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BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

IN THE MATTER OF PROJECT NO.
2149
WELLS HYDROELECTRIC PROJECT WASHINGTON

Columbia Cove Community Center
601 West Cliff Avenue
Brewster, Washington

Wednesday, February 28, 2007

The above-mentioned matter came on for public
scoping meeting, pursuant to notice at 7:00 p.m.

MODERATORS: ROBERT EASTON, FERC
DAVID TURNER, FERC

1 P R O C E E D I N G

2 MR. EASTON: Good evening. I'd like to welcome
3 you to the Federal Energy Regulatory Commissions' Public
4 Scoping Meeting for the Wells Hydroelectric Project. My name
5 is Bob Easton and I'm a Fisheries Biologist at the Commission
6 and I will be Project Coordinator for this proceeding.

7 With me tonight is Dave Turner who's also from
8 the Commission. And Dave is a Terrestrial Biologist.

9 I'll kind of just quickly run through this
10 presentation and then we'll get to your comments. Before we
11 get too far into this presentation, I want to point out that
12 there's a sign-in sheet over there. We'd like for you to
13 sign in. I think everybody got that as they came through.
14 There's also some handouts you may want to pick up.

15 We're going to do a brief little presentation, as
16 I said. We'll go over the process itself, just kind touch on
17 what the process is in terms of re-licensing steps and the
18 sequence of that. We will also kind of touch on the purpose
19 of scoping, which is what we're here doing tonight. This is
20 a scoping meeting.

21 Then Shane Bickford from Douglas PUD will give a
22 brief description of the project facilities and project
23 operations. And we'll kind of touch on the resource issues
24 and the studies that have been proposed so far. And then
25 we'll kind of give you an overview of the important dates

1 that are upcoming through this process, then open it up to
2 your comments and try and respond as best we can to those.

3 I guess I already said about the registration,
4 sign-in, and the handouts. We do have a court reporter here
5 tonight. She'll be recording the discussion, presentations,
6 as well as the comments that you make. That's so that we
7 have a record of the statements that are made here tonight
8 and we can refer back to those when we get back and don't
9 have to do it all off the top of our heads. We can actually
10 look back at the transcript. It also will be available to
11 any of you eventually. You can buy copies of this or get it
12 off the Internet at a later date.

13 It's important that if you do speak tonight, you
14 state your name, your full name if it's a complicated name.
15 It helps the court reporter to spell it out for her. And if
16 you work with somebody, maybe name your affiliation, the
17 agency or organization you're associated with.

18 You don't have to make oral comments tonight if
19 you don't wish to. You can just be here and observe. That's
20 fine. If you choose to provide written comments, those
21 written comments are due by April 2nd. If you look in the
22 Scoping Document -- I believe it's pages 19 and 20 of the
23 Scoping Document, which is available over there -- there's a
24 copy of it -- pages 19 and 20 describe how you can file your
25 written comments with the Commission, Federal Energy -- FERC,

1 I should say. Commission could be confusing, I guess.

2 Lastly, there's a mailing list that the
3 Commission maintains and all things that we send out will go
4 to that mailing list. The Scoping Document -- we sent the
5 Scoping Document out to our official mailing list, but we
6 also sent it out to the distribution list that Douglas PUD
7 had written using -- included in the Preapplication
8 Documents.

9 In the future we won't be sending out things to
10 the distribution list. If you're not on the official FERC
11 mailing list, you won't receive any FERC mailings. In order
12 to get added to that list, you need to send a letter,
13 basically, to the Commission and ask to be added to the
14 mailing list. You can determine if you're already on the
15 list by looking at pages 24 to 29 of the Scoping Document.
16 All of the people who are on the mailing list are listed
17 there. If you don't see your name, you're not on it. So
18 send us a letter. And the instructions on how to get added
19 to the mailing list are on page 24 of the Scoping Document.

20 This is sort of a brief overview of the
21 integrated licensing process. It's a new process that a
22 handful of projects have been using to prepare their license
23 applications. I'm not going to go into a lot of detail about
24 the process. There's actually a detailed handout over here,
25 the colored one that's got blue and green boxes on it and

1 pink boxes. That's a breakdown of all the individual steps
2 of the entire integrated licensing process. As far as this
3 slide, it really just kind of touches on some of the key
4 issues.

5 Back in December, December 1st, 2006, Douglas
6 filed their Notice of Intent to prepare a license application
7 and their Preapplication Document at the Commission. That
8 basically started this process.

9 We then prepared a Scoping Document which we
10 issued in January, and that Scoping Document basically starts
11 this scoping process where we are trying to identify issues
12 and gather information for the Environmental Analysis that we
13 will prepare at some point in the future.

14 After scoping ends, which that's April 2nd is the
15 end of scoping, Douglas will continue -- they've actually
16 started early on study plan development. They've gotten
17 pretty far along with that. Normally a lot of that would
18 happen after scoping. They've really got a leg up on it,
19 which was great for them.

20 Anyway, they'll complete the study plan
21 development and then do several years of studies and then
22 develop their license application. The application will then
23 be filed with the Commission for our review on May 31st,
24 2010. That's by May 31st, 2010.

25 After the application is filed, then really the

1 ball is in FERC's court to kind of move the proceedings
2 along. We will review the application and issue what we call
3 the REA Notice, which REA just stands for Ready For
4 Environmental Analysis. And when that notice goes out, we
5 solicit comments again from the public. And the agencies
6 send us their terms and conditions that they think should be
7 included in the license. This also is an opportunity for
8 people to intervene in the process basically as a party to
9 the process.

10 After we get the comments back from everyone,
11 from the REA Notice, we then proceed with our development of
12 our environmental document. In this case we're planning on
13 preparing a Draft Environmental Assessment and a Final
14 Environmental Assessment.

15 After those documents are prepared, we move on to
16 an order. And the order is basically a decision from the
17 Commission on whether a license should be issued for the
18 project and what terms should be included in that license.

19 This is just sort of a brief overview of scoping.
20 The Federal Power Act gives FERC the responsibility of
21 licensing all nonfederal hydroelectric projects. Issuing a
22 license for a project is considered a federal action, and
23 federal actions require that we prepare -- according to the
24 National Environmental Policy Act, we are required to do an
25 Environmental Analysis associated with any federal actions.

1 So that -- as part of the preparation of all our NEPA
2 document, we need to do some scoping. That's what we're here
3 to do today.

4 Through scoping we try to identify issues that
5 should be addressed in the Environmental Analysis. We
6 discuss existing conditions in the information, try and
7 gather information from you in terms of what the issues are,
8 and also what information you think we need to add to what's
9 already in our record available to us. And that's, I guess,
10 along the lines of additional information needs.

11 Then also the Process Plan, which is available
12 over on the table, that's actually -- we included the Process
13 Plan in the Scoping Document. Shane just pointed out quickly
14 after I issued the Scoping Document that some of the dates
15 that we had in our Process Plan actually fall on weekends.
16 And so if you were required to file something on a Sunday and
17 you really had to meet that date, you would have to file on a
18 Friday so you lose a couple of days.

19 Our regulations actually spell out that anything
20 that lands on a weekend, you are allowed -- you get extended
21 to the following Monday for filing. So what we did in order
22 to clarify that, so you didn't have to worry about it, is
23 revised the Process Plan. And copies of that are available
24 over here on the table. If you look at it, you'll see
25 there's probably about -- I think there's 30 dates on there

1 or something about that. They run all the way out to the end
2 of the process. So that kind of gives you an idea of how
3 this plays out in terms of timing anyway.

4 I guess at this point I'll turn it over to Shane.
5 He's going to do a brief project description and discuss some
6 project facilities and operations, and then we'll kind of get
7 to some of the resource issues. Thanks.

8 MR. BICKFORD: My name is Shane Bickford. I'm
9 Supervisor of Re-licensing for Douglas PUD. I'm going to
10 give you just a real quick overview of the Wells Project,
11 some of its unique features, talk a little bit about the
12 operation. Got Mike Brun here tonight to correct me if I
13 screw up, which is good. And I want to talk a little bit
14 about some of the things that Douglas County PUD did to
15 prepare for re-licensing.

16 So most of you know where Wells Dam is located.
17 It's right here on River Mile 515.6 on the Columbia River.
18 It's the ninth project up from the Pacific Ocean, 515 miles
19 upstream from the Pacific Ocean. It's the last project that
20 anadromous fish can pass. There is no fish pass at Chief
21 Joseph Dam. Two tributaries; the Okanogan -- the Methow
22 isn't on here. Just trying to do a simplified map. It's 30
23 miles downstream of Chief Joseph Dam. The reservoir is about
24 29-1/2 miles long. We're 42 miles upstream of Rocky Reach
25 Dam and about 50 miles north of Wenatchee.

1 So this is a high-resolution orthophotography of
2 the project. What you can see is kind of an
3 interesting-looking facility right here. We call that a
4 hydrocombine. The dam structure itself includes about 1,000
5 feet of earth and embankment on the east shoreline, another
6 2,000 feet on the west embankment. Water flows in a
7 north/south direction. This is the reservoir that is out
8 here off of Brewster. It goes up to Bridgeport. These docks
9 are the Boat Restriction Zone. We call it the BRZ.
10 Sometimes that acronym will be thrown around.

11 This area in the immediate vicinity of the
12 four -- of the project we call the forebay. You may hear
13 that term as well. The tailwater is the receiving body of
14 water below the project after the water is passed through the
15 spillway into the turbines.

16 This kind of snaked S-pattern over here is the
17 Wells Fish Hatchery. That's the spawning channel that is no
18 longer being utilized. That facility -- the Wells
19 facility -- Wells Fish Hatchery raises steelhead, resident
20 rainbow trout, and summer/fall chinook.

21 There's some maintenance facilities located over
22 here. And when you drive past the Wells Project on the
23 highway, you'll see what we call "Vista Overlook." There's a
24 park, restrooms. There's a turbine exhibit out there,
25 petroglyphs.

1 The power that's generated at the Wells
2 hydrocombine is sent to the regional power grid across 230-kV
3 transmission lines. These transmission lines touch into
4 Chelan County, but they -- shortly after they cross the
5 Columbia River go up over the Waterville Plateau, come down
6 approximately near Rocky Reach Dam. The transmission lines
7 are about 41 miles long.

8 So kind of dwelling down into that interesting
9 structure that's the hydrocombine, there are a lot of things
10 going on in a very tight space. We've got two fish ladders,
11 one on the east and one on the west side of the project. The
12 idea is that fish tend to hug the shoreline; therefore, they
13 climb the ladder very easily. Two fish ladders and -- the
14 battery is running low.

15 We also have a switchyard on top of the deck of
16 the dam. It's kind of unusual. Most switchyards are located
17 either on the right or the left bank of the project. On
18 Wells it's right on top of the deck of the dam. There's a
19 lot of things that are packed into a very tight space here.

20 I think that laptop is -- there we go.

21 As you can see kind of the lighter structure with
22 the red arrows there, those are the turbine silos. There are
23 ten Kaplan turbines, propellor turbines, in Wells project.
24 We have a capacity of 774 megawatts, maximum capacity of 840
25 megawatts.

1 And the dark areas in between each one of those
2 turbine silos is a spillway. We have eleven spillways with a
3 spillway capacity of a little over a million cubic feet per
4 second, which is a lot of water.

5 We've modified several of those spillways, five
6 of them to be exact, for juvenile downstream migrants,
7 primarily Salmon and steelhead, but also beneficial to
8 lamprey and other species like bull trout and resident fish.

9 This bypass system is very efficient, the most
10 efficient on the Columbia River. It has guidance rates of up
11 around 92 and 96 percent. That means 92 to 96 percent of the
12 fish go through the spillway via the bypass, as opposed to
13 going through the turbines. Survival through the spillways
14 is also very high, around 99 percent. So we're very proud of
15 our fish bypass system.

16 All these things are in a very tight, confined
17 area. Most hydroprojects that you think of, Chief Joe, they
18 have a spillway and they have a powerhouse. Wells Dam,
19 they're combined. You put the switchyard on top of that.
20 You have two fish ladders so -- as Mike indicated, you have
21 the maintenance facilities.

22 A little bit about project operations. It's a
23 operation run-of-river project. What does that mean?
24 Run-of-river project means the amount of water that the Wells
25 Dam receives from Chief Joseph Dam and from the two

1 tributaries in a day's time roughly equals the discharge that
2 comes out of Wells on that day. Very limited active storage.
3 The flows, again, are really dominated by Chief Joe and Grand
4 Coulee. The side tributaries make up a pretty small
5 proportion of the total flow that goes through this project.

