



BAKER RIVER PROJECT RELICENSE

Wildlife and Terrestrial Resources Working Group Meeting

**February 19th, 2004 (9:00 a.m. - 2:00 p.m.)
(Bring Sack Lunch)**

**WDFW Mill Creek Office
16018 Mill Creek Blvd.
Mill Creek, WA 98012
(425-775-1311)**

**Conference Call Line: 1-866-280-6429, code 144995#
(Please tell Tony or Lyn (425-890-3613) if you plan to call into meeting)**

AGENDA

Review notes/revise agenda/action items
Technical Meeting Action Items (potential topics, if we want to talk about Technical stuff) <ul style="list-style-type: none">• Technical discussion of studies: T2/5 (Veg/Wetland) update, T21 (Elk), T12 (Grizzly), T17 (Amphibians), T6 (Noxious Weeds), T16 (Rare Plants).• T23 initial monitoring results
Presentation of costs from Solution Team meeting presentation
Review of latest draft of Terrestrial License articles
Present and discuss the PSE Terrestrial PME proposals sent to the Berger team for the PDEA
Discuss and work on the Terrestrial Resource Management Plan outline
Set agenda for March 17 th (third Wednesday) meeting at Mountlake Terrace
Evaluate meeting

BAKER RIVER PROJECT RELICENSE

Wildlife and Terrestrial Resources Working Group

Final Notes

February 19, 2004
9:00 – 2:00

WDFW Mill Creek Office
Mill Creek, WA 98012

FINAL MEETING NOTES

Team Leader: Tony Fuchs (PSE), 425-462-3553, tony.fuchs@pse.com

PRESENT

Laura Potash, (USFS), Marty Vaughn (Biota Pacific), Tony Fuchs and Kris Olin (PSE), Lauri Vigue (WDFW), Bob Nelson (Rocky Mountain Elk Foundation), Patrick Goldsworthy (North Cascades Conservation Council), Bob Carey (The Nature Conservancy), Chris Madsen (Northwest Indian Fish Commission), Dee Endelman, facilitator (Agreement Dynamics), and Lyn Wiltse, facilitator and Mary Jean Wiltse, notetaker (PDSA Consulting)

3/17, 4/21 (??), 5/19 (??), 6/16 (??), 7/21, 8/18, 9/15, 10/20, 11/17 (??), 12/15 (??)

Note: ?? indicates unavailability of USFS Building in Mountlake Terrace.

Agenda for Terrestrial Resources Working Group Meeting

WDFW Mill Creek Office, Mill Creek, WA

February 19, 2004. 9am - 2pm

Bring a sack lunch and we'll work through!

1. Review today's notes/action items
2. Technical Meeting Action Items
 - T2/5 (Veg/Wetland) Update
 - T21 (Elk)
 - T12 (Grizzly)
 - T17 (Amphibians)

- T6 (Noxious Weeds)
 - T16 (Rare Plants)
 - T23 (Initial Wetland Monitoring Results)
3. Presentation of costs from Solution Team meeting
 4. Review of latest draft of Terrestrial License articles
 5. Present/discuss the PSE Terrestrial PME proposals sent to the Berger team for the PDEA
 6. Discuss/work on the Terrestrial Resource Management Plan
 7. Set agenda for March 17, 2004 meeting
 8. Evaluate meeting

NEW ACTION ITEMS

- ALL: Get any comments on draft license articles and PME 3.4.4 to Tony by February 27, so he can get them to Louis Berger Group to re-draft so they can be sent to the Legal Working Group by March 4.
- Tony: Send out draft PME 3.4.4 with minutes.
- Marty: Update PME table to reflect PDEA version of PME package. Date it January 30, 2004 and send out to all.
- Marty: Re-send 1.6.1 and 1.6.3 to Working Group members to review.
- ALL: Review proposed wording for 1.6.1 and 1.6.3 and (6.6.1?). Come ready to discuss at our next meeting.
- Tony: By March 1, summarize feedback on outstanding PMEs (see above) and email suggestion of whether to meet as a Working Group or BAWG on March 17.
- Marty: Work with Tony and Don re: timing for 1.1.3 (Late Seral Forests).
- Tony: Talk with Walt about setting up a meeting with Kathy, Laura, Carl and Tony: Re: FERC NEPA.
- Cary: Consider how to track funds spent internally (PSE).

