



Gorge Dam on the Skagit River

# **Report to the Legislature**

## **Water Power License Fees**

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Expenditures, Recommendations, and  
Recognition



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

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*by*  
*Water Quality Program*  
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# Executive Summary

The Department of Ecology (Ecology) and the Department of Fish and Wildlife (WDFW) receive funding to help the hydropower industry meet environmental regulatory requirements associated with Federal Energy Regulatory Commission (FERC) licensing and license implementation under Section 401 of the federal Clean Water Act. The requirements ensure that the project license includes necessary conditions to monitor and protect the quality of the state waters, habitat, and aquatic resources. Fees are collected under the authority of Revised Code of Washington (RCW) 90.16.050.

Water power license fees fund agency staff to develop and implement environmental protection, mitigation, and enhancement measures included in FERC-issued hydropower project licenses. Ecology submits a biennial progress report to the appropriate committees of the Legislature to demonstrate that the fees were used as intended by law. This report describes the progress made in three areas: (1) how license fees were expended in the current biennium and expected workload in the next biennium; (2) any recommendations related to the license fees; and (3) recognition of hydropower projects that exceed their environmental regulatory requirements.

In the 2013-2015 biennium, Ecology collected \$587,000 in base fees which help to fund the Ecology/ United States Geological Survey (USGS) cooperative stream flow gauging program. An additional \$1.024 million were collected from FERC-licensed projects. These additional fees help fund technical and policy staff from Ecology and WDFW to develop and implement license requirements. The total biennial cost to the state agencies for FERC hydropower licensing and implementation was about \$1.938 million. The fees funded 53 percent of the full workload associated with hydropower projects in the biennium. Federal and state funds supported the remaining 47 percent of the work performed. We expect the need for supplementation to the license fees again in the 2015-17 biennium to cover the full workload.

The fees collected to support FERC-related project work are set to expire June 30, 2017. House Bill 1130 was introduced in January 2015 by Representatives Jake Fey (D-27) and Shelley Short (R-7) to extend the sunset date to June 30, 2027, and maintain the state agencies' service to develop 401 water quality certifications and implement FERC license articles. The bill failed to pass out of the House of Representatives during the 2015 legislative session.

In the summer of 2015, Ecology and WDFW led a facilitated stakeholder process, as directed by an Ecology budget proviso, to explore the bill and review alternative fee structures. This stakeholder effort resulted in a large majority of stakeholder participants ultimately recommending that the legislature act to maintain the current fee structure under statute with an established sunset date of June 30, 2027. The ten year extension would allow assessment of the need for this revenue and consider whether to extend, modify, or end the fee at that time. This recommendation is generally consistent with House Bill (HB) 1130 of 2015. However, two stakeholders expressed opposition to this recommendation. Douglas County Public Utility District (PUD) proposed that the fees be allowed to sunset, and Grant County PUD proposed a revised fee structure. The stakeholders considered both of these concepts. Ultimately, the majority of stakeholders supported an extension of the fee and current structure to continue the state agency programs that support hydropower industry's environmental compliance, with the expectation of additional transparency and accountability for work that is funded by future fees.

The budget proviso-required report on the stakeholder process and summary of recommendations are attached as Appendix C.



# Introduction

Chapter 286 of the laws of 2007 incorporated Substitute Senate Bill 5881, an act relating to water power license fees, RCW 90.16.050, increasing fees for the use of Washington's waters to produce power. Until the law became effective on July 27, 2007, water power license fees had remained the same since 1929. This base fee, provided by RCW 90.16.090(1)(a), was and continues to be used to augment funding for the Department of Ecology/ United States Geological Survey (USGS) cooperative stream gauging program in the state. The 2007 revision added fees specifically for expenses associated with staff at the Department of Ecology (Ecology) and the Washington Department of Fish and Wildlife (WDFW) working on Federal Energy Regulatory Commission (FERC) relicensing and license implementation activities. This additional funding allows the state agencies to be more responsive to the hydropower industry's environmental regulatory requirements under Section 401 of the federal Clean Water Act and (FERC) licensing. These requirements ensure that the project license includes necessary conditions to monitor and protect the quality of the state waters, habitat, and aquatic resources.