6 That also results in fluctuations that go on with
7 the reservoir, like some folks saw today out there. There's
8 no seasonal drawdown that takes place. We don't draw down
9 for flood control like you might see at Grand Coulee and then
10 fill. Pretty much the reservoir oscillates within a pretty
11 tight band, most of the time within the upper 2 feet of the
12 reservoir. So most of the time you'll see the project
13 between elevations 781 to 779. We do have a 10-foot
14 operating range for the project. That's our normal operating
15 range.

16 Next slide. In preparation for the re-licensing
17 the Douglas PUD has done a lot of things. Back in 2004,
18 because this is a pretty important effort, we wanted to make
19 sure we had all of the existing data that -- that was
20 available on the Wells Project. So what we did is contacted
21 everybody we could think of; any consultants or
22 organizations, tribes, federal and state agencies. And we
23 contacted over 350 of those and requested information if you
24 have anything about the Wells Project that would help us in
25 understanding any species, the interaction with the project,

1 with the river, et cetera. We did get some really good
2 responses from that effort.

3 We also spent a great deal of effort looking
4 internally at Douglas PUD looking for documents related to
5 Wells Dam. And we found over 20,000 documents, the vast
6 majority of those documents are located in our licensing
7 library in East Wenatchee, the Licensing Department. It is a
8 publicly-accessible area where people can come in and take a
9 look at any of the reports or any of the studies or any of
10 the background information contained in there.

11 So once that effort was done, we had a pretty
12 good idea of the environmental baseline. There have been
13 several other bigger licensings going on downstream of us so
14 we had a pretty good idea of the types of studies that needed
15 to take place.

16 So what we did is in 2005 we launched into an
17 effort to conduct our baseline studies. We conducted 15
18 baseline studies on various resources; recreation to water
19 quality to botanical resources, et cetera. And the idea was
20 to get as much information as we could, get that information
21 into our Preapplication Document to inform this process, and
22 to help us identify what other information gaps might be out
23 there. A lot of times when you do a study, it leads to
24 another question.

25 So we completed all those studies. They're

1 all -- you can find those reports on the Douglas PUD
2 licensing website. There's snippets of them in the
3 Preapplication Document. There's hard copies and CD's over
4 there. And you can also get to that Preapplication Document
5 from ferc.gov. So we completed baseline studies.

6 The next thing that we launched off on in 2005
7 was stakeholder outreach. And what we did is we went out and
8 we contacted all the cities, the counties, the local
9 government, state government, federal government that would
10 have an interest in the Wells Project, as well as the Indian
11 tribes.

12 And the outreach was intended to do two things.
13 One, it was to identify issues that people have with the
14 operation of Wells Project. And then walk through those
15 issues and match them up with FERC's seven study criteria,
16 which they'll go into in a little bit, to try and identify
17 what other studies Douglas PUD needed to do during this more
18 formal process.

19 So we held actually 28 resource work group
20 meetings in four resource areas; recreation, aquatics, which
21 is fish and water quality issues, terrestrial, which is
22 botanical and wildlife issues, and cultural. And we had 28
23 of those meetings between October of 2005 and October of
24 2006. We had 33 policy outreach meetings basically meeting
25 with directors of state agencies, you know, county

1 commissioners, to see what their issues were and if their
2 issues matched up with their technical representatives.

3 We distilled that down into 12 studies that we
4 put in the Preapplication Document that -- that basically
5 resource agencies, tribes, stakeholders to the project, feel
6 are important and that Douglas PUD agrees with the
7 stakeholders that they meet FERC accepted criteria. So all
8 those 12 of those agreed-upon studies are also found in the
9 Preapplication Document and are on our website.

10 And so with that, I think Bob is going to launch
11 off into some of the issues and some of the study topics.

12 MR. EASTON: Thanks, Shane.

13 In the Scoping Document, if you look at pages 13
14 through 16, we identified the resource issues. Well, we list
15 the resource issues that we identified based on the review of
16 the PAD, the Preapplication Document. There's issues related
17 to aquatic resources, terrestrial resources, threatened and
18 endangered species, recreation, land use and aesthetics,
19 ecological and historic resources, and then developmental
20 resources, which is basically power and economics, project
21 economics.

22 Under the aquatic resources there's a -- I'm not
23 sure how many issues we identified. I think it looks like
24 it's about 10 or 12 issues that we identified in here. I'm
25 just going to basically -- I'm not going to read them all to

1 you. You can read them yourself. They're in the Scoping
2 Document. But, basically, I'll just give you an idea of what
3 kind of things will be covered.

4 We looked at -- one of the issues we identified
5 was toxins; PCBs and DDT, in the lower Okanogan River, which
6 is within the project boundary. We also identified total
7 dissolved gas -- project affects on total dissolved gas
8 levels as being an issue.

9 Project affects on water temperature, dissolved
10 oxygen, pH, and turbidity was another issue we identified,
11 affects on aquatic and wetland plant communities, and also
12 aquatic invasive species. Those were other issues we listed
13 here.

14 Of course, affects of salmon and steelhead is an
15 issue. Affects on lamprey, both juvenile lamprey during the
16 downstream migration and adult lamprey during upstream
17 migration. We had a question at the meeting this morning of
18 what a lamprey is. I guess the best way to answer that may
19 be if you're not familiar with what a lamprey is, a lot of
20 people call them eels, I think. They're not technically an
21 eel, but people call them that. If you need to know more
22 about lampreys, see your local fisheries biologist and talk
23 about it.

24 There's also some issues related to white
25 sturgeon, which are within the project reservoir, and bull

1 trout which are a federally-listed endangered species --
2 threatened species. And then there's also -- we also
3 identified the issue of project affects on resident fish as
4 being something we need to consider in our Environmental
5 Analysis.

6 So those are all the topics that we will try to
7 address, or at least based on this proposal, that's our
8 preliminary list of issues that we will attempt to address in
9 our aquatics analysis within the Environment Assessment that
10 we would have to prepare when we get to that step of the
11 process that we had up here on the screen when we were
12 talking about the integrated licensing process.

13 Now, for many of those issues, the work groups
14 determined that there really wasn't any need for additional
15 information, that existing information is adequate to
16 evaluate those issues. For several of those issues they
17 identified studies that they think need to be done. That's
18 what Shane was referring to in terms of study plans.

19 Some of the studies that were listed are sampling
20 sediments and fish tissues in the lower Okanogan River to
21 find detections levels or determining what levels of DDT and
22 PCBs occur in that area.

23 And they also determine that they needed to --
24 the PUD had collected quite a bit of information regarding
25 total dissolved gas, but they -- what their intent is here

1 with this study is to continue to look at that data and
2 determine sort of the production dynamics, meaning what
3 actually is causing the gas levels to go up in the area below
4 the project and what can they do in order to reduce the
5 project's affect on total dissolved gas.

6 Another study that they plan on doing is to
7 develop a model to determine sort of the incremental affect
8 of the project on changes in water temperature moving through
9 the project area. And they also intend to conduct additional
10 monitoring of dissolved oxygen, pH, and turbidity in the
11 project area.

12 We will be -- when these studies are finalized and
13 eventually -- the PUD is basically sending these to us in a
14 sort of draft form at this point. Eventually they will be
15 formalized and sent to FERC, and FERC will have to sign off
16 on those before they run off and do them.

17 They can do some of them on their own, but they
18 generally want our support on them and then -- also our
19 support is sort of an indication that we think they're
20 valuable and worth doing and we're going to use the
21 information that comes from those as part of our
22 Environmental Analysis. So they don't need our blessing, but
23 I think we want to work together and want to be collecting
24 information that's really needed.

25 Some of the other aquatic studies is an evaluation of

1 the effectiveness of the predatory control program. This is
2 sort of a -- we weren't sure in reviewing it where it fit.
3 It really fits better, I think, under the terrestrial
4 resources. After we talked about it this morning, we got a
5 better grasp of it. It really covers both areas, though.
6 The predator control program is a program they implement to
7 reduce the effect of birds and other mammals -- mammalian
8 predators on juvenile salmon and steelhead survival as they
9 move through the project. And this study would be an attempt
10 to identify alternative ways of implementing that program
11 that would have equal effectiveness in terms of protecting
12 the juvenile salmon -- or benefitting the juvenile salmon and
13 steelhead, but also have -- may be more effective in terms of
14 the deterrent effect on predator species; the birds or the
15 mammals that are in the hatchery areas or the tailwater where
16 they're feeding on the juvenile fish.

17 And then the other studies were primarily related
18 to the lamprey. They are going to do a -- or propose to do
19 a -- basically a literature review of existing information
20 related to juvenile lamprey survival as they move downstream
21 through hydropower projects. Primarily it had to be a
22 literature review because there's really no good technique
23 for studying this yet. Nobody has developed a method for
24 studying it. There's also not very many lamprey out there to
25 study, so you need more fish if you're going to get out there

1 and play with them.

2 They do also as part of that study intend on getting
3 out and collecting some predators that might be feeding --
4 likely fish and bird predators that might be feeding on
5 juvenile lamprey as they move through the project area to see
6 what kind of stomach contents they have and if they have been
7 feeding on the juvenile lamprey. That's a field aspect of
8 that study.

9 They're also proposing to look in the reservoir and
10 try and identify areas where there's some adult lamprey
11 spawning habitat and determine -- if they do find potential
12 adult lamprey spawning habitat, they'd go back later and look
13 at it and see if there's actual spawning going on in these
14 areas.

15 And then, lastly, the last part of the study they're
16 proposing to do is radiotelemetry study of adult lamprey
17 passage and movement through the fish ladder and try to
18 identify the effectiveness or the efficiency of the ladders,
19 the rates that the fish move through the ladder, and see if
20 there's any problem areas that can be improved to expedite
21 the movement of the lamprey as they go through the fish
22 ladders, obviously, without impacting salmon and steelhead.
23 I think that's pretty much it for this.

24 Dave did mention -- I forgot to cover that, but Dave
25 mentioned that if you have questions about the IOP process --

1 we kind of briefly went over it earlier. I think the group
2 we met with this morning, most of them had been participating
3 in the work groups. And I'm not familiar with any of you so
4 I don't know what your familiarity with the process is. But
5 if you have questions about it, either ask them now or wait
6 until we get more into the discussion period and ask us about
7 it. But feel free to ask questions about the process and
8 then also to provide, you know, your input regarding these
9 resource issues and studies.

10 We do want to keep this pretty informal. It doesn't
11 have to be like a real court-type proceeding or anything. So
12 speak up if you've got something on your mind. Go ahead and
13 jump in at any time. Just state your name and affiliation.

14 I'm going to turn this over to Dave. He's going
15 to run through the rest of this stuff here, and then we'll
16 get into the -- open it up and you guys can hit us with your
17 comments and your thoughts.

18 MR. TURNER: Okay. We identified about --
19 basically, we reviewed the Preapplication Document and the
20 record that was put before us. And a lot of work, as Shane
21 explained, has gone into identifying these issues. So what
22 we've captured here, with some modification of stats to try
23 to really hone in on issues that are associated with the
24 project and project affects on those resources. We tried to
25 capture that in our summarized bullets.

1 Basically, for terrestrial resources we're
2 looking at how the transmission line may be affecting avians
3 or birds and raptors, or do they pose a hazard to them in
4 terms of electrocution or collision. Are the PUD's
5 management practices within the transmission line
6 right-of-way influencing habitat adversely or positively,
7 actually, for other birds.

8 We're also going to be looking at in our
9 Environmental Assessment whether the PUD's land management
10 practices and permitting policies are having an effect or
11 influence on wildlife and wildlife habitats.

12 A common issue that comes up in many proceedings
13 that the Commission has presided over for reservoirs is the
14 effect of reservoir fluctuations on many of the aquatic
15 species like riparian water fowl and riparian wetland
16 habitat. Fluctuations can influence the quality of this
17 habitat, affect the survival rates of water fowl.

18 One issue that was raised by a number of the
19 parties is whether the reservoirs themselves form migration
20 barriers to species like mule deer that may need to get from
21 one side of the reservoir to the other to find their habitat
22 needs.

23 And then we'll look at their existing wildlife
24 policies and that kind of stuff and determine whether or not
25 there needs to be changes in the next license period.

1 Basically, the only study that came out --
2 everybody felt that there was enough information to do an
3 analysis to look at those issues, but the only one that
4 really needed additional information was what's going on
5 within the transmission line corridor, what kind of habitat
6 types does it cross and what kind of species exist within
7 that and how might be, as I said, those factors of management
8 be an influence to those species.

