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## **BAKER RIVER PROJECT LICENSE IMPLEMENTATION**

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### **Terrestrial Resources Implementation Group Technical Meeting**

**May 7th, 2009 (9:00 p.m. – 2:00 p.m.)**

**WDFW Mill Creek Office  
16018 Mill Creek Boulevard  
Mill Creek, Washington 98012-1296  
Telephone (425) 775-1311**

**Conference Call Line:** 1-888-228-0484, ID: 2821, Password: 4567

**Please tell Tony (425-462-3553 (w) or 206-276-1204 (m)) if you plan to call into meeting**

### **AGENDA**

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| 1. Review notes/agenda/action items from March 5th, 2009 meeting.   |
| 2. Review recent BRCC meeting activities and New License review/issues. <ul style="list-style-type: none"><li>• License/BRCC update</li><li>• Review TRIG Norms - Tony</li><li>• TRIG budget – Kim and Tony</li></ul>   |
| 3. Decisions Required at Today's Meeting: Yes <ul style="list-style-type: none"><li>1. Decision Item #1: Does the TRIG formally adopt certain decisions made in previous interim meetings, specifically those discussed at today's meeting? (Agree to list prior to decision)</li><li>2. Decision Item #2: None</li><li>• Please Designate Proxy to express your view if you cannot attend.</li></ul> |
| 4. Land Acquisition Update <ul style="list-style-type: none"><li>• Property Y Update, Alternate properties list – Ira and Tony</li><li>• Report on “new” alternative property - Ira</li><li>• Proposal regarding the assets and liabilities on acquired lands – Cary and Marty</li><li>• Review Pooling Funds draft - Cary</li></ul>  |
| 5. TRMP plans update <ul style="list-style-type: none"><li>• Review TRMP (Article 501) comments and updated TRMP implementation schedule - Marty</li><li>• Status of Legacy Wood plan review – Haley</li><li>• Update on “other” plans (BE management plans, other TRMP plans) – Haley, Tony, Kathy</li></ul>   |
| 6. Loon/Osprey Implementation Update <ul style="list-style-type: none"><li>• Progress - Haley</li></ul>   |
| 7. Aquatic Riparian Habitat Working Group (Article 505) <ul style="list-style-type: none"><li>• Meeting update, status of Plan - Tony</li></ul>   |
| 8. Evaluate meeting, set location (WDFW Mill Creek) and agenda for next meeting (June 4th, 2009)  |



***Baker River Project License Implementation***

**Terrestrial Resource Implementation Group  
FINAL Meeting Notes**

May 7, 2009 ~ 9:00 am - 2:00 pm  
WDFW Mill Creek

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

**PRESENT**

Tony Fuchs, Haley Edwards, Kim Lane, Mel Walters, and Cary Feldmann (PSE); Kathy Smayda (Smayda Environmental); Marty Vaughn (Biota-Pacific); Stan Walsh (SRSC); Lou Ellyn Jones (USFWS); Bob Nelson (RMEF); David Geroux (WDFW); Chris Danilson (Sauk-Suiattle); Ira McDaniels by phone (PSE); Linda Finn (Guest - Haley's Mom); and Jamie Riche, facilitator (PDSA).

**DECISIONS**

- None today

**NEXT MEETING:** June 4, 2009, then continue to hold first Thursdays through 2009. Meetings will be monthly or every other month, depending on workload.

**ACTION ITEMS**

- Kim Email BRCC funding handout to TRIG
- Dave Research questions re: WDFW elk damage liability on acquired lands
- Tony Send out ARHWG (Article 505) notes and handouts w/ TRIG notes
- All If you would like to help ID trees for Osprey nests, contact Haley
- All Review legacy wood plan, send comments to Haley by 5/22
- Marty Write up status of group's thinking about assets and liabilities on acquired lands, send to Jamie
- Tony Add language to memorialize "good faith effort" to the decision list

**PREVIOUS - STILL RELEVANT - ACTION ITEMS**

- Kim Work on simplified budget report sheet, provide to TRIG when available
- All Review the draft language re: multi-article properties, send comments to Tony
- Marty Update pre-acquisition checklist to include estimated land ownership costs

**TRIG Budget Sheet Update:**

At their last meeting, the BRCC reviewed the escalation formula and plan for reporting. Kim is developing a ledger for each fund, including dates, amounts, and reason / explanation of deposits and withdrawals. He will bring a report on TRIG funds to the team as soon as it is available.

