

**MINUTES OF INITIAL CONSULTATION AGENCY MEETING
BLUE LAKE HYDROELECTRIC PROJECT (FERC No. 2230)
DECEMBER 17, 2002**

An interagency meeting was held at the Harrigan Centennial Hall in Sitka, Alaska at 1:00 pm on December 17, 2002. The meeting was pursuant to written invitations sent to the mailing list dated November 27, 2002. Also prior to the meeting, all attendees were provided an Initial Consultation Documented (ICD), mailed on November 14, 2002, describing the project the relicensing process and preliminary environmental and economic issues.

In attendance were:

Name	Affiliation
Lorraine Thomas	US Forest Service (USFS), Juneau
Hans Von Rekowski	USFS, Sitka
Mike Johnson	USFS, Sitka
Pat Heuer	USFS, Sitka
Ken Coffin	USFS, Sitka
Linda Shaw	National Marine Fisheries Service (NMFS), Juneau
Clayton Hawkes	Alaska Department of Fish and Game (ADF&G), Juneau
Christopher Estes	ADF&G, Anchorage
Charlie Walls	City of Sitka Electric Department Utility Director
Michael Stringer	Sitka Tribe of Alaska (STA), Sitka
Bob Chadwick	ADF&G, Sitka
Kevin Brownlee	ADF&G, Juneau
Marlene Campbell	City of Sitka
Martin Becker	USFS, Sitka
Richard Enriquez	US Fish and Wildlife Service (FWS), Juneau
Lorraine Marshal	Division of Governmental Coordination (DGC), Juneau
Brian Omann	City of Sitka Electric Department
Dean Orbison	City of Sitka Electric Department
Mike Prewitt	City of Sitka Consultant, Seattle

The meeting was conducted by Brian Omann, who began by asking for introductions and identifications of the various agency and City of Sitka (City) representatives.

Brian stated that he had left the Electric Department and would no longer be in charge of the Blue Lake Project relicensing. He said that Dean Orbison would take over in his position as relicensing manager, effective immediately.

Brian also pointed out that the ICD and cover letter had stated that there was a 30-day comment period after the meeting, and corrected that to say that the comment period was in fact 60 days.

He then announced the site visit, scheduled for December 18, 2002, and asked which attendees were interested in attending. Several attendees raised their hands.

Brian presented the Project Description based on an overhead project layout diagram. He noted the major project features, including the Blue Lake powerhouse, the Fish Valve Unit and the Pulp Mill Feeder Unit. He showed the various segments of the power conduit, including upper and lower penstocks and tunnel segments, and the branching conduit branching in the Pulp Mill Feeder Unit area.

Clayton Hawkes asked about land ownership in the project boundary. Brian responded that the land within the FERC project boundary was owned by the City under the FERC license, and that the remainder of the land was US Forest Service land. There was discussion of the need to more clearly describe the land ownership in the Project area.

Clayton asked if the transmission line was part of the project and if it would be described in the licensing documents. Brian answered that the Sitka line is part of the Blue Lake project from the powerhouse to the Marine Street Substation in Sitka. He said that drawings of the Sitka line project boundary will be provided.

Christopher Estes asked if there were roads included in the project. Brian explained that the Blue Lake Dam and Fish Valve Unit are accessed via a forest service road. He said that other roads are within the project boundary and owned by the city.

Clayton asked if the agency meeting was being transcribed. Mike Prewitt answered that the public meeting would be video taped and that we would provide draft meeting minutes for the agency meeting for agency review.

Brian then gave the relicensing timeline as follows:

He said that the project was initially licensed in April 1958 and that the license expires on March 31, 2008. He said that, under FERC regulations, the final application for new license was due no later than March 31, 2006. He said that this schedule fixed many other time points in the relicensing schedule.

He added that the City had submitted a Notice of Intent (NOI) to relicense the project in November, 2002, and said they had also distributed the ICD in November.

Clayton asked about whether the City would be using the Alternative Licensing Process (ALP), and Brian said yes. Mike Prewitt added that we would notify FERC in January 2003, of our intent to use the ALP. Clayton asked if Sitka had noticed a communication protocol with FERC? Mike P. said no, that Sitka would do so when we notify FERC of our intent to use the ALP. He asked that the agencies include recommendations for the communication protocol in their comments.

Clayton and Christopher said that ADF&G had gained considerable experience in using the ALP, specifically working under various Communications Protocols which allowed development of procedural guidelines for interactions and decisions.