9 Regarding recreation, land use, and aesthetics,
10 really it really boils down to how access is being influenced
11 by project operations or aquatic vegetation, sedimentation,
12 which could be influenced by the presence of the reservoir.

13 We're also going to be looking at whether or not
14 the existing facilities are adequate to meet existing and
15 future demand.

16 Basically, there's a couple of studies that have been
17 identified. One, again, it really looks at mapping out those
18 habitats, but looking at those access sites like the boating
19 ramps and other places to see if aquatic vegetation and
20 sediment is building up and influencing access. And the
21 reservoir fluctuations, how is that affecting -- or the
22 drawdowns, available -- do they prevent people from getting
23 into the reservoir and utilizing it for recreation purposes
24 and when does that occur and how often and why.

25 And, again, we'll be looking at and projecting needs

1 for the next licensing period in terms of what future demands
2 there might be for recreation and whether or not existing
3 facilities are meeting those demands.

4 I did skip over threatened and endangered species
5 by accident. We do have a responsibility under the
6 Endangered Species Act to ensure that our licensing action
7 doesn't cause the threatened and endangered species to --
8 result in jeopardy of their existence. So we'll be looking
9 at the effects of project operations and the reservoir
10 operations and the project as a whole on a number of
11 threatened and endangered species, including the Bald Eagle,
12 a plant that's called Ladies' Tresses. It's basically an
13 orchid. A number of states -- state-listed species and then,
14 obviously, the salmon and steelhead and bull trout resources.

15 Regarding archeological and historic resources, we
16 have an obligation under the National Historic Preservation
17 Act, Section 106, to also look and make sure our actions are
18 not adversely affecting those archeological and historic
19 sites.

20 The PUD is looking at the existing data going
21 back. There's a lot of existing data on those sites already.
22 We're going to go back and be looking to make sure that
23 things haven't changed over the course of these last license
24 years.

25 Before we -- there is the last issue that's on page 15

1 of the analysis is developmental resources. That's a
2 standard section of our environmental documents where we look
3 at the cost of various environmental measures versus what's
4 being produced by the project in terms of energy.

5 The Commission has an obligation to balance those
6 environmental or nondevelopmental resources with the
7 developmental side of those resources and try to figure out
8 whether those measures are in the public interest to be
9 applied to the next current -- to the new licensing.

10 Now, there are some measures that are going to be
11 outside the Commission's control. And those are what we term
12 "mandatory conditions." And they're applied to in this case
13 Department of Ecology's water quality certification. This
14 project will have to receive their water quality
15 certification before we can license it.

16 The conditions that the Department of Ecology
17 places on the license, again, are outside the Commission's
18 jurisdiction. We either have a choice to license the project
19 with the conditions or not license it.

20 The other mandatory conditions would be dealing with
21 the fishway prescriptions that might be imposed by the
22 Department of Interior or the Department of Commerce.

23 We've kind of blown through a lot of the issues here.
24 And a lot about the process, and I know it's probably a very
25 quick overview. But as Bob said, we don't have a good feel

1 for your understanding. We want to make sure we have enough
2 time here for you to express your concerns or issues. And I
3 think this is probably the best time to talk about it. And
4 then I'll step back in and finish the rest of the
5 presentation with regards to the process and some important
6 dates. And if there's additional information needs, some of
7 the things you need to tell the Commission, or tell the FERC
8 and us about those additional information needs. So with
9 that, I'd like to kind of open it up to the floor for any
10 questions, comments, concerns that you might have.

11 MR. EASTON: Statements.

12 MR. TURNER: Statements, whatever you want to
13 pose in terms of -- anybody got anything they want to say?
14 Anything you want to put on the record?

15 MR. EASTON: You didn't come here to hear us.
16 Come on. Somebody has got something.

17 MR. TURNER: It's a lot to cover, like I said,
18 but we want to make sure we give you guys enough time. And
19 the PUD has done a very good job from what we can tell from
20 the outreach effort, so maybe a lot of this -- and this
21 morning it turned out to be a lot of overview that people
22 really didn't need because they understood what was going on.
23 But I don't know if that's the case at the more local level,
24 which is what we've intended to cover here.

25 MR. BENNER: Well, I have a couple of questions

1 and comments.

2 MR. TURNER: State your name for the court
3 reporter.

4 MR. BENNER: Tom Benner. I'm a Brewster
5 resident. I understand that the cost of environmental
6 mediation measures is borne by the PUD; is that correct? In
7 other words, it comes out of the revenues from power
8 generation?

9 MR. EASTON: Whatever requirements end up in the
10 license there will be their obligation to finance those.

11 MR. BENNER: So is there any consideration given
12 by FERC to the effect of the project on the community -- the
13 communities that border the project?

14 MR. EASTON: In terms of what type of
15 resources --

16 MR. BENNER: Well --

17 MR. EASTON: Are you talking about in terms of
18 power rates or are you talking --

19 MR. BENNER: No. This is the only project which
20 acquired fee ownership of the project lands. As I understand
21 it, no other -- no other project actually acquired fee
22 ownership. If we go south and look at --

23 MR. EASTON: You mean through the mid Columbia?

24 MR. BENNER: Yes.

25 MR. EASTON: I think there are actually quite a

1 few projects that FERC administers over. We have 1,600
2 projects that we've licensed and there's quite a few that
3 actually have few ownership of significant portions of land
4 or all their land.

5 MR. BENNER: On the Columbia River?

6 MR. EASTON: Well, no. That's what I'm saying is
7 throughout the United States we license projects, so for us
8 it's not a unique issue to have that.

9 MR. BENNER: Well, I know -- I've lived here for
10 almost 27 years, and it's -- although I wasn't here when the
11 original condemnation occurred, which was back in the early
12 '60s, but I know from my contacts in the community that a lot
13 of the landowners along the river who lost their -- their
14 land to the project at what was even then a mere pittance. I
15 mean, it was almost given away in order to facilitate the
16 creation of the project. And, of course, that was an era
17 when -- when the area was still lightly populated. The area
18 was not well developed.

19 But the representations as it's been related to
20 me of the PUD's condemnation agents was that there would be a
21 number of public improvements made for the benefit of our
22 community, and none of those have occurred except for a few
23 boat launches. And so we have a project that's generating 37
24 million dollars in gross revenues each year, as I understood
25 it, approximately, that is at this point pretty well

1 amortized. I don't -- I think the construction debt has
2 pretty much paid off. And the revenues from the project are
3 being poured into all those studies and environmental
4 mediation efforts. And it seems like from our end -- and I
5 know I speak for a lot of people -- people here just from
6 living here -- that the more remediation that's done, the
7 more we lose the benefit of the recreational resources that
8 are available to us here.

9 And I think there's a concern that the representations
10 that were originally made back when the property was acquired
11 have not only not come true, but we're in -- we're in a worse
12 situation now. And I don't know what sort of things will be
13 done to protect endangered species of fish and other wildlife
14 or what will be done to protect the plant life, but I fear
15 that whatever is done is going to be at our expense.

16 And the people on the other side of the river who
17 own Douglas County PUD have the benefit of electrical power
18 at 2 cents a kilowatt. In Okanogan County, this side of the
19 river where all the towns are and where most of the
20 population is, we pay 4.4 cents a kilowatt. We have no
21 development along the river. The tax base has not -- has not
22 increased because of that. And we -- I think a lot of us
23 would like to know during the licensing process what
24 attention is being given to our community and the well-being
25 of our community.

1 MR. EASTON: I think that -- give you a couple --
2 couple of things. One is that in terms of any -- you can
3 bring up any issues you have. We really need -- and what
4 you're asking is sort of a -- I can only answer it almost
5 with a question. And that is: What are the things that you
6 want us to look at?

7 If the community has specific issues, something
8 that you believe was a promise that was made at one time,
9 certainly if it's something that you believe was in the
10 existing license and it wasn't implemented, that's something
11 you should report to the Commission. Not to try and pass the
12 buck, but we actually have a whole division, not us, but a
13 separate group of people that work on compliance. And they
14 determine whether the licensees of our projects are actually
15 complying with the requirements in the license. I'm not sure
16 that the things you're talking about were ever included in
17 the license, the original license. I suspect they probably
18 weren't. Because if they were, there would have been
19 complaints with the Commission and people -- there would have
20 been a compliance, basically, exploration.

21 But I guess that my comment back to you is really
22 we need to know what your specific interests are from each of
23 the communities. And we will hear those and we will address
24 those to the extent that we have an ability to do that.

25 At this point that's what we're here for

1 actually. That's what the scoping is all about. We want to
2 know what your issues are, what information you think we need
3 to know about in order to address those issues. And then as
4 we get further down the road where they've actually filed the
5 license application with us, which occurs out in 2010, then
6 we would take this information you've provided us now and try
7 and address those issues with whatever information has been
8 gathered between now and then and -- and basically give you
9 kind of our response to that.

10 MR. BENNER: I don't mean to hog the floor, but I
11 have a follow-up question. Is there intervention at this
12 point? Are there any interveners in the licensing process at
13 this point?

14 MR. EASTON: Well, there probably are interveners
15 that are left over from some previous proceedings. FERC has
16 proceedings -- we basically create what we call a subdocket
17 for each new proceeding related to a project. And we do have
18 intervenors that are probably lingering from previous
19 proceedings, but we haven't solicited interventions on this
20 proceeding yet.

21 And that was one of the things I mentioned on
22 that slide was when we get to the REA Notice -- after the
23 application is filed, we will issue a Ready For Environmental
24 Analysis Notice, which solicits comments, terms, conditions
25 from the agencies, stakeholder groups, organizations. But at

1 that time we also solicit interventions.

2 MR. BENNER: Now, it's the organized interveners
3 that have the loudest voice in the process. Would you agree
4 with that proposition?

5 MR. EASTON: They have the right to file a
6 rehearing request on any decision that the Commission
7 actually ultimately makes. Other than that, their voice is
8 heard equally, whether they intervene -- whether you
9 intervene or not. You don't -- people that provide us
10 comments here at this meeting have equal standing at this
11 point with everyone because there are no interveners. But if
12 you were an intervener and he was not an intervener and you
13 brought me an issue and he brought me an issue, I've got to
14 address both of them. That's my job.

15 MR. BENNER: Well, I guess the process
16 involves -- the focus of it is in Washington, D.C., not here,
17 in Brewster, Washington. In other words, the Commission
18 meets in Washington D.C. to assess all of the information and
19 all the material that goes through the procedural steps in
20 the process. I mean is that a correct statement?

21 MR. EASTON: I work in D.C. if that's -- and the
22 five Commissioners that all actually make the decision
23 ultimately all work in D.C.

24 MR. BENNER: So it's the interveners that have a
25 voice, whether they hire lawyers or representatives or

1 whatever they do, that appear at the hearings in Washington
2 D.C. that really -- really, I guess, get on the map of the
3 Commission. Would you agree with that?

4 MR. EASTON: Well, we probably won't hold
5 hearings in Washington D.C. If we hold any hearings, they'll
6 be here. It will -- just as this is basically. This is as
7 close to a hearing as you're going to get.

8 MR. BENNER: I think --

9 MR. EASTON: I'm confused with where you're going
10 with that because I don't think --

11 MR. TURNER: There are steps in the integrated
12 licensing process where everybody is going to be able to
13 provide input. This is really the first, and we're asking
14 for you to help us at this point define what your concerns
15 are and what you guys believe the need is and what your
16 interests are. There will be other places and points
17 throughout the process where you can also be involved.

18 The PUD to their credit has set up resource work
19 groups that they're taking a very collaborative approach to
20 these questions, and they're opening that to you as well. So
21 this process is by no mean closed to anybody.

22 Now, to the extent any organized intervener
23 might, be it American Rivers or some others that may have
24 a -- you know, have as their mandate and their job, yes, they
25 do that because that's basically their livelihood and their

1 job and they're organized enough to come to those meetings
2 and to participate. But they have no more opportunity than
3 anybody else.

4 MR. EASTON: And we don't respond to their --
5 their issues any differently than we would anybody's who
6 didn't intervene issues. I think that gets us back to what I
7 said originally. An intervention in terms of how it works in
8 this process, it gives you a place so that once the
9 Commission issues its decision if you don't like it, you can
10 request rehearing of it.

