



## *Baker River Project License Implementation*

### **Joint Aquatics and Terrestrial Resources Group Meeting Final Notes**

**Team Leader:** Jacob Venard, jacob.venard@pse.com

#### **PRESENT**

Tony Fuchs, Haley Edwards, Scott Heller, Jacob Venard, and Cary Feldmann (PSE); Stan Walsh (SRSC); Greta Movassaghi by phone (USFS); Kathy Smayda (Smayda Environmental); Marty Vaughn (Biota-Pacifica); and Jamie Riche, facilitator (PDSA)

Prior submitted approvals: Brock Applegate (WDFW) and Sue Madsen (Skagit Fisheries Enhancement Group)

#### **DECISIONS TODAY**

- Does the TRIG and ARG authorize funding of the Lower Day Creek Slough – Faber Property Restoration Project as proposed by the Skagit Fisheries Enhancement Group for an amount not to exceed \$201,950 with current funds from SA 505?
- Does the TRIG and ARG authorize funding of the Swift Creek – FSR 1152 Storage / Decommissioning Project as proposed by the USDA Forest Service for an amount not to exceed \$231,000 with current funds from SA 505?
- Does the TRIG and ARG authorize funding of the Kaaland Property Floodplain and Riparian Restoration Project as proposed by the Skagit River System Cooperative for an amount not to exceed \$317,000 with current funds from SA 505?

#### **NEW ACTION ITEMS**

- Cary Add PSE / FERC accounting question to BRCC agenda
- Jacob Inform proponents that their projects have been approved; work with them on next steps
- Jacob Work with Tony and Arnie to identify a good time for the next ARHWG meeting

#### **PREVIOUS, STILL RELEVANT ACTION ITEMS**

- Jacob Send response letter to Skagit Delta Riparian Hedgerow Planting Project proponents
- Jacob Schedule an agenda item for a future meeting to review the 505 proposal process
- Jacob Set up a meeting with Sue, Devin, Greta and other interested parties to discuss contract management by April 30

#### **REVIEW NOTES, PROCESS REFRESHER**

Jacob reviewed the notes from the March 13 joint ARG-TRIG meeting and shared a brief refresher about the process to date. Pre-proposal requests were received last August-October, followed by a meeting in November for proponents to get early feedback about the feasibility and areas of concern related to their proposals. Full proposals were due in February and distributed to ARG and TRIG members for review. Proponents presented their full proposals to a joint meeting of the ARG and TRIG in March, and the primary purpose of today's joint ARG and TRIG meeting is to decide whether to fund any or all of the three proposals listed in the decisions section above.

## **GENERAL DISCUSSION OF PROPOSALS**

Cary talked about PSE's interests related to project selection, which are that approved projects are consistent with the Settlement Agreement and FERC's documentation requirements. PSE needs to be able to demonstrate that all project-related expenditures are appropriate and meet the interests outlined in the associated article. Cary is working with PSE's property accounting department to establish the appropriate accounting treatment for acquisition and non-acquisition projects

Greta expressed concern that the ARG and TRIG have gotten this far along, proponents have done a lot of work, and PSE hasn't addressed these accounting questions earlier. She also asked for this issue to be added to the BRCC agenda. Greta asked PSE to fast track these questions with PSE's and FERC's accounting experts. Cary shared that he has been working on this question with PSE's property accounting since October, going through multiple iterations of discussion covering several approaches to the matter.

Stan commented and Cary agreed that these projects are in alignment with the intentions envisioned when Article 505 was negotiated and written. Cary further noted that each proposal can stand alone on their merits. Cary intends to continue working with PSE's accountants to find an appropriate solution.

### **DECISION #1: Does the TRIG and ARG authorize funding of the Lower Day Creek Slough – Faber Property Restoration Project as proposed by the Skagit Fisheries Enhancement Group for an amount not to exceed \$201,950 with current funds from SA 505?**

Jacob reminded the group about the highlights of the proposal. Jamie asked if there was any additional dialogue around this proposal; there was none.

The funding decision was approved by consensus of those present in person, on the phone, and represented by proxy.

### **DECISION #2: Does the TRIG and ARG authorize funding of the Swift Creek – FSR 1152 Storage / Decommissioning Project as proposed by the USDA Forest Service for an amount not to exceed \$231,000 with current funds from SA 505?**

Jacob reminded the group about the highlights of the proposal.

Stan noted that while he is in favor of this project, there are some unknowns about the condition of the decommissioned road beyond the proposed project. He expressed an interest in ensuring that this project doesn't create or isolate a problem further down the road. Greta answered that the Forest Service will conduct a survey to the road terminus to confirm the scope of the project before starting work. She reassured the ARG and TRIG that if the Forest Service finds conditions that are different from those outlined in the proposal, they will report their findings and suggest / request a modification.

Cary expressed concern that this project may be more about water quality than aquatic riparian habitat, given the distance between the uphill stabilization and the stream itself. Stan pointed out that preventing a landslide minimizes stream load thus protecting aquatic riparian habitat; Cary agreed.

Cary then asked if the Forest Service is under any regulatory requirements to do this work. Greta responded that this project is not a regulatory requirement; and, specifically, it is not a clean water act requirement. She noted that the Forest Service gets funding from a variety of sources and does the work as funding allows. There is always more work than money, but she pointed out that a lot of work has already taken place in the Skagit Basin.

Cary reminded the group of the earlier dialogue around the need to provide adequate documentation of the project's relationship to the interests outlined in Article 505. He commented that this is potentially the most troublesome of the three projects being considered today because it is the hardest one to demonstrate "acquisition." Greta added that there are industry standards in the field that may be helpful in Cary's work with the accountants. For example, "miles of stream protected" is considered to be a valid measure to demonstrate value gained.

Jamie asked if there was any additional dialogue around this proposal; there was none. The funding decision was approved by consensus of those present in person, on the phone, and represented by proxy.

**DECISION #3: Does the TRIG and ARG authorize funding of the Kaaland Property Floodplain and Riparian Restoration Project as proposed by the Skagit River System Cooperative for an amount not to exceed \$317,000 with current funds from SA 505?**

Jacob reminded the group about the highlights of the proposal.

Cary asked if the USFS would be amenable to a special use authorization to ensure the investment stands unaltered. Greta didn't know the details of how this would be addressed, but felt confident that an agreement could be reached if needed for PSE's / FERC's accounting requirements.

Stan noted that not all investments are made with the intent that they last unaltered for the whole 50-year term of the license. Cary agreed. Greta pointed out that the purpose of this article is riparian habitat, not necessarily trees; in this case, trees are a means to an end. The group noted that if the river "appropriates" the trees, that would actually be ideal in terms of creating high quality riparian habitat.

Jamie asked if there was any additional dialogue around this proposal; there was none. The funding decision was approved by consensus of those present in person, on the phone, and represented by proxy.

With the first Article 505 projects approved, there was celebration across the land. :)

**NEXT STEPS:**

Jacob will contact the project proponents to let them know the decisions made today. He pointed out that there will be a lot of contracting and scoping work in the immediate future; he will work with the proponents on this. There is no in-water work planned this year for any of the projects since the Faber Bridge work on the Kaaland project is slated for 2013.

The group agreed that the ARHWG should meet again to review and evaluate the process. Jacob will work with Arnie and Tony to identify the best meeting opportunity.