**BRCC / LICENSING UPDATE**

The BRCC met 4/22/09 using WebX technology, which worked well for allowing callers to see the presentations and handouts in real time. In addition to talking about escalation formula and budget reporting process, the BRCC also talked about the project boundary (PSE will send a proposal to FERC by year-end), USFS 4(e) coordination, and resource group updates. The hatchery is underway; the LB FSC is postponed by one year; CRAG is working on the historic property management plan; and the RRG is working on the resort redevelopment plan. BRCC also celebrated feedback from Steve Hocking (FERC licensing rep) that – of the 17 projects he has worked on – the Baker Relicense process is by far the best, both in terms of coming to agreement and implementation to date.

## ASSETS AND LIABILITIES ON ACQUIRED LANDS

Marty, Tony, and Cary worked to develop a draft proposal to distribute to the group for advance review. As they delved into the options, they came to believe that it would be more in the spirit of the team's general process – and more likely to result in a better long-term outcome – to bring the topic back to the group for additional discussion / co-creation of a collaborative solution. The TRIG began by brainstorming interests and potential assets and liabilities related to acquired lands.

**Interests related to this issue** (Interests are defined as deeply held needs, fears, or concerns):

- Maintain integrity; comply with all agreements
- Acquire lands that can be managed appropriately within available funding
- Maintain financial stability
- Fear that PSE would try to extract money from acquired lands, minimizing intended benefit to the species
- Fear that TRIG will manage the land for money (future investment) rather than for species benefit
- Achieve benefits agreed to in the Settlement Agreement
- Enough clarity / specificity to avoid future confusion or conflict
- Since we can't anticipate every possible scenario, need to find a balance between enough specificity to ensure clarity without being so specific that the agreement doesn't apply to undefined scenarios
- Money in each fund is used to benefit the intended species
- Fear that intent of Settlement Agreement could get lost
- Find land that maximizes benefit to species while minimizing risk (ex: via pre-acquisition reviews) to ensure money can go toward management for species
- Maintain the spirit, cooperation, and trust within this team; protect the good working relationship
- Fear that managing weeds, timber, etc could consume funding for managing for the intended species
- Concern that the list of potential liabilities is going up as we move away from the "original property" and other similar agricultural lands.
- Limit additional future financial and legal liability related to damage claims
- Protect herd safety
- Continue to think creatively and collaboratively about all possibilities
- Concern that perceived assets / liabilities will limit options and increase the complexity of land purchase

**The group brainstormed examples of potential assets and liabilities for agricultural and forested lands:**

Agriculture Land Potential Assets	Agriculture Land Potential Liabilities	Forested Land Potential Assets	Forested Land Potential Liabilities
<ul style="list-style-type: none"> <li>▪ Structures on site</li> <li>▪ Crops</li> <li>▪ Future development value</li> <li>▪ Potential value as a multi-article parcel</li> <li>▪ Mineral rights</li> <li>▪ Water rights</li> <li>▪ Utility easements (cell, wind, geothermal, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Structures on site</li> <li>▪ Regulatory requirements</li> <li>▪ Labor (security, maint.)</li> <li>▪ Access / vandalism</li> <li>▪ Tax implications (property taxes = PSE)</li> <li>▪ Cultural antiquities</li> <li>▪ Current / future contaminants</li> <li>▪ Encumbrances (roads, easements, etc)</li> <li>▪ Maintaining ag fields</li> <li>▪ Species-caused damage to adjacent properties</li> </ul>	<ul style="list-style-type: none"> <li>▪ Structures on site</li> <li>▪ Current timber value</li> <li>▪ Future timber value</li> <li>▪ Future development value</li> <li>▪ Potential value as a multi-article parcel</li> <li>▪ Mineral rights</li> <li>▪ Carbon credits</li> <li>▪ Utility easements (cell, wind, geothermal, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Structures on site</li> <li>▪ Regulatory requirements</li> <li>▪ Labor (security, maint.)</li> <li>▪ Access / vandalism</li> <li>▪ Tax implications (property taxes = PSE)</li> <li>▪ Cultural antiquities</li> <li>▪ Current / future contaminants</li> <li>▪ Encumbrances (roads, easements, etc)</li> <li>▪ RMAP</li> <li>▪ Weed control</li> <li>▪ Cost of managing for the intended species</li> <li>▪ Cost to log current / future timber</li> </ul>

The TRIG agrees that the primary purpose of any acquired land is to achieve the benefits outlined in the related license article. The group also noted that it was relatively easy to identify a workable solution to one potential parcel; this process is being complicated by the desire to find a solution that will apply to all possible (and therefore unknown) future scenarios.