11 MR. TURNER: Other than that there's no other
12 obligation --

13 MR. EASTON: You get no benefit, basically, by
14 intervening other than that.

15 MR. BENNER: Well, again, I'm sorry. I don't
16 mean to hog the floor. But I guess I just want to restate
17 that it has been my impression having lived almost half my
18 life here that a lot of people have let this just go by.
19 They complain about it. They're concerned about what it --
20 what it holds in store for our community during the next 20
21 years from 2012 until 2032. And the -- the process seems to
22 put an awful lot of emphasis in protecting plants and
23 animals, but doesn't seem to give much consideration to the
24 effects it has had on the two communities; Brewster and
25 Bridge -- Brewster and Pateros, which are most affected more

1 than any other group of people or landowners in this area.

2 MR. EASTON: I think -- I think your impression
3 is sort of an accurate picture or snapshot of where we're at
4 right now. We haven't gotten a lot of information from the
5 towns yet. We haven't heard that. That wasn't included in
6 the PAD because those -- either you weren't engaged, you
7 didn't go to the meetings and tell them what you wanted and
8 they didn't include it in the PAD. So we don't -- we haven't
9 heard that yet.

10 So we're here. This is the point of this
11 meeting. If you've got specific issues, specific items that
12 you want us to address and look at, this is the time to bring
13 them up. And if you don't have them ready to go right now
14 this second at this meeting, that's fine because you've got
15 until April 2nd to file written comments. And I think, you
16 know --

17 But from our standpoint we need specifics. Just
18 saying that the towns have been impacted and the PUD should
19 do something for the towns, that -- we can't really work with
20 that. We need to know how the towns were impacted, what the
21 project is doing, what the project is not doing, what types
22 of things you want.

23 And so to the extent that it fits within sort of
24 our process in terms of our authorities, whether it's within
25 our jurisdiction legally -- because we don't have -- like

1 they own a lot of land that's not even in the project
2 boundary and we don't have authority over that land
3 necessarily. So there's a lot of legality to that aspect of
4 it.

5 But the point being really we need your specific
6 issues. We need to hear what your concerns are. And that's
7 why we're here. You can do it today or you can do it in
8 writing, like I said. So --

9 MR. SMITH: J.D. Smith, City of Brewster.

10 MR. EASTON: You're next. I promise. Sorry.

11 MR. BICKFORD: I'd just point out one quick
12 thing. There is this clipboard up here as the sign-in sheet
13 for the recreation, socioeconomic, land use, aquatic, water
14 quality work groups. So if anyone is interested, please sign
15 up on the clipboard.

16 MR. EASTON: And basically what he's saying is
17 that's how you get involved. I mean, you can go -- you can
18 come straight to FERC and deal just with us if you want, or
19 you can go and you can -- I mean, it's really going to be
20 more effective if you go sit and meet with the PUD and talk
21 about this stuff. So if you've got a lot of issues, maybe
22 joining the work groups is a way to get involved and engaged
23 and hit the PUD with these issues. And if that's
24 unsuccessful and you need to come straight to us, we'll do
25 both. However you need to do it. We don't want you to feel

1 like we're not listening and we definitely -- the hard part
2 for us is we understand you've got an issue, but we do need
3 the specifics on that issue.

4 MR. BICKFORD: The other way to get your issues
5 addressed of some of the cities is that the mayors have been
6 very active in the work groups over the past year and a half.
7 And if you don't want to come to a meeting, you don't have
8 time to come to a meeting, let your mayor of your town or
9 county commissioner know about it and come to the meeting, or
10 they send people to the meetings. And then that can help you
11 get your issues on the table.

12 UNIDENTIFIED MAN: Maybe your mayor is more busy.

13 MR. BICKFORD: Sorry.

14 MR. SMITH: My question is after the April 2nd
15 deadline, whether or not you submit a plan or you submit
16 comments or whatever your submission is and that goes to the
17 FERC Board, will there be opportunities after that to change
18 that plan or add to or take from -- you know, obviously
19 things change over time. It looks like you have a two-year
20 timeline before the REA is done.

21 MR. EASTON: Well, there's two critical things
22 that happen on April 2nd. One is we need to -- we're going
23 to come out with the revised version of the Scoping Document.
24 The Scoping Document identifies what the issues are that
25 we're going to evaluate in the Environmental Assessment. In

1 an ideal world, everything that we'll address will be listed
2 after April 2nd in the Revised Scoping Document. But the
3 world is not ideal so there's a possibility that if something
4 comes up two years down the road and ends up in our lap, if
5 it's a totally new issue that came out of the blue and --
6 because conditions change basically -- we're going to have to
7 find a way to address that. I mean, that issue becomes a
8 real issue. And just because we skipped over a date on April
9 2nd doesn't mean that things can't be added.

10 There is sort of a threshold there. We aren't
11 going to want to add issues that were clearly an issue back
12 here and we just ignored them and now -- and held back and
13 then all the sudden dumped them on the FERC, you know, two,
14 three years down the road.

15 So if you've got something now, bring it to us
16 now. That helps us get this going and sets us up in the
17 right direction. In terms of the studies it's even more
18 critical because, obviously, the studies, you've got to get
19 those done before you file the application. And so April
20 2nd -- April 2nd is sort of the deadline for putting in study
21 requests. After that the bar in terms of trying to request
22 studies that haven't already been proposed or considered gets
23 put up a lot higher. It's a lot harder to start requesting
24 new studies as we get further out into things.

25 Of course, after the study period is gone, those

1 two years there, it's almost impossible to get a study done
2 because they filed their application. It's now before FERC.
3 We're running with it on the other side in terms of doing our
4 job, which is processing the application and reviewing it.
5 And it's -- we're going to be very reluctant to go back to
6 them at that point and say "You need to do a study for two
7 years," or whatever, when we're supposed to have really
8 gotten past that point.

9 Just the process has got to have some drop-deads
10 at some point. So we put those in there. The reality is
11 they're not perfect drop-deads because there are things that
12 can pop up later and change things.

13 So, anyway, April 2nd is a pretty critical date.
14 If you do have study requests or you do have input in terms
15 of issues that we're going to evaluate, that would be the
16 best time to get them in.

17 MR. TURNER: I think Bob hit the nail on the
18 head. We're really expecting people to get engaged now if
19 they're intending to get engaged at all. It's prudent
20 because they have to develop the application. We need to
21 know what the issues are so that when we look at it, we can
22 decide whether or not we have the information before us
23 enough to address your concerns. And if not, we may need to
24 ask for something. The Commission has an obligation to ask
25 for studies too. And we're going to look at your concerns

1 when we ask those questions and once we approve their study
2 plan. So, as Bob said, it's really prudent and important
3 that you put those issues, pen to paper now, and let us know
4 where you're going.

5 MR. EASTON: Did we get his name? Okay.

6 MR. WEBSTER: Lee Webster, City of Brewster.
7 Thanks for the opportunity to hear our concerns and also
8 thanks for picking the Rec Center. Appreciate that.

9 MR. EASTON: Oh, okay.

10 MR. WEBSTER: You said April 2nd was the deadline
11 for our requests for studies?

12 MR. EASTON: Uh-huh.

13 MR. WEBSTER: The City is currently in the
14 process of their own recreation assessment or needs
15 assessment. When would that need to be in with you folks?

16 MR. EASTON: Well, any sort of, like, outside
17 plans and things that are being developed, I mean, the best
18 thing to do is obviously file them as soon as you get them
19 done.

20 MR. WEBSTER: Okay.

21 MR. EASTON: I mean, there is sort of a time at
22 which it will become awkward for us to try and incorporate it
23 into the process is really going to be way out after 2010. I
24 mean, if you sent us a plan after we've already issued our
25 Final Environmental Assessment, and we're already -- we're

1 drafting a license order basically, we're -- the ship has
2 pretty much sailed. At that point it's going to be tough for
3 us.

4 Now, the reality is that happens all the time and
5 we still try to fold it into the order. We have to fold it
6 in. It doesn't get the same treatment maybe it would get in
7 an Environmental Assessment. But in terms of plans and stuff
8 like that, again, it's going to be best to get it in as soon
9 as possible. If you got it in now, that would be ideal. If
10 it's not going to be done for six months, then when it is
11 done, that's the time to send it.

12 MR. TURNER: Do you have a projected date for
13 when that will be done?

14 MR. WEBSTER: We've been scrambling for April
15 2nd, but I wanted to hear it from you folks that April 2nd
16 was the end all.

17 MR. TURNER: Are you talking about a study
18 request or --

19 MR. WEBSTER: No. I'm talking about submitting
20 study results.

21 MR. TURNER: Study results.

22 MR. EASTON: Sort of your needs assessment,
23 basically?

24 MR. WEBSTER: Essentially.

25 MR. EASTON: Yeah, so that kind of information

1 really is helpful to us any time we get it. The earlier the
2 better.

3 MR. TURNER: Particularly if it's going to help
4 inform whether or not we need additional information. If
5 you're submitting results to suggest we need to do something
6 else, it may influence whether or not we need to ask
7 something or how we ask for that information.

8 MR. EASTON: Yeah. I mean, I guess if it leads
9 to -- if you think it's going to lead to study requests of
10 the PUD, then, obviously, if it comes in August of 2008 or
11 something, it's starting to get kind of late at that point.

12 MR. WEBSTER: Okay. I also have a letter here
13 that I agreed to read tonight as far as public input. It
14 will also be submitted electronically, as well as in written
15 form. This is from Mr. Ron Oules and I do believe it
16 currently ties into some of the things Mr. Benner was saying
17 as well.

18 "To whom it may concern: I would like to express
19 a very important area of concern with direct application to
20 the Douglas County PUD and FERC re-licensing. I am not aware
21 of every specific detail involved in this process, but I have
22 tried to cover areas of concern and discussion I hope you
23 consider. The Douglas County PUD has said they have a
24 requirement to own all the land around the "Wells Pool" of
25 the Columbia River.

1 "These FERC requirements and the PUD's apparent
2 refusal to compensate or assist the town of Brewster has
3 strangled our area economically and recreationally. The
4 value of this land taken out of the public tax base is huge
5 with only a minimal amount of like-kind money paid by Douglas
6 County PUD. Add in the lack of access and availability to
7 use these lands by the public just compounds the negative
8 impact of Douglas County PUD on our community.

9 "The negative impact and affect is not disputable
10 as one only has to drive 20 miles south to the area of the
11 Columbia River controlled by Chelan County PUD. You will
12 find multiple RV parks that are full all summer long, housing
13 developments, and use of the water for recreation by very
14 large numbers of people. The only major difference is the
15 PUD who controls or is responsible for that area of the
16 Columbia River. The Chelan County PUD has invested large
17 amounts of money back into the communities they affect.
18 Douglas County PUD has invested an appallingly small amount
19 back to the communities they affect, and according to their
20 statements they are not going to unless forced by FERC in the
21 new re-licensing requirements.

22 "I have looked at the surrounding areas and it is
23 obvious to me a large RV park with river access and amenities
24 would be a huge economic and social boon to Brewster. I
25 believe FERC should require the Douglas County PUD to fully

1 fund the installation of a project like this on all of the
2 Foyle property they purchased. The Foyle property would have
3 been prime property for a housing development that would have
4 brought a large and prosperous benefit to the town of
5 Brewster through private development had the PUD not
6 purchased it. It is well known the Foyle property was
7 purchased by the PUD to "mitigate" its damages to the town of
8 Brewster. The shameful part is based on Douglas County PUD's
9 previous lack of positive actions nothing would happen unless
10 they were made to by FERC or someone else. Yet the Douglas
11 County PUD will continue making millions of dollars at the
12 cost of our community. A large quality RV park with large
13 river access will offset the negative impact the Douglas
14 County PUD has caused by their FERC requirements and apparent
15 lack of concern for the communities they affect.

16 "In closing I would again ask FERC to make the Douglas
17 County PUD fund a large modern RV park encompassing all the
18 Foyle property with full river access. This may cost the
19 Douglas County PUD some funds, but there is no doubt with
20 today's energy prices they would recoup their costs in a
21 minimal amount of time. Sincerely, Ron Oules."

22 I think that's kind of what Mr. Benner was getting at
23 in long form, at least in a portion of it. We talked about
24 this and beat it around in the recreation work group a little
25 bit and it was pretty much shot down because of study

1 requests. I'd like to have some comment on that. And my
2 request would be to compare and/or contrast fee title
3 ownership of the Wells Pool or land bordering Wells Pool with
4 that of, say, Chelan County's PUD. And what I'm talking
5 about is tax base in the form of development of waterfront
6 properties.

7 Does that make sense?

8 MR. TURNER: It sounds to me like there's two
9 points there. If I understand you correctly, I'll responding
10 to it. One, we do look at recreational needs, if there is a
11 demand for some recreational park. If there's a demand for
12 some recreational activities that's not being met; that is,
13 we can require the PUD to meet those requirements.

