

MINUTES

BLUE LAKE HYDRO EXPANSION PM&E NEGOTIATIONS MEETING

BLUE LAKE EXPANSION PROJECT

FERC No. 2230

City and Borough of Sitka Electric Department

June 2, 2010

The meeting was held in the City and Borough of Sitka Electric Department (“City”) conference room and began at about 2:00 PM.

In attendance were:

Melissa Dinsmore	US Forest Service (USFS), Sitka
Perry Edwards	USFS, Sitka
Shawn Johnson	Alaska Department of Fish and Game (ADF&G) Sport Fish Division, Juneau
Phil Mooney	ADF&G Wildlife Division, Sitka
Robert Chadwick	ADF&G Sport Fish Division, Sitka
Rod Flynn	ADF&G Wildlife, Juneau
Richard Enriquez	US Fish and Wildlife Service (USFWS), Juneau
Jeff Feldpausch	Sitka Tribe of Alaska (STA)
Andrew Thoms	Sitka Conservation Society (SCS), Sitka
Christopher Brewton	City, Utility Director
Jessica Stockel	City
Dean Orbison	City
C. Mike Prewitt	City, FERC licensing consultant
Lindsey Schiller	City
Karl Wolfe	City, Contractor for Fisheries
Kent Bovee	City, Contractor for Wildlife

Attending via teleconference were:

Sue Walker	National Marine Fisheries Service (NMFS), Juneau
Kate Kanouse	Alaska Department of Natural Resources (ADNR), Juneau
Gary Prokosch	ADNR, Anchorage
William Groom	ADNR, Juneau

Chris welcomed the attendees and asked them to give their names and affiliations. He said that the meeting's purpose was to begin discussions and negotiations on terms and conditions (T&C), also called measures to Protect, Mitigate and Enhance (PM&E), for the Blue Lake Project Expansion amendment process. He turned the meeting over to Mike and Dean who conducted the meeting based on a PowerPoint presentation. In the following, discussions are described relative to the PowerPoint slides.

Slide 1

Mike welcomed the attendees, and said that the City had submitted the draft amendment application to Stakeholders and FERC on March 5, 2010, and that comments on that document were due on June 5.

He said that that the City had reviewed the License Order for Juneau's Lake Dorothy hydro project as a basis for the PM&E discussions. He emphasized that it was important to the timeline to reach agreements on all PM&E measures as early as possible to meet the Project construction schedule.

Slides 2 and 3

Dean then explained the Expansion schedule and needs for timely action if construction dates were to be met. He said that the project would have to be scheduled to enable filling the reservoir during September or October of any year. He said that if the reservoir could not fill during this period, it would not be able to meet generation needs during the winter and that those needs would need to be met using diesel generation. He said that if the City couldn't meet this schedule, they would wait an additional year to begin commissioning, rather than absorb the cost of the diesel generation.

He said that the final amendment application would be submitted in November of 2010 in order for FERC to have one year to review it, with expected issuance of the Amendment in November, 2011. (Note that this schedule is an estimate; the City cannot speak for or to FERC's activities). This must be done to start construction 1/2/2012. He said that all PM&E plans must be filed with FERC 90 days prior to the construction date. He then said that the stakeholders have 30 days to review the draft PM&E plans and that the city needs 30 days to revise those plans and prepare the final PM&E plans.

Dean said that the City plans to submit the draft PM&E plans to stakeholders June 2011 to easily meet the 150 days prior to construction, and asked for comment.

Richard asked about progress on the dam design. Dean said that the Design Development Study had been accepted by the FERC Board of Consultants. He said that this project was different than others because the engineering is happening in parallel with the licensing and the T&C process so that FERC will see everything together.

Slide 4

Dean presented the project description using slides for the overall project, powerhouse area, dam/intake area, and Blue Lake inundation area.

Slide 5

Dean described a map of the site and showed the route of a new overhead distribution line over the upper tunnel in relation to the Fish Valve Unit. He said that this was a new construction feature and that it would be used to provide power to the dam/intake construction site.

Slide 6

Dean described a map of the powerhouse site. He showed the property lines and the new penstock. He also showed the location of the new powerhouse and the surge chamber location.

