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April 2, 2007

Honorary Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

RE: Wells Hydroelectric Project No 2149-131
Comments on the PAD and SD1 and additional Study Requests

Dear Secretary Salas:

Thank you for the opportunity to comment on the Wells Hydroelectric Project, No.2149, Preliminary Application Document and Scoping Document No. 1 for Relicensing. The City of Pateros appreciates the efforts of Douglas PUD and FERC in keeping stakeholders informed.

The City of Pateros is one of two towns in eastern Washington that were totally displaced as a result of building dams on the Columbia River, the other being Entiat, which is located 45 miles below us. We worked with Douglas County PUD in the precicensing process but were unable to reach agreement with them on the need to study the impacts of the Wells Project on our city. Previously we had raised the issue in a letter to FERC dated February 8, 2003 (this letter pointed out the economic impacts of the failure of Douglas PUD to build a state park nearby and instead use the money for parks 50-100 miles away).

In the Douglas PUD's March 6, 2003 reply to our letter, the PUD stated "the town of Pateros was relocated as a result of the construction of the Wells Hydroelectric Project. Douglas PUD believes that this relocation did not adversely affect the town..." Unfortunately, Douglas PUD offered no information to back up this assertion and it has ignored the fact that the town's population plummeted as a result of the Project, from 850 people before the dam was built to 472 in 1970. By 2000, approximately 40 years later, the population was still only 643, or 25% less than before the Project. The PUD also ignored the fact that the number of businesses in Pateros had dropped from 42 to only 8 two years after the dam was built, and was at 12 in 2002. We believe that poor planning by Douglas PUD during the initial construction phase, followed by years of inaction later, has impacted and continues to impact our city greatly.

We are also aware that in the recent Rocky Reach Dam re-licensing process, Chelan County PUD and the City of Entiat conducted socio-economic studies of that Project's impact on the City of Entiat, both of which showed a huge negative impact related to dam construction and operation.

We therefore make the following request:

Study Requests

The City of Pateros realleges and incorporates its proposed language at Section 6.4.2.3 of the PAD (Exhibit A, pg 5) and hereby requests pursuant to 18 CRF § 5.9(b) that Douglas PUD conduct a study of the socio-economic impacts of the Wells Project on Okanogan County and the cities of Pateros, Brewster and Bridgeport, all of which are located within the Project boundary.

The City of Pateros provides the following information in support of this study request as provided in 18 CRF § 5.9(b):

- 1) Goals, Objectives and Information to be Obtained. The primary goals and objectives of the proposed study include:
 - Identify, describe and document factors that influence regional and local economics, including health care, agriculture, schools and other public entities, industry and tourism.
 - Identify the socio-economic impacts of the Wells Project on Okanogan County and the cities of Pateros, Brewster and Bridgeport.
 - Identify future growth opportunities and estimate the impact of Project operations on these resources.
 - Specifically identify the socio-economic impacts resulting from the City of Pateros' relocation and displacement when Wells Dam was originally built in 1962 and the continuing effects of said relocation and displacement.
- 2) Resource Management Goals. The City of Pateros is one of the municipalities to be studied and has a direct interest in managing the social and economic resources to be analyzed as part of the study.
- 3) Public Interest Considerations. In addition to the City of Pateros' role as a resource agency, the public interest is served by conducting the requested study because the residents of the City of Pateros have been directly impacted by the Wells Project and will continue to be effected during the proposed license term.

- 4) Existing Information. Existing information on this subject include:
- Population comparisons
 - Business and commercial data
 - Tax revenue statistics
 - School District enrollment and revenue data
 - Property valuations statistics
 - Per Capita Value and Growth indices
 - 2003 Economic Analysis of the Impact of the Rocky Reach Dam and Reservoir on the City of Entiat (Exhibit B)
 - Pateros Downtown Business District Plan (Draft August 2006)
 - Parks water and wastewater use and utility impacts data (see February 28, 2007 letter to FERC)
 - Above information can be provided as needed by the City
- 5) Nexus between Project Operations and Effects. The construction and operation of the Wells Project has had substantial direct, indirect and cumulative effects on Okanogan County and particularly the City of Pateros, including the following:
- The construction of the Dam impacted the City of Pateros directly by flooding the City's downtown area and displacing much of its business, civic and population centers.
 - The past, present and future operation of the Dam has and will cause direct, indirect and cumulative effects on the City of Pateros' economic, civic and social conditions including: the loss of area businesses, the loss of revenue (property, sales, excise and hotel/motel tax), changes in the cost of providing services, increased maintenance costs of new park assets, damage to the City's civic and social fabric, the loss of valuable agricultural land and warehouses, the loss of different kinds of recreation opportunities associated with a free-flowing river, and environmental costs.
- 6) Study Methodology. The City of Pateros believes that the most appropriate method for studying the effects of the Wells Dam Project is to conduct a benefit-cost analysis or an appropriate variation thereof, evaluating the impacts of the Wells project in terms of lost revenues to the effected parties. The proposed study methodology is consistent with generally accepted practice in the economic and fiscal evaluation community. The Entiat Economic Analysis could be used as a guide for this study, although other factors may also need to be addressed.

- 7) Level of Effort and Cost. Conducting a study as described above will require a substantial amount of information-gathering and analysis by a qualified socio-economic consultant. The costs involved in a thorough and professional study are necessary and appropriate given the long-term effects of the Project. ECONorthwest, the firm that performed the Entiat study, has indicated that the cost for studying the impacts on the City of Pateros will be less than \$50,000.

In conclusion, we feel it is important to identify and mitigate the ongoing impacts of hydroelectric projects to the people living nearby, not just to fish and wildlife resources. At the February 28th public meeting held in Brewster, WA, economic impacts of the Wells Dam Project were the most talked about issue. Our other comments on the PAD are attached in Exhibit A.

The City of Pateros will work with Douglas PUD on the details of the requested studies. We are pleased with the opportunity to present our issues and concerns directly to FERC. Thank you.

Sincerely,

Gail A. Howe, Mayor
City of Pateros

Attachments:
Exhibit A (PAD comments)
Exhibit B (Entiat Economic Analysis)

C: Bill Dobbins, General Manager, Douglas County PUD; Mayor Lee Webster, Brewster;
Mayor Steve Jenkins, Bridgeport

Submission Contents

Corrected Pateros Letter (5% changed to 25%)

CorrectedLetterPateros.doc..... 1-4