



City and Borough of Sitka

• ELECTRIC DEPARTMENT •

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October 21, 2010

Mr. Nicholas Jayjack, Chief
Midwest Branch, Division of Hydropower Licensing
Federal Energy Regulatory Commission
Washington, D.C. 20426

Subject: Hydropower Development on Tongass National Forest – Project No. 13234-001

Dear Mr. Jayjack:

As directed in your letter of June 24, 2010, we have completed an initial meeting with the U.S. Forest Service (USFS) to discuss the proposed project relative to Land Use Designations (LUD) and Inventoried Roadless Area impacts in the Tongass National Forest. Attached for your review are the minutes from this meeting.

In the spirit of the Alternative Licensing Process (ALP) there were lively collaborative discussions about the challenges and issues for this project. A key issue was access to accurate and updated maps of the areas in question and, as we requested, the USFS promptly provided detailed maps of the Roadless Areas and the Tongass National Forest LUD's. All parties agree the project is early in the feasibility phase; therefore, all alternative routes and project infrastructure locations will be evaluated, regardless of the LUD. As the feasibility studies develop, additional dialog with USFS stakeholders will continue to address LUD and Roadless area impacts.

As noted in the attached meeting minutes, TUS development in a Remote Recreation LUD is highly restrictive, yet, as we understand it, not prohibited;¹ although there is the potential for Federal Power Act (FPA) Section 4(e) conditions relating to these restrictions. As we continue our engineering feasibility studies we will consider all possible routes for the Overland and Marine Transmission Segments considering the Goals, Objectives, and Desired condition of the underlying LUD.

¹ As described in Forest Plan Lands; Forest-Wide Standards and Guidelines

Regarding the Roadless Rule issue, it appears there are two options for addressing these concerns, as noted in the attached minutes. Project configuration cannot be changed due to the location of the proposed hydroelectric resource therefore the viable alternative is to submit a request for ruling to the Secretary.² As the project configuration is developed a request for a formal ruling on the proposed project scope relative to Inventoried Roadless Areas impacts will be submitted.

Due to the remote location and adverse weather, the study focus for 2010 has been establishment of baseline biological studies, and development of accurate LiDAR and satellite mapping. During the 2011 field season special emphasis will be on engineering feasibility work relative to areas outside of the existing TUS to establish project alternatives. As this information is collected, the City & Borough of Sitka will be working closely with the USFS and other stakeholders to address possible impacts to LUD's and Inventoried Roadless Areas.

For further information please contact me at (907) 747-1870 or via email at chrisb@cityofsitka.com.

Sincerely,


Christopher Brewton
Utility Director

Enclosure: USFS/CBS Meeting Minutes of September 10, 2010

² As described in Secretary of Agriculture's memorandum 1042-155 of May 28, 2010.

FINAL MINUTES OF ROADLESS AREA POLICY MEETING
TAKATZ LAKE HYDROELECTRIC PROJECT, FERC No. 13234-001

Friday, September 10, 2010

Prepared by:

City and Borough of Sitka Electric Department (“City”)

The City held a meeting with US Forest Service (USFS) representatives in Sitka, Alaska on September 10, 2010. The meeting was to discuss a letter from the Federal Energy Regulatory Commission (FERC), dated June 24, 2010, requesting action relative to the USFS Inventoried Roadless Area designation as it related to the Takatz Lake Hydro Project (“Takatz Project”, FERC No. 13234). The meeting was held in the Electric Department conference room and began at about 9:15 AM.

In attendance were:

Carol Goularte, USFS Sitka District Ranger
Melissa Dinsmore, USFS Lands Specialist
Barbara Stanley, USFS Energy Program Leader
Karen Iwamoto, USFS NEPA Specialist
Peggy Marcus, USFS Supervisory Natural Resource Specialist
Christopher Brewton, City Electric Department Utility Director
Marlene Campbell, City of Sitka Government Relations Director
Dean Orbison, City Engineer
Mike Prewitt, City FERC licensing consultant

After introductions, Christopher explained the content of the June 24 FERC letter and said that the City needed to document progress in resolving the roadless area issue as it related to the Takatz Project. He explained that the letter requested that the City document discussions with USFS on the roadless area issue within a 120-day period ending October 24, 2010.

Christopher added that the City also wished to discuss how the roadless designation might affect the Blue Lake Hydro Project (FERC No. 2230) Expansion (“Expansion Project”) and the accelerated construction schedule for that project.