REPORT ON COMPLETED ACTION ITEMS (from 12-5-03 RESOLVE meeting)

- Tony: Reserved meeting room for Feb 19 Terrestrial Working Group Meeting at PSE Office in Bothell and send out directions to members.
- Marty: Emailed out revised description of action for 1.3.2(Loon Nest Platforms) and figured out annual costs.
- Marty: Sent out updated PME Table and PME descriptions to reflect today's discussions.
- Marty: Sent out placeholder language on 1.6.1 on January 20 for all to review, prior to our next meeting.
- Gene: Reserved room at Lacey for meeting on February 5, 2004 from 9:00 to 2:00.
- Cary: Sent out Net Present Value spreadsheet for folks to play with by January 16.
- Marty and Don: Checked to see that closing costs, etc. were covered in 1.1.1 and 1.2.4. They are around 2.5% of the total acquisition cost.

TECHNICAL DISCUSSION OF STUDIES

Study #	Title	Notes/Next Steps
T2	Vegetation Mapping in Project	Posted on website along with the other final reports.

	Area	
T5	Wetland Inventory Study	Combined with T2. Posted on website.
T6	Noxious Weed Assessment and Control Plan	Final Report is out.
R-T12	Grizzly Bear Spring Foraging Habitat Value	Posted on website along with the other final reports.
T16	Project Area Rare Plant Survey	Final Report is out, including the rare plant addendum.
T17	Amphibian Studies in Reservoir Fluctuation Zone	Posted on website.-Amphibian addendum hasn't been agreed on and won't impact our ability to reach settlement.
T21	Elk Forage	Was finalized with the comments received at the end of December.
T23	Wetland Monitoring Study	Tony explained we are now including three hydrology metrics –piezometer fluctuations, rainfall, and Baker Lake elevations. We will continue to monitor these readings through fall of 2004. Tony shared preliminary data from this study. Water level fluctuations of the upper two piezometers were not <i>caused</i> by reservoir elevations, <i>but closely followed rainfall events</i> . These data will let us know what existing conditions are relating to wetlands. It appears, at this point, that lower reservoir levels would not adversely impact this wetland (WB 30).

PRESENTATION OF COSTS FROM SOLUTION TEAM MEETING

Kris distributed a summary sheet that showed the history of PSEs estimates of costs NPV, 2006 dollars *not* adjusted for inflation since the initial PDEA. It showed how costs by resource area changed between PDEAs. It contained a column outlining the PDEA costs with/PMEs in dispute. It also showed a range of numbers averaged from nine other Northwest relicense settlements.

He then described a 2nd work sheet showing a summary of NPV, nominal dollars (including inflation) of \$/MWh by the same categories as the first sheet. These are the numbers the WUTC will be using to evaluate the prudence of the amount PSE agrees to in our settlement. If PSE signed up for what's in the 2/04 PDEA today, their power costs would be \$32.8/MWh. The original "numbers" that PSE thought it could defend (that the Solution Team had asked Ed not to disclose back in October) was \$28 MWh. Kris thinks it's possible that PSE upper management might support \$32 MWh (though he cannot say this with any certainty at this point). Adding in the categories of costs listed in the Risk Uncertainty category (seismic upgrades, flood control upgrades), this number rises to \$42.5, which is a number PSE cannot/will not support.

If anyone has questions related to these costs, please, contact Kris Olin (Kris.Olin@PSE.com), 425-462-3051.

REVIEW OF LATEST DRAFT OF TERRESTRIAL LICENSE ARTICLES

Tony distributed copies of the draft license Articles prepared by the Louis Berger Group for our review/approval before they are passed to the Legal Working Group and copied to the Solution Team.

