Chelan County PUD

RELICENSING UPDATE

In this issue:
Pollution Control Hearings Board hears appeal .................... 1
Settlement discussions begin for new Rocky Reach license ..... 1
Evening meeting attracts input on draft relicensing proposal .... 2
2004 Calendar of events in Rocky Reach relicensing .......... 2
Chelan PUD / Entiat leaders explore options ..................... 3
Chelan PUD receives national recognition .......................... 3
WANTED: Relicensing questions ...................................... 4

LAKE CHELAN HYDRO PROJECT

Pollution Control Hearings Board hears appeal of Lake Chelan dam’s water quality certificate

Chelan County PUD and the Washington State Department of Ecology defended the Lake Chelan Project’s water quality certificate March 1 – 5 during a hearing before the Washington State Pollution Control Hearings Board (PCHB).

The hearing occurred because the Columbia River Intertribal Fisheries Commission (CRITFC) and the Umatilla Tribe filed an appeal of Ecology’s water quality certificate for relicensing the Project last May. The tribes disagree with the 10-year adaptive management approach.

At the hearing, witnesses for Chelan County PUD and Ecology argued that the adaptive management approach used in the water quality certificate is sufficiently rigorous and enforceable. The PCHB will decide whether the certification issued by Ecology should be changed. Either party could appeal the decision through the state court system.

The Lake Chelan dam needs a water quality certificate in order to receive a new federal operating license from the Federal Energy Regulatory Commission. A Comprehensive Settlement Agreement for relicensing the dam was reached in October 2003 by a broad group of stakeholders, but the water quality appeal will delay implementation of any new license measures. Benefits being held up by the appeal include reestablishment of the Chelan River and recreation enhancements in the Chelan area.

The current Project license expires March 31, 2004. In similar situations, FERC has issued a temporary license based on a project’s current operating regime until an appeal is resolved.

ROCKY REACH HYDRO PROJECT

Settlement discussions begin for new Rocky Reach Project license

Chelan County PUD is in the early stages of settlement negotiations with federal and state agencies, tribes, local governments and public stakeholders in an effort to reach agreement on a proposal for a new federal license for the Rocky Reach dam.

Similar to the Lake Chelan Project relicensing, Chelan County PUD’s goal is to develop a Comprehensive Settlement Agreement for submission to the Federal Energy Regulatory Commission (FERC). The FERC has a history of approving settlement agreements worked out at the local level that have the support of state and federal agencies and other participating organizations.

Negotiations are beginning at the same time Chelan County PUD prepares to submit its license application and preliminary draft environmental assessment (PDEA) for the Project to FERC this June. The application reflects five years of collaborative discussion with agencies and stakeholders. The settlement discussions will balance these proposals in light of terms and conditions that are proposed for the project by federal and state agencies when the application is filed.

The goal of the Settlement Parties is to reach agreement on most issues by November 15, 2004. An independent facilitator, Jerry Cormick of The CSE Group, has been hired to oversee the settlement process.

Updates on settlement progress will be made available on the PUD Web site at www.chelanpud.org/rr_relicense or contact Suzanne Bacon for more information.
ROCKY REACH PROJECT

Evening meeting attracts input on draft relicensing proposal

Approximately 50 people attended a public meeting at the Wenatchee Center on January 29 to comment on the draft proposal for relicensing the Rocky Reach dam. Chelan County PUD issued the “preliminary draft environmental assessment” for public comment on October 21, 2003.

The meeting featured presentations from two members of Chelan County PUD’s relicensing team. Relicensing communications specialist Suzanne Bacon provided context for the proposal by describing the laws and regulations that must be considered during the relicensing process. Kris Pomianek, lead PUD staff for recreation and socioeconomic issues in relicensing, explained Chelan County PUD’s current park commitments and the recreation measures being contemplated for the new license. The presentation can be viewed at www.chelanpud.org/rr_relicense/comm/meet2004/5293_1.pdf.

After a question and answer session, the meeting opened up for public comment. Nineteen individuals spoke about their views of the plan; several others provided written comment.

Common themes included support for increased funding of the proposed Recreation Enhancement Fund; more funding of wildlife habitat enhancements; continued sport fish stocking; more funding for trail development; and improvements to Entiat Park. Some comments also highlighted concerns about the cost of relicensing measures and the potential impacts on power costs. A compilation of the comments is available on the relicensing Web site at http://www.chelanpud.org/rr_relicense/comm/corresp/5320_1.pdf.

All comments from the meeting are part of the public record and will be considered by Chelan County PUD’s Board of Commissioners as they determine whether and how to amend the staff relicensing proposal prior to submitting a final to the Federal Energy Regulatory Commission (FERC) as part of a new license application on June 30, 2004. Upon receiving Chelan County PUD’s proposal, the FERC will begin its own review and analysis before issuing a new license.

Two additional public relicensing meetings have been planned for April 29 and May 27 from 6 – 9 p.m. in the Chelan County PUD auditorium in Wenatchee. Keep informed by checking out www.chelanpud.org/rr_relicense/comm/meet2004.htm.

