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November 7, 2007

Honorary Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: Wells Hydro electric Project No 2149-131
Reply to Study Plan Determination

Dear Secretary Bose:

On behalf of the City of Pateros, we request a rehearing for a full socioeconomic study of the impact of the Wells Project on our community. We do this after carefully studying the October 11, 2007 order from FERC Energy Projects Director, J. Mark Robinson.

It appears that the FERC reviewer of our request that Douglas PUD conduct this study either missed or ignored the major points of our letter (dated April 2, 2007). We asked for a study of the **“cumulative effect”** and the **“ongoing impacts”** of the Wells Hydroelectric Project, not the initial effect of the creation of the Dam. We do not seek a return to “pre-project conditions” but do ask to have ongoing impacts addressed. See our Statement of Issues addendum.

The Study Plan Determination letter (dated October 11, 2007) does expect Douglas PUD to analyze existing information (i.e., demographics, tax statistics, property valuations, etc.) but this requirement is not clearly spelled out and leaves open to question the methodology that will be used by Douglas PUD when addressing this concern.

We ask that FERC either require Douglas PUD to conduct a socioeconomic study, which we have previously asked for, or explain clearly in additional detail how they expect Douglas PUD to address the issues that we have brought up.

Thank you for your concern and please let me know if you need any additional information.

Sincerely,

Gail A Howe

Gail A Howe, Mayor
City of Pateros

Enclosure: Addendum – Statement of Issues
CC: Bob Easton - robert.easton@ferc.gov

Addendum – Statement of Issues

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 (April 2, 2007 letter Exhibit B)
 - Pateros Downtown Business District Plan (draft August 2006)
 - Parks water and wastewater use and utility impacts data (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 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.

Submission Contents

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