14 I'm not the recreation person on this project.
15 We didn't have the funds to send everybody out. So
16 unfortunately we'll get back and then Patti Laport (phonetic)
17 who is the actual Recreation Planner on this project will
18 take a look at your concerns and see if studies have been
19 done. We'll answer the questions that you pose there in
20 terms of recreational needs. If not, we may need to have
21 additional information gathering.

22 In regards to the fee title versus -- a lot of
23 times we get easements and that kind of stuff. The
24 Commission requires an applicant to have -- or we define
25 project boundaries around a land -- around projects typically

1 with about a 200-foot buffer sometimes. But we require them
2 to have enough rights and interests to operate that project
3 to meet the various project purposes. And that includes not
4 only generation, electrical generation, but recreation,
5 wildlife habitat, fisheries management, mitigation goals, all
6 those purposes with which we issue licenses.

7 It doesn't really matter to us in what form they
8 have that obligation, whether it's a fee title or easements.
9 In this case they own that. And I think it's a lot cleaner
10 for an applicant that owns that land in fee title because
11 they have a lot more control over those lands and easements.

12 With regards to the tax base, this has come up
13 quite frequently, particularly on municipalities. We've seen
14 that on a number of proceedings.

15 MR. EASTON: I think it came up on Chelan,
16 actually.

17 MR. TURNER: On Chelan. It's coming up on the
18 boundary re-licensing on the City of -- Seattle City Light up
19 on the Ponderay.

20 The Commission does not typically get into those
21 aspects of the State regulations that provide for taxes to
22 the State -- or the Counties to compensate for any issues
23 that may be associated with development of a project.

24 We focus on those things that are associated with
25 the project purposes; recreation, wildlife, generation, water

1 withdrawals associated with, you know, municipalities, those
2 kind of things. Things that affect the general operation of
3 projects. We don't try to get into -- it's outside the
4 Commission's purview and responsibilities to start looking at
5 tax-base issues, particularly where there's a State law that
6 deals with that.

7 Does that answer your question? Maybe you don't
8 like the answer, but did that answer the question?

9 MR. WEBSTER: Well said.

10 MR. EASTON: I think if you look into some of the
11 other proceedings -- and, of course, not everybody wants to
12 go and research proceedings. But we always talk about
13 precedent and where the Commission has acted in the past with
14 regard to loss of tax base regarding property -- purchasing
15 fee title.

16 I think there's projects all across the country
17 where this particular issue comes up. I think it's on the
18 Niagara project out in New York State. It's a huge issue
19 right now. There's towns out there that have basically tried
20 to find a way to recover some of the tax losses there too.
21 And shortly you will probably see a Commission order that
22 will speak to that. And they're been other Commission orders
23 that speak to that.

24 I mean, you're sort of -- with us all we can tell
25 you is what we understand. I think to some extent you've got

1 to go -- sometimes for some of these issues they get really
2 tricky. You've got to go look at what the Commission has
3 specifically stated in the license orders.

4 I think the only thing I could do, perhaps, is if
5 you sent me an e-mail, I might be able to direct you to some
6 of the proceedings where this particular issue has come up.
7 And then you can maybe dig into some of those license orders
8 and find out what the Commission specifically said about it.
9 Because I don't think you really want my interpretation of
10 the issue because I don't really -- I don't have the
11 background in particular on it. Really it's the lawyers that
12 generally deal with that one, and neither one of us are
13 lawyers.

14 MR. TURNER: Good point. And it's just my
15 understanding that we've -- and if the -- the conclusions and
16 answers that we've been giving in the proceedings up on the
17 boundary of the project up in Seattle City Light, that's the
18 reason I was able to give you my interpretation.

19 MR. WEBSTER: So the precedent is typically to
20 deny our relation to the project?

21 MR. EASTON: I'm not sure how --

22 MR. TURNER: I'm not sure I understand where
23 you're going with that comment but --

24 MR. EASTON: We don't deny relation to the
25 project, but I don't think there's been -- I'm not aware

1 of -- I'll say it this way: I'm not aware of any Commission
2 decisions where any town has recovered the tax losses due to
3 land ownership by a project. That's -- that's what I know.

4 Now, I'm a fish biologist. I haven't gone
5 through and read all the orders to find out where all the
6 difference instances where that's come up. I apologize for
7 not being well versed on that particular issue. But I think
8 the best I can do, like I said, is if you shoot me an e-mail
9 or call me, I'll try and at least steer you to some of the
10 proceedings where it has come up and where it has actually
11 been addressed by the Commission. And then you can kind of
12 see specifically what we have said. And it's really --
13 again, it's kind of -- it's what the Commissioners and the
14 attorneys have said. It's not -- not the FERC -- not the
15 field biologists and fish biologists. We don't want to take
16 the heat on this one.

17 MR. BENNER: Tom Benner again. I spoke earlier.
18 If I understand -- if I understand what you're saying -- I
19 want to make sure I'm interpreting it correctly -- the
20 Commission is not concerned about the effect of the project
21 on the community in which it's located? Is that --

22 MR. EASTON: That's not what I said.

23 MR. BENNER: Okay. So it's just specifically the
24 loss of the tax base you're suggesting may -- may not --

25 MR. EASTON: I think -- I think I was pretty

1 clear. I really -- what I said is my understanding is I am
2 not aware of any proceedings where we have ruled in favor of
3 a town or city that has come to FERC and said "We've lost tax
4 revenue because of this project. We want to recover some of
5 that." I'm not aware of any ruling where FERC has found a
6 way to help them to recover those tax losses.

7 But you really need to look at it in more detail
8 directly through what FERC has specifically said. I know I
9 work for FERC and I should know that, but, you know, I don't
10 play around in that area very often.

11 MR. BENNER: To quote your associate, and his
12 words were, quote, "It's a lot cleaner for the PUD to control
13 fee title to the project lands."

14 Yeah, it is cleaner for the PUD. And it helps
15 the PUD facilitate their purpose which is to generate
16 hydroelectricity and control the project. But the fee
17 ownership of the project lands has prevented a lot of the
18 lakeside development and the use of the resource. And that's
19 had a big impact on the financial well-being of citizens of
20 this area, as well as their property values.

21 MR. EASTON: Right. And I think the two
22 responses to that are, one, we need to know what the issues
23 are. So the specifics first. And then the other is -- I
24 think the other statement he made that is probably more
25 accurate is that they need to ensure that they can operate

1 the project for project purposes. And however they obtain
2 rights to those lands within the project boundary in order to
3 achieve their project purposes is okay with us, as long as
4 they have the legal rights. So if it turns out it's fee
5 title, that's their choice. We don't make them do that. If
6 it turns out it's an easement, that may work too. We're okay
7 with that.

8 So they've made the decision on fee title, and to
9 a great extent that has no -- we don't care. It doesn't
10 really make a difference to us.

11 Now, I'm not saying we don't care about the
12 issues of how that affects the towns, you, the other
13 communities around here. I'm just say we don't get involved
14 in telling them how to get that access to those lands,
15 basically.

16 You want to go?

17 MR. TRETWOLD: Sure. Jerry Tretwold,
18 T-R-E-T-W-O-L-D. I live here in Brewster. I'm a City
19 Councilman. I kind of want to tag in on what my buddy Tom
20 and JD Smith and our mayor talked about.

21 We understand what you're doing and, you know,
22 the movement of fish and the saving of fish and waterflows
23 and land and all the environment. That's important to you.

24 But what's important to us --

25 MR. EASTON: Well, that's not us. We're -- we're

1 regulatory. Right? So we sit back and we make the decision.
2 I mean, you've got to realize we're not here advocating
3 anything at this time.

4 MR. TRETWOLD: I understand you're meeting all
5 the rules and regulations by which we all have to live and
6 operate by.

7 MR. EASTON: Sure. Yeah, we're obligated.

8 MR. TRETWOLD: But what we're concerned about is
9 communities, and we're talking about Bridgeport and Brewster
10 and Pateros and the other fact that says what's in it for us.
11 I mean, what is going to happen that's going to be good for
12 us? The licensing is important to the PUD. And they don't
13 want to see a lot of us storming in and rushing against their
14 plan. They want to fix the ripples and the tide right now up
15 front. And we want to see opportunities for us in our
16 communities.

17 Like Mayor Webster shared with you, the plan, you
18 know, is due on April 2nd. Our concern is we'll have a plan
19 in, but is that plan supposed to be perfect or can it be a
20 sketch plan? Because there's a lot of engineering studies,
21 costs, and things we need to know and learn.

22 And then I'd like to hear a little bit about what
23 the PUD can do for communities. I mean, you guys are kind of
24 backing away from that just a little bit. You don't want to
25 come right out and say it, but we'd like to hear it. We've

1 seen other projects down the river. How did those occur and
2 what do you see in store for the Bridgeport, Brewster, and
3 Pateros area?

4 MR. EASTON: Again, it gets back to the
5 specifics. I mean, I'm not trying to be evasive in any way
6 here. It's -- any particular issue that you bring to us
7 we're going to look at it primarily as a -- how does it
8 relate to the project under -- as it stand under FERC's
9 jurisdiction? And how does it interact with project
10 purposes, project purposes beyond just generating
11 electricity?

12 So if you bring us an issue and we think it is an
13 impact of the project or an effect of the project or even an
14 appropriate enhancement that the project -- that they have a
15 responsibility to do some sort of enhancement in regard to
16 whatever issue you bring us, then it is possible or likely
17 that when the order -- an order is issued, assuming the
18 project gets re-licensed, that it would include language that
19 requires them to implement those measures.

20 There have been some agreements between some of
21 the licensees that we administer over with different
22 townships throughout the country, and a lot of those -- some
23 of those, I should say, end up in the licenses because of how
24 they interact with that project purposes aspect and also the
25 relationship to the project boundaries, is an important

1 aspect.

2 But a lot of those also -- those agreements don't
3 end up in the FERC license. They get implemented. The
4 agreements are basically a settlement between a town and a
5 licensee. But they end up as being like an outside
6 agreement. FERC doesn't administer over them. Because we
7 look at them -- they bring them to us. They file them with
8 the Commission. And the licensee will even say "We want this
9 in our license." And we look at it and we say "This isn't
10 related to project purposes. We think it's a good thing.
11 It's okay that you do it, but we're not going to put it in
12 the license and we're not going to make you do it. If you
13 want to do it, you've got to do it on your own." So -- and
14 that gets back to basically how the Commission views its
15 responsibilities in terms of overseeing these projects.

16 I think -- does that to some extent answer your
17 question?

18 MR. TRETWOLD: Most of it. So in relationship to
19 our request -- you heard him read the letter -- the detail,
20 that does not need to be there, as I'm understanding you, on
21 April 2nd? But the plan of what we want to do needs to be
22 there? Is this correct?

23 MR. EASTON: As best as you can define whatever
24 the issues are. It sounds -- you're referring to the trailer
25 park?

1 MR. TRETWOLD: Correct.

2 MR. EASTON: Yeah. I mean, you're going to want
3 to bring that issue to us in terms of describing why that's a
4 responsibility of the project to do that, how it's going to
5 benefit the surrounding area. The why part in terms of why
6 the project -- we call that "nexus." You know, what is the
7 nexus between the PUD and this campground?

8 I think it's clear in your mind why it works, why
9 there's a nexus there. But we need you to explain that to us
10 so that we can understand it.

11 It's -- it's -- in a lot of these projects
12 there's things going on around a lot of these projects where
13 people want something like a campground, and a lot of those
14 measures don't have an obvious nexus to the project because
15 it looks to us as just being -- especially when it's outside
16 of a project boundary, it's not necessarily an area where the
17 project affects it.

18 In this case, like I said, they own land outside
19 the project area. That land really doesn't have anything to
20 do with us. That land is their land. They bought that land
21 for whatever reasons they felt they needed to buy it. They
22 never brought it into the project boundaries, so it has
23 nothing to do with project purposes. So some of those land
24 issues related to -- or issues related to those type of
25 lands. If you bring something to us and the nexus is related

1 to those lands, we're going to probably look at those things
2 and say -- well, I shouldn't say probably, but very possibly
3 we're going to look at those issues and say "We don't think
4 this really fits in the license."

