



BAKER RIVER PROJECT RELICENSE

Economics/Operations Working Group

Sept. 20, 2000

1:30 p.m. – 4:30 p.m.

US Forest Service/Park Service Office

2105 Highway 20

Sedro Woolley, WA

AGENDA

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| 1. Review/revise minutes and agenda |
| 2. Action items |
| 3. Tour debrief |
| 4. Continue fleshing out interests and issues
(Possible presentation by Ed Schild, Director of PSE Energy Production and Storage) |
| 5. Set agenda for next meeting |
| 6. Evaluate meeting |



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2105 Highway 20
Sedro Woolley, WA

MEETING NOTES

Team Leader: Kevin Brink (Puget Sound Energy) (425) 462-3222, kbrink@puget.com

PRESENT

Kevin Brink (PSE), Gary Sprague (Washington State Fish and Wildlife), Stan Walsh (Skagit System Coop), Tom Spicher (Hydro Consultant), Jon Vanderheyden (US Forest Service), Jim Sinclair (Hydro Consultant), Bob Hilton (Interested Citizen), Paul Schissler, (Town of Concrete), Lloyd Pernela (PSE), Joel Molander (PSE), Ed Schild (PSE), Lyn Wiltse, facilitator (PDSA Consulting)

ACTION ITEMS

- Kevin: • Email team contact list to all members.
- Charles: • Prepare a handout that includes:
- Relative value of equipment,
 - Present costs of operations,
 - Present values of operations
- Kevin: • Contact BPA/Western Energy re: their participation on this team

AGENDA

Sept. 20, 2000 at Forest Service Office in Sedro Woolley, WA

1. Review/revise minutes and agenda
2. Action items
3. Tour debrief
4. Presentation by Ed Schild and Joel Molander, PSE Energy Production and Storage

BAKER RIVER HYDROELECTRIC PROJECT 9/20/2000 MEETING NOTES

Page 1

L Wiltse for Economics/Operations Working Group
FERC PROJECT NO. 2150

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INTRODUCTIONS

Team members introduced themselves to visitors: Ed Schild, Director of Energy Production and Storage, Joel Molander, Asset Manager for Hydro Generation, and Lloyd Pernela, newly hired PSE Licensing manager. The team welcomed new members Bob Helton, Paul Schissler, and Jim Sinclair.

ANNOUNCEMENTS

The RESOLVE Training addresses issues and interests and decision-making styles within the collaborative process. This training is suggested for all working group members and IS REQUIRED for Solution Team Members. Dates for the training are Friday, October 13th at the U.S. Forest Service Office at Mountlake Terrace and on Saturday, October 21st at Cottontree Inn, Mount Vernon, WA. Team leaders will be calling all interested parties and asking them which date works best for them to attend the training. There is a limit of 40 participants in each session. The sessions will run from 9:00 to 4:00 and lunch will be provided. Meeting participants were asked to note their preferred session on the attendance sheet.

DEBRIEF OF TOUR

The team did their tour on August 9, 2000. It was a small group. It was a helpful tour. The team leader distributed a sign-up sheet for those who were unable to attend the tour. A make-up tour may be planned for those still interested. There may be an opportunity to tour the Lower Baker powerhouse during a planned outage in January or February 2001.

PSE PRESENTATION

Ed thanked the group for their energy and participation over the last few months. Joel gave an overview of how investor owned utilities operate. Ed concluded the presentation by discussing the idea of collaboration. He recommended the following article:

“Collaborative Processes for Improving Land Stewardship and Sustainability” by Mark Hummel and Bruce Freet

Pending copyright issues, PSE will make copies of the article to distribute at the October meeting. Ed also shared PSE’s interests. He stressed his support of the collaborative process and asked team members to give him a call at any time if they have questions. His direct number is 425-462-3022. Handouts of the presentation were distributed and will be available on the website.

PARKING LOT

- PSE should in the near future provide a Hydro-Economics 101 class for this team:
 - Include both utility and hydro plant perspectives
- Consider who will be the number cruncher for this team:
 - PSE? Other?
- Gantt chart with due dates, etc.
- Presentations:
 - Wild and scenic river 101

ISSUES AND INTERESTS

The following is the list of issues (items for discussion) and interests (needs, fears, or concerns) listed by the Operations & Economics Working Group at their meetings in June and July:

Issues:

- Downstream passage
- Stability/safety of West Pass
- Volcanic eruption of Mt. Baker (overtopping)
- Gate failure
- Resource protection
- Notifying people in event of emergency
- Project viability
 - Economic efficiency: Can revenues generated off set costs? (market and non-market?)
 - Financial
- Economics of operations of the project & how we compare those to the non-commodity tradeoffs (e.g., aesthetics, preservation of historic buildings)
- How resources management interacts with PSE operations

Interests:

- To protect, preserve,, and perpetuate fish and wildlife and their habitats (legislative mandate)
- To have 95-100% successful passage of fish with mitigation for anything less than 100%
- Maintaining public safety
- Fear: income might be less than cost of operations and mitigation
- Fear: We won't be able to afford all mitigation
 - 4(e) conditions and ability to fund
 - Section 18, etc.
- Commercial fear:
 - Road access for removal /management of resources
 - Having to modify management practices to meet aesthetic regulations

EVALUATION OF THE MEETING:

Well-Dones:

- Appreciate the meeting notes being available on the PSE web site, along with handouts
- Valuable presentation
- Welcome back to James
- Welcome to Bob

Need to Improve:

- Need more progress

TENTATIVE AGENDA FOR NEXT MEETING
October 11, 2000 at PSE Office in Mt. Vernon

1. Review/revise minutes and agenda
2. Action items
3. Continue fleshing out Issues/Interests
4. Set agenda for next meeting
5. Evaluate meeting