The statutory language of RCW 90.16.050 is as follows.

**RCW 90.16.050: Use of water for power development — Annual license fee — Progress report — Exceptions to the fee schedule.**

(1) Every person, firm, private or municipal corporation, or association hereinafter called "claimant", claiming the right to the use of water within or bordering upon the state of Washington for power development, shall on or before the first day of January of each year pay to the state of Washington in advance an annual license fee, based upon the theoretical water power claimed under each and every separate claim to water according to the following schedule:

(a) For projects in operation: For each and every theoretical horsepower claimed up to and including one thousand horsepower, at the rate of eighteen cents per horsepower; for each and every theoretical horsepower in excess of one thousand horsepower, up to and including ten thousand horsepower, at the rate of three and six-tenths cents per horsepower; for each and every theoretical horsepower in excess of ten thousand horsepower, at the rate of one and eight-tenths cents per horsepower.

(b) For Federal Energy Regulatory Commission projects in operation, the following fee schedule applies in addition to the fees in (a) of this subsection: For each theoretical horsepower of capacity up to and including one thousand horsepower, at the rate of thirty-two cents per horsepower; for each theoretical horsepower in excess of one thousand horsepower, up to and including ten thousand horsepower, at the rate of six and four-tenths cents per horsepower; for each theoretical horsepower in excess of ten thousand horsepower, at the rate of three and two-tenths cents per horsepower.

(c) To justify the appropriate use of fees collected under (b) of this subsection, the Department of Ecology shall submit a progress report to the appropriate committees of the legislature prior to December 31, 2009, and biennially thereafter until December 31, 2017.

(i) The progress report will: (A) Describe how license fees were expended in the Federal Energy Regulatory Commission licensing process during the current biennium, and expected workload and full-time equivalent employees for Federal Energy Regulatory Commission licensing in the next biennium; (B) include any recommendations based on consultation with the Department of Ecology, and Washington Department of Fish and Wildlife, hydropower project operators, and other interested parties; and (C) recognize hydropower operators that exceed their environmental regulatory requirements.

(ii) The fees required in (b) of this subsection expire June 30, 2017. The biennial progress reports submitted by the Department of Ecology will serve as a record for considering the extension of the fee structure in (b) of this subsection.

(2) The following are exceptions to the fee schedule in subsection (1) of this section:

(a) For undeveloped projects, the fee shall be at one-half the rates specified for projects in operation; for projects partly developed and in operation the fees paid on that portion of any project that shall have been developed and in operation shall be the full annual license fee specified in subsection (1) of this section for projects in operation, and for the remainder of the power claimed under such project the fees shall be the same as for undeveloped projects.

(b) The fees required in subsection (1) of this section do not apply to any hydropower project owned by the United States.

(c) The fees required in subsection (1) of this section do not apply to the use of water for the generation of fifty horsepower or less.

(d) The fees required in subsection (1) of this section for projects developed by an irrigation district in conjunction with the irrigation district's water conveyance system shall be reduced by fifty percent to reflect the portion of the year when the project is not operable.

(e) Any irrigation district or other municipal subdivision of the state, developing power chiefly for use in pumping of water for irrigation, upon the filing of a statement showing the amount of power used for irrigation pumping, is exempt from the fees in subsection (1) of this section to the extent of the power used for irrigation pumping.

As prescribed by the statute, Ecology is required to submit a biennial progress report to the appropriate committees of the Legislature to justify the appropriate use of these fees. This report describes progress made in three areas: (1) how license fees were expended in the current biennium and expected workload in the next biennium; (2) any recommendations related to the license fees; and (3) recognition of hydropower projects that exceed their environmental regulatory requirements.

Included in this biennial report is a supplement report required by Engrossed Substitute Senate Bill (SSB) 6052, section 302, chapter 4, Laws of 2015, 3rd sp. sess. This proviso directed the Washington State Departments of Ecology (ECY) and Fish and Wildlife (DFW) to conduct a

stakeholder process to develop recommendations for restructuring the fees under Revised Code of Washington (RCW) 90.16.050 and report to the appropriate committees by December 1, 2015. The complete language of this proviso is provided below.