5 MR. TRETWOLD: With you guys. So is there study
6 steps that you go along -- you know, for us, the City of
7 Brewster, we have extra money and the Council wants to do
8 this project, but we realize that there's costs involved to
9 present this to you. You know, a basic plan of why and how
10 and where, that's not going to take a lot of money. But if
11 you start asking for heavy details just to consider that,
12 we're looking at survey costs --

13 MR. EASTON: No, I don't --

14 MR. TRETWOLD: -- construction costs --

15 MR. EASTON: I don't think -- it's not -- no,
16 we're not looking for that. You don't have to have -- I
17 guess you misunderstood. You're talking about like an
18 engineering plan --

19 MR. TRETWOLD: Yes.

20 MR. EASTON: -- in terms of when you say plan.
21 And, no, we don't need that. We need to know specifics in
22 terms of really more the nexus-related stuff, how it relates
23 to the project, why it would be the project's responsibility,
24 what the benefits would be. More, really, general stuff than
25 specific stuff.

1 MR. TURNER: The conceptual level would be enough
2 for us to be able to figure out exactly where you're going
3 with your recommendation and what you'd like to see and why.

4 MR. TRETWOLD: And so then once it makes it onto
5 the Board and it gets higher and higher on your level, then
6 you start asking for more and more information from us? Is
7 that how it works?

8 MR. EASTON: Yeah.

9 MR. TURNER: It's possible.

10 MR. EASTON: Yeah, but generally we don't direct
11 our questions to you. We're going to direct our questions to
12 the licensee because that's where we have our authority and
13 where we have our hook. We can ask them to do things. We
14 can't ask --

15 MR. TRETWOLD: You just saved us some money then.

16 MR. EASTON: We can't make you do anything.

17 MR. TRETWOLD: Thank you.

18 MR. WEBSTER: Lee Webster again, City of
19 Brewster. I guess the main question I want to ask you is can
20 you define what your project boundaries are in terms of
21 mitigation and enhancement measures? The reason I ask that
22 is you saw in the Chelan re-licensing project where some of
23 the things the Chelan PUD and the surrounding communities
24 agreed on, FERC said no to because they're outside of project
25 boundaries. But looking back in the history of some of the

1 Wells paperwork and the recreation action plans, they're --
2 in some of their recreation action plans they're citing
3 campgrounds that are 50 miles away as -- as in our recreation
4 area.

5 And also you take, for example, in 1997 when we
6 had the Chief Joe State Park out here which was on a set of
7 islands out here in the Columbia in our little neighborhood,
8 that was sold. That money was taken and invested some 50
9 miles away. So I understand that was part of the original
10 agreement as well. But can you define those boundaries for
11 us?

12 MR. TURNER: Well, the project boundaries as
13 currently licensed are defined and drawn out in a number of
14 maps that are in the Preapplication Document. You know, that
15 doesn't mean that we can't modify the boundaries in the
16 future licenses. If we find a need for -- for -- to require
17 the PUD to implement additional action somewhere, then
18 they're going to have to obtain the rights and -- the
19 sufficient rights to implement those actions.

20 And if they're going to be responsible for those
21 actions over the course of the license, we'll have them
22 modify the project boundaries and bring those lands into the
23 project boundaries.

24 MR. EASTON: The boundary is essentially a line
25 that's established right now. And if you look at the maps in

1 the PAD, you'll see it. But like Dave is saying, the line
2 can be modified. It's not in stone.

3 MR. TURNER: With regards to how we look at the
4 project boundaries when we're looking at environmental
5 issues, it's not really -- it's an imaginary line. I mean,
6 wildlife -- project affects may extend beyond the project
7 boundaries. And we can look at those effects in that regard.

8 But where it's important is from an
9 administrative type of review. Once we issue the license, we
10 expect the licensee to hold, again, enough sufficient rights
11 to implement the actions on that. So we make sure we draw a
12 project boundary around that.

13 From a recreational point of view, we often do
14 look beyond the project boundaries to see what kind of
15 recreational facilities are being provided and where and how
16 people might be using the existing reservoir to meet those
17 demands. If an RV park is sufficiently close and they're
18 staying there and coming over to the project to recreate, and
19 that's enough to meet the current demands for those
20 facilities, it may not be in the public interest to require
21 the PUD to do something else to provide for additional RV
22 parks or camping or whatever it might be if those -- if those
23 demands are not being exceeded at the project.

24 If there is greater demand at the project and
25 those demands aren't being met to provide recreational

1 access, then we may likely require the PUD to do something to
2 enhance the recreational access at the project.

3 But to make that assessment we need to consider
4 what's here now, what's close by, how are those people using
5 the project, and where are they using it and where are they
6 staying, and all those other types of visitor dynamics before
7 we make that decision.

8 We're not going to just jump in and require the
9 PUD to do something if we don't think it's -- it may cost --
10 it may have changes in the public -- in the charges, the
11 interest rates. Because, I mean, the changes to the
12 generation to -- those measures have a cost to generation and
13 to the project, and those are often passed on to the rate
14 payer. And it's our job to make sure we're not overly
15 burdening the general rate payer to meet those needs.

16 But it's a balancing act. We do recognize that
17 there are certain environmental measures and certain things
18 about the project that we need to meet. And recreation is
19 one. And that's part of the decision we end up making. And
20 we'll consider those costs in making those decisions.

21 Does that answer your question?

22 MR. WEBSTER: Yeah, there's a line. Thank you.

23 MR. MILLER: My name is Mark Miller and I'm a
24 resident here. I'm not trying to make this personal, but you
25 both work for FERC, correct?

1 MR. EASTON: Yes.

2 MR. MILLER: And do you live in this state? I'm
3 not trying to get any more specific than that.

4 MR. EASTON: No.

5 MR. TURNER: No.

6 MR. EASTON: I'll say where I live.

7 MR. MILLER: No, no, no. I don't need it. I
8 just wanted to know if you lived even remotely around here.

9 MR. EASTON: We both work in Washington D.C.

10 MR. MILLER: Okay. Thank you. I have a letter
11 that was written by a pretty bright individual I'd like to
12 read if I may. It's relevant, especially if you haven't
13 lived here. And before I read it, I'd like to make a -- you
14 continue to refer to specific requests, and until the -- you
15 know, some of the members of the public spoke, there was not
16 a comment or a slide that addressed the economic impact for
17 the communities.

18 So -- so I'd like to -- and I'll help our Mayor
19 by April 2nd, if he'll accept my help, to ask that we ask for
20 an economic study of the impact on our communities. And
21 unfortunately it seems as though the PUD has the money for
22 studies on orchids, which you mentioned, and the lamprey and
23 dissolved gases, which I'm sure are important, but I'm
24 hopeful that some money could be spent on our behalf --
25 excuse me -- our communities' behalf for that economic study

1 So I'm trying to be specific.

2 And something that I'd like to say before I
3 finish with this letter is I'm sure we could provide evidence
4 that in the meetings that occurred over 50 years ago that
5 were not unlike this one that there was a great deal of
6 discussion of the economic benefit of the project on the
7 communities. And it seems like that has been ignored now and
8 the burden is upon us to prove that there's been an economic
9 impact when I believe we could find evidence quite readily
10 that those promises were made, at least that reference or
11 that implicit benefits were referenced. And they've been
12 eroded by -- and I feel uncomfortable saying these things.
13 I've got to explain one other thing. Some of the people that
14 work for the PUD I consider to be my friends. So I'm not
15 trying to make this personal. I'm really talking about
16 economics only.

17 And so with that being said, I would like to
18 indicate however that the policy, you know, the big picture
19 is one of a slow erosion of the economic benefits to our
20 community as they were presented 50 years ago. And I'm
21 hopeful that we could do something to prevent that from
22 happening for another 50 years. Because I can only -- if we
23 have a vision of what that's going to look like 50 years from
24 now at the rate kind of the constriction has occurred, I
25 think it would be a pretty -- a pretty sorry picture for our

1 community of the direction I'd like to see our community go.
2 I'm one that would like to see us move forward economically.
3 And I don't mind just saying that clearly.

4 One of the things -- I'm going to cite just one
5 illustration and then I'll finish with this letter and that's
6 it. But I wrote a letter to the editor some time ago to the
7 Douglas County -- a letter to the editor of the Quad City
8 Herald. There was an article in the paper that proposed a -
9 an alteration. I shouldn't say an alteration, but an
10 amendment to the Douglas County PUD's land policy. I suppose
11 that there wasn't even a land policy that even resembled when
12 the license was first issued the policy we have today.

13 The policy we have today makes it difficult for
14 us to recreate. That's my opinion. And the amendment I'm
15 referring to is one about -- I'd like to quote it. It's kind
16 of buried in a bunch of language. It says that you can't
17 even temporarily -- now, this is a quote. "Whether a vessel
18 or a platform or some kind of barge or substantial
19 development is -- is even temporarily tethered to the
20 shoreline, that would be" -- how did they put it -- "that
21 would interfere with the licensing and it's unacceptable in
22 the policy."

23 So if you want to really take that to what that
24 could be interpreted to mean sometime from now, as I see the
25 constriction, I don't see how you could even have a boat in

1 the water because you can't even temporarily come to the
2 shoreline, if you read this. I don't know if I can pass it
3 to you, but maybe you could take a peek at that when you have
4 a chance or maybe I could enter it into the record.

5 But that kind of stuff scares me because I read
6 it and I think -- I actually addressed it to one of the PUD
7 employees and he said "Oh, we'll never -- that will never
8 happen. We won't enforce that." I thought I don't believe
9 that. I'm sorry. I actually believe it will be enforced and
10 at some point we won't even have boating because of that kind
11 of policy. It may sound extreme, but that's how I feel.

12 So I'm going to finish by reading this letter
13 quickly, if I may. Because the fact that you're from out of
14 the area, I think it might be interesting.

15 "...let's take a moment to move away from
16 Brewster to Seattle, Baltimore, Atlanta or Dallas. Let's
17 leave Brewster spend some time in one of America's
18 metropolitan areas, and then come back. Let's fly over
19 Brewster and then view Brewster from a different demographic
20 point of view.

21 "The first thing we would observe is the
22 geographic diversity and beauty of our area. If our aircraft
23 made a 20-mile loop with Brewster as its axis, we would fly
24 over the plains, the lower Okanogan Valley, portions of the
25 highlands and foothills, and into the east slope of the

1 Cascade Range. We would view the Methow Valley as it
2 approaches the Columbia and see the Columbia River south of
3 Wells Dam, together with its substantial lakeside
4 development.

5 "On landing and approaching Brewster we would be
6 struck by the Dyer Hill to our south and as we approached
7 Brewster, Billy Goat in the distance" -- that's the mountain
8 out there -- "mapping the mouth of the Methow Valley. In the
9 summer, the orchards would be lush on both sides of Highway
10 97 and in late June the odor of apple blossoms in the air.

11 "Then there would be the uglier signs of human
12 habitation, particularly rural poverty. The rural poverty
13 will overwhelm some observers who will automatically harbor
14 thoughts about the signatures of poverty, including the
15 erosion of social values and the loss of the sense of
16 community. Our area would look like a failing farm town.

17 "But there are, as we know, wonderful, even
18 inspiring parts of this community. The riverfront area,
19 including the recreational center" -- which we're in now --
20 "pool" -- our swimming pool -- "school sports fields, park
21 and boat launch areas are first class public improvements.
22 Of course there are other public parks on the Columbia River,
23 but they are too far" -- excuse me -- "too few and
24 inadequately supported by the power utility.

25 "As we all know, wildlife and environmental

1 protection have received the bulk of FERC's attention.
2 Private environmental groups and the State's Wildlife Agency
3 have been actively involved in the Federal licensing process.
4 It would seem that the trend is to emphasize habitat and
5 wildlife protection at the expense of human recreation and
6 our local economy.

7 "The Douglas County PUD has really only been
8 nominally involved in its responsibilities to promote and
9 develop a recreational resource. This community is almost
10 solely dependent on agriculture" -- excuse me -- "upon the
11 agricultural marketplace for its vitality. That vitality, in
12 spite of the best efforts, good work and integrity of local
13 agricultural producers, has been severely compromised. The
14 effect of local" -- excuse me -- "global market has been hard
15 on us. As cities like Leavenworth, Chelan, Wenatchee and
16 Entiat prosper, we continue to unravel economically.

17 "In 1982 FERC granted the PUD's application to
18 raise the pool two feet, from 779 feet to 781 feet mean sea
19 level. Recreation was identified as a primary priority of
20 the project and yet the PUD made no showing that recreation
21 would be enhanced or that any economic benefit flowed to the
22 communities affected by the additional generating capacity.
23 Of course, the PUD benefitted handsomely.