Christopher addressed the Takatz Project first, noting that Scoping Document 2 (SD2) for that Project had been issued by FERC. He described the Marine and Overland Transmission Alternatives and passed out a recently completed feasibility study on the Overland Alternative.

Carol asked if the Marine Alternative had been deemed unfeasible, and if it had been formally replaced by the Overland Alternative. Christopher said that the Overland Alternative was the City's preferred alternative and that it had been developed because there had been significant opposition during Scoping to the Marine Alternative's routing of the line through Warm Springs Bay and the community of Baranof Warm Springs. He added that the costs of engineering and environmental studies, in addition to costs of construction for the Marine Alternative, were considerations. Christopher added that there would be studies for the Marine Alternative, but that they would not be highly detailed.

Karen said that, under NEPA, cost alone would not be justification for eliminating the Marine Alternative from further consideration.

Barbara asked if the Overland Alternative transmission line could be buried, and Christopher said that the costs and feasibility for burial would be addressed in the ongoing feasibility evaluations.

The discussion then turned to the roadless area restrictions. Barbara said that resolution of the roadless area issue relative to a specific project would involve 1) changing project configuration such that applicable project features or actions were no longer in the designated area or 2) obtaining a ruling from US Department of Agriculture in Washington D.C. which allowed the project to go forward within the roadless area. She said that the former action was unlikely relative to the Takatz Lake or Blue Lake Expansion projects.

Mike asked which actions were subject to the roadless area restrictions. Melissa said that road building and tree cutting were the primary prohibited actions.

Mike asked about the relationship between the roadless designation and other land use designations, including TUS corridors and the Remote Recreation LUD.

Barbara explained that a TUS corridor is an easement and that some easements of the USFS had been granted to the state already and some had not. Mike asked if the corridor for the Takatz Project (the cross-island TUS) had been granted. Barbara said it had not and added that an easement had been granted for portions of the Kake-Petersburg intertie route.

Melissa added that there were TUS designations of various types, some within the Tongass Land Use Plan and some outside the plan.

Christopher said that to better understand the roadless area issue, the City would need a detailed map showing the limits of the areas within which the roadless designation and other land use factors would be an issue. Barbara said she would send over a more detailed map delineating the boundaries of the roadless areas and Transportation and

Utility Corridor (TUS) areas which might affect both the Takatz Lake and Blue Lake Expansion Projects.

Mike said that more clarity was needed on how the roadless area restrictions related to TUS corridors and Remote Recreation LUD areas.

Christopher summarized discussions to that point relative to the Takatz Project. He noted that USFS would provide a map showing the boundaries of the Inventoried Roadless Areas on Baranof Island. He added that the City would evaluate the Project relative to the roadless delineations.

The discussion then turned to how the roadless designations might affect the Blue Lake Expansion Project. Christopher said that the Expansion Project was well down the road toward construction and that he didn't want to see the roadless restrictions impede the construction schedule. He mentioned the Whitman Project which had been impacted by the roadless designation.

Melissa mentioned that USFS expected to begin discussions on mitigation for the 430 acres of timber removal for the Expansion Project inundation. Dean said that the City intended to conduct extensive consultation on Protection, Mitigation and Enhancement (PM&E) measures prior to the final amendment application due in November, 2010. He said he wished to issue a notice to start construction in November, 2011.

There was considerable discussion of the process to address the roadless area concerns. Barbara said that USFS would forward a request for resolution of the Blue Lake Project roadless issues (in the form of a briefing paper) to USFS in Washington D.C. She said that the D.C. office could respond in writing to allow certain activities in the roadless area.

Christopher added that the Expansion Project was supported by all Stakeholders, including resource agencies, the public and interest groups such as Sitka Conservation Society.

Barbara encouraged Christopher to provide a description of the Project's benefits and local support, to be included in the USFS submission to Washington D.C. Christopher said he would provide the requested text.

Melissa asked that the City keep in mind that the Standards and Guidelines for the Remote Recreation LUD were highly restrictive, and that there is the potential for 4(e) conditions relating to these restrictions.

Melissa asked for a timeline update for the Takatz Project. Christopher said that the City has contracts for multiple studies and that there would be field work this year and next. He said that the Preliminary Permit expires in September, 2011.

The meeting adjourned around 10:30 AM.