane Bickford from the Douglas PUD
20 will now give us a summary of their proposal.

21 MR. BICKFORD: Thanks Kim. I'm going to
22 try to do this without the mic, if that's okay?
23 Great. I just have a fairly general Power Point
24 about what the applicant's proposal is. Again, my
25 name is Shane Bickford with Douglas PUD. So this is

1 a nice picture of the Wells Project for orientation.
2 I'm here to talk about the applicant's proposal,
3 specifically, the applicant's proposal as described
4 in the final license application, filed May 27th,
5 2010, not 11, as it says on there.

6 A little orientation. Wells Project, North
7 Central Washington, located here upstream of eight
8 other hydro electric projects, and it's the last
9 hydro electric project that salmon, steelhead and
10 lamprey can pass on the Main Stem Columbia. So
11 what's the source of the applicant's proposal? The
12 two documents that I am going to be referring to
13 mostly. One is the final license application filed
14 back on May, 2010. The other is the Joint Aquatic
15 Settlement Agreement as filed back on May 27, 2010,
16 same day. In general, Douglas PUD in its final
17 license application is not proposing to make any
18 changes in the project operations or to the project
19 generating features or materially change the project
20 boundary. What Douglas PUD is proposing to do is
21 make substantial investments in measures to protect,
22 mitigate and enhance environmental resources found
23 around the project.

24 Here's a list of the proposed measures to
25 enhance the environment around the project. The

1 biggest one is the Wells HCP. We're also proposing
2 to implement an aquatic settlement agreement with
3 six associated resource management plans. Also
4 proposing a wildlife and botanical management plan,
5 an avian protection plan, historic properties
6 management plan, recreation management plan, three
7 recreation agreements, one with each of the three
8 cities located on the project, located within the
9 project boundary. We also are proposing to
10 implement an off-license wildlife and resident fish
11 settlement agreement.

12 In exchange for investing in all of these
13 resource measures, Douglas PUD is requesting a 50
14 year license to operate the project. That would be
15 from 2012 to 2062, in order to recoup the
16 substantial investment that we are proposing to
17 invest in the resources. The applicant's proposal
18 is expected to cost 64.3 million dollars per year,
19 as proposed in the final license application.

20 So a little bit about the Anadromous Fish
21 Agreement. I'm just going to quickly go through
22 some of the measures, kind of the purpose and who's
23 involved in that agreement.

24 It's a 50 year agreement covering five species
25 of anadromous salmonids. It's coho, steelhead,

1 summer fall chinook, spring chinook and sockeye.

2 The HCP includes adult and juvenile passage and
3 survival studies, very detailed and elaborate
4 studies that turn on and off, depending on what year
5 you are and what phase designation you're in for
6 survival.

7 There's also detailed adult fish passage plans,
8 specifically arrayed to how the adult ladders are
9 operated but also broodstock collection traps.

10 There is a juvenile fish bypass operating plan,
11 a hatchery compensation plan. The hatchery
12 compensation plan in particular, deals with 7/9ths
13 of the mitigation for the project, so its hatchery
14 production for up to seven percent loss at the
15 project for juveniles specifically.

16 We also have in there inundation compensation
17 for original project impacts related to the
18 construction of the project and flooding in the Main
19 Stem Columbia River.

20 We have a tributary conservation plan, which is
21 intended to offset for two percent of the adult
22 losses associated with adults passing through the
23 project. And there's also some new measures that
24 are being required of Douglas PUD, specifically from
25 NOAA, and I'll go into those a little bit later on a

1 couple of the next slides.

2 Just in summary, they are requesting that we do
3 substantial hatchery modernization, starting in the
4 first year of the new license. Part of that is
5 implementation of a spring chinook hatchery genetic
6 management plan, which is going through ESA
7 consultation currently. There is also a steelhead
8 hatchery genetic management plan that was submitted
9 last month to NOAA, that we're going through for,
10 again, Section 7 consultation and reauthorization.
11 That too requires some pretty substantial hatchery
12 modernization efforts as well as reprogramming
13 release sites and adult management.

14 There is also a requirement in the HCP that we
15 mitigate for the Chief Joseph Hatchery should it be
16 built. Well, it is going to be built. They have
17 already broken ground on it. They broke ground on
18 it this spring, and that's located right below the
19 Chief Joe on the Colville reservation. So, the
20 Chief Joseph Hatchery mitigation component for
21 Douglas includes new mitigation broken on for spring
22 Chinook as well as new mitigation for Okanogan and
23 Columbia River, summer fall chinook. So we kind of
24 turned those new HCP measures.

25 What was the purpose of the HCP? The purpose

1 of the HCP was to remain compliant with the ESA.
2 It's an ESA recovery plan as well as a take
3 compliance plan. It satisfies a whole host of
4 regulations and laws including all of the
5 relicensing requirements for five stocks of
6 anadromous salmon steelhead. For the parties that
7 signed the HCP, it is intended to be the Section 18
8 Fish Rate Prescription, the 10(j) recommendations.
9 It also is Section 7, Section 10, provides Section 7
10 and Section 10 coverage for project operations,
11 including hatcheries and the hydro facility.

12 It also addresses ESA critical habitat. The
13 essential fish habitat revisions under Magnus and
14 Stevenson, the Fish and Wildlife Conservation Act
15 that was part of Planning Council, and also
16 addresses Title 77 of the revised code of
17 Washington.

18 In addition, the HCP is intended to satisfy any
19 future listings under the ESA for those five
20 species. So if sockeye were to become ESA listed in
21 addition to steelhead and spring chinook, which are
22 already listed, it would actually allow the project
23 to continue to operate without material change. In
24 addition, the HCP was also elevated to a FERC
25 approved comprehensive plan under the Federal Power

1 Act, Section 10(a)2(a), back in, I believe, 2007.

2 There is a species, we kind of refer to them as
3 a collective of plan species. I won't go through
4 those species again. The idea is survival is higher
5 than 91 percent. That's what we call total project
6 survival for juveniles and adults. That's the big
7 blue part of the pie. The two percent tributary
8 compensation offsets for adult, theoretical adult
9 losses, and the seven percent hatchery compensation
10 allows a take of up to seven percent on juveniles,
11 of which we apparently are at 3.7 percent. So,
12 almost half of that allowed take level.

13 Parties to the HCP: National Marine Fisheries
14 Service, U.S. Fish and Wildlife Service, Washington
15 Department of Fish and Wildlife, the Confederated
16 Tribes of the Colville Reservation, the Yakama
17 Nation, Douglas PUD and the power purchasers to the
18 Wells project.

19 As it relates to the final license application,
20 what we've proposed to implement the HCP and to
21 continue implementing the HCP includes our five year
22 average of costs for the HCP. We've estimated those
23 at 9.6 million. That's an average of 2003 through
24 2007 actual costs. So that includes kind of a first
25 year of staggered implementation after issuance of

1 the incidental take permitted after 2003. That was
2 9.6 million. With the new measures that are being
3 discussed, I talked a little bit about those in the
4 first HCP slide. These are these: spring Chinook,
5 steelhead, the hatchery genetic management plans,
6 which are going through consultation currently, the
7 new Chief Joseph Hatchery production and then the
8 modernization of our facilities, to be compliant
9 with the new ESA requirements, the Hatchery
10 Scientific Review Group's recommendations for the
11 Columbia Basin, as well as the Interior Columbia
12 Basin Recovery Plan for listed stocks and the new
13 hatchery genetic management plans as approved by the
14 Hatchery Committee for the HCP.

15 That actually adds to the total cost of 9.6
16 with 1.5 for annualized, for a total of 11.1. And
17 we call that future HCP costs. That's where we are
18 expecting to be, post license.

19 A little bit about the Aquatic Settlement
20 Agreement. I talked to you about that. The Aquatic
21 Settlement actually has six management plans in it.
22 I'm going to quickly just walk through those six
23 plans and the general measures that are proposed
24 therein.

25 There is a White Sturgeon Management Plan which

1 includes a broodstock collection and spawning plan.
2 That's for adult fish. There is a juvenile rearing
3 and stocking component. That's really the focus of
4 the whole plan, is to get fish out in the reservoir.
5 There is quite an elaborate set of studies related
6 to how those juvenile fish are interacting with the
7 reservoir and with the dam and with other fish
8 species. I call those behavioral and reproductive
9 studies.

10 There is a habitat evaluation to identify the
11 limiting factors for the white sturgeon. And then
12 index monitoring, which is a hatchery monitoring
13 component to see how the hatchery stocking . . . how
14 those fish are recruiting to the next generation.

15 There is also adult passage evaluation, should
16 downstream projects adopt adult passage and it
17 becomes biologically significant for the repair of
18 the species, then Wells would, at that time,
19 entertain adult passage evaluation to see if it is
20 biologically significant. There's also an education
21 outreach and regional information exchange, and
22 you'll see that in a lot of these other management
23 plans as well. So that's generally the white
24 sturgeon.

25 Bull Trout Management Plan is really focused on

1 adult and subadult, which are juveniles, they're
2 small bull trout. So the adult and subadult
3 passage, both upstream and down stream. It's being
4 able to have accurate enumeration of those fish as
5 they move through our fish ladders. We call that
6 enumeration account stations. It also includes
7 bypass operations for downstream passage, as it
8 relates to ESA listed species, HCP Plan species and
9 bull trout. So there is an interrelated nexus
10 there. It also includes incidental take monitoring,
11 because they are ESA listed. It includes genetic
12 sampling both at the project as well as at off
13 project facilities where we collect broodstock.

14 There's also studies for stranding as part of
15 incidental take. But it's also part of interaction
16 with the project in terms of operations to make sure
17 that when our reservoir oscillates, we don't strand
18 bull trout. So, there are studies for that.

19 We also proposed a study to evaluate the
20 impacts of our Twisp Weir Brood Collection facility
21 up on the Methow and its effects on bull trout
22 because there appears to be a lot of bull trout at
23 that site. Over 100 a year are passed, and that is
24 the core population in that alpha recovery. It also
25 includes regional information exchange, so we are

1 coordinating with the other utilities around us
2 doing bull trout work as well as with Fish and
3 Wildlife Service and the Forest Service.

4 The Pacific Lamprey Management Plan includes a
5 literature review to understand all of the . . . to
6 keep us up-to-date on all of the activities going on
7 in the Columbia basin and all the Main Stem Columbia
8 River and Snake projects, where there are numerous
9 passage studies currently going on. So that's
10 intended to keep us current, keep out work group
11 advised of those recent developments.

12 There is a fishway passage improvement
13 component to this. It's fairly robust as it relates
14 to adult passage. With that, our adult studies to
15 evaluate the merits of those improvements in the
16 fish race towards reaching a certain evaluated
17 level. We also want to make sure we can accurately
18 count lamprey and that there are provisions for
19 juveniles trying to go downstream to the ocean. So
20 that includes juvenile passage and survival studies.
21 And then again, the regional information exchange
22 with other utilities and with the other resource
23 agencies and tribes.

24 We also proposed a Resident Fish Management
25 Plan, which has a pike minnow control program, but

1 also in the future could include small mouth bass
2 and walleye or other predators on, particularly ESA
3 listed fish, but also on lamprey and sturgeon who
4 are trying to recover.

5 There is a pretty robust section in there as it
6 relates to the land use policy for shoreline habitat
7 protection and periodic index monitoring of the
8 resident fish assemblage towards identifying changes
9 that may be project related. And then there's also
10 native fish assemblage monitoring.

11 So down to the last two of the six. There is
12 also an Aquatic Nuisance Species Management Plan,
13 which includes utilizing best management practices
14 towards not introducing or contributing to the
15 further spread of ANS species. There's also ANS
16 species monitoring in the reservoir to make early
17 detection possible and potential eradication if
18 possible. There's bycatch monitoring during all the
19 other activities that we're doing. That helps us to
20 also identify the presence. There is education
21 outreach, because that's a large component that the
22 state and federal agencies are really interested in,
23 is trying to educate people about when they are
24 moving their boats around, introducing them to new
25 waters. They need to be looking for these species.

1 So we've engaged in that as well, through education
2 and outreach, mostly signage and stuff on our
3 website. And then also regional information
4 exchange. What are others doing regarding ANS? Are
5 they seeing them? What are they doing for
6 prevention and education and what are the recent
7 laws and regulations, as they apply to us?

8 The last one, Water Quality Management Plan is
9 a really big one for the Department of Ecology. This
10 is kind of their home turf, as far as the aquatic
11 settlement. It totals out gas monitoring; that's
12 what the TDG acronym is. There's also a pretty
13 robust spill operations plan, as it relates to total
14 resolved gas, but also relates to the bypass
15 operating plant. There is what we call the GAP and
16 it's associated exemption. That is a gas abatement
17 plan, Total Dissolved Gas Abatement Plan.

18 Temperature monitoring studies, involvement
19 with the TMDL, with EPA, Environmental Protection
20 Agency. They started a TMDL about eight years ago,
21 they are supposed to reengage that. So when they do
22 that, we want to make sure we're involved in it.

23 There is a spill prevention and counter measure
24 requirements that Ecology has on this, and FERC also
25 has a similar requirement, that's for oil. There is

1 also involvement in the Columbia River Spill
2 Response Initiative, that's for oil not a water
3 spill. And then, annual inspections that Ecology
4 does on the project toward determining compliance
5 with all the measures and Oil Spill Prevention Plan,
6 which is updated annually.

7 There is also the Quality Assurance Plans, to
8 make sure that we're collecting the data in a robust
9 and accurate manner and consistent with other
10 projects around us, to feed into Ecology's regional
11 database towards temperature and TDG compliance.
12 And it also includes resident fish monitoring and
13 regional information exchanges in coordination on
14 TDG. So, that's kind of a mouth full.

15 Bottom line, what does that mean in terms of
16 cost? Well, as proposed in the final license
17 application by Douglas PUD, the aquatic salmonid is
18 expected to cost a little over a million dollars a
19 year to implement. A large part of that is sturgeon
20 and lamprey, but water quality has a significant
21 component in that as well.

22 What are some of the other proposals? Well,
23 Wildlife and Botanical Management Plan includes
24 repairing of Cassimer bar dikes. Up on the
25 reservoir, it's a program to also help educate and

1 help people avoid disturbance on white pelicans.
2 There is a repairing and vegetation management, RTE
3 plant identification and management and protection
4 plan.

5 It talks a lot about bald eagles, raptor perch
6 management. There's beaver management, so all the
7 riparian trees aren't destroyed. Some of the bald
8 eagles and raptors don't have any place to nest and
9 to roost.

10 There's quite extensive waterfowl enhancement
11 through the planting of grain crops and also
12 shoreline protection. It includes bimonthly
13 reservoir inspections to ensure there isn't
14 encroachment by outside parties on the project that
15 would have a negative effect on the habitat that
16 we're trying to manage for native species.

17 There's also, kind of beefing up of how we
18 implement the Cassimer Bar Wildlife Management Area.
19 We have six other wildlife areas that are managed in
20 close coordination with Washington Park Fish and
21 Wildlife. Cassimer Bar is on the Colville
22 Reservation, so the Department of Wildlife isn't as
23 involved with that particular wildlife area, and
24 usually we manage that in closer coordination with
25 the Colville Tribe. So that's to kind of step that

1 up to the next level for a native plant and species
2 protection, and also pretty extensive noxious weed
3 control.

4 The Avian Protection Plan. Not going to go
5 into too many details on that. It's kind of your
6 boilerplate Avian Protection Plan, as it relates to
7 transmission line, mostly. But also the projects we
8 share.

9 There's also a Historic Properties Management
10 Plan. Pretty standard components in here as well.
11 There's employee and public education programs to
12 ensure that people are aware of the rules,
13 regulations and what is considered cultural
14 artifacts. There is pretty extensive and detailed
15 reservoir inspections that go on every few years to
16 ensure that new sites aren't exposed and identified.
17 There is also a schedule for determination of
18 eligibility for known sites. So that's graduated
19 out over the license, so that eventually all the
20 sites that are known would have a determination made
21 on them over time. There is data indexing and
22 archiving existing cultural resources. There is
23 annual archaeological monitoring in 44 of the high
24 priority sites. There is a pretty extensive erosion
25 monitoring program to kind of get the feel of what

1 the reservoir is doing and where potential sites may
2 appear in the future. And that includes monitoring
3 in terrestrial and inundated sites.

4 There is also a 10 year archaeological survey
5 and periodic testing of individual sites, as well as
6 curation for cultural resources that have already
7 been collected.

8 So the Recreation Management Plan has a few new
9 actual on the ground measures in it. Particularly,
10 there is the Wells Overlook Interpretive Center
11 which is kind of intended to replace the visitor
12 center that was in Wells Dam. Kind of post 9/11,
13 wanted to move that out away from the actual
14 critical infrastructure, up to a place closer to the
15 highway, more interactive with the public.

16 There is also an expansion of the Marina Park
17 RV Facilities to address capacity issues that have
18 been identified there during the relicensing
19 studies. There is a development for our rustic,
20 kind of boat-in tent camping site, yet to be
21 identified, the specific location. There's a
22 development of also, a formal boat-in campsite.

23 There's an expansion of the Chicken Creek Boat
24 Launch to improve access to that waterway. We're
25 going to provide reservoir navigation maps, so that

1 when the reservoir is oscillating from its full 781
2 down to 771, people are aware of some of the hazards
3 due to shallow water. So that will be on the
4 website as well as in the boat launches. Extensive
5 recreational facility operation and maintenance
6 funding with the three cities, with Pateros,
7 Brewster and Bridgeport, including capital and O&M.

8 There's also a feasibility study to look at the
9 opportunity to develop a wildlife viewing trail. On
10 the reservoir there is promotional maps. There is
11 studies, FERC Form 80 updates as well as rec use and
12 need studies.

13 So what are the costs of those? The bottom
14 line about 800,000 a year for all four of those
15 additional plans and measures. Although a lot of
16 the recreational plan, particularly the facility
17 things, the capital costs are front loaded, and this
18 is just an annualized average over three.

19 A couple of other things that we proposed that
20 really don't have costs because they are either
21 already individual costs - they are either already
22 assigned to one of the other areas, like the
23 Recreation Management Plan or they are already
24 captured in our existing operation and maintenance
25 costs.

1 So the four of them are: there is the Pateros
2 Recreation Agreement, the Brewster Recreation
3 Agreement and Bridgeport Recreation Agreement. We
4 included those costs in the Rec Management Plan, so
5 that was under O&M capital.

6 And the land use policy. We are already
7 implementing a very robust land use policy, and so
8 those costs are captured in our historic operating
9 costs as well as being identified individually as a
10 new or incremental cost to implement that policy.

11 There's also something else we did not include
12 as a cost, but it is a measure that we're doing,
13 which is the Off-License Wildlife and Resident Fish
14 Agreement. Specifically, we're going to plant
15 20,000 pounds of rainbow trout annually in
16 cooperation with Washington Department of Fish and
17 Wildlife to enhance recreational fishing in the
18 Okanogan, Douglas County area, the project counties.

19 There is quite an extensive wildlife area
20 funding for the wildlife areas that are adjacent to
21 or within the project boundary, hence the reason for
22 off-license, because some of those are outside the
23 project boundary.

24 There is a habitat restoration fund should
25 there be a catastrophic fire on the wildlife area.

1 We're also providing capital equipment funding to do
2 the operation in the wildlife area. And again,
3 those costs were not included in the final license
4 application, but we did provide the measures so that
5 people were aware of those actions.

6 Summary, kind of bottom line. Projected
7 operating costs, this is right out of Exhibit D of
8 the application. Our historic costs, if you take
9 out the HCP for all of the operation and maintenance
10 of the project, has been running about 30.4 million
11 dollars. And that's an average from 2003 to 2007,
12 escalated to 2012 dollars.

13 And for future repair and replacement cost of
14 major capital infrastructure: turbines,
15 transformers, generators, concrete structures, those
16 types of things that do have a life to them. We
17 think that annual is going to be about 21 million
18 dollars over the life of the new license. So that's
19 included in kind of what we call our actual
20 interpretive. And so we call that our R&R cost,
21 repair and replacement cost.

22 There is also the third category, which are all
23 these proposed PM&Es, protection, mitigation and
24 enhancement costs. That's the HCP plus all the
25 management plans and the Aquatic Settlement

1 Agreement, as proposed by the joint parties. That
2 totals up to 13.1 million in 2012 dollars.

3 So, that totals up to what we call our all in
4 costs. Our all in cost is 64.3 million dollars, as
5 an annual cost under the new license as proposed in
6 Douglas PUD's final license application.

7 That comes up with a comprehensive
8 developmental cost over a 30 year time frame of 1.93
9 billion. And the difference between the applicant's
10 proposal and our current operating cost is roughly
11 34 million dollars. So that would be a 34 million
12 dollars a year increase under a new license.

13 So, just a little bit about draft biological
14 assessment and what we included in to the license
15 application. There were three ESA listed species
16 that we included in there: the spring chinook,
17 summer steelhead and bull trout. We developed the
18 Draft Biological Assessment in close cooperation
19 with NMFS and the U.S. Fish and Wildlife service to
20 make sure we got the concurrence determinations
21 accurate.

22 FERC also did provide quite a bit of input on
23 that as a draft EA but also on the draft license
24 application, and that was included in the
25 application.

1 The agreed upon effect determination in there
2 was, "May affect, not likely to adversely affect for
3 all three species." And also, "Not likely to
4 adversely modify or destroy designated critical
5 habitat."

6 So, two more slides, ESA related slides. I
7 just put this up there as it relates to what we're
8 going in to right now. In 2000, as far as for NMFS
9 consultations, Douglas PUD did receive a Section 7
10 Incidental Take Statement for the operation of the
11 project. And that was under the 1990 settlement
12 construct for the Long Term Anadromous Fish
13 Agreement. And their determination at that time
14 was that we were not likely to jeopardize the
15 continued existence of the ESA listed spring Chinook
16 or steelhead. So that kind of set the baseline for
17 us. We were working on the HCP, and in 2003,
18 National Marine Fisheries Service issued a 50 year
19 incidental take permit for those five planned
20 species in the matter of salmon and steelhead. So
21 that was going to cover us from basically, 2004 to
22 2064.

23 In 2003, they also issued us three other
24 incidental take permits for the operation of our
25 hatchery program. Those were only 10 year permits

1 though, and those 10 year permits expire in 2013 and
2 '14, which is intended to tie up with the license
3 term. That leads into the last one at the bottom.

4 Also in 2004, as we were proposing a license
5 amendment to include the HCP into the existing
6 project license, FERC had to consult and do a quick
7 Section 7 consultation on that license amendment,
8 and that license amendment specifically required
9 reauthorization of the HCP as part of our licensing.
10 And it also, when FERC did approve the HCP in 2004,
11 that triggered the effective dates for the HCP
12 agreement for us.

13 The effective dates of the HCP for Douglas is
14 2004 through 2054, a little bit different than what
15 it is for Chelan.

16 Currently, what are we doing on the ESA front?
17 Well, we've got two things going on. We're
18 currently in consultation to renew these Section 10
19 incidental take permits. They didn't quite make it
20 to this time frame because of the ESA Recovery Plan,
21 so now we're working on these instead. We're
22 working on spring Chinook and steelhead hatchery
23 management plans and we're expecting to get new
24 Section 10 incidental take statements either later
25 this year or early 2012. And then FERC,

1 specifically, is working on the relicensing and HCP
2 reauthorization incidental take permit with NOAA.

3 What's going on with bull trout? Steve and
4 Jessie are here, so if I screw this up let me know.
5 In 2004, the Fish and Wildlife Service issued
6 Douglas PUD an incidental take permit for bull
7 trout. That's part of the license amendment process
8 and approval of the HCP.

9 In 2005, we generally developed the Bull Trout
10 Monitoring and Management Plan. It was submitted to
11 FERC and approved and will be part of our license
12 and part of our compliance.

13 In 2005, FERC designated Douglas PUD as
14 nonfederal rep. We used that in the development of
15 the Aquatic Settlement Agreements, specifically in
16 2008. That discussion concluded in the Fish and
17 Wildlife Service signing on to the Wells Aquatic
18 Settlement Agreement. And particularly, the Bull
19 Trout Management Plan which is intended to be a
20 Section 7, had the terms and conditions for Section
21 7.

22 So, Fish and Wildlife Service is currently
23 consulting on one Wells project action, and that's
24 the relicensing. And the Aquatic Settlement
25 Agreement Bull Trout Management Plan is expected to

1 form the basis of that ESA Section 7 consult.

2 So, that's it. That's the applicant's report.

3 (Applause.)

4 MS. NGUYEN: Thank you Shane. Now to the
5 staff's alternative. The staff alternative includes
6 Douglas PUD's proposal to continue implementation of
7 the Wells HCP, as well as implementation of some of
8 the measures in the six Aquatic Resource Management
9 Plan, as described in the Aquatic Settlement.

10 Staff did not recommend implementation of as
11 yet unspecified measures of study included in the
12 Water Quality Management Plan, the Bull Trout
13 Management Plan, the Pacific Lamprey Management
14 Plan, the White Sturgeon Management Plan, the
15 Resident Fish Management Plan and the Aquatic
16 Nuisance Species Management Plan.

17 We also did not recommend that Douglas PUD be
18 required to attend and participate in forums that
19 address regional water quality issues, regional bull
20 trout conservation efforts, regional Pacific lamprey
21 conservation efforts and regional monitoring efforts
22 for aquatic nuisance species.

23 For bull trout, we did not recommend the annual
24 bypass spill operations plan be subject to approval
25 by the Aquatic Settlement Working Group, monitoring

1 and studying bull trout passage performance at
2 off-project hatcheries and broodstock collection
3 facilities and the collecting and funding of genetic
4 analysis of bull trout tissue samples. For Pacific
5 lamprey, staff did not recommend conducting studies
6 of Pacific lamprey habitat and relative abundance in
7 the project area in conducting literature reviews of
8 potential upstream and downstream passage measures
9 for Pacific lamprey.

10 For white sturgeon, we did not recommend
11 developing a Mid Columbia hatchery facility to
12 accomodate various phases of white sturgeon
13 supplementation for the project. Staff also did not
14 recommend implementation of the Resident Fish
15 Management Plan, except for the continued
16 implementation of the Wells HCP Predator Control
17 Program and the Douglas PUD Land Use Policy. Our
18 justification for not recommending these measures
19 are in the comprehensive development Section 5 of
20 the draft EIS.

21 Now, I would like to open the floor for your
22 comments. So please remember to state your name
23 with spelling before you speak.

24 MR. LEWIS: Just to clarify. Something
25 that was a little bit vague within the confines of

1 the action document.

2 COURT REPORTER: If he is going to speak
3 on the record-

4 MS. NGUYEN: Yeah, could you use that mic,
5 please? Thank you.

6 MR. LEWIS: I wasn't planning on speaking
7 but, I'll just bring it back with me.

8 COURT REPORTER: State your name.

9 MR. LEWIS: I'm Steve Lewis, S-T-E-V-E
10 L-E-W-I-S. And I wanted to first thank the FERC
11 staff for coming here to discuss this document.

12 I just had one clarifying comment for today,
13 and that's with reference to the Commission's
14 alternative. My question is whether or not the
15 Commission's alternative actually includes all of
16 the Section 18 prescriptions, or is that reserved
17 solely within the confines of the Commission staff
18 alternative with mandatory conditions?

19 MR. CUTLIP: We did not recommend in the
20 staff alternative all the mandatory conditions, so
21 no, we did not include all of the Section 18
22 prescriptions. However, we note that the Section 18
23 prescriptions and all the other mandatory
24 conditions, including the Section 401 Water Quality
25 Cert, would be included in the license. So, we just

1 left it at that.

2 And if you look at the draft license articles
3 that were appended to the document, you can see that
4 they're set up in a way that assumes that the
5 current mandatory conditions that we have filed on
6 the record would be part of the license.

7 MS. NGUYEN: Anything else? I have one
8 for you, Shane. The recreation settlement that you
9 alluded to with the cities. Is that off-license or
10 is that part of the Recreation Management Plan?

11 MR. BICKFORD: They're off-license.

12 MR. KELLEHER: My name is Pat Kelleher,
13 K-E-L-L-E-H-E-R. I live in Ellensburg, Washington.
14 I'm a customer of Kittitas PUD.

15 Northwest Public Utilities have a preference
16 right to BPA low cost tier one power. Recently,
17 drastic changes have been made in allocation. In
18 simple terms, starting in 2010, BPA allocated all
19 future tier one power to preference customers based
20 on their existing high water mark or current load.

21 Preference customers can still place load
22 growth on BPA but at tier two rates. Tier two is
23 basically the FERC concept of cost of alternative
24 power listed in Table 29 of the draft EIS.

25 Tonight, I want to bring to FERC's attention

1 that unjust residential electrical market distortion
2 among mid Columbia Public Utilities caused by FERC
3 orders.

4 Public utilities are preference customers of
5 BPA and very powerful in Washington State. This is
6 documented in a book, "People, Politics and Public
7 Power" by Ken Billington retired Executive Director
8 of the Washington Public Utility District
9 Association.

10 Mr. Billington writes that Rock Island Dam was
11 the first non-federal dam constructed on the Main
12 Stem of the Columbia River. It was constructed by
13 Puget Sound Power and Light Company and put into
14 service in 1933.

15 Later, when it appeared that the City of
16 Seattle was going to condemn Rock Island Project,
17 Chelan County PUD moved ahead with its own
18 condemnation procedure against the Puget Power
19 Plant. Later in January of 1956, Chelan PUD
20 announced the purchase of Rock Island Dam from Puget
21 Power for 28,226,200 dollars.

22 FERC has licensed and relicensed Rock Island
23 Dam. I mention Rock Island Dam to give an
24 indication of the power of public utilities to
25 condemn private utilities and also provide FERC

1 staff a reference point.

2 A mere five mile arc from Rock Island Dam would
3 include part of Chelan PUD, Douglas PUD, Grant PUD
4 and Kittitas PUD residential service areas. The
5 annual electrical bill for a typical residential
6 customer is: for Chelan, 361 dollars; Douglas, 316;
7 Grant, 552 and Kittitas, 1,008 dollars.

8 The residential cost for the most homogeneous
9 product in the world. You can't determine how it
10 was made: nuclear, hydro, wind. Once it gets on the
11 wires, you can't determined who owns it, right? In
12 the world, costs three times more in the adjacent
13 PUD service area of which I live.

14 Based on the licensing records, future annual
15 project costs should be stable for Chelan, Rock
16 Island, Rocky Reach, Wanapum, Priest Rapids and
17 Wells Dams. However, in the future when alternative
18 power provides just 50 percent of the Kittitas PUD
19 residential load, the annual residential bill will
20 increase to 1,662 dollars.

21 First, I request that the final EIS acknowledge
22 and then discuss the current residential electrical
23 market distortion caused by FERC orders.

24 Second, I'd like to see Kittitas PUD and
25 Douglas PUD should enter a settlement agreement

1 addressing this market distortion. A just and
2 reasonable settlement agreement would be, for the
3 term of the license, the Wells project shall provide
4 project power at cost for Kittitas PUD tier two
5 residential growth above its 2010 high water mark.

6 The settlement agreement does nothing to
7 correct this existing distortion, but it does
8 prevent the distortion from increasing. The cost of
9 the settlement agreement is revenue neutral to the
10 Wells project.

11 The Supreme Court stated in Udall v. the
12 Federal Power Commission, "The grant of authority to
13 the Commission to alienate federal water resources
14 does not, of course, turn simply on whether the
15 project will be beneficial to the licensee. The test
16 is whether the project will be in the public
17 interest."

18 Continued distortion of the residential
19 electrical market is not in the public interest.
20 Thank you.

21 MS. NGUYEN: Thank you Mr. Keller. It's
22 nice to put a name to a face. Anything else? We
23 have the room for two hours.

24 FERC staff doesn't have any other questions?
25 Okay, with that the meeting will come to a close.

1 Thank you very much.

2 (WHEREUPON, The proceedings were concluded at 7:20

3 p.m.)

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