24 "In 2001" -- by the way, almost done. "In 2001
25 the PUD reaped an incredible windfall because it sells power

1 on the open market after satisfying the needs of its
2 constituents. None of the benefits from the increased wealth
3 of the Douglas County PUD were distributed in a manner which
4 enhanced recreation or the economy of project communities.

5 "The Wells Dam project is due for re-licensing in
6 2012. I am asking that an economic study be undertaken and
7 mitigation be proposed by the PUD."

8 MR. EASTON: Who's the author?

9 MR. MILLER: I'll give you the author later if
10 you'll authorize it.

11 MR. EASTON: Yeah, and if you'd like, you could
12 also send that to us and we'll just enter it in written form
13 into the record too.

14 MR. MILLER: Thank you.

15 MR. EASTON: Yeah. Thank you. I think we
16 understand the significance of this issue to the community.
17 I mean, you've made it clear to us that it's a big deal. And
18 I think from our standpoint -- I mean, we are outsiders, but
19 I empathize. I really --

20 MR. MILLER: I believe you. I don't hold that
21 against you. I just want to make sure you understand where
22 we come from here.

23 MR. EASTON: Yeah.

24 MR. BENNER: One more question. Does FERC do any
25 sort of economic analysis of the project? Let me -- let me

1 break that question down a little bit. For example -- and I
2 don't know the numbers so these are just illustrative.
3 They're not targeted to this project because I don't know
4 what the numbers are.

5 But if, for example, a hydroelectric project is
6 generating 40 million dollars a year and its costs of
7 operation are 10 million, and there's 30 million dollars left
8 over to utilize for -- for fish studies or
9 how-much-oxygen-is-in-the-water studies, and so forth, does
10 any -- does any attention result in -- in the -- in economic
11 affect on the community in which the project is located?

12 In other words, if there's -- do you look at
13 the -- the profitability of the project in determining how
14 the PUD is to allocate its resources?

15 MR. EASTON: In other words, do we make a
16 decision that if a project is extremely profitable, then
17 we're more likely to give a community money than --

18 MR. BENNER: I guess that's -- yeah, that's the
19 thrust of my question.

20 MR. EASTON: -- than if it's not extremely
21 profitable?

22 MR. BENNER: Yes.

23 MR. EASTON: That doesn't really -- it doesn't --
24 most of the issues don't work that way. Almost all of the --
25 all of the issues I can think of in terms of how we handle

1 them, whether it's a fish issue, a recreation issue, a
2 socioeconomic issue, when we evaluate it, we look at its
3 incremental affect economically on the project and we make a
4 determination of whether it's worth the cost basically.

5 First, you've got to have the nexus, though. So
6 if we don't think that the project has any responsibility in
7 regard to a particular issue, then we never get to the cost
8 analysis at all.

9 MR. BENNER: Well, I don't understand that
10 because if you go to San Diego, they're paying 18 cents a
11 kilowatt for electricity. People in San Francisco pay 15
12 percent. People in Seattle, 6-1/2, 7 percent.

13 MR. EASTON: I'm paying 11.

14 MR. BENNER: The people of Douglas County, bless
15 their hearts, are paying 2 cents a kilowatt. And that's a
16 result of the -- you know, the good decision making of the
17 people that put together the Douglas County PUD and planned
18 for the hydroelectric project and then acquired the property.

19 But now it's almost like owning an oil well.
20 It -- it is -- and I believe that an economic analysis of the
21 PUD would show that there's a tremendous amount of -- of
22 excess earnings that can be dedicated to a multitude of
23 different things.

24 And no doubt, you know, some of it is going to
25 have to go to environmental studies and whatever remediation

1 steps are necessary. But I think the effect on this
2 community and the economic impact the project has on this
3 community should also -- should also be given some attention.

4 And, I guess, my question is whether -- whether
5 FERC conducts any sort of economic study, number one. And,
6 secondly -- I already asked this question, but, secondly,
7 does FERC take into consideration the effect of the project
8 on the community which abuts it?

9 MR. EASTON: We don't do economic studies. We
10 usually use information that's provided by the PUD or
11 whatever licensee we're working with and we do an economic
12 analysis.

13 In terms of the question about do we care about
14 what happens in terms of the economic impact on the
15 community, I think you asked it before and I think I answered
16 it before. I'm not trying to be flip, but I can't really
17 give you a different answer. It really comes back to the
18 same thing: Is there a nexus, and do you have specifics in
19 terms of what you need done, and -- and do we believe it's in
20 the public interest and is it related to the project
21 purposes, and do we have jurisdiction over it, legal
22 jurisdiction and authority over it? If all those things turn
23 out to be a yes, then the Commission may include something in
24 the licensing.

25 Back to the -- the economic thing gets kind of

1 strange. When you look at the profitability of a project and
2 then you try and decide what you should do in regards to its
3 profitability, intuitively you would think if a project has a
4 lot of -- is highly lucrative, that they should be spending a
5 lot of money as a result. But what it actually works out as
6 is we have a lot of projects that aren't very lucrative.

7 FERC -- see, we have to be consistent. That's
8 one of the our responsibilities is to be consistent in how we
9 preside over all the projects that we have to make decisions
10 on. There are a lot of projects across the country that are
11 much smaller and less lucrative than, for instance, the Wells
12 Project. Some of them are actually operating at a negative,
13 at a loss. Those projects operate at a loss in the hope that
14 the power rates in their area will come up in the future and
15 they'll start becoming profitable again.

16 When we review a measure for those, we don't look
17 at whether they're profitable or not. We just look at
18 whether it's in the public interest to do that measure. And
19 if it is, we make them do it, even if it makes them go more
20 negative.

21 So -- and we've actually run projects out because
22 of that. There have been projects that basically when they
23 get their license, they -- or know what they're going to get
24 in their license -- because you can see what's coming once we
25 get through the Environmental Analysis. We've had projects

1 turn tail and say -- come back and say "Look, we know what
2 you're going to give us. We don't want the license," and
3 they surrender it. They basically come back to us and say
4 "We're going to shut the project down." I'm not saying
5 that's happening here. I'm saying with these nonlucrative,
6 negative-operating projects.

7 So I guess the point is from our standpoint we're
8 trying to be fair in how we look at all of these. So -- and
9 we've made a ruling -- there was a legal decision years
10 ago -- it was like 1995 or something. Basically FERC came
11 out of that legal proceeding and -- we got taken to court,
12 and I'm not sure if we considered it to be a win or a loss.
13 But the decision ultimately was we don't look at the over --
14 overall profitability of a project in regard to how we make
15 these little individual decisions on measures.

16 So I understand the intuitive aspect of what
17 you're getting at in terms of profitability. But actually it
18 would work against all those negative projects and there
19 would never -- a lot of those measures would never get done
20 at projects that are marginally positive or negative.

21 And it turns out a lot of those projects do
22 accept their licenses and do do the measures that are good
23 for the communities in those areas. And eventually they do
24 find a way to turn a profit as they proceed through their 30-
25 or 50-year license.

1 MR. BENNER: In a way what you say, though, is
2 more than counter-intuitive. It doesn't make sense. The
3 reason that the PUD is able to deliver power so inexpensively
4 to its rate payers and generate what I believe to be a
5 substantial amount of excess earnings above what they're
6 operational costs are is because they're using a public
7 resource. The PUD is using the Columbia River.

8 And I know there's a lot of -- you know, a lot of
9 claims staked to the Columbia River, and probably more
10 powerful voices than the few thousand people that live
11 adjoining the project. But I guess maybe what we
12 collectively need to do is put together the information, the
13 factual foundation for the proposition that we're presenting
14 to you today. In other words, the proposition that promises
15 were made 40, 50 years ago, that -- that those promises were
16 not fulfilled, and that the project, particularly the fee
17 ownership of project lands, has had an impact on the economic
18 vitality of this community. Maybe that's something --

19 MR. EASTON: Yeah, that's --

20 MR. BENNER: -- that we need to do.

21 MR. EASTON: Sure. That's what we're saying.
22 You need to put together your specific information. The
23 details of what your concerns are, and draw the nexus
24 conclusion. And put that stuff together and give it to us.

25 You can either do it here right now, if you're

1 prepared. It doesn't appear that you're right there yet,
2 but -- or file it in writing and -- I mean, obviously, before
3 April 2nd is ideal. And if it doesn't get to us then, then
4 when you do get it to us, we'll have it.

5 And we'll -- either way we're going to have to
6 address. But addressing it means we'll evaluate the issue,
7 dig into it, look at it, and figure out whether it fits under
8 our jurisdiction, whether it fits in terms of public
9 interest, whether there's a nexus to the project, whether it
10 makes economic sense. And then ultimately the Commission
11 would make a decision on that.

12 MR. TURNER: But, again, we really do need the
13 specifics of where you're going with that. We understand
14 your economic situation. It's not uncommon to see a lot of
15 projects that are located in remote areas. And often those
16 remote areas don't have the economic viability the big
17 metropolitan areas have with a whole lot of diversity.

18 But -- but it's difficult for us to say "Yeah,
19 what do you want us to do about it" until we see where you
20 might be taking that -- that measure. We understand your
21 economic conditions and concerns, but what kind of particular
22 measure are you looking for? We've heard one tonight.
23 That's the RV park. I don't know if there's others you might
24 be taking -- a situation or something like that.

25 MR. SMYTH: Art Smyth, City of Brewster. I think

1 what everybody is really trying to get at is FERC -- is it
2 under FERC's scope to see that under their present license
3 that all the promised mitigation that was there for the
4 license up until this 2012 deadline has been met as far as
5 that license? And any mitigation continuing on in the
6 future, is that something that FERC looks at, says, "Okay.
7 Under the term of your license, this mitigation was required.
8 Was it completed or was it not completed and are you going
9 to" -- and are they going to continue to do that in the
10 future?

11 MR. TURNER: We do look at a project's compliance
12 with its existing license when we issue a new license.

13 MR. EASTON: Promises that occur outside the
14 license aren't something that we enforce, obviously. We
15 don't -- we don't know the specifics of what you're talking
16 about, so I don't know if it was in the original license or
17 not.

18 You might know or the PUD might know. And we'd
19 have to go back and look at the license history to figure
20 that out.

21 A lot of those projects -- not just this
22 particular project, but a lot of projects have been built
23 across the country where local promises have been made during
24 the original development of those deals, basically. You
25 know, they're outside deals is what they are that were cut.

1 And they never ended up in the licenses at FERC. And we
2 never enforced them because they weren't in the licenses at
3 FERC.

4 If they worked out and the deal, you know, was
5 implemented, then there was no complaints. If the deal
6 didn't get implemented and people came to FERC, we say "It's
7 not in the license." I mean, the sad truth of it is it's
8 a legal problem. It's not our problem. It's some -- it's a
9 deal that was cut outside of FERC's jurisdiction. We can't
10 all the sudden say to a licensee "Well, you made this deal.
11 We never were going to enforce it on you, but now we're going
12 to bring in the license and make you do it at a later date."
13 It just doesn't work like that so --

14 MR. SMYTH: So where could an individual or an
15 individual body find out what mitigations were as far as what
16 mitigations are in the terms of the present license?

17 MR. TURNER: It's in the license articles that go
18 forth in the license. And, actually, in the Preapplication
19 Document there is a summary of what those license article
20 requirements are.

21 MR. BICKFORD: On the Douglas PUD license website
22 all the license articles are posted there and they're very
23 easy to search through.

24 MR. TURNER: But probably what is important is
25 not really what the past promises were, but what are the

1 current needs in the area. What -- in other words, what --
2 we are where we are today and we like to be forward looking.
3 And what measures are going to be necessary and relevant to
4 the project to meet those recreational needs? And recreation
5 is a generally accepted and recognized project purpose for
6 the Commission. And we have an obligation to make sure that
7 we provide for recreation in our project. It is a public
8 resource. We recognize that. And that is one of the reasons
9 why we consider nondevelopmental resources like fish and
10 wildlife habitat, recreational access --

11 MR. EASTON: Aesthetics.

12 MR. TURNER: -- aesthetics, a whole bunch of
13 resources that factor into our decision. So where are those
14 needs? What are you looking for now to meet those needs?

15 MR. SMYTH: My question is not really being
16 answered. My question is: Is the terms of the present
17 license that was issued 50 years ago or thereabouts --
18 okay -- there were terms in there that required certain
19 mitigation, correct?

20 MR. TURNER: In all probability, yes.

21 MR. SMYTH: Okay. So is there -- is it under the
22 scope of this present licensing term to go back and make sure
23 that those terms of mitigation were met?