Baker River Project Relicense

FERC Project NO. 2150

Terrestrial Resources Working Group February 19, 2004

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Most of the PME's were incorporated under the Terrestrial Resources Management Plan. We have committed to turn these around by March 4. That translates into getting any comments back to Tony by February 27.

There are still questions about 3.4.4 (the Aquatics PME on Riparian Habitat Restoration and Enhancement). This was distributed at the last Aquatic Resource Working Group meeting and is being reviewed by its members. Tony will attach the latest version of this (December 4, 2003) to these minutes for our review (by February 27). Ideally, terrestrial interests would be covered by this PME. Concern was expressed about having Aquatics folks control implementation of the entire PME amount.

PME PROPOSALS SENT TO THE BERGER TEAM FOR THE PDEA

At the time of Louis Berger's deadline for submissions for the PDEA that will be submitted along with the license application on April 30, PSE submitted everything agreed to (by January 30) by the Working Groups. For those items not yet resolved at the Working Group level, PSE made their best effort to propose something that reflects the interests of all participants in the process. The Terrestrial package adds up to \$10,497,000 face value. Marty walked us through what had changed since our last version (January 15) of the PME table that we were using for discussions. He will update this table and send it out for review.

THE TERRESTRIAL RESOURCE MANAGEMENT PLAN OUTLINE

The latest draft (January 13) was sent out as a starting point for discussions by this group. The Lewis River relicense has served as a basis for this draft plan *and then was tailored for the Baker Project*. We will continue to flesh this out through Working Group discussions over the course of the next several months.

We need to agree on a timeline for completion of the plan. PME 1.6.1 proposes a schedule. FERC will need to see the plan within a year after the issuance of the license. We need to outline in the PME what piece(s) we want to complete earlier. We'll work to make this language consistent with other license articles – "within three months..." *We may want to begin the process within the next three months and in one year have a draft plan.*

Setting objectives would be among the first steps in developing the Plan (*the draft Plan presently includes objectives*). We might also want to distinguish between capped items vs. non-capped (portions of plant associated PME's and Plan development). The Plan should cover only designated existing PME's (vs. brand new, high cost activities).

We need to decide whether we need to also attach an outline of the Plan to the Settlement Agreement. It may be in the best interest of the resource to keep reference to the Plan at a high level for the Settlement Agreement.

HANDOUTS

- Baker Relicense Cost (\$/MWh) –Notes 1 & 2 , two pages
- Baker River Project Draft License Articles for Terrestrial Resources PME's, February 13, 2004
- Terrestrial Working Group RESOLVE Session, Final Notes, January 15, 2004
- Baker River Hydroelectric Project Wildlife Habitat Management Plan Outline – drafted by the Baker Agency Wildlife Group

- Baker River – PSE Proposal to Berger Team for use in PDEA- Baker River Project Draft Measures for the Protection, Mitigation and Enhancement of Terrestrial Resources.

MEETING EVALUATION

What Went Well

- Finished early!
- Kris's presentation
- Thanks to Lauri for the room
- Nice to have Laura back (ALIVE!)
- Food and hard copies
- Good, honest discussions
- Nice to see Chris

What Needs to be Changed

- No phone connection
- Missed Don, Gene, Stan, Carl

Report to Solution Team

We are awaiting policy decisions around funding and pie slice sizes.

**Tentative Agenda for next Terrestrial Resources Working Group Meeting
March 17, 2004 at USFS Building, Mountlake Terrace, WA, 9:00-2:00 p.m.**

Note: By March 1, Tony will email a suggestion as to whether we need to have this meeting or whether the PME comments can be handled via email or conference call.

Bring a sack lunch and we'll work through!

1. Review today's notes/action items/agenda
2. Review Management Plan Outline

Noon time slide show by Laura Potash!

3. Outstanding PME Discussion
4. Set agenda and location for April 21, 2004 meeting
5. Evaluate meeting