*(4) Within the amounts appropriated in this section, the department shall conduct a stakeholder process with the department of fish and wildlife to develop recommendations to restructure the fees under RCW 90.16.050 and report to the appropriate committees of the legislature by December 1, 2015.*

The state agencies coordinated a thorough process to gather restructuring recommendations. The facilitated process commenced in April 2015 and ended in November 2015, culminating in the development and review of this supplement report provided in Appendix C.

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# 1. Water Power License Fee Expenditures

The RCW 90.16.050 requires a progress report be submitted by the Department of Ecology (Ecology) each biennium that describes how license fees were expended for the FERC hydropower licensing process in the previous biennium, and expected workload and full-time equivalent (FTE) employees for FERC licensing in the current biennium.

Amendments made to RCW 90.16.050 and 90.16.090 allowed Ecology to revise the annual hydropower projects' water rights fee for use of water in Washington State beginning in December 2007. The amendments provided authorization to Washington Department of Fish and Wildlife (WDFW) and Ecology to spend these funds on specific activities associated with environmental protection, mitigation, and enhancement measures included in FERC-issued hydropower project licenses. The amendments included the following license fee schedule for FERC projects:

[RCW 90.16.050 (1)(b)]

*For federal energy regulatory commission projects in operation, the following fee schedule applies in addition to the fees in (a) of this subsection: For each theoretical horsepower of capacity up to and including one thousand horsepower, at the rate of thirty-two cents per horsepower; for each theoretical horsepower in excess of one thousand horsepower, up to and including ten thousand horsepower, at the rate of six and four-tenths cents per horsepower; for each theoretical horsepower in excess of ten thousand horsepower, at the rate of three and two-tenths cents per horsepower.*

Fee collection is based on the calendar year. In the 2013-2015 biennium, average annual revenues of \$512,000 were collected from FERC licensed projects based on RCW 90.16.050. This revenue is based on the FERC licensed hydropower fees that are set to expire June 30, 2017. Ecology also collected average annual revenues of \$293,000 in base fees provided by RCW 90.16.050 (1)(a) to help fund the Ecology/USGS cooperative stream gauging program in the state. These base fees were collected prior to the 2007 legislation and are not subject to the 2017 sunset date.

For more detail of fees charged to each licensee for base fees [RCW 90.16.050 (1)(a)] and FERC project fees [RCW 90.16.050 (1)(b)], see Appendix B of this document.

The water power license fees provide funding for state agency participation, which is necessary to issue Clean Water Act Section 401 water quality certifications and to implement other environmental requirements in FERC licenses under state authority. These funds are directed to Ecology's Water Quality (WQ) and Water Resources (WR) programs. Ecology uses half of this funding to contract with WDFW for related services such as technical assistance in meeting license requirements to protect, mitigate, and enhance fish, wildlife, and habitat. Due to the number of FERC-licensed hydropower projects and the wide range of activities that affect water quality and habitat, the fees have not covered the full workload associated with these projects in past biennia. We also do not expect fees to cover the full workload for the next biennium.

This fee is scheduled to sunset in June 2017. Statute requires biennial reporting to provide the Legislature with progress on the collection and use of the fees. This report serves as the last record for considering the extension of the fee structure as the 2007 legislation intended. Previous biennial reports for review are provided in Table 1.

**Table 1. Previous Biennial Progress Reports**

<b>Water Power License Fees: Biennial Reports to the Legislature</b>	
<b>Expenditures, Recommendations, and Recognition:</b>	
2011 - 13 biennium	<a href="https://fortress.wa.gov/ecy/publications/SummaryPages/1410048.html">https://fortress.wa.gov/ecy/publications/SummaryPages/1410048.html</a>
2009 - 11 biennium	<a href="https://fortress.wa.gov/ecy/publications/SummaryPages/1210048.html">https://fortress.wa.gov/ecy/publications/SummaryPages/1210048.html</a>
2007 - 09 biennium	<a href="https://fortress.wa.gov/ecy/publications/SummaryPages/0910095.html">https://fortress.wa.gov/ecy/publications/SummaryPages/0910095.html</a>

## Other funds that support the program

The state agencies supplement license fee revