



Spokane River Hydroelectric Project Nos. 2145 and 12606

Item No. H-2
June 18, 2009

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Good morning Mr. Chairman and Commissioners.

The draft license order in Item H-2 issues a new 50-year license to Avista Corporation for the Spokane River Hydroelectric Project.

Project Location

- 138 MW Capacity

- Five Developments



The Spokane River Project is located on the Spokane River in Idaho and Washington states. The Project includes 5 developments and has a total capacity of approximately 138 megawatts.

The Post Falls development is the furthest upstream and impounds 9 miles of the Spokane River and Coeur d'Alene Lake, including portions of the Coeur d'Alene Indian Reservation and the Coeur d'Alene National Forest. Operation of the Post Falls development influences lake levels in Coeur d'Alene Lake and flows in the Spokane River downstream of the development.

Approximately 28 miles downstream of the Post Falls development are the Upper Falls and Monroe Street developments, which are located within the City of Spokane. The Nine Mile development is located 16 miles further downstream. All three of these developments are operated as run-of-river facilities.

The Long Lake development is the furthest downstream and is located 26 miles downstream of the Nine Mile development and approximately 68 miles downstream of the Post Falls development. Operation of the Long Lake development influences lake levels in the 23.5-mile-long Lake Spokane and flows in the Spokane River downstream of the development, including portions of the Spokane Indian Reservation.

Fisheries and Water Quality

RAINBOW TROUT



- Minimum flows
- Ramping rate restrictions
- Total dissolved gas reductions

SPILLFLOWS
AND
DISSOLVED
GASES



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Major issues for relicensing of the Spokane River Project include effects on fisheries resources, water quality, aesthetic flows, erosion, recreation, and cultural resources.

To address project effects on fisheries resources, the draft license order includes requirements for minimum flow releases at Post Falls, Upper Falls, and Monroe Street developments and ramping restrictions at Post Falls. These measures will improve conditions for wild rainbow trout.

The draft license order also requires annual stocking of rainbow trout to support recreational fishing at Upper Falls, Nine Mile, and Long Lake developments.

To address project effects on water quality, the draft license order requires implementation of measures to reduce project effects on total dissolved gas levels downstream of Post Falls and Long Lake developments. Minimizing effects on total dissolved gases is important because saturation levels in excess of 100 percent can cause gas bubble disease and mortality in fish.

Aesthetic Flows and Other Resources

- Aesthetic flow releases
- Erosion control
- Recreation management
- Cultural resources

FLOWS IN
DOWNTOWN
SPOKANE



HABITAT
PROTECTION

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To enhance the aesthetic quality downstream of Post Falls, Upper Falls, and Monroe Street dams, the draft license order requires releases of minimum aesthetic flows. Aesthetic flow releases at Upper Falls and Monroe Street developments will greatly enhance views of the river in downtown Spokane.

The draft license order also includes measures for:

- Developing and implementing sediment management plans at Monroe Street, Nine Mile, and Long Lake developments and controlling erosion on Coeur d'Alene Indian reservation lands affected by the Post Falls development;
- Development and implementation of recreation plans that would enhance existing and develop new project recreation facilities; and
- Development and implementation of Historic Properties Management Plans for the protection of archeological, historic, and traditional cultural resources.

Resolution of Significant Issues

- Section 4(e) conditions
- Section 10(e) annual payments
- Water quality certification conditions



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Several significant issues associated with this proceeding were recently resolved and are addressed by requirements included in the draft license order.

In January 2009, Avista filed three settlement agreements on behalf of itself, the Coeur d'Alene Tribe, and the United States Department of the Interior. One of these agreements resolved disputes over the measures submitted under section 4(e) of the Federal Power Act to address the environmental effects of the Post Falls development on the lands of the Coeur d'Alene Indian Reservation. This agreement also included a request for a single 50-year license for all five developments which reversed Avista's original proposal to license the Washington developments and the Post Falls development separately. Licensing the developments as two separate projects was opposed by several entities including the Coeur d'Alene Tribe and Interior.

The other agreements filed in January established annual payments to the Tribe under section 10(e) of the Federal Power Act for Avista's use of submerged lands within the Coeur d'Alene Indian Reservation. Payments for use of submerged tribal lands has been a disputed issue since the Post Falls Development was added to the existing license in 1981.



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Lastly, in May 2009, the Washington Department of Ecology reached an agreement with several parties on the terms of the Washington section 401 water quality certification that was under appeal. Subsequently, Ecology filed an amended 401 certification with the Commission that provides measures for addressing the environmental effects on aquatic resources at the four developments of this project that are located in Washington state.

The draft order responds to these recent proposals by issuing a single 50-year license for the five developments and including the revised section 4(e) conditions, the section 10(e) agreements, and the amended Washington 401 water quality certification. That concludes our presentation. We will be happy to answer any questions.