2004 Calendar of Events in Rocky Reach Licensing

The hydroelectric relicensing process is very lengthy and complex and is driven by deadlines set by the Federal Energy Regulatory Commission. The Rocky Reach Project’s current license does not expire until 2006, but Chelan County PUD began the relicensing process in 1998. This year will be a very busy one, as some major milestones are just around the corner. For more details on the steps outlined in this calendar, please contact Suzanne Bacon at (509) 661-4177.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>January 2004</td>
<td>Settlement negotiations begin</td>
</tr>
<tr>
<td>April 29, 2004</td>
<td>Public relicensing meeting, 6 p.m. PUD auditorium in Wenatchee</td>
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<tr>
<td>May 27, 2004</td>
<td>Public relicensing meeting, 6 p.m. PUD auditorium in Wenatchee</td>
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<tr>
<td>June 7 - 11, 2004</td>
<td>Chelan County PUD makes final edits, completes compilation of license application and preliminary draft environmental assessment (PDEA) and begins production of copies for FERC and stakeholders</td>
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<tr>
<td>June 30, 2004</td>
<td>Chelan County PUD submits license application and PDEA to FERC</td>
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<tr>
<td>June 30, 2004</td>
<td>Chelan PUD requests water quality certification for the Rocky Reach Project from the Washington State Department of Ecology</td>
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<tr>
<td>July 30, 2004</td>
<td>FERC issues notice of license application and PDEA filing, begins 60-day comment period and requests terms and conditions from agencies (tentative)</td>
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<tr>
<td>Sept. 30, 2004</td>
<td>Comments and agency terms and conditions due to FERC (tentative)</td>
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<tr>
<td>Nov. 15, 2004</td>
<td>Goal for first draft of settlement agreement</td>
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<tr>
<td>Fall – Winter 2004/2005</td>
<td>FERC begins development of the draft environmental assessment for the Rocky Reach Project</td>
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Chelan County PUD and Entiat leaders explore options to help community

Chelan County PUD and Entiat community leaders are identifying options for future waterfront land use planning and a revised Entiat Park Master Plan as part of the Rocky Reach Project relicensing process.

For several years, Chelan County PUD and Entiat leaders have been working with landscape architects and planners to funnel community input into conceptual plans for integrating Entiat Park upgrades and potential future development of PUD-owned waterfront property into broader community planning efforts. As Chelan County PUD prepares to submit its license application this June, proposed plans are being finalized.

Over the past several months, relicensing recreation resource lead Kris Pomianek and parks and facilities director Rob Salter have been meeting with small groups of Entiat citizens to develop the basis of a potential agreement between Entiat and Chelan County PUD as part of the relicensing settlement process. Chelan County PUD is legally restricted from engaging in economic development, but through the relicensing process it can spend funds for recreation tied to project lands and waters. Renovation and expansion of the existing park is being considered, along with other measures. Chelan County PUD is also aware of the need for trail development in the Entiat area and has been discussing an Entiatqua trail link from Entiat Park to an interpretive area on the Entiat River.

A main component of discussions between Entiat and Chelan County PUD is the possibility of returning 22 acres of PUD-owned waterfront property to the community’s tax base. Chelan PUD has owned the 22 shoreline acres just north of Entiat Park since dam construction because of concerns that the land was unstable. Impacts of dam construction on the community’s tax base have been an ongoing issue in discussions between Chelan County PUD and Entiat.

Meetings will continue over the next few months to finalize a proposal for Entiat-related items that will become part of the license application submitted to FERC in June 2004. All items being discussed are tentative until the Rocky Reach Project is relicensed by FERC.

Chelan County PUD receives national recognition

Chelan County PUD is being awarded the E.F. Scattergood System Achievement Award from the American Public Power Association (APPA) for 2004. The award is APPA’s highest honor for a utility and is presented each year to one or two utilities that have demonstrated outstanding performance.

Chelan County PUD’s use of collaborative processes in its efforts to reach long-term agreements for new federal licenses for the utility’s hydroelectric assets was a factor that contributed to the selection. Other strengths included:

- an AA bond rating as evaluated by major financial institutions
- an innovative juvenile fish bypass system at Rocky Reach Dam
- unique Habitat Conservation Plans for the Rocky Reach and Rock Island Projects
- no rate increases the last four years
- community involvement by staff
- a partnership with Alcoa that has kept workers on the payroll during shutdown
- setting a national example in the area of security enhancements at PUD facilities
- a wholesale fiber-optics system being developed for open access to the entire community.

The award will be presented in June at the APPA National Conference in Seattle. APPA represents more than 2,000 public power utilities.
Do you have a question about relicensing?  
We’d like to hear it.

As the deadline approaches for Chelan County PUD to submit a proposal to FERC for relicensing the Rocky Reach Project, there are still questions on people’s minds. As part of an informational outreach program, we’d like to provide answers.

Please take a minute to help us identify what the questions are – either questions you have, or that you are hearing in our community.

Send your questions to Suzanne Bacon at suzanne@chelanpud.org or mail them to 327 N. Wenatchee Ave, Wenatchee, WA 98801, Attn: Relicensing Department. You may also call (509) 661-4177.

We’ll respond in the next Relicensing Update and add the questions and answers to Chelan PUD’s Web site. Thank you in advance for your input!