Slide 7

Dean described a map of the Dam intake area. He showed the property lines, the dam location, the power line location, the intake location and the intake tunnel location. He showed that the staging area would be within City property.

Slide 8

Dean described a plan view and profile of the intake area. He explained that the new intake would be raised to draw slightly warmer and cleaner water. He said that the water would meet drinking water standards while the project construction is going on.

Melissa asked to go back to the previous slide showing the dam intake area. She pointed out that the new tunnel was outside the City property line. Dean said that the City would have to figure out a way to deal with it because it did have to go through USFS property for part of it.

Richard then asked for land use to be more clearly explained, specifically where the USFS land and where the City land is. Dean said the City would do that.

Dean then talked more about the schedule. He said that if the project is pushed back one full year, that the diesel plant which would have to be run to cover the outage would cost approximately \$21,000/day. If the City did not meet the outage period, Dean said the City would not take the outage but would just push the project back 1 year.

Slide 9

Mike said that the emphasis of today's meeting would be on plans to prevent certain impacts. He added that there were other mitigation measures, such as an escrow fund and monitoring programs which would be worked out later in the process.

Mike said that the proposed plans would address Erosion Sedimentation Control, Water Quality Monitoring, Blue Lake Access Management, Fish & Wildlife Monitoring and Environmental Compliance Monitoring.

Slide 10

Mike explained that the erosion and sediment control measures would be addressed by two separate plans, one for construction-related measures, and the other for measures to be applied to the timber removal operation in Blue Lake Creek and around Blue Lake.

Slide 11

Mike said that the first plan would be a traditional Erosion and Sediment Control Plan (ESCP) proposing measures to address construction of the major project features, including the dam raise, intake, powerhouse, and all access roads and staging areas. He said this would be a standalone plan addressing sediment and erosion control specific to construction of various project components. Mike said that the plan would present proposed sediment and erosion control measures on a site-by-site basis and that the measures might include management practices, construction methods, soil stockpiling and redistribution, spoils disposal, recontouring and revegetation.

There was a question about where access roads would be routed and how the City would mobilize equipment. Mike said that the final plan would have more detailed locations of these areas which would allow more specific control measures for those areas. He said that the City would prepare a draft construction-related ESCP in the near future for agency review.

Slide 12

Dean then described the plan for timber clearing and extraction around Blue Lake. He said the plan would document procedures for clearing timber in the proposed inundation area and around the margins of Blue Lake. He said the plan would provide detailed descriptions of the sequence and processes for cutting, yarding, removing and otherwise managing timber on an area-by-area basis.

Slide 13

To start the discussion of sediment and erosion control for the timber removal program, Dean showed the map of the proposed Blue Lake inundation with a dam height of El 425 (resulting from raising the dam 83 feet). Dean said that, because Blue Lake was Sitka's drinking water supply, water quality in the lake at the outlet must meet drinking water standards.

He said that Blue Lake had a large water volume and that sediment and organic material from the timber removal would take as much as three months to travel from the upper end of the lake to the intake, allowing for settling and dilution of most of the components. He said the floating debris would follow prevailing winds which were typically toward the east end of the lake, and that that was a favorable condition.

He said that it was the City's current thinking was that it would be best to cut the timber in the inundation area and leave it there until after the dam raise was complete. Then, as the water rose during reservoir filling, the timber would float and could be gathered by boom boats. He said the City would be able to move the debris and timber to various disposal and removal areas. He said that some timber and debris would be burned in a designated burn area near the east end of the lake and that merchantable timber could be taken to the outlet area and retrieved. Dean stressed that the plan to leave logs and let them float was just in the conceptual stage at this point, and that it needed more review.

Melissa asked how the wood would be pulled out. Dean answered saying it would be pulled out with a highline or grapple.

Melissa asked what would be done with the wood. Dean said that it would up to the contractor who would prefer to sell it in the round because there were no milling facilities in the area. He said that this would have an effect on the value of the wood to whoever was doing the work and selling the logs.