Clayton said that by using an ALP that NGO's are stakeholders similar to agencies. Clayton emphasized that many recent projects had utilized Settlement Agreements on which to base licensing decisions, that they were acceptable to FERC and ADF&G, and they in many cases were a good way to proceed. Mike and Brian acknowledged the Settlement Process and said the City was in the process of considering it.

Clayton said that a web site could be used to show study plans and other project documents, as well as schedule and progress. Brian said that the City was examining the development of a relicensing website.

Richard Enriques added that, if ALP were used all parties should work collaboratively and issues should be communicated with all group members. He said it was not helpful if there were individual communications among agencies or the applicant and certain agencies.

Mike P. then made a presentation of the FERC licensing process.

He began by describing the Three Stage Consultation process and giving certain dates on which the various stages and other milestones might happen. (Copies of Mike's overheads for the presentation are in Attachment I).

Generally, he said that the following milestones and dates were those currently under consideration:

Scoping: Fall, 2003. Mike said that the City wished to conduct Scoping after one year's study when issues were better known, and when there was more information. He said that the City would distribute a Scoping Document 1 (SD1) for review, and, based on comments on that document, prepare a Scoping Document 2 (SD2), the issues of which would be addressed in the Environmental Assessment which would be part of the Draft License Application (DLA).

Draft License Application: Spring-Fall, 2005. Mike said that the Draft License Application would contain a Preliminary Draft Environmental Assessment (PDEA) and other Exhibits of the Draft Application. He said that, after distribution, there would be a 90-day review period, after which the City would revise the Draft relative to comments, and produce a Final License Application. The Final Application would be due, as stated earlier, no later than March 31, 2006. Mike said that the Draft, then, would have to be distributed no later than about September 2005, to allow for the 90-day review and time for revisions prior to March 31, 2006.

Mike added that, during review of the DLA, the agencies would be requested to provide preliminary Terms and Conditions (T & C). He said that these were very important factors in the relicensing, and that the City and members of the Work Group would begin work on the T & C's as early as feasible.

Final License Application. Mike P. said that the FLA would be due no later than March 31, 2006. He said that the FLA would be submitted to FERC with copies to the mailing list, but that, under the FERC regulations, there would be no review requested of the Stakeholders.

Mike P. described the ALP and said that it allowed the Applicant to do certain NEPA related jobs, such as Scoping and Preparation of a Preliminary Draft Environmental Assessment (PDEA).

Christopher said that the Communications Protocol could be structured in such a way that it allowed a review of the FLA.

Mike P. then discussed timing for T & C's and responded to Clayton's comments on when the Preliminary and Final T & C's were due. Clayton said that the Final T & C's were due at the time of the FERC notice of ready for EA, which came after FERC's acceptance of the FLA. Clayton added that Mike should include mention of Prescriptions along with T and C's.

Mike P. then discussed Mandatory Conditions, including Section 4e and Section 18, and said that there were also 10j recommendations, which related to recommendations for Fish and Wildlife. He said that, while Mandatory Conditions were not negotiable by FERC, that 10j conditions were subject to balancing by FERC if following an agency recommendation caused FERC to violate applicable law, such as the Federal Power Act. In such cases, Mike said that FERC would issue a license specifying Conditions under which there was no inconsistency with the law. He added that balancing was done between FERC and the agencies, not between FERC and the applicant.

Brian then brought up the next topic which was issues and study planning. He said that the City had already begun certain studies after informal consultation with ADF&G, US

Forest Service and the Sitka Tribe, including baseline surveys for fish distribution, abundance and timing in Sawmill Creek, and temperature surveys in Blue Lake.

Mike then asked if it would be acceptable to continue study planning for these two surveys prior to the 60-day review period afforded under the FERC regulations. Christopher encouraged this early study planning to get as many years of study as possible, as did Clayton. Brian asked if there was consensus among the agencies who might comment on these plans about the accelerated review. There appeared to be consensus in the response.

Clayton said that we should have meetings on the study plans ASAP, because ADF&G needed to meet with the other agencies to provide a coordinated response. He said that study plans should be well thought out and detailed relative to what might be affected. He agreed that the studies that Sitka is currently undertaking should be continued.

Christopher added, however, that, since passage of the bill which allowed for Alaska (rather than FERC) jurisdiction over hydroelectric projects less than 5 megawatts (mw), ADF&G had not been allocated additional resources with which to meet the increased workload expected. He said that, therefore, while they could in principal commit to providing early comment, they might be constrained at the time by limited resources. He said that this situation might have an effect throughout the relicensing period, and might extend review times and ADF&G's ability to negotiate all issues in a timely fashion.