#### **Possibilities that were considered:**

One possibility differentiated value that is on-site at the time of purchase from value that grows over time:

- Asset value (timber) that is on-site at the time of acquisition and therefore increased the acquisition cost could be deposited back into the land acquisition (Capital) fund upon the sale of that asset.
- Asset value that has grown / increased over time could be deposited into the management (O&M) fund upon sale of that asset.
- A possible addition to this option could be to include a caveat that timber would be harvested as soon as it is at or near a zero-net value to dis-incentivize managing land for timber.

Another possibility was to suggest, with a few exceptions, that assets and liabilities related to acquired properties would remain with the settlement article fund that purchased the property. Some of the possible exceptions that would be tied to this idea include: property tax (considered to be PSE's 'cost of doing business') and identified weed management costs (per the 4/5/07 agreement).

A third possibility that was considered would be to draft an agreed-upon philosophy statement defining the primary purpose of any land acquisition as being to benefit the species called out in the license article, describe known asset / liability responsibilities (ex: property taxes), and combine that with an agreement to develop a site-specific determination of any additional asset / liability issues present on a prospective parcel as part of the routine pre-acquisition activities.

#### **Next Steps:**

Marty will write down his understanding of the discussion / potential agreements from today and send that to Jamie for attachment to these notes. We will discuss again at the next TRIG meeting.

#### **Parking Lot regarding Assets / Liabilities on Acquired Lands:**

- Are there situations / parcels where TRIG would want to set aside a portion of management funding to apply toward damage claims?
- Possibility: Add high-level review of asset / liability assessment to the pre-acquisition checklist

#### **PROPERTY ACQUISITION**

Ira shared an update on Property Y, noting that an assessment should be ready for review at the next TRIG meeting (ask him or Tony for details). The group also discussed the "New Alternate" property. Tony and Dave shared that they vetted this property through their respective organizations (PSE & WDFW). Assuming FERC would accept this property, both organizations could support this specific parcel for elk habitat acquisition, with the understanding that other sites outside the core / peripheral areas would still need to be reviewed on a case-by-case basis. TRIG asked Ira to approach the landowner to see if they are open to selling the parcel. Ira and Tony are also looking at some other possible parcels to bring forward to the TRIG at its next meeting.

#### **ARHWG (ARTICLE 505) UPDATE**

The Aquatic Riparian Habitat Working Group, which is a joint group comprised of ARG and TRIG members, has begun meeting to work on the Article 505 plan. They have created draft norms and criteria. Tony will forward ARHWG's notes and attachments to the TRIG with these notes.

#### **TRMP**

Marty walked the group through an updated schedule of TRMP review/comment and filing deadlines. Note: Plans that are in the "official review" period must go out certified mail for documentation purposes. Tony will email the same out to team members to make commenting easier.

## **LEGACY WOOD PLAN**

The legacy wood plan has been distributed via email for informal review and comments in advance of the formal 90-day review, which should begin in early June in order to be submitted to FERC by October 1. Please review the plan and provide comments to Haley by May 22.

## **LOON / OSPREY NESTING PLATFORM UPDATE**

Haley reported that two loon surveys have been completed for the platform on Lake Shannon, and there have been no loon sightings yet. Two additional platforms will be installed on Baker Lake May 13 and 14. Vegetation for these platforms is growing well. She also showed the group the updated loon signage, which will be installed at campgrounds and boat launches. Three active nests were observed in the Osprey survey.

Haley and Mel looked for trees that would be appropriate to modify for osprey nests. It is hard to tell which ones are within the project boundaries; the plan is to go out with a GPS unit to look at trees which seem likely. Haley invited TRIG members to help identify trees. If you're interested, please contact Haley.

### **June 4 Agenda:**

- Assets / Liabilities on Acquired Lands
- Land Acquisition Update,
  - property Y,
  - "new" property
  - Other options
- TRMP & Other Plans
  - Plan Review Schedule
  - Potential extension requests
- Decisions list - review draft language
- Budget Report
- Loon / Osprey Report

### **Handouts:**

- 3/5/09 Notes & 5/7/09 Agenda
- Baker River TRIG Decisions/agreements/understandings draft list, 2/25/09
- 5 March 2009 Draft "Pooling Funding Resources" proposal
- Updated TRMP Schedule

## **MEETING EVALUATION**

### **What worked well:**

- Asset / Liability discussion healthy, got views out on table
- Good facilitation
- Homemade cookies
- Welcome Haley's Mom

### **Do differently:**

- Missed some TRIG members