



April 16, 2004

Economics/Operations Participant.

Status Report on FERC-relicensing work group studies that were initiated in June 2003: Flood control feasibility study and Probably Maximum Flood (PMF).

Tetra Tech Flood analysis of the feasibility of potential additional flood control alternatives/benefits at the Baker Project is on hold. This analysis is driven by the hydrology of the Baker River basin. Work has stopped pending the Corps re-visit of the design hydrology for the Baker Basin. Discussions with the Corps indicate they are considering modifying the previous hydrology. Earliest potential re-initiation of Tetra Tech work schedule is early June, assuming the Corps re-issues its hydrology report per the last reported schedule.

Be advised that both PSE and Skagit County have requested that the USGS respond to local concerns regarding the historical peak flow records. See attached letters.

Historical peak flows are the analytical basis for the Corps to conduct a design hydrologic analysis. Any USGS revision of the historical peak flow sequence potentially delays the Corps release of revised hydrology analysis beyond June.

Our draft PMF analysis was received and returned to the Washington Group in March pending revisions to Corps design hydrology referenced above. Like the Tetra Tech scope, the PMF analysis will be re-initiated on issuance of the revised Corps hydrology.

Will keep you posted. The Baker project PDEA and License application assume the current Corps flood control program.

Lloyd Pernela, Manager Hydro Licensing / Compliance
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March 24, 2004

Cynthia Barton, District Chief
US Geological Survey
1201 Pacific Avenue
Tacoma, WA 98402

RE: Skagit River peak flow review by Larry Kunzler, February 14, 2004.

Dear Ms. Barton:

Earlier this month we received an unsolicited "white paper" entitled *James E. Stewart; Skagit River Flood Reports and Assorted Documents; A Citizen Critical Review White Paper*, by Larry J. Kunzler, dated February 14, 2004. This document, which Mr. Kunzler identifies as the "Stewart Report Whitepaper", includes a review of the historical Skagit River Basin hydrologic investigations by the US Geological Survey (USGS) and describes Mr. Kunzler's concerns regarding the early investigations in some detail. We understand Mr. Kunzler has also sent this document to your office.

Puget Sound Energy (PSE) owns and operates the Baker Project in the Baker Basin, a tributary of the Skagit River System. We have enjoyed a long history of cooperation with the USGS in the Baker Basin with respect to streamflow and lake level gaging. PSE is also nearing the final phases of a long FERC relicensing effort for the Baker Project, a major program that would be affected by changes in the basin hydrology as it relates to the magnitude of hydrologic events of selected frequencies.

We recognize that the analysis and documentation of early technical investigations is challenging and labor-intensive. However, given the issues raised by Mr. Kunzler, we are concerned that questions regarding the validity of the USGS peak flow record on the Skagit River may persist. Currently, there are several studies by PSE and the US Army Corps of Engineers regarding additional flood control and flood control alternatives underway that rely on the USGS Skagit River hydrologic record. These studies rely heavily on the published record and to the extent that questions are raised regarding the underlying hydrologic data, the studies themselves are potentially compromised.

We believe it is important to use the best available data in the conduct of resource management studies. While we have not conducted our own investigation of Mr. Kunzler's findings, we trust that the authorized federal agency, the USGS, will provide appropriate resources to investigate the concerns of active citizens. We ask that you take steps to address Mr. Kunzler's concerns by clear and direct communication to the interested parties regarding flood control in the Skagit Basin. Please let us know if there is any information we can provide that would help your effort.



Sincerely,

Edward Schild, Director Energy Production



SKAGIT COUNTY PUBLIC WORKS DEPARTMENT

1800 Continental Place, Mount Vernon, WA 98273-5625 (360) 336-9400 FAX (360) 336-9478

April 7, 2004

Cynthia Barton, District Chief
United States Geological Survey
1201 Pacific Avenue
Tacoma, WA 98402

Re: Skagit River peak flow review by Larry Kunzler, February 14th, 2004

Dear Ms. Barton:

The Skagit County Board of Commissioners recently received a "white paper" entitled "James E. Stewart; Skagit River Flood Reports and Assorted Documents; A Citizen Critical Review Whitepaper", by Larry Kunzler, dated February 14th, 2004. This document includes a thorough review of the historical Skagit River Basin hydrologic investigations by the United States Geological Survey (USGS) and questions the accuracy of the early findings provided by James E. Stewart during his Skagit River water resource investigations conducted in the 1920's.

Skagit County is one of many stakeholders who have made a considerable investment over the last decade formulating solutions to reduce flood damages resulting from flood flows carried by the Skagit River. Most recently, Skagit County has worked closely with the United States Army Corps of Engineers (USACE) and the Washington State Department of Ecology (DOE) developing a Skagit River Feasibility Study to analyze the flood reduction benefits associated with either a downstream bypass channel or an extensive levee setback project. Phase I of this \$9 million study effort focused upon a complete hydrology and hydraulic analysis in order to determine the magnitude and frequency of flooding related to the Skagit River. The ultimate study results were based upon the historic information of record as provided by USGS to the USACE. We are currently involved with Phase II of our studies and will soon begin performing preliminary design of the selected flood damage reduction alternatives utilizing this information. The accuracy of this information is critical to properly evaluate and design these multi-million dollar flood damage reduction alternatives.

As we have worked through this study process, we have learned that the early findings of Mr. Stewart, as adopted by USGS and subsequently used by the USACE, have a significant impact upon the magnitude of the final definition of the 100-year flood. As Mr. Kunzler has identified, the regulated 100-year flood flow recurrence level could vary as much as 39,000 cfs from 221,000 cfs (with Stewart's figures) compared to 182,000 cfs (without Stewart's figures). Given the content and findings of Mr. Kunzler's research and the far-reaching ramifications that this information has upon the design of multi-million dollar flood control alternatives, future flood insurance mapping and the current hydropower relicensing process of the Baker Project, we request that your agency perform a thorough analysis of the Stewart Report as suggested by Mr. Kunzler's preliminary findings.

We respectfully request that you provide a written response to this inquiry. If you have any questions, please feel free to contact me at (360) 336-9400.

Sincerely,

Chal A. Martin, P.E.
Director/County Engineer

CAM:db/djm

cc: Debra M. Lewis – District Engineer, Army Corps of Engineers
John E. Pennington – Regional Director, FEMA