Christopher added that the primary issues on the Blue Lake project had been visited during the water rights negotiations for the bulk water export business. He urged the City to revisit the issues developed during that period and review how things had gone. He urged that settlement of the Blue Lake project might be along the lines of the proposals made by ADF&G at that time. He suggested that a water balance model should be prepared for the project. Dean said that Sitka has been collecting stream data in the recent past for this purpose.

Lorraine T. said that she wondered if the accelerated study planning might be getting out ahead of the issue definitions. Brian answered that the studies we were talking about were those which would have to be done regardless of the issues.

She asked about project boundaries, which she said would affect which studies the Forest Service would ask for, saying that they wouldn't ask for studies for effects outside their lands. Brian described that the FERC project boundaries were quite limited, just around the project features. Mike added that study boundaries might be different for each study, with wildlife studies going to the basin rim, but with fisheries studies focused between the stream banks or just in the riparian zone.

Brian said that the City would be doing aerial photography for a GIS system after the first of the year, and that the City would be developing a new project map. He committed to

providing the agencies with a more accurate project map showing the FERC project boundaries as soon as possible.

Brian said that it was the City's opinion that the primary impact issue of the dam was aquatic resources, and asked for issues related to that.

A question was asked about whether the dam was to be raised. Dean said that, at the present it was not being considered, other than as a required alternative in the FERC licensing process. Sitka's preliminary review of the matter indicate that the cost per megawatt of permitting and raising the dam would not justify the expenditure. Clayton said that if it were taken off the table, it would not affect study planning, but if it remained an alternative, it would have to be addressed in the scope of the studies. Mike said that it would be to the City's benefit to decide as soon as possible, but that, given Dean's suggestion that it was not likely, it would be safe to do study planning under the assumption that the dam would not be raised.

Linda said that potential effects of project changes on marine resources might be an issue. She said that the Stellar's sea lion and humpback whale were both listed species. Brian said that he didn't think there would be any impact, but that we would consider it as an issue.

On the aquatic issues topic, Christopher said that a recent court decision, Rock Creek, had held that the federal government (FERC) had primacy in final water rights decisions on stream flows for hydro projects. He said this meant that FERC could override decisions made between the City and agencies on relicensing. He mentioned another case (Jefferson County) in which 401 Certification issues had been used at the state level to override a FERC stream flow decision, but said that case was still in court.

Clayton then listed certain aquatic resources issues:

Fish Entrapment. He said this issue had been looked at in the past but knew of no conclusions.

Blue Lake Level. He said that anything to do with raising the level of Blue Lake would be an issue relative to fish habitat inundated in the tributaries.

Sawmill Creek Instream Flow. In Sawmill Creek, he said instream flow was an issue that ADF&G would like to revisit. Christopher added that ADF&G had done an earlier instream flow study, and provided its results during previous water rights negotiations. He again encouraged the City to review the proceedings of those earlier meetings.

Evaluation of the Dewatered Reach as Habitat. Clayton said ADF&G would like to see what potential fish habitat exists in the dewatered reach.

Clayton said that the single minimum flow did not have the variability needed to assure bedload transport and riparian habitat. Christopher added that the 30 cfs now used for water export could be a source for additional water for fish.

Ramping Rates. Clayton said that ramping rates in both the reservoir and Sawmill Creek would be an issue. Christopher said that there were certain standards for ramping rates that would apply if there was not site-specific data.

Reservoir Sediment And Woody Debris Storage. Clayton said that often in storage reservoirs there is a problem with sediment and woody debris being trapped and not replenishing the downstream segments. Brian said that in the City's bathymetric survey, they had found that the deepest part of the lake was over 400 feet below spill level, placing the lake bottom over 100 feet below sea level. Clayton said that since there was a lake there to begin with, that there might not be a problem relative to pre-project conditions.

Water Release Temperature. Clayton said that because it was a storage project, the temperature of the release water would probably be colder than in the pre-project condition, perhaps affecting productivity in both the lake and Sawmill Creek. Brian said that the release level was over 100 feet below spill level.

Tailrace Attraction. Clayton said that the tailrace carried Blue Lake water which might serve as an attractant for anadromous fish, which might mill in the tailrace area, delaying their upstream migration. Mike mentioned that the current fish studies included observations for fish in the tailrace to determine its potential for false attraction.

Draft Tube Injuries. Clayton said that often fish can access the draft tubes and be harmed in the turbines. Dean said that he would demonstrate the draft tube configuration in the site visit, but said that fish would have to swim up vertical pipes to reach the turbines.

Load Rejection. Clayton said that on many hydro project, a load rejection would result in a dewatering pulse which would run downstream and degrade habitat for a time period after the event. Brian and Dean explained the provisions for flow continuation at the Project, and said they would further review the potential for such occurrences.

The attendees then took a break, and continued discussion of issues after the break.

Mike J. said the Forest Service would have comments on studies, particularly recreation. He said that the FS would require its own biological evaluation of endangered species. Lorraine T. said we should have larger project description figure, one which better defined project features and the project boundary. Christopher agreed, saying that the City should have a large figure. He added that he would like to see a plumbing diagram showing how the water flowed, and how the various quantities were allocated.

Richard E. said that Fish and Wildlife Service would like to see an evaluation of level of subsistence use for both fish and wildlife in the project area of impact.

Christopher asked about access. Brian said that access to Sawmill Creek was difficult, but that it was used as a significant sport fishery. He said that the City neither encouraged or discouraged access to Blue Lake since it was the City's water supply. He said that there was some sport fishing on Blue Lake.

Clayton added that, although the ADF&G wildlife biologist had not been consulted, he said he foresaw certain wildlife issues, including:

Waterfowl Nesting or Feeding on Blue Lake. He said that lake level fluctuations might upset nesting or feeding patterns.

Inundation effects. He asked if there were areas where wildlife habitat might be inundated or if there were islands which might have access reduced because of lake level fluctuations.

Stream Crossings. Clayton asked if there were any places where project access required stream crossing. Brian said that there were no such places in the project.

Powerline-Raptor Interactions. Clayton asked if there were standard raptor protection devices in place to prevent raptor electrocutions. Brian said that there were no problems with Powerline interactions, except in the distribution system in the City which was outside the project jurisdiction.

Mike P. said that he would distribute the draft study plans for Sawmill Creek and Blue Lake baseline fisheries surveys to NMFS and FWS as soon as possible. He added that it would be made clear that these plans did not represent the entirety of the fisheries study plans, which would result from the all consultation according to the 60-day review period.

Brian asked if there were any more general comments.

Christopher asked that all hydrologic data in the written material be converted to cubic feet per second flow and inches or feet per hour stage changes.

Richard asked if there was to be another turbine installed. Dean said that he felt we had to evaluate that under the FERC requirements. He added that there were no current plans to install another turbine.

Christopher added that duration analysis data should be presented in tabular form as well as in graphic form.

Lorraine Marshall advised that the applicant familiarize itself at this time, up front, with the standards of ACMP (all of them), and make sure they are addressed during the process. DGC can help identify application standards if help is needed. Lorraine also recommended that the city consider developing plans (such as erosion control) in time for availability during the ACMP review process. It is difficult for DGC to receive comments from agencies, saying AWe find the project consistent provided the city develop a plan.@ YThat is actually not a full consistency answer; it defers part (whatever the plan covers) to a later approval, and that conflicts with ACMP. A consistency determination under the ACMP is supposed to be an answer to the whole project, all components. Lorraine always responds back to the commenting agency, AIf you need to know erosion control measures, ask what they are before or during the review, so you can just say whether those erosion control measures meet or don't meet the standards of the ACMP.@ Lorraine said that the Coastal Zone Management program has standards for geophysical hazard evaluation and asked if there had been such work on the project. She said that a fellow from DNR had recently developed some criteria for this.

She said that the CZM conditions are considered mandatory, the same as 4e or Section 18 Prescriptions.

Mike P. said this was standard for FERC to require plans after licensing but before the beginning of construction.

Christopher said this might be handled throughout the communication protocol.

Clayton asked about avalanches crossing the access road, and whether this caused water quality problems in Sawmill Creek. Brian said the avalanche had stopped short of the road, and that there had been no observable water quality impacts.

Clayton asked about gas supersaturation below the spillway.

Christopher asked if there had ever been any icing problems at any location of the project. Brian said he had not seen any. Dean said the lake freezes at the dam end, and does not freeze all the way across.

Brian thanked the attendees for coming and for their input, and reminded them of the public meeting to be held that evening and of the site visit scheduled for the next day. The meeting convened at about 4:00 pm.