24 MR. EASTON: This proceeding that we're in right
25 now, this is the re-licensing proceeding. We don't spend --

1 we're not as a part of that re-licensing proceeding going
2 back and looking at what was done and determining whether
3 they complied with the license. That action of reviewing
4 that is an ongoing action that occurred during the entire
5 license term, the existing license term, by -- we've had
6 several different -- division name changes, but there's a
7 division called the Division of Compliance basically,
8 Licensing and Compliance, right. And we don't work in it
9 so -- we're the re-licensing guys. But they've administered
10 over that license the entire time. Complaints that came in
11 should have been addressed, and we assume they have. And
12 determinations were made on whether something was in the
13 license, whether the PUD was complying with it.

14 So as part of this proceeding, it's really not --
15 we're not looking back. I mean, what -- you know, I think --
16 and that's not to say that the issues -- I mean, it's not --
17 you're bringing up real issues that can be addressed as we go
18 forward. But in terms of going back and looking at whether
19 things should have been done differently in the original
20 license or whether the original license was complied with,
21 that's not really what we're here for. It's not what this
22 proceeding is about.

23 MR. SMYTH: So prior compliance on this present
24 licensing will have nothing to do with the next license?

25 MR. TURNER: I wouldn't say that prior compliance

1 is not -- doesn't have anything to do with it. Like I said,
2 when we issue a license, we do look at the licensee's
3 obligations and whether they've met them sufficiently.
4 Predominantly, as Bob was talking about it, that's done to
5 see whether or not there's been complaints filed, whether or
6 not they fulfilled obligations, whether we've issued orders
7 that they haven't complied with.

8 But it's not really to look retroactively at that
9 license. As Bob said, we're not in a complete vacuum Back
10 East, but unless somebody brings this to our attention
11 throughout the course of the license, we assume everything is
12 going along well. We do have an environmental review every
13 five years in this case that looks to see whether or not in
14 terms of its license is being complied with. And when we go
15 back and issue the new license, we look at that and find
16 nothing to suggest otherwise, we don't see where there's a
17 problem.

18 Some licensees have had a problem in the past.
19 We've had complaints come in. We've issued orders requiring
20 people -- we've even issued penalties for noncompliance.
21 It's rare, but it has happened. And in those situations we
22 have included requirements in the license for certain plans
23 to better ensure licensee compliance. But I don't envision
24 that to be the case here. I don't know that for a fact, but
25 I don't believe that --

1 MR. EASTON: Yeah. I mean --

2 MR. TURNER: -- there's been a history here of
3 problems.

4 MR. EASTON: -- it's very likely that if we went
5 and talked to our compliance folks -- and I'm just
6 speculating here by this. This is typical for many of the
7 bigger projects that we administer over, and Wells is one of
8 the bigger projects -- you would find that there's a
9 multitude of requirements in the existing and that the
10 licensee has pretty much implemented them in good faith all
11 the way through the license term.

12 The places where we get a lot of problems with
13 compliance is usually small guys. It's the little
14 mom-and-pop guy that can't afford to do the things he's
15 committed to in his license. And that's -- but in the case
16 of these bigger projects, they generally have good compliance
17 with their licenses because they know we're going to hit them
18 if they don't.

19 And I'm not trying to say we're some big, mean
20 guys up in D.C. with a whole lot of weight to throw around,
21 but the one thing we do have is we've got the licensing to
22 hold over their head. And if they don't comply with it, we
23 can go as far as shutting them down. And they don't want
24 that.

25 UNIDENTIFIED WOMAN: And you don't want that.

1 MR. EASTON: Right. I mean, ultimately nobody
2 wants that. I mean, we don't really want to do that type of
3 proceeding either because we're going to get tons of bad
4 press out of it ourselves. We're not looking for that.

5 But, you know, if there's a problem
6 compliancewise, it's usually pretty obvious. And in terms of
7 this particular project, I'm not aware of anything. But I
8 haven't done like a full check on what's going on
9 historically here either.

10 MR. SMYTH: So future mitigation can be a term of
11 a future license?

12 MR. EASTON: Yeah, that's what the licensing is
13 all about. So all the things --

14 MR. SMYTH: That can be in there?

15 MR. EASTON: Yeah. Oh, yeah. And then anything
16 that ends up in that license, they're going to be required to
17 comply with and implement.

18 MR. TURNER: That's what I was meaning by being
19 forward looking. You need to be thinking about where we are
20 today, where we need to be in the future. And think about
21 those in terms of what you envision for this area and what
22 you'd like to see. Again, those things need to be related to
23 the project for us to have jurisdiction over it and require
24 the licensee to do that.

25 Any either comments or questions?

1 If not, I'd like to go through the slides here
2 because it may actually --

3 MR. EASTON: You'd like to take a few minutes to
4 break?

5 THE REPORTER: (Nods.)

6 (Discussion had off record.)

7 MR. TURNER: It's 9:00 o'clock now. We'll take
8 about a five-minute break and come back and hopefully wrap
9 this up.

10 (Recess.)

11 MR. TURNER: Before we go on I just would like to
12 open back up the floor to make sure there's not any more
13 comments. I just want to make sure nobody else needs or
14 wants to make a comment or has any further questions. I
15 didn't mean to jump in and say we're ending the meeting. We
16 have time. But if there's anything else anybody wants to
17 say, feel free to. No further questions or comments?

18 Okay. I'd like to run down through these
19 criteria again. I think it drives home a couple of things
20 that Bob and I were trying to explain tonight in terms of
21 what we feel is necessary for the Commission to make reasoned
22 decisions about what a new license should include.

23 The study requests criteria. Right now we have
24 an obligation to be looking at what information gaps there
25 are to make a reasoned decision. And in -- we're looking to

1 you to tell us what you also believe is necessary to make a
2 reasoned decision based upon your review of the
3 Preapplication Document. If you haven't done that, I
4 encourage you to look at that because it is a summary of what
5 we know to date about the Wells Project and resources it
6 affects. And that's really the real basis for where we've
7 derived our issues for scoping tonight, and the basis of
8 where our study requests are going to come from.

9 But when we developed the integrated licensing
10 process, one of the things we tried to accomplish is to make
11 sure, again, that we have a strong information base and to
12 make sure that we were getting studies that were relevant to
13 that information base. To help stakeholders develop that
14 kind of information, we developed seven study criteria, and
15 those criteria explain to the Commission why that study is
16 necessary. And so we're looking to parties to address these
17 things.

18 The study needs to talk about the goal and the
19 objectives of the study, if you have one. And you need to
20 explain what you intend to do and how that study should be
21 conducted and what it should be telling you.

22 The second bullet here, consider resource
23 management goals, is one constructed primarily for resource
24 agencies that have specific mandates that they're trying to
25 achieve. So an information need that they may -- or a gap

1 they may need to fill needs to tell us why that information
2 is necessary to help achieve that resource goal. You need to
3 explain to us why it would be -- that particular resource
4 issue or study need is associated with public interest. This
5 third bullet is really sort of towards you guys. Why is it
6 in the public interest to be considering that piece of
7 information, and why is that piece of information important
8 to achieving that public interest need?

9 You need to explain to us "Well, this is what we
10 know about the project. This is what we know is existing
11 about this specific information, but here is the information
12 gap. This is why we need to do that study." It needs to
13 tell us what -- why the existing information isn't good
14 enough to make an analysis of that.

15 The next bullet really is the crux of what Bob
16 and I were talking about; the connection to the project.
17 What is the -- what is the -- how is that information -- how
18 is that effect associated with the project and its operation
19 and how is that information going to inform a license
20 recommendation?

21 It can't be just information for information's
22 sake. But how would it inform the Commission about how to
23 develop the license recommendation or requirement for the
24 future license?

25 The methodology. You need to tell us what you

1 envision that the PUD would need to do. I mean, what's the
2 scope of the study? What's the method that needs to be
3 gathered?

4 And you need to talk about and give consideration
5 to the level of effort and cost. How much is it going to
6 cost to do that study? Obviously, you may not be an expert
7 and know that, but we need to at least know what the scope of
8 that effort would be so that we can basically determine
9 whether or not gathering that information and spending the
10 money on that information is going to result in something
11 that we can use and it's worth doing. It may be some
12 existing information or another method that's proposed by the
13 PUD will help answer it so it could be done at a lesser cost.
14 The Commission is going to be weighing all those factors in
15 the future studies. Is there any questions with regard to
16 that?

17 Just some important dates that are coming up,
18 again. Comments on the Scoping Document that we've issued
19 and requests for studies are due by April 2nd. This is --
20 this is a fairly fast-paced process. We've got defined dates
21 in here to get this done, to get the information needs and
22 approve study plans so that the PUD can be out there
23 gathering the data and put together their application by the
24 due date they have to file it.

25 What they're going to do with the study requests

1 and the comments of scoping, the PUD will develop a poststudy
2 plan. They've already got a really big leg up on that.
3 There's a -- Shane was talking about the studies in the back
4 of the PAD that talk about the seven criteria. And that's
5 another good venue or template to follow in terms of the kind
6 of information that needs to be included in those study
7 requests.

8 When that proposed study plan comes in, the PUD
9 then has to have at least one meeting, if not more than one
10 meeting, to try to resolve any study disputes. And the
11 Commission will be involved in those to the extent we can be.
12 At least we'll be here for that first meeting, and if there's
13 subsequent meetings, we'll try to be here. If not in person,
14 at least by teleconference. Unfortunately, again, our budget
15 based on Congress is limiting our travel abilities, but we
16 try to accommodate those needs as best we can.

17 Based on the outcome of those study meetings,
18 there's basically a 90-day period from the time that the
19 proposed study plan is filed to -- to that conclusion of the
20 90 day -- there's a 90-day comment period where the PUD and
21 us will try to resolve any study disputes. They'll take that
22 information and file the revised study plan with the
23 Commission.

24 We'll issue -- and after that the Commission will
25 consider those comments and the proposed study plan and issue

1 the study plan determination that basically tells the PUD
2 "These are the studies you must go conduct," and what those
3 modifications are, if there are any modifications in the
4 revised study plan. And that occurs by October of '07.

5 So as you can see, there's a lot to do over the
6 next six -- well, next few months, anyway.

7 MR. EASTON: Through October.

8 MR. TURNER: Through October there's a lot to get
9 accomplished. And, again, to the PUD's credit, with resource
10 work groups, there's -- a lot of this stuff has already been
11 ironed out. There may be some additional information you
12 need to come through on the study requests that we need to
13 work through, but I think we have got a real leg up on the
14 issue.

15 And with that, again, I'd like to offer you one
16 more opportunity to express any other concerns, ask any more
17 questions about the process, what's coming up in the future.

18 MR. HARDY: I live in Douglas County. My name is
19 Dennis Hardy. I'm a retired PUD employee, for those of you
20 that don't know that. We have -- the rate payers in Douglas
21 County pay low rates now, but we have a lot of retired people
22 like in Bridgeport. And, you know, any big project on this
23 river is going to affect rate payers of Douglas County. And,
24 yeah, we do pay less than Okanogan. We do pay less than
25 Nespelem. But I look at it as our commissioners, our

1 managers had the foresight to go ahead, construct the dam,
2 borrow the money to do it, make it work. And we've
3 benefitted from that tremendously. So I wouldn't want to see
4 any huge project raise the rates in Douglas County above and
5 beyond what they are. Thank you.

6 MR. TURNER: Anything else?

7 Just a few closing reminders then, basically, is
8 that, again, your study comments are due by April 2nd.
9 Douglas plans to hold a meeting -- wait a minute.

10 If you want to be on the FERC mailing list,
11 follow the -- the information in the Scoping Document to get
12 on that mailing list. And with that, I'll close the meeting,
13 unless anybody else has any comments or questions.

14 Thank you very much for your participation. We
15 really appreciate your thoughts and we'll take it back with
16 us.

17 (Proceedings Concluded.)

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REPORTER'S CERTIFICATE

I, ALISON J. HOWZE, Certified Shorthand Reporter, do hereby certify:

That the foregoing proceedings were taken before me at the times and place therein set forth, at which time any witnesses were placed under oath;

That the testimony and all objections made were recorded stenographically by me and were thereafter transcribed by me or under my direction;

That the foregoing is a true and correct record of all testimony given, to the best of my ability;

That I am not a relative or employee of any attorney or of any of the parties, nor am I financially interested in the action;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 5th day of March, 2007.

ALISON J. HOWZE, CCR

CCR # 2575

Notary Public in and for the
State of Washington, residing
at Wenatchee.

My commission expires on October 31, 2008.