****Phil said that the log length would have to be predetermined based on whether it was to be sold or burned. Actually this comment was in the handling of the log; tree length versus bucked to length and limbed. If bucked to length and limbed the effort (remaining saw chips, limb debris and handling occurs at the felling site versus floating the entire tree (with or without limbs) to a log handling area where the subsequent debris would be handled there. Also, equipment to handle tree length material is different than log length (weight and length capacities).**

Phil asked how soon before the project it would begin. Dean said it would be two years. Phil then asked if it could be logged in the snow. Dean said that essentially doesn't work here.

Richard asked if excavators would be used to harvest the trees. Dean said they would not in the above plan. He also said helicopter logging was not economically feasible in this situation because of the long haul distances. Dean said he preferred the cut and float

method. He gave an example on Kodiak Island where spruce needles and organic material had not been a problem.

Melissa asked if there would be stumps left and how high. Dean said there would be stumps left and they would be left about waist high.

Richard asked how the City would select loggers. Dean said that he had talked to a number of people with different logging experience and he would select loggers based on their expertise.

Richard said be careful about establishing a log transfer facility. He said that such floating staging areas had caused water quality concerns in other areas. Dean agreed to review this.

Dean explained that new booms would be installed at both ends of the reservoir to manage and control the floating material.

Richard then asked about the timeline for the fill. Dean said it would be 2 seasons and the first season it would be drained in order to have the burn pile.

Karl expressed concern about a debris jam in Blue Lake Creek. Dean said the outage would draw no water but the water would come up 1ft/day or 60 feet in 2 months and the City will find out the best way to deal with debris jams.

Melissa asked how long it would take to float the logs to one end. Dean said 1 year.

Richard asked if the trees would immediately float to one side. Dean said that the City would have to corral the logs with boom boats for the first year.

Richard asked about storage areas for the logs. Dean said the City would store them at the burn pile location.

Andrew asked if it was up to the contractor to remove the logs. Dean said it would be. So that the contractor could sell the logs and that would be part of their contract.

Melissa asked how the contractor would be able to know where the boundary line was. Dean said the City will survey it and mark it on the ground.

Slide 14

Dean said he had already talked about the Water Quality plan and that the most important part was the response plan. He said the City would propose ways to respond if water quality parameters were not met because of construction or logging related inputs. He said that it was possible to bypass the powerhouse to speed up flow and flush out the water which did not meet criteria.

Slide 15

Dean went to the next issue which was restriction of access to Blue Lake reservoir. He said that, in the license amendment application, some of the major impact issues related to the fact that access to Blue Lake might be eased by raising the water level allowing boat launching. He said that, among other issues, this might increase the number of goat hunters and might also affect Blue Lake water quality.

He said that the city's watershed control program approved by EPA requires that no additional access be allowed and that the City would develop a management plan to meet this requirement. He said that if no additional access is allowed, then impacts to drinking water quality and hunting access for goats should not occur.

Richard asked if there might be a proposal to restrict access to motorized boats. Dean responded that that would be determined.

Melissa then asked if the City considered a permit system. Dean said there was already a permit system in place, but that it was hard to enforce.

*There was a question about a possible bag limit on goat hunting. Phil said that that could be done by ADF&G. Dean said the City could also change restrictions but was looking for other ideas.

Slide 16

Mike began the discussion about the Environmental Compliance Monitoring plan and said that there was not much information yet pertaining to the plan. He then said that the City intends to employ someone local to monitor the construction activities. He asked if anyone knew of someone local who could do that.

Slide 17

Mike said that the Fish and Wildlife Monitoring plan would have more detail after the impact analysis in the Environmental Assessment was complete. He said that it was important to finish the amendment process first. Mike explained that mitigation planning would consider wildlife habitat and recreation that would be lost.

Andrew asked about the loss of recreation use in Blue Lake Creek valley. He said that there was high-quality fly-fishing in the Creek and that the area was used for camping and other uses. Mike said that these issues would be addressed in further PM&E negotiations. He then said that another meeting would go further in detail about mitigation funds and other measures.

Dean asked if the proposed process was acceptable to the attendees and there was general agreement. The meeting adjourned at about 4pm.

