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BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

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IN THE MATTER OF: :

LAKE POWELL HYDROELECTRIC SYSTEM : Project No.

: 12966-001

:

- - - - - x

Kanab Middle School  
690 Cowboy Way  
Kanab, Utah

Tuesday, June 10, 2008

The above-entitled matter came on for scoping  
meeting, pursuant to order, at 6:00 p.m., Jim Fargo,  
moderator.

## 1 P R O C E E D I N G S

2 (6:00 p.m.)

3 MR. FARGO: This is the first of three scoping  
4 meetings that we're holding out here for the Lake Powell  
5 Pipeline Project. I thank you all for coming tonight and  
6 joining us. Many of you were on the site tour we've taken  
7 for the last two days, and we got some beautiful weather  
8 that went along with it. So it's been a good time getting  
9 out and having a chance to see the project facilities in  
10 terrific conditions.

11 With me tonight with the FERC staff we have Allen  
12 Mitchnick, who is also in Washington, D.C. with me and who  
13 works as a terrestrial biologist. Ellen Hall who's with  
14 Louis Bergers. She's a contractor on the project. Ellen,  
15 do you want to introduce the staff that you're here with or  
16 do you want me to go ahead?

17 MS. HALL: I'm Ellen Hall. The staff I have here  
18 with me tonight is Jot Splenda who is our water quality  
19 specialist, Dincer Egin who is the geo-technical engineer  
20 who covers geo-technical issues, and Alison MacDougall who  
21 covers cultural and archeological issues. And in addition  
22 to kind of corralling all of our talents, I also address  
23 socioeconomic issues.

24 MR. FARGO: Also with us today up front is a  
25 guy I've been working with on this project since early March

1 when the application was filed at FERC, Joe Encardine from  
2 BLM. Joe's been involved with the Lake Powell Project now  
3 for I think the past year, year and a half.

4 Joe, would you like to say a word or two about  
5 things?

6 MR. ENCARDINE: Thanks Jim. Joe Encardine, I'm  
7 the project manager located physically in Salt Lake City at  
8 the Utah state office with BLM. I work for the Washington  
9 office, the national office and I will be project manager  
10 for the BLM side. I've been working with the State of Utah,  
11 along with the right-of-way application that they have given  
12 to BLM about a year ago or so, and been on many trips out to  
13 where the proposed pipeline would be and where the  
14 facilities would be. So we're just here tonight to listen.  
15 We've got several other BLM people here. Would you guys  
16 like to stand up, introduce yourselves? Okay.

17 We've got the Monument Office represented. The  
18 Kanab field office was going to be here. How you doing  
19 Dennis? The Kanab field office and each of the BLM offices  
20 will be represented at the next two nights in St. George  
21 with the Arizona Strip Office tomorrow as well as the Cedar  
22 City field office the next night.

23 So we're here to listen. Our state director  
24 Sal Marieri indicated we would be considering being a  
25 cooperating agency for this Environmental Impact Statement.

1 The BLM has jurisdiction for decision on granting a right-  
2 of-way where the pipeline would be. I believe there is 55  
3 or 60 percent of land in Utah and Arizona that would be BLM  
4 land on where the proponent's proposal is. So right now  
5 we're listening. We're going to be evaluating impacts,  
6 working closely with FERC. There would be a memorandum of  
7 understanding of how we would operate with FERC as a  
8 cooperating agency, and that's forthcoming. Officially, we  
9 have to get a letter to FERC by July 7, I believe and I  
10 don't see anything that is going to be different from that.

11 So anyway, we will be very involved with the  
12 project. A Record of Decision would be issued by the Utah  
13 State Director who is the authorized officer from the BLM  
14 side for decision on any right-of-way grant to be issued  
15 along the pipeline. So happy to be here tonight and met  
16 some of you and hope to meet some more of you. Thank you.

17 MR. FARGO: The format or the way we hope to kind  
18 of go through tonight before we open things up for the  
19 people who want to make formal presentations or just  
20 Question & Answer is that I've asked the state to prepare a  
21 brief introduction and a brief overview of what their  
22 project proposal is and where they are in their process, just  
23 where they are as far as their studies up to this point.

24 After that, I'll be going through about the FERC  
25 ILP or Integrated Licensing Process that we'll be using on

1 this project and I'll have a bit of presentation on that.  
2 So before we get started with the presentations and the rest  
3 of tonight's scoping-type agenda, I wish you could join me  
4 in the Pledge of Allegiance.

5 (Pledge of Allegiance recited.)

6 MR. FARGO: Thanks. Eric Millis it's your show  
7 to do the project description and where the state is.

8 MR. MILLIS: Thank you. I've been asked to speak  
9 to you for about 10 minutes and just give you a quick  
10 overview of our Lake Powell Pipeline Development Project.  
11 I'm Eric Millis. I'm with the Utah Division of Water  
12 Resources. We have been charged by the state legislature to  
13 develop this project.

14 (Slide.)

15 MR. MILLIS: In 2006, the state passed the Lake  
16 Powell Pipeline Development Act, which basically authorized  
17 the Board of Water Resources and directed them to develop  
18 the project. We're working cooperatively with the three  
19 water conservancy districts that would receive water from  
20 the project those being Washington, Kane and Central Iron  
21 County water conservancy districts to develop this.

22 Of course, the need for the project is driven by  
23 the rapidly growing population in this part of the state.  
24 For many years the population increases in southern Utah  
25 have far surpassed those in other parts of the state and

1 even other parts of the country. And so this chart that's  
2 before you here are the numbers from the governor's Office  
3 of Planning and Budget showing the aggregated population  
4 projections for the three water conservancy districts for  
5 the next 50 years. And as you can see, they increase about  
6 six-fold over the next 50 years.

7 (Slide.)

8 MR. MILLIS: We always use these projections, the  
9 GOPB projections in our planning efforts. We're bound to  
10 use those and so these are the bases that we're using for  
11 calculating the demand for the Lake Powell Pipeline Project.  
12 The three counties would receive a share of the water,  
13 100,000 acre-feet is the amount that is being proposed for  
14 development through this project. It is first and foremost  
15 a water development project, 100,000 acre-feet of water  
16 would be left in Kane County as the pipeline passes through,  
17 70,000 acre-feet would be delivered to Washington County  
18 Water Conservancy District and then another 20,000 acre-feet  
19 would be delivered to Central Iron County Water Conservancy  
20 District there in the Cedar City area.

21 (Slide.)

22 MR. MILLIS: This is something that has been  
23 thought about and studied for many years. Back in the early  
24 1990s even when Washington County Water Conservancy District  
25 was looking at the growth in the area and trying to develop

1 means and strategies to be able to supply water for that  
2 growing population considered this idea of bringing water  
3 over from Lake Powell. The State of Utah had proposed the  
4 idea. We went through a number of preliminary calculations  
5 on it to determine whether it was feasible from an  
6 engineering standpoint as well as from a cost standpoint,  
7 and determined it was. And so we then launched into a  
8 series of studies, which would help us better then determine  
9 whether or not the project was feasible.

10 Washington County Water Conservancy district  
11 conducted a water-needs assessment that was part of this  
12 planning effort. We also hired Boyle Engineering to come in  
13 and take a look at where the project might be located in  
14 terms of the alignments and what facilities might be needed  
15 to do the project.

16 (Slide.)

17 MR. MILLIS: In 1999, the Board of Water  
18 Resources set aside a large water right for use with this  
19 project and so there is a water right, the Utah Water Right,  
20 that exist for the project. We then continued to do  
21 feasibility studies. Boyle, again, went through and  
22 relooked at their previous estimates of costs and the  
23 project alignment and also included the Cedar Valley  
24 Pipeline, so the line from Washington County up to Cedar  
25 Valley at that point.

1 (Slide.)

2 MR. MILLIS: We concurrently had the Bureau of  
3 Reclamation looking at studies and engineer preliminary  
4 designs for us for an intake pump station at Lake Powell.  
5 And so they did that for us in 1995 and also completed  
6 another one for us in 2006. So there's been quite a lot of  
7 study and effort that have gone into planning this and  
8 determining whether or not it was worth pursuing and looking  
9 further into. We believe it was. And we believe that the  
10 state legislature wisely, seeing that these projects take a  
11 long time to develop, passed the Lake Powell Pipeline  
12 Development Act in 2006 and directed us to begin the actual  
13 planning and development of this project.

14 (Slide.)

15 MR. MILLIS: The project will utilize a share of  
16 Utah's allocation of the Colorado River. Utah's allocation  
17 is about 1.4 million acre-feet of that. We're using about a  
18 million acre-feet. So we have 400,000 acre-feet of water  
19 and power being at really the end of the upper Colorado  
20 River system, and at the end of Utah's portion of the  
21 Colorado River really is a good place to take the water  
22 from. There is, we believe, water available. We've had the  
23 Bureau of Reclamation do modeling for us that shows even in  
24 severe drought conditions there will be water available for  
25 the pipeline.

1                   We're talking about a 100,000 acre-feet out of  
2                   the 400,000 that is available and so we believe that we have  
3                   the water right. We believe the supply is there. We  
4                   believe that this will be a reliable water supply for the  
5                   project.

6                   (Slide.)

7                   MR. MILLIS: Just for convenience, we have  
8                   divided the project into four main systems. The water  
9                   intake system, which really is the pumping plant at Lake  
10                  Powell, but also then the water conveyance system, which  
11                  gets the water up out of Powell and on its way over here to  
12                  Sand Hollow Reservoir. And I'll show you another map here  
13                  in just a second and we'll go through where the alignment is  
14                  expected to be, but also the hydropower system. We pump the  
15                  water up about 2000 feet out of Lake Powell, 2000 feet in  
16                  elevation and then we have about 27,000 feet that it goes  
17                  downhill to get to Sand Hollow Reservoir and so there is  
18                  excess energy in the system and opportunity to generate  
19                  hydropower. And so we're trying to maximize the benefits,  
20                  get some repayment on the amount of energy we're using to  
21                  pump the water up to the high point above Lake Powell.

22                  The final component of the system is the Cedar  
23                  Valley Pipeline, which is about a 30-inch pipeline that  
24                  would run from Sand Hallow Reservoir area up to Cedar  
25                  Valley. The main pipeline, I'll add, is proposed to be a

1       69-inch diameter steel, buried pipeline. All of these  
2 features, with the exception of pump plants and hydropower  
3 stations, will principally be underground and out of sight.

4                   (Slide.)

5                   MR. MILLIS: Let me go to the alignment here. So  
6 starting here on the edge of Lake Powell just immediately  
7 upstream of Glen Canyon Dam we're proposing to locate the  
8 intake pump station. That would be on land that's managed  
9 by the Bureau of Reclamation. We would come out from there  
10 across National Park Service property.

11                   There's an old, existing road that is over  
12 here where we would locate our first booster pump station,  
13 which would get the water on its way up out of Arizona and  
14 into Utah. And just beyond Big Water then we have a second  
15 booster pump station, which will lift the water up to the  
16 Cottonwood Creek drainage. We would have a hydropower plant  
17 there and a booster pump station just before the pipeline  
18 enters the Cockscomb, go through the Cockscomb and just as  
19 we get pass that and the highway is starting to bend to the  
20 southwest, have our final booster pump station, which would  
21 then get the water up to the high point, which is about 10  
22 miles east of Kanab.

23                   (Slide.)

24                   MR. MILLIS: From that point then we would  
25 propose to stay on the highway for a bit. We would then go

1 cross country down into Arizona, pick up the Navajo McCulloh  
2 Powerline and follow it down pretty much around the south  
3 edge of the Kaibab Paiute Tribes Reservation and follow that  
4 power line along to the west of the Reservation, then backup  
5 towards Utah on the highway to Hilldale. We would have a  
6 hydropower plant here -- and I apologize. We have a  
7 hydropower plant located about right here, one right here.

8 At Hilldale we would have another one. We would  
9 go to the West, across the Arizona-Utah line principally,  
10 for a ways and then towards the Hurricane Cliffs where we  
11 would have a hydropower plant just at the top of the cliff.  
12 We would have a four-bay reservoir there to regulate flows  
13 into the big power plant, which we would have at the base of  
14 the Hurricane Cliffs. And then onto to San Hollow there  
15 would be another power plant at that point. But it sits  
16 right here at this reservoir at the base of the Hurricane  
17 Cliffs that we would take off with the pipeline that would  
18 run up to the Cedar Valley, and there would be a number of  
19 booster pump stations. Of course, those of you have driven  
20 that know that's an incredibly high lift, about 2500 feet to  
21 get the water up into the Cedar Valley area. So that, in a  
22 nutshell, is the alignment.

23 We've got a number of landowners and land  
24 managers that we will be crossing, beginning with the Bureau  
25 of Reclamation there at the intake pump station, but just

1 immediately out of their property we're into the Glen Canyon  
2 National Recreation Area.

3 (Slide.)

4 MR. MILLIS: We follow that all the way through  
5 Arizona. We get into Utah. And we're really trying to stay  
6 along the highways and along power lines and along other  
7 distributed corridors as much as we can to minimize the  
8 environmental effects. Of course, it also adds some  
9 convenience in constructing and maintaining the project  
10 also.

11 We have a big block of Utah School and  
12 Institutional Trust Lands right here in the Big Water area,  
13 but also other blocks of that land. As you go across, we  
14 have Bureau of Land Management land that we'll cross. We go  
15 through the Grand Staircase Escalante National Monument into  
16 Arizona. We're still on a lot of BLM land, but we also hit  
17 some Arizona State Trust Lands as well as a fair amount of  
18 private land as we're going around the south of the  
19 Reservation there. And we end up with a lot of private  
20 lands as we continue on up into Utah and across, but really  
21 quite a mix there. We've got some wilderness areas that  
22 we'll go pass, a couple of ACECs that we will go pass; and  
23 so the landownership is quite complex.

24 We've been out in April with a series of  
25 public meetings aimed to try to show the landowners where it

1 is that we're proposing to locate the project at this point,  
2 and there are still further questions about that. We will  
3 be glad to get you maps and talk to you about what's being  
4 proposed if you'll let us know that you've got questions  
5 like that.

6 (Slide.)

7 MR. MILLIS: We also, you know, in addition to  
8 the number of land managers that we'll be dealing with and  
9 landowners, we have a number of agencies, nine federal  
10 agencies. We have as many as five Tribes that we'll be  
11 working with. We also have quite a few agencies, both on  
12 the Arizona and the Utah state side of the border. We've  
13 had meetings with many of these agencies and with many of  
14 the Tribes to this point, mainly trying to explain what it  
15 is that we're trying to do and getting input from them as to  
16 what they would need from us in order to accommodate this  
17 project.

18 (Slide.)

19 MR. MILLIS: So the landownership, roughly 55  
20 percent of the alignment is federal lands. Most of that is  
21 Bureau of Land Management lands. We also have 23 percent of  
22 the alignment would be state trust lands on both sides of  
23 the state line and then 22 percent of the land is estimated  
24 to be private.

25 (Slide.)

1           MR. MILLIS: So where are we now? We filed our  
2 pre-application documents with the Federal Energy Regulatory  
3 Commission in early March. And in the interim then held a  
4 series of public information meetings, six of them in late  
5 March and through April. We are now here participating with  
6 the scoping meetings. And as we now head in the future  
7 we're going to complete our preliminary planning and design  
8 of the project; hopefully, have a cost estimate later this  
9 summer, early fall. All of us would like to know what the  
10 estimated cost of the project is, but also be accepting the  
11 input that we get from FERC from these scoping meetings and  
12 trying to get everything then planned to go along with the  
13 needs of FERC and with the other agencies so that we can  
14 develop, our continued development of the project.

15           Our proposed schedule for this is to begin final  
16 design in 2014. That will be a multi-year process, so we'll  
17 be working through that for a couple, three years. The  
18 earliest that we see construction beginning would be about  
19 2016. And again, that would be a multi-year process, many  
20 contractors on the job working on this that our hope would  
21 be to have this completed somewhere in the neighborhood of  
22 2018 or 2019 with the ability then to deliver water and  
23 generate power by 2020.

24           (Slide.)

25           MR. MILLIS: We have a website set up with

1 additional information about the project. It's our own  
2 Division of Water Resources website with a specific tab for  
3 Lake Powell Pipeline. So if you go to either this address  
4 or to our mainpage and click on the Lake Powell Pipeline  
5 link you'll be able to find that. We're trying to keep that  
6 updated with current information. There is a project update  
7 tab that you can go to and see what it is that we're doing.

8 So I appreciate your interest, appreciate your  
9 attendance and thank you very much.

10 MR. FARGO: Just for tonight I think some of them  
11 aren't going to be as important. We don't have as many  
12 people who've signed up to speak, and so I think the time  
13 limit, you know, I'm just going to ask you to try to go for  
14 four- to five-minute limit, usually going longer than that  
15 isn't too effective otherwise. But if there are people that  
16 wish to speak and give a formal presentation, just please  
17 let us know that. We've got a list of a couple that have  
18 already indicated they would like to talk, and we'll take  
19 them in order. Please show respect for other participants.  
20 I hate to infringe on anybody's First Amendment rights, but  
21 I think it makes the meeting go nicer if we can keep things  
22 on a civil tone. Hope these are guidelines everybody can  
23 adhere to?

24 (No response.)

25 MR. FARGO: Okay. Just a brief introduction of

1 the Commission, we have five commissioners who were  
2 appointed by the President, a 1300 staff total. In the  
3 office that I work out of in D.C. there's 340 people in that  
4 office. We have a collection of biologists, recreational  
5 end-use planners, archeologists, economists, engineers, et  
6 cetera. The Washington office of FERC is the one that we do  
7 all the legal work in. Just an idea, over the last three  
8 years OET has probably put out about 14,000 NEPA documents,  
9 most of those are environmental assessments, though we've  
10 put out in that timeframe at least about 100 EISs, so  
11 there's a lot of NEPA work that gets done over there in the  
12 Washington office.

13 The Commission itself regulates electric power,  
14 gas, and oil pipelines as well as hydro. Hydro is just one  
15 component of the Commission. In the hydro program there's  
16 three elements. We have the dam safety part of it, license  
17 administration. Once our licenses are issued, there is an  
18 administration office that takes care of the client's  
19 aspects of hydro projects, and the licensing. I'm from the  
20 licensing as well as Allen.

21 The process that I talked about earlier, the  
22 process that we would be using for the Lake Powell Pipeline  
23 we refer to it as the ILP. It's the Integrated Licensing  
24 Process. This was created back in 2003. It was created  
25 with a whole bunch of input from various resource agencies,

1 including all of Interior's agencies and bureaus as well as  
2 National Marine Fishery Service and others.

3 And so a lot of the different agencies who  
4 kind of come into FERC and use their regulations whenever a  
5 FERC filing is made work with us to try to improve the  
6 process that we use for licensing hydro to be one that seems  
7 more logical to all the agencies who are involved. It  
8 established pretty firm timeframes. It made the FERC staff  
9 a little bit more actively involved throughout the process,  
10 including early filing and it integrated, like the other  
11 processes do, the agency permitting processes.

12 There are different authorities agencies  
13 have. These authorities, which are different -- Section 18  
14 authorities, these different authorities that they have in  
15 their regulations that they get and exercise when a FERC  
16 project is being posed or worked on.

17 On this project, as Eric already said, there's a  
18 lot of different federal players. We hope to have the main  
19 ones who are going to be permitting authorities, at least,  
20 cooperating with us and working together with us on this  
21 project. The BLM, as Joe said, there's the right-of-way  
22 authority there. Reclamation has the water withdrawal  
23 aspects, plus the Reservation conditions. The National Park  
24 Service also has right-of-away authority here. So as I  
25 said, we're talking to all the agencies now. There have

1       been several conversations and there's a lot of dialogue  
2       going on now to try to come up with ways we can work  
3       together on this and come up with a memorandum of agreement  
4       as to how that effort is going to go.

5                Scoping, two main goals when we're getting into  
6       scoping, scoping occurs, and I'll show you on the next slide  
7       or two, very early in the ILP process, mostly to try to  
8       identify potential environmental effects and concerns about  
9       a project. But mostly everything is aimed at studying  
10      these, trying to get the studies developed that are going to  
11      get the information that the various analysts are going to  
12      need to do the NEPA document and make the recommendations  
13      for mitigation or whether to build the project, not build  
14      the project.

15               (Slide.)

16               MR. FARGO: So this is an overview of what this  
17      process looks like. We're in the very beginning stages of  
18      this. It was back, I think, March 3rd where the PAD was  
19      filed with us for Lake Powell Project and now a couple  
20      months later we're in the scoping phase. We've already  
21      issued Scoping Document 1 back, I think, in May, May 5. But  
22      the first year, year and a half of this process is going to  
23      be all aimed at developing the information we need to fill  
24      out what the study plans are.

25               Now, in the typical ILP or the typical kind of

1 FERC project, typically, our jurisdiction extends to the  
2 same length of all the other agencies. On this project,  
3 since it's predominately a water supply project with a few  
4 hydro projects that are going to involve FERC's  
5 authorization or NEPA's authorization parts of this project  
6 are going to be FERC jurisdictional, other parts are.

7           So we are going to have to probably modify  
8 this ILP a little bit because the study plans are not just  
9 going to be the study plans if FERC, at the end of this  
10 period, decides what applicant should do, but it's going to  
11 be the study plans that FERC and the various cooperating  
12 agencies decide what state should do.

13           So the first year and a half, again, of this  
14 process is going through the scoping, looking at the issues,  
15 developing the studies. And at the end FERC and the  
16 cooperating agencies will be telling the state which studies  
17 have to be done.

18           (Slide.)

19           MR. FARGO: After the studies are completed,  
20 which might take a year or two, depending on how extensive  
21 the studies are, the state would come in with an application  
22 proposal if they're still interested in the project by then.  
23 And in that proposal they'll be saying what their proposed  
24 mitigation issues are. At that point we take over kind of  
25 the traditional process, except scoping has already been

1 taken care of right now. But we'll go through just  
2 reviewing comments on the application. We'll begin going  
3 right into our NEPA process, which for this will be an EIS  
4 with all the agencies working together to get one EIS that  
5 covers the entire pipeline.

6 (Slide.)

7 MR. FARGO: The last step here would be the FERC  
8 authorization license order. But it would also include  
9 what's not up there, which should be in that box, is the  
10 Records of Decision. Each one of the agencies is going to  
11 have their own Record of Decision, and we're going to make  
12 sure that the NEPA document has the information in it to  
13 base the Record of Decision on.

14 (Slide.)

15 MR. FARGO: Agencies and the public, there's  
16 plenty of places for people to participate in this. As I  
17 said, this is just the beginning part of the process. There  
18 are comments on the SD1 and the PAD that has been already  
19 out. Those comments are due July 7, I believe. There are  
20 going to be proposed study plans that are going to be  
21 revised by the state. And there are going to be study plan  
22 meetings where the state will have meetings for a month or  
23 two with any interested parties to come there and talk about  
24 what's included in the plans. Anyone is certainly invited  
25 to those meetings and the public can comment on the revised

1 study plans. After the study plans are set and the study  
2 results come in, people can also comment on the study  
3 results and the draft application that is stated there.

4 (Slide.)

5 MR. FARGO: Post-filing, the agencies file  
6 preliminary terms and conditions. The public and agencies  
7 can comment on the license application. The public and the  
8 agencies can and always do comment on the draft  
9 Environmental Impact Statement, and then the agencies get an  
10 opportunity to file final terms and conditions after the  
11 final impact statement.

12 At this point in SD1, I just want Ellen to kind  
13 of point out the issues that we've addressed and put in this  
14 document. We've done SD1 looking at the entire pipeline the  
15 best we could as FERC, without the benefit, of course, of  
16 having cooperators signed on yet at that point.

17 SD2 we will have that benefit. So SD2 is  
18 going to include the revised SD1 with comments from the  
19 public and the issues that come up in this meeting all  
20 included in it as well as any additional comments we get  
21 from the various federal agencies that we'll be working with  
22 at that time.

23 Ellen, did you just want to go over this?

24 MS. HALL: (Off mic). We have some handouts,  
25 which I hope a lot of you got. If you didn't, there are

1       handouts back there that's called " A Preliminary List of  
2       Lake Powell Pipeline Project Effects." That is a list, as  
3       Jim said, that came from the Scoping Document 1. So this is  
4       a preliminary list of environmental issues that we've  
5       already identified as probably being relevant to this  
6       project, and therefore the types of issues that we would  
7       plan to carry forward in the project that there might be  
8       study plans developed to develop more information associated  
9       with these issues if we think there's not enough information  
10      available already, and then those issues would be carried  
11      forward.

12                   There might be additional studies to address  
13      some of these topics. For example, archeological, culture  
14      resources, that's one of the topics that's listed in here.  
15      We already know that some sorts of archeological  
16      investigations would need to be made on the proposed routes  
17      in order to find out what's there so that we could determine  
18      what the effect of the project might be.

19                   (Slide.)

20                   MS. HALL: First, we have to find out what's  
21      there, and so there would be a study to address that. So in  
22      this project this first year we'll identify the additional  
23      studies. And then in the end we'll take that information  
24      and all these issues and prepare an Environmental Impact  
25      Statement that talks about the project effects on those

1 resources.

2 (Slide.)

3 MS. HALL: Now, this is a preliminary list of  
4 issues. And the way that you all can help us be sure that  
5 we're including all the right issues and looking at the  
6 right environmental effect, would be to take a look at this  
7 list. Specifically in your comments to FERC, if you send in  
8 some written comments or if you speak verbally tonight,  
9 indicate whether you think some things are missing from this  
10 list or if there are issues that are on the list that you  
11 think are not relevant and nobody should waste time and  
12 money looking or if you have something more specific to add  
13 -- some of these bulleted items on here are fairly generic  
14 and so you might want to specifically mention, for example,  
15 just the first bullet under Geology and Soils, "effects of  
16 active faults on pipeline crossings."

17 Well, that's talking about the effects of  
18 the faults on the crossing. You might think that it's  
19 important for us to address any potential effect of the  
20 pipeline and the construction on the fault and the activity  
21 of the fault. Well, that might not really be a problem, but  
22 if you think it might be a problem and want it to be  
23 addressed, then this is a good time to bring up that kind of  
24 issue to talk about the effects on a specific community or a  
25 specific plant or animal or at a specific place, a specific

1 river, a specific fish. The more specific you can be about  
2 that, then the more helpful that is to us and the more  
3 likely that we'll be sure to understand what your concern is  
4 and address that concern throughout the process.

5 (Slide.)

6 MR. FARGO: Okay, this one is kind of confusing,  
7 but lays out the first year in the activities that are in  
8 the IPO regulations. These are the set dates that kind of  
9 get generated as soon as we get a filing that we're using  
10 this ILP for. So based upon the date of the filing, we  
11 pretty much have a set timetable as to when certain things  
12 have to be done and who is the responsible party for doing  
13 those.

14 So you as you can see the left-hand column  
15 there's the federal staff's column about things that the  
16 federal staffs are going to have to be doing like issuing  
17 SD2. The state's going to have to be coming up with a  
18 proposed study plan and that's going to be -- both of those  
19 are due August 21. Participants either go to study plan  
20 meetings, which are going to be scheduled from September on  
21 or make comments on study plans, and then the state's going  
22 to have to come up with a revised study plan proposal.

23 Right now, it's set for the middle of  
24 December and participants have review and comment due in  
25 January. So the federal staffs, the date that's set right

1 now in the ILP process -- and again, these are set dates  
2 that are just generated based upon our regulations -- is  
3 sometime in February where the FERC and the federal agencies  
4 would be telling the state what studies they have to do over  
5 the next year or two years, depending on the date.

6 (Slide.)

7 MR. FARGO: This is just some processing-type  
8 information that's important. You can get all the  
9 information that we in FERC have on these projects by using  
10 our website and getting into our documents and filing and  
11 going through with the Project Number P-12966. That's the  
12 project number for Lake Powell. That will include  
13 everything that's filed, that's been officially filed in the  
14 proceeding. With this system all the federal agencies that  
15 are with us will have the same information we have and all  
16 the participants in the proceeding will have the same  
17 information we have because anything that's filed shows up  
18 under this docket number.

19 One other thing, the scoping document is another  
20 thing that's really useful is e-Subscription also on our  
21 webpage. Under e-Subscription you can put in that same  
22 docket number and subscribe to it and any time somebody  
23 makes a filing you'll get a little notice with that filing  
24 attached. Not the whole filing, but where you can get  
25 reference to that filing so that way you can track this

1 thing. And of course, if you're not interested in the  
2 filing, just delete it off real quick. But that's another  
3 useful way of keeping track of these projects. I mean  
4 that's what we all do of the ones we're managing. We want  
5 to keep track on everything that's getting filed, when it's  
6 getting filed by who and you can do the same thing.

7 The next step here or what's next is the  
8 Commission is scheduled to issue our Scoping Document 2 by  
9 August 2008. This is a document that will include, again,  
10 all the updates from this first scoping document with the  
11 new information we've gotten from the scoping meetings and  
12 from the comment letters and from the other federal agencies  
13 who we hope will be all working with us at that point and  
14 again, participation guidelines.

15 And that's the end that I have of the formal  
16 presentation. We have a number of people who would wish to  
17 speak. I think there is about eight. So that shouldn't  
18 take too much time compared to some nights when we have 50  
19 or 60. After that, I'd like to kind of open it up for  
20 questions and answers unless there are some kind of process  
21 questions or something that won't get into depth. I could  
22 answer those now. But otherwise, let's hear from our  
23 speakers and then we can kind of open it up and see if  
24 there's questions that people have and start the Question &  
25 Answer up.

1 Linden Lee?

2 VOICE: (Off mic.)

3 MR. FARGO: Two years and then there's a -- not  
4 an automatic, but there's generally issued another two-year  
5 extension. Then they'd have to go to Congress.

6 VOICE: (Off mic.)

7 MR. FARGO: No, I mean we're doing our dates  
8 based on our regulations. We're not looking at what the  
9 state has proposed. I mean they'll do their construction  
10 schedule once they get authorization to build the  
11 projection, so you know I don't worry about what applicants  
12 put in there as construction date. I mean they're  
13 constrained by our process. We're not constrained by their  
14 date. Yes, Glen.

15 VOICE: (Off mic.)

16 MR. FARGO: I can't say exactly what -- until we  
17 get the Bureau aboard what they're intent is on the water  
18 part of that, okay. I mean if that's something of interest  
19 to you or the citizens, certainly in your comments you would  
20 include that. That's not a process question, come on.  
21 Anybody else?

22 Okay, well, let's get the first speaker, Linden  
23 Lee.

24 VOICE: (Off mic.)

25 MR. FARGO: Right. I'm sorry. You're going to

1       have to come up to the mic and talk and identify yourself,  
2       otherwise it's not getting transcribed.

3               MR. ERANS: I apologize for -- Lee Erans -- and I  
4       guess I'm one of the 22 percent of the frightened people. I  
5       don't really have anything that I wanted to say formally  
6       tonight. When I came in they said do you want to speak and  
7       I said I don't know.

8               The thing is, is I've heard about this project  
9       for years or at least some attempt to do this. But it's  
10      only been lately that I finally I got some information that  
11      this might possibly happen. I'm worried about the 22  
12      percent of the people that might be affected, mainly because  
13      that includes me. Having worked with the Bureau of Land  
14      Management and the National Park Service, I know how they  
15      operate and what they're going to be doing. I'm not sure  
16      that I know what's going to be happening to us.

17              In looking at the maps, what I see is that  
18      the pipeline system is going to come directly over my well,  
19      which is east of Kanab about 15 miles. It'll go over my  
20      water system and my irrigation system, and I want to know  
21      how I'm protected. I want to know if I will get to use any  
22      of this water or if this all for the people in St. George  
23      and Cedar City, and that's going to be at my expense to have  
24      it going over my property.

25              So I really don't have any comments other

1 than the fact that anybody that is in the private area that  
2 has some kind of organization or whatever that I can get a  
3 hold of you. I don't know what the feeling is here around  
4 the area, so I don't have a feel if everybody is for or  
5 against the project. I'm just still concerned about my  
6 personal property, and in that sense I apologize for being  
7 kind of selfish about this thing. So again, that's my  
8 concern. I hope somebody addresses the pipeline coming  
9 right over my well.

10 MR. FARGO: Thank you, Lee. Hugh Osborne.

11 MR. OSBORNE: Hugh Osborne with the Hydropower  
12 Recreational Assistance Program of the National Park  
13 Service. I just wanted to get on record a couple of  
14 information sources that were not in the pre-application  
15 document. And that's the Three Rivers Trail Plan and the  
16 potential impact on Confluence Park outside of Hurricane,  
17 and then also from the Park Service perspective and the  
18 right-of-way information. They're Director's Order Number  
19 53 and the Associated Reference Manual. I just wanted to  
20 get that on the record.

21 MR. FARGO: Thanks Hugh. Lloyd Chamberland.

22 MR. CHAMBERLAND: No comments.

23 MR. FARGO: No? Okay. Vivian Jake.

24 MS. JAKE: (Off mic.)

25 MR. FARGO: What fun is that?

1 MS. JAKE: I have several comments to make and  
2 some of my concerns are I think legitimate. They're  
3 legitimate because I don't think my people have had enough  
4 time to respond to this major change in our lives. My  
5 people have lived on this land forever. And whether you  
6 know it or not Washington Water Conservancy District, you  
7 are changing our life again. And soon enough we will not be  
8 here. You are taking us off our land. You're making  
9 drastic changes to our way of life. We've respected the  
10 water and the land, the animals, the plants and other people  
11 that live on this planet with us.

12 We've never overlooked their needs. We've never  
13 overlooked the fact that they are important, too. And I  
14 fear that with this pipeline you're digging yourselves into  
15 the grave. You're making decisions for the seventh  
16 generation and for those that are yet unborn. I feel that  
17 you are making horrible changes for them. The things that  
18 you do today are going to have a major effect on their  
19 lives, major. And so I come to you with the comments that  
20 my people have participation in this whole process from the  
21 environmental studies to public comments to helping to  
22 review documents that are written to making comments on them  
23 because I know a lot of the Kanab people area not going to  
24 have that opportunity. They're going to think that  
25 everything is done and sealed and ready to be delivered. I

1 don't believe so.

2           If you recall the toxic waste incinerator that  
3 was going to be placed on the Kaibab Reservation, everybody  
4 was being told it was a done deal. You know what, that  
5 dissolved away and this better fizzle out of the way, too,  
6 because there will be some demands I will make of you. I  
7 will want this body or these commissions to understand that  
8 we want to be part of the studies, the environmental impact  
9 studies because our environment certainly is being impacted  
10 and by gosh, I want to have something to say about that.

11           My tribal government might not speak out about  
12 it, but I will. And I want to be on your mailing list for  
13 every document that comes out this, whether it's planning,  
14 whether it's the studies, scoping meetings, the results of  
15 scoping meetings. I want to know about it because I care.  
16 I care a great deal. I think there's another way that you  
17 can take care of water issues. Being conservative users of  
18 water. Stop wasting water. Stop building golf courses that  
19 are going to dry up.

20           Just like in St. George, stop cutting away the  
21 mesa. I love to see that the day that that earthquake hits  
22 St. George because I want to see those mansions come off of  
23 those mesas. I really do. I have said enough. Thank you  
24 for this opportunity.

25           (Applause.)

1 MR. FARGO: Ona?

2 MS. SEGUNDO: Good evening. My name is Ona  
3 Segundo and I am the chairwoman of the Kaibab Band of Paiute  
4 Indians. I present the following statement tonight on  
5 behalf of the Kaibab Band of Paiute Indians regarding the  
6 proposed Lake Powell Pipeline Project.

7 The proposed pipeline project would be located in  
8 the ancestral and aboriginal lands of our Tribe. The Kaibab  
9 Indian Reservation, which is adjacent to the Arizona-Utah  
10 border lies within the Tribe's vast aboriginal territory and  
11 was established by Executive Orders in 1913 and in 1917.  
12 Obviously, the Tribe's aboriginal territory was much larger  
13 than the present-day Reservation and the Tribe continues to  
14 use lands outside its Reservation, but within its aboriginal  
15 territory for traditional and cultural purposes. The entire  
16 length of the proposed pipeline project covers lands that  
17 are critically important to the Tribe and its members.

18 On March 4, 2008, Utah filed its pre-application  
19 document with the Federal Energy Regulation Commission. The  
20 document identifies a route south of the Kaibab Indian  
21 Reservation as the preferred and only route for the proposed  
22 pipeline project. Under the National Environmental Policy  
23 Act, known as NEPA, the Commission will have to analyze all  
24 reasonable alternatives for the proposed project.  
25 Therefore, various routes must be considered as viable

1 options for the proposed project.

2 The potential impact of the Lake Powell Pipeline  
3 upon archeology, historical and modern uses of the lands  
4 through which the pipeline will cross is significant.  
5 Present-day uses of sacred territory will be disrupted,  
6 perhaps permanently in some cases. Because the pipeline  
7 will be buried, human remains and cultural artifacts could  
8 be affected. As a result, if licensed, the proposed  
9 pipeline project could have an enormous impact on tribal  
10 interests.

11 For these reasons, the Tribe intends to be a  
12 player in the process of determining whether the Federal  
13 Energy Regulatory Commission should issue a hydroelectric  
14 power license for the project, and whether the other federal  
15 agencies involved will agree that the transportation of Lake  
16 Powell water to St. George and Cedar City is worth the  
17 extreme environmental, cultural and socioeconomic impact of  
18 the proposed project. The selection of the appropriate  
19 route for the proposed pipeline is critical and can only  
20 occur after the conduct of the many studies mandated by the  
21 Commission's licensing regulations as well as NEASP and its  
22 implementing regulations.

23 Chief among the requirements of NEPA is the  
24 analysis and study of all reasonable and prudent  
25 alternatives. The State's pre-application document should

1 not be read to identify only one possible route for the  
2 proposed Lake Powell Pipeline. NEAP requires the analysis  
3 of all reasonable alternatives to the proposed project. The  
4 Tribe intends to be part of those analyses.

5 Neither the Tribe nor anyone else knows the  
6 extent of the environmental, cultural and socioeconomic  
7 impacts of the proposed pipeline. This lack of knowledge  
8 underscores the importance of the licensing process before  
9 the Federal Energy Regulatory Commission as well as the NEPA  
10 environmental analysis.

11 At the end of the day when all of the  
12 studies are complete, we all hope we will have a good idea  
13 of how disruption this proposed pipeline project will cause.  
14 Until then, it is not possible to take a position on whether  
15 the proposed project is good or bad. What we do know is  
16 that the Kaibab Tribe will participate in the process of  
17 figuring out whether the good of the project outweighs the  
18 bad of the impacts. Then and only then will the Tribe be  
19 able to take a position on whether the project should go  
20 forward.

21 On behalf of the Kaibab Band of Paiute Indians, I  
22 thank you for this opportunity to provide public comment on  
23 the proposed Lake Powell Pipeline Project. We look forward  
24 to many more meetings. Thank you.

25 MR. FARGO: Jesse Johnson.

1                   MR. JOHNSON: I was going to have some comments,  
2 but I think emotionally I'll go for some questions. A  
3 ballpark figure of costs, ballpark, rough, someone?

4                   MR. FARGO: (Off mic.)

5                   MR. JOHNSON: Can someone say for sure or a  
6 ballpark of what's this is going to cost?

7                   VOICE: \$2 billion.

8                   MR. JOHNSON: \$2 billion? Okay. When was this  
9 figure -- when did we come up with this figure? Someone?  
10 Wow, we really have it together. We really have some  
11 information. Okay, let's go this way. We have a number  
12 when this was proposed and we have a money amount number.

13                               What has happened to all of us, everybody in  
14 this nation in the last three months for gas? So let's say  
15 it was \$5 billion. So now we're going to talk \$10 billion.  
16 What is the carbon footprint of a project this size? What  
17 are we going to be doing with fossil fuels and consumption  
18 of fossil fuel? I see in the language in there we're  
19 talking about we're going to raise 80 61-feet, 61-feet of  
20 water 2000 feet in the air. How much does that cost to do  
21 that? How much are we going to get back out of it as it  
22 goes back downhill and we collect?

23                               I'm opposed to this project. It almost borders  
24 on insanity to me. I'm sorry. That's just how I feel. I'm  
25 sorry I'm so emotional about it, but well, I better not go

1 into this next one because I get too emotional. Thank you.

2 MR. FARGO: Mike Noel, N-O-E-L?

3 MR. NOEL: Actually, my name is Mike Noel. I'm  
4 the general manager for the King County Water Conservancy  
5 District and I'd just like to put our comments in from our  
6 board. The district was organized in 1992 under the  
7 statutes of the State of Utah, Utah State Code 17. Paul  
8 would know that. There are a lot of water conservancy  
9 districts in the state. The main purpose of the district is  
10 to provide water to the people of King County. We've done  
11 that. Over the course of the last 10 years we have put  
12 together about 2200 service connections. We've supplied  
13 water to the Johnson Canyon area, a lot of people out in  
14 Vermillion Cliffs that didn't have water, and Canyon Country  
15 also have a future to supply water to Kanab for backup  
16 water.

17 We're working with Kanab right now on some  
18 additional pipelines north of Kanab. The board reacts to  
19 the need for water. Even though we are a body politick, we  
20 don't stake a position on growth. The board members react  
21 to the need for water. That's our mandate is to make sure  
22 that there's enough water for citizens, when you move into  
23 this area here that you have water.

24 Now, in 1975 when I can came here as a latecomer,  
25 we had about 1500 people in Kanab. We had one little, old

1        tiny project, pipe coming out of Todd Canyon with a pipe  
2        about that big around. And I remember when the ranchos came  
3        in and that 8-inch pipeline was going down the road and some  
4        of the old-timers said, "Oh, they're going to steal all our  
5        water." That was outside the city limits at that time.  
6        Well, you've seen what's happened in the last 35 years. How  
7        many people are in Kanab and a big majority of the people  
8        from King County moved in, in the last 35 years.

9                All that water that you have now came from those  
10       that originally settled here, the farmers that settled here  
11       and developed the corps and things. And then that water was  
12       transferred over to the Kanab City and to the conservancy  
13       district. That's where we've gotten our water. We are at a  
14       point now that we're either going to convert all of  
15       agricultural water to culinary water or we're going to bring  
16       some new sources in.

17               In 1997, I was hired as the general manager for  
18       the district and executive director by the board, and at  
19       that time we had no water rights. The district, the King  
20       County Water District owned zero water rights at that time.  
21       Seeing a need out in the Johnson Canyon area, we purchased  
22       some water rights and developed a well and were able to  
23       supply some of the water there.

24               We've since developed another well north of  
25       the one on the LDS Church Ranch and we have an application

1 in to develop additional well. However, those water rights,  
2 again, were conversions of agricultural rights. So as a  
3 policy decision, the county commissioners, the city, those  
4 that are elected officials if they want to make a decision  
5 that there's no more growth in King County, then I guess the  
6 district would not need this project. But I haven't seen  
7 that happen. It would be the same for Washington County,  
8 the same for Iron County. People keep coming. People keep  
9 moving in and there's a demand for water.

10 The number that was given out here, 2 billion, I  
11 don't know that that's correct. In fact, I would say it's  
12 incorrect. I think there are some numbers out there that  
13 would be more realistic. One of the things I can tell you,  
14 from a King County perspective, is this, the water rights  
15 that we applied for under the Flaming Gorge Allocation were  
16 basically given to us, that's 10,000 acre-feet, if we could  
17 develop those water rights. To put that in perspective,  
18 water is selling for about \$3000 an acre-foot. That's \$30  
19 million worth of water rights. But in order to get that  
20 water, we have to have a way to get it from Lake Powell to  
21 the area of use.

22 Now, some of that use could potentially be on  
23 State Trust Lands east of Kanab out there in the Big Water  
24 area. There's 50,000 acres of School Trust Lands there.  
25 Some of it could be at New Paria. Some of it could be in

1 Church Wells. Some of it could be in Johnson Canyon. Some  
2 of it could be in Kanab. There are a lot of different areas  
3 to use that water. But one thing that I know that the board  
4 will not do; they will not buy into this project and sign  
5 onto this project if the cost is such that it would increase  
6 the tax load and the tax burden on the people of King  
7 County. That's not going to happen.

8 We do not propose any tax increase in the mill  
9 levy. In fact, our mill levy is set by statute at .001  
10 mill. It's only been at that place one time. Right now,  
11 since that mill levy was set, we're down less than half of  
12 that, .000475. What's less than half of what it was eight,  
13 nine years ago and we've let that float down and we haven't  
14 increased taxes. At the same time we've got 2200 service  
15 connections, and those individuals that are paying those  
16 bills are helping keep the district going and supplying the  
17 needs and the things that we do.

18 So the board supports this at this point in time.  
19 We certainly appreciate the input. We've got a lot of  
20 positive comments about this project and the fact that we  
21 think in the future we'll need it. Right now, the needs  
22 assessment does not show a need for this for quite a ways  
23 out. But it's just like when they built Grand Canyon Dam.  
24 There was an opportunity there for Kanab City to be able to  
25 receive a block of power from that at about two to three

1 cents a kilowatt.

2 At that time the total power supply for  
3 Kanab City was run on a generator and the city fathers at  
4 that time, not wanting to be involved with that project,  
5 were not thinking that they would need it and to be able to  
6 get the power here decided not to get into that project and  
7 get that power. As time went on, a private entity took  
8 over. I think it was Cal-Pac and eventually the City of  
9 Kanab was paying some pretty high costs for power. We're  
10 now on the Garkane Power now, which has reduced our costs,  
11 but we missed an opportunity there.

12 The reason this project for Kane County  
13 makes sense is because of the fact that we only have half  
14 the distance to go and we're only about a tenth of the cost  
15 of the pipeline. So our numbers would be very, very small.  
16 But again, we will evaluate those numbers. We'll look and  
17 see if it makes sense. We're not proposing any tax  
18 increases. But what we are proposing is that we want to  
19 continue to supply water to people in King County.

20 (Applause.)

21 MR. FARGO: Thanks Mike. Lin, did you still want  
22 to talk?

23 MR. ALDER: Thank you. My name is Lin Alder. I  
24 am a candidate for Washington County commissioner. I joined  
25 in the tour yesterday and today with the Federal Energy

1 Regulatory Commission and other agency folks. I want to  
2 thank you for that opportunity. It was very informational.  
3 Thank you.

4 I'd like to primarily ask a question of the  
5 agencies since we're talking about scoping and process  
6 questions. What is the NEPA process for -- that's the  
7 National Environmental Policy Act, and what is the FERC  
8 Integrated Licensing Process for? NEPA is basically a  
9 process to identify the least damaging alternative to a  
10 proposed action. FERC's process is to identify the most  
11 beneficial way to accomplish a specific proposed action.  
12 There's a big difference there.

13 NEPA, the purpose of NEPA is to find the least  
14 damaging alternative. FERC's process is to identify the  
15 least damaging, in this case, alignment. Allow me to ask a  
16 question to begin the whole process. What is the purpose  
17 and need of the proposed Lake Powell Pipeline? If you read  
18 the documentation, the purpose stated is to deliver water  
19 from the Colorado River of which Utah has a right. That is  
20 the stated purpose. We have heard other things. Yeah,  
21 there's population, et cetera. But the stated purpose is  
22 delivering water that Utah has a right to.

23 Under the NEPA process, the agencies will be  
24 required to identify the least damaging alternative, not  
25 necessarily the least damaging alignment. So I encourage

1 all of the agencies represented here today to focus their  
2 studies on the proposed purpose and need, which is  
3 delivering Utah's share of the Colorado River. Let us not  
4 be distracted by the fact that there is only one proposal on  
5 the table and only one alignment.

6 If FERC and the other agencies only study this  
7 one alignment or alternatives to this one alignment, they  
8 are not meeting the purposes and the statutes of the NEPA  
9 process. The agencies need to study alternatives, not just  
10 alignments. I'm a native Utahan. I have five generations  
11 of Utah in my blood. My ancestors come from Austria,  
12 Scotland. They paid a heavy price to get here, and I'm very  
13 glad that they did because I love this land. I love  
14 America. I love the process that we've evolved into, to a  
15 degree, as long as we stick to democracy.

16 I love living in Utah because we believe in free  
17 agency, and I'm asking the federal agencies, the state  
18 agencies and the county agencies to respect our free agency.  
19 Give us alternatives. Let us choose. Do not allow us only  
20 one choice because that is not a choice.

21 So I ask FERC and all the participating  
22 agencies to objectively identify the need for the pipeline,  
23 which means looking at the growth in Washington County and  
24 King County. You just heard the Director of the Water  
25 Conservancy District acknowledge that the water is not

1 needed in King County for quite some time. We use 440  
2 gallons per person per day in King County. We use 330  
3 gallons per person per day in Washington County.

4 It is FERC's responsibility to ensure that the  
5 purpose and need of the proposed pipeline is truly and  
6 objectively and fairly studied because simply because the  
7 State of Utah says we need water in Washington County that  
8 does not meet the purposes or the statutes of NEPA. The  
9 pipeline is not a done deal and I could list at least 10  
10 reasons why the pipeline could not be approved. The most  
11 significant one is you're going to have to convince very few  
12 taxpayers to take on a heavy burden, an unprecedented  
13 burden, never before has such a large public works project  
14 been paid for only by local citizens without state or  
15 federal help. Never has this been done before.

16 Every one of you who's a taxpayer in this room  
17 will be responsible for this project. It is the agency's  
18 responsibility to ensure that we, as taxpayers, understand  
19 the true options. Simply because I have a perspective on  
20 the pipeline doesn't mean that we can simply say, "Well,  
21 either we build it or we don't."

22 For those of you familiar with Utah's  
23 recent history, you'll remember the Legacy Highway in  
24 northern Utah. The proposed purpose and need was to deliver  
25 or to provide a road to get people from one part of the

1 state to another. Well, it's been about 10 years and  
2 finally the -- well, the assumption that the agencies made  
3 was that there was only one alignment. There was only one  
4 alternative. Through a very painful and expensive process,  
5 finally, about 10 years later we're now seeing the least  
6 damaging alternative, not the least damaging alignment being  
7 built. It wasn't the road. NEPA was used correctly in that  
8 case.

9 It was simply used to study where the pipeline  
10 should go or where the roadway should go. The process lead  
11 us through a decision-making process that helped us realize,  
12 no, the road was not the right solution, a mixture of uses  
13 like rail, train, and road was the solution.

14 So my request today is that all the agencies  
15 ensure that this process that we're engaged in studies  
16 alternatives, not just alignments. Thank you.

17 MR. FARGO: Thanks Lin. Lin, if you could show  
18 that citation of NEPA where it says "less damaging  
19 alternative" I'd love to see that. So if you could send  
20 that in with your comments because the way I always looked  
21 at NEPA was that it's a procedural type of requirement on  
22 federal agencies that we divulge environmental effects  
23 before we take action. There's nothing in NEPA that I see  
24 or that I've known to see that says how a particular agency  
25 takes that information and puts it together with

1 developmental information to make decisions. So I'd be  
2 interested in seeing that.

3 Anyone else who would like to make a kind of  
4 formal talk up here or give some words that the court  
5 reporter can capture who would like to come up? Just  
6 identify yourself so we can get your name on the record.

7 MR. MARKELPRON: I'm Roy Markelprone and I've  
8 lived her all my live in Kanab. As a matter of fact, when I  
9 left Kanab to go in the Army, I knew everybody in town back  
10 '59.

11 But about the water, I don't know about the  
12 price. I'm not an expert on that, but there's a few things  
13 I do know, and water rights is a big one. Right today as we  
14 speak, Arizona has used every bit of their water rights. So  
15 has California and Nevada. And if you don't think that they  
16 don't want your water, you're crazy. And they will get it.  
17 Right now, a few years ago Ron Thompson from St. George was  
18 out in Mayor of Fredonia asked about hooking onto the  
19 pipeline and they said, "Sure, if you can get water rights."

20

21 The next year he came back to another meeting we  
22 had and he says, I quote you what the State of Arizona said,  
23 "We don't give a damn if Fredonia or those Paiutes never  
24 have a drink of water. They're not getting any water rights  
25 from the Colorado." So right now they have no water rights.

1 The federal government does not control the water rights.  
2 Thank God. We do, the states and right now the Grand Canyon  
3 National Park would love to have some more water rights and  
4 Arizona can't give it to them because they don't have it.

5 So whatever happens remember this that it's our  
6 water. We'd better take care of it or believe you me those  
7 down in the ditch will damn sure be after it.

8 MR. FARGO: Thanks. Another gentleman?

9 MR. SPINLOVE: Yeah, my name is Dixon Spinlove.  
10 I just kind of want to go on the record here that I'm in  
11 favor of this water project for several reasons, but one  
12 kind of key story that comes to my mind. There was an old  
13 fellow who used to run the Cooper Rest Home in St. George  
14 down there. Had a story for about everything. But he liked  
15 to tell a story about traveling over Utah Hill and up until  
16 the highway was built down through the gorge in Arizona you  
17 were required to travel over Utah Hill to go to Las Vegas or  
18 points south down that way and it was an extreme on the  
19 automobiles and the travelers to get up over that mountain  
20 and not have their engines boil over on the cars and such.  
21 And there's an old boy there that seen an opportunity and he  
22 located a spring on top of the summit there and it was a  
23 mile or so away from the highway that run there. But he had  
24 enough ingenuity that he went up the canyon there and ran a  
25 series of water line down to his little station, his little

1 stop there that he established and he sold water to the  
2 people coming up and down the hill in both directions and  
3 their cars boiling over and they needed this water  
4 desperately.

5 And he had an old foreign boy come in there one  
6 day and really raised a ruckus there about -- he says "I  
7 shan't pay a dime for water that's provided by God for man's  
8 use." And the old boy that put the water line in there he  
9 says, "You know what that's probably good philosophy and God  
10 provided that water about a mile up this canyon and if you  
11 go up there you can get it for free, but down here where I  
12 provide it's going to cost you." And I think that's what  
13 we're looking at right here. We have the water that's  
14 coming down the Colorado River for the use of all of us. We  
15 have an allocation, but it's not free. We're going to pay  
16 for it. We're going to have to pay to pipe it down or we  
17 won't receive that benefit that God provided for us.

18 Yeah, I don't know the cost. I don't know how  
19 much it'll be, but we've had some good examples. Vivian,  
20 Ms. Jake, while I respect her, really love her, we had  
21 another group of people lived here in pre-history, the  
22 Anasazi Indians. Around 1250 A.D. they left this area. One  
23 of the most common beliefs by the archeological community is  
24 that they were not here because of drought conditions.  
25 There's been a problem in our area forever, ever since man

1       came to this part of the world water has been a number one  
2       issue. All of your trails, all of your trail markers that  
3       you follow has significance to water.

4                Man cannot exist here, I don't care how you plan  
5       your day, how you plan your lifestyle, if you don't have a  
6       water source in mind you're going to perish here. We have  
7       an opportunity right now -- maybe we don't need the water  
8       source by the numbers that this gentleman pointed out right  
9       now, but with the growth that we've seen in Washington and  
10      King County those numbers are going to be diminished right  
11      away. We're going to need it immediately. So if this  
12      project isn't going to be here until 2010, we're probably  
13      already way late. But I think now is the time to get behind  
14      it, do what we can to support it and pay our share of this  
15      cost and hopefully we're not as greedy that we won't look  
16      for future generations like those that paid the price for  
17      us.

18               MR. FARGO: Thank you. Anyone else who wish to  
19      speak?

20               MR. VAN DAM: I'm Paul Van Dam. I'm an executive  
21      director of a citizen group in Washington County. I'm your  
22      former state attorney general. And this is an interesting  
23      project and I'm going to speak to it in a rather different  
24      way just for those of you who are here.

25               Usually, in a democracy when we're going to

1 charge people a good deal of money in the form of some  
2 taxes, we're required to ask your permission to tax you.  
3 Water districts don't have to ask your permission. It was  
4 suggested that the cost of this project will be anywhere  
5 from what was estimated three years at \$585 million to what  
6 is estimated now at \$2 billion. And in fact, we don't know  
7 the exact cost, but I would disagree with the gentleman and  
8 I would make him a bet that it is closer to the \$2 billion  
9 than the \$585 million.

10 And if that's so, then your share of that cost is  
11 simple to calculate. It's 10 percent of it. That's sounds  
12 like \$200 million to me. How many people do you have in  
13 this community and how many people do you expect to have by  
14 the middle of the century. It's projected your growth will  
15 go to about 24,000 people. You've got about 8000 acre-feet  
16 of water as far as I can tell, although the figures that I  
17 look at seems to vary and disagree.

18 With proper water conservation, you can go to  
19 that point with the population that is projected. So I'm  
20 kind of wondering when are we going to be asked as taxpayers  
21 whether we want to pay this tax or not? So far, we have no  
22 been asked. And so far, no one is planning to ask us. And  
23 if the project just goes through, what is that going to mean  
24 in increased taxes, increased water rates, and increase  
25 surcharges and impact fees? I can only tell you it will be

1 considerable for a population this small.

2 So my question to you is to seek an opportunity  
3 to speak your mind through a vote. There is presently no  
4 way you can vote on this, and I'll just tell you that should  
5 be changed by our legislature before this process goes on  
6 much further. Thank you.

7 MR. FARGO: Thanks Paul.

8 (Applause.)

9 MR. FARGO: Mike?

10 MR. NOEL: (Off mic.)

11 MR. FARGO: Okay.

12 MR. NOEL: The legislature never disagrees with  
13 the attorney general, especially from the Office of Parties.  
14 So we always have that distinction. The mathematics that  
15 you just proposed is so out of line. I mean first off,  
16 we're only coming half the distance, so if the project does  
17 cost \$2 billion, it's half the distance of that. Second,  
18 we're certainly not in King County going to pay --

19 MR. VAN DAM: Let me ask you this, where did you  
20 hear that from?

21 MR. NOEL: Our portion of the water? We take our  
22 water out at Johnson County.

23 MR. VAN DAM: (Off mic.)

24 MR. NOEL: No, we're not going to pay for a  
25 pipeline to deliver water to Washington County nor is

1 Washington County going to pay for a pipeline to deliver  
2 water to Iron County. So those are distinctions that people  
3 need to understand. I mentioned that in my talk is that one  
4 of the reasons I think our board has supported this is  
5 because the cost to King County residents will be the least  
6 costs per acre-foot of anybody on the system. Now, the cost  
7 to Washington County is going to be the second and my  
8 understanding is the cost to Iron County would be the most,  
9 but it's all relative. You're paying \$40,000 an acre-foot  
10 in New Harmony for water, a project that supplies water for  
11 \$4000 to \$5000 an acre-foot makes sense. So I think what's  
12 going to happen to this project for everyone here is that  
13 before any final decisions are made we will look at all of  
14 the costs. We'll make a determination. There are a lot of  
15 things in the projected cost when the engineers put it  
16 together and bells and whistles and things that as citizens  
17 if we don't think we can afford those they won't be in  
18 there.

19 The other part of it is the energy generation,  
20 and whether you like it or not, hydropower is still going to  
21 be a force to be reckoned with in terms of peaking power and  
22 the things that this project can produce. So we're going to  
23 continue to have need for power. You saw where Crestar  
24 raised their prices today. Garkane just announced the first  
25 price increase in like the last 25 years, so you will have

1 additional power needs in the future. But just get that  
2 straight that we are not going to pay 10 percent of the  
3 total cost of the project.

4 Number one, we don't get any of the power. Once  
5 it gets pass those two hydro stations in King County they go  
6 to Washington County and you get the benefit from that. We  
7 don't get any of that power. So we won't pay for that.

8 MR. VAN DAM: (Off mic.)

9 MR. NOEL: Well, we're going to pay for a  
10 percentage of the cost of the pipe coming from the dam to  
11 us, a percent of those hydro plants and a percentage of the  
12 amount of water that we take, whether it be 10,000 acre-feet  
13 or 5000 acre-feet or 4000 acre-feet. We'll make those  
14 determinations, but it's certainly not going to be 10  
15 percent of the overall cost of the project.

16 In terms of the NEPA issue that Mr. Alder brought  
17 up too, absolutely incorrect on that. I was there when NEPA  
18 was first -- working for federal agencies when it was first  
19 developed. NEPA was a process that was put together for  
20 managers to make better decisions. That's what the process  
21 was all about. It wasn't a process to make the decision.  
22 That's what a FONSI is. It's a process to go through all  
23 the analysis and then the manager makes that decision. Now,  
24 he can make a decision contrary to what the analysis says.  
25 He can say, you know, there's some impacts here that we're

1 going to assimilate and that we're going to incur here and  
2 we're going to go ahead and take those impacts. And if  
3 they're not contrary to federal law, then they can go ahead  
4 and do that.

5 The other issue that's very, very important is  
6 the fact that this NEPA analysis and the way this project  
7 goes forward, how FERC was picked that had nothing to do  
8 with the state. That had nothing to do with the districts.  
9 Another fallacy that's been brought out there that somehow  
10 this was given to FERC because of the fact that they would  
11 somehow grease the wheels or whatever. This will be an  
12 upfront force. The comment that was mentioned about the  
13 Legacy Highway was also incorrect. The case was actually  
14 appealed by several environmental organizations. The cost  
15 of that project went up over \$400 million because  
16 environmental organizations stopped the process, not because  
17 of any impact but because of the fact that they didn't look  
18 at one issue.

19 So it was held up in court and during the time  
20 that it was held up in court the cost of the project  
21 escalated three to four times. The cost to the taxpayers of  
22 Utah was \$400 million. The alignment was about exactly the  
23 same as what the initial alignment was. The only thing we  
24 forgot to is we forgot to ask the ducks whether or not they  
25 could hear the traffic and we didn't go through that. So

1       they signed an agreement. Basically, what it amounted to  
2       was extortion and the project was built, but at a cost of  
3       \$400 million to the citizens of Utah. I think that was  
4       wrong.

5                   VOICE: (Off mic.)

6                   MR. FARGO: Does anyone else wish to come up and  
7       speak? Okay. Sorry. None of this is getting on the  
8       record. Does anyone wish to speak into where the court  
9       reporter uses? Okay. Thank you.

10                  MS. HAND: My name is Susan Hand and I'm a  
11       resident here in Kanab and a business owner. And I'm like  
12       some other people who've spoken before tonight. I am  
13       relative newcomer. I've only been here about 13 years. And  
14       I've traveled around a little bit and I picked this place to  
15       live and so if I have a little different perspective, I  
16       guess, than some who've spoken tonight. And I'm humbled by  
17       the statute of the people who've spoken tonight and I thank  
18       everybody for their comments, and I also want to thank the  
19       agency for allowing us this opportunity to speak and for  
20       sharing your knowledge with us.

21                  I thought it was very interesting that the agency  
22       representatives talked about identifying an economic  
23       feasibility for this. It seems ironic to me when people who  
24       do this kind of work basically find job security and a  
25       living in it. It seems less feasible to me who has to pay

1 for the actual project in the end. And I also find it  
2 ironic that the state is deemed to have proposed this  
3 project and yet has no real role in executing the financial  
4 aspects of it except to loan us the money to do it and we'll  
5 be paying that back at interest.

6 I'm concerned that we waste a lot of water here.  
7 Utah is the second driest state in the nation as I  
8 understand it, but we have the highest per capita water  
9 usage. It doesn't make sense to me that we're looking at a  
10 project like this and not exploring the very obvious  
11 alternative of what could we do with conservation and other  
12 water sources that might be available.

13 Kane County boasts the very highest of any county  
14 in the United States, in fact, and I almost think that's  
15 shameful. I find that embarrassing as a citizen of Kane  
16 County. I think that we could do a lot better with the  
17 water that we have. I believe in exercising our water  
18 rights, but I believe that the water must be put to adequate  
19 and good use, that we must be able to justify that use, and  
20 I have a hard time justifying the use of water that I don't  
21 really see where it's going.

22 I want to ask Mr. Noel, too, he promises us  
23 that there will be no tax increase, but I didn't actually  
24 hear him say how the water would be paid for and so I'd love  
25 to hear follow up on that. How will it be paid? Is it

1 through impact fees as has been proposed in some cases?  
2 Somebody's going to pay for it and it's not the state and  
3 it's not the federal government, and in one way or another  
4 it comes back to the citizens.

5 And as a person who owns real estate here,  
6 who's watched my property taxes escalate, as a person who's  
7 watch the cost of my fuel rise, as a person who's paid to  
8 put in roads in a development where I owned a dream  
9 property. You know, I have a piece of property I want to  
10 build a home on and I don't know if I'll ever be able to  
11 afford to do that now because the cost of living has  
12 increased so much, and I think that this project will  
13 greatly aggravate that situation. So as a citizen I'm very,  
14 very skeptical about this direction that has been chosen for  
15 us. So I think that there are still a lot of very tough  
16 questions and I don't know exactly what the policies and  
17 procedures are for NEPA and FERC and you know, I'm not an  
18 expert on that, but I think there is something wrong with  
19 the system right not, that it's broken, that citizens don't  
20 have greater say in how this will be paid for or if it will  
21 be paid for if it goes forward. Everything's already  
22 sketched out and it looks like a done deal, but boy I'm  
23 going to encourage people to stand up and ask more questions  
24 about where we're headed with this because I do think -- I  
25 agree with Lin Alder that there are other alternatives and

1 we should explore them and we should take better care of the  
2 water that we're using and exercise a greater level of  
3 appreciation for that resource. So I thank you again for  
4 the opportunity to speak.

5 (Applause.)

6 MR. FARGO: Thanks. Anyone else? Yes sir.

7 MR. SMITH: Good evening. Thank you. Although  
8 I'm on the Kane County Water Conservancy Board, I'd like to  
9 speak as just a private citizen. My name is Kenneth W.  
10 Smith. I lived in northern California a number of years.  
11 I've lived in Kanab for 25 years and over there I had a  
12 ranch. The water was 60-feet wide, 3-foot deep and it ran  
13 for two and a half miles through my ranch. But because some  
14 people let the water go in the late 1800s, it went to the  
15 Central Valley Project and we couldn't use that water. So  
16 it wasn't feasible for me to farm it and I eventually had to  
17 sell it. And if you don't do this project, they're going to  
18 do the same thing right here. Thank you.

19 MR. FARGO: Thank you. Any more before we -- yes  
20 sir.

21 MR. SCHALFLY: Hello, my name's Paul Schlafly. I  
22 work for the Bureau of Indian Affairs Southern Paiute  
23 Offices. Our office is in St. George. I'm a natural  
24 resource specialist and I work with the five southern Paiute  
25 Tribes across three states -- Las Vegas Paiute, Moapa

1 Paiute, the Paiute Indian Tribe of Utah, which consist of  
2 five bands in south and central Utah and they are Chibowitz,  
3 Kanash, Cedar and Indian Peaks and I work with Kaibab  
4 Paiutes and I work with the San Juan Paiutes.

5 I've worked here for about three and a half years  
6 and almost right away I heard rumblings here and there about  
7 the Lake Powell Pipeline. In my officer there are old maps  
8 going back to 1995 from Washington County Water Conservancy  
9 District showing various alignments. My interest, of  
10 course, has always been how they propose to go through the  
11 Kaibab Paiute Reservation. In 1995, they had two potential  
12 alignments. One went through the center of Kaibab, but I  
13 don't know what it was called. It had a funny name of the  
14 Hollywood Trail or the Honeymoon Trail and then they had the  
15 one along 389. And then later on, since I've been here, the  
16 state had a map that showed the alignment staying in Utah  
17 above the Reservation. Finally, in the last year or show,  
18 all the maps show the pipeline going around the Reservation.  
19 It's the only alignment now that the state is talking about  
20 and I guess Mr. Alder talked about that you need to consider  
21 all the alternatives and you know, I think most people would  
22 agree with that and explored them.

23 Now, one of the things that -- you know I don't  
24 know what the state's thinking is as far as where and how it  
25 goes around or through the Kaibab Paiute Reservation, but

1 certainly in the scoping and one of the issues -- well, some  
2 of the issues the alignment along 389 ought to be fully  
3 explored and the economics of it need to be fully explored  
4 versus going around.

5                   And also, I've heard it said that Arizona  
6 has used up all their water and maybe they have and the  
7 reason that the Kaibab Paiute Tribe doesn't have a chance to  
8 get water out of this is because they're in Arizona and this  
9 is Utah water. Well, that may be right now. It's 2008.  
10 This thing is going to go for at least 10 more years, maybe  
11 20 and as people become more interested -- you know, I don't  
12 know that you throw out any opportunities or possibilities  
13 for other people to get water along there, even if they  
14 aren't in the state of Utah.

15                   Certainly, congressmen and representatives  
16 talk in places where none of us never go and they make  
17 deals. So these are things that it looks to me like ought  
18 at least be put out there in the document rather than just  
19 the one single alignment. When you talk about this pipeline  
20 as well, again, you know I not only work for the Kaibab  
21 Paiute, but I work with the Cedar and Indian Peaks Band up  
22 by Cedar City.

23                   This pipeline is going to go along I-15 and  
24 either go next to Cedar and Indian Peaks land or through it.  
25 I don't know. I'm not quite sure how it's meant to work,

1 but you know in NEPA processes that I've worked in, whether  
2 it's Nevada groundwater or we had one of our Tribes had a  
3 cement plant that they were talking about. One of the  
4 issues in an environmental document is environmental justice  
5 and it's meant to talk about the effects of the project for  
6 minority populations and is it being addressed. So if the  
7 end it's decided that this pipeline goes around Kaibab,  
8 certainly that needs to be talked about all the way through  
9 and consultation needs to take place with the Kaibab Paiute  
10 Tribe as well as Cedar and Indian Peaks up in Utah.

11 As far as the Cedar and Indian Peaks go as well,  
12 they have smaller land parcels up there at the end of this  
13 thing and I guess this down the road. Cedar has about 2000  
14 acres and Indian Peaks has 425 acres. To this point, the  
15 only water rights that they have are through the state. In  
16 other cases in other places Tribes have federal reserved  
17 water. But those two they don't. But it would sure be the  
18 opportunity of a lifetime for Cedar and Indian Peaks to find  
19 some way to acquire some of the water that's in that  
20 pipeline that's going to up as far as Cedar eventually. I  
21 don't know that that's being talked about. I'm not hearing  
22 any feedback on that. Thank you.

23 MR. FARGO: Thanks. Anybody else? Okay.  
24 Thanks.

25 MS. RUTHERFORD: My name is Lisa Rutherford. I'm

1 from Washington County and I'm here because I'm concerned  
2 about the pipeline as it affects me in Washington County and  
3 I'm here to encourage the people of Kane County to speak out  
4 in opposition of this pipeline. There was mention by one of  
5 the speakers about the need to get our share of the Colorado  
6 River water before somebody else's gets it. And I guess I  
7 have concerns about that because from what I've seen in  
8 Washington County we can grow that county to around half a  
9 million people with the resources we currently, and with  
10 good conservation measures even more. So if we get the  
11 pipeline water and we grow to a million people, we are, in  
12 my mind, putting even more people at risk because eventually  
13 there is going to be an end to the water if growth  
14 continues. If we have a limited resource in this area, in  
15 this extremely dry state, we're going to have to make some  
16 tough decisions on how we're going to pursue our growth.  
17 And whether we want to run out of water in Washington County  
18 at half a million or run out of water at a million and put  
19 even more people at risk wondering what's going to happen  
20 when they turn that tap on.

21 And in the last analysis, we're still going to  
22 pay for it no matter when we run out of water. So I just  
23 think there needs to be some real thought given to this  
24 issue of we're going to get our water at any costs because I  
25 think perhaps that cost might be more than we bargained for.

1                   MR. FARGO: Thanks. Anybody else? All right,  
2 I'd like to call the meeting to a close then. Thank you all  
3 again for coming and the court reporter for catching all  
4 this, I hope. Thank you.

5                   (Whereupon, at 8:30 p.m., the above-entitled  
6 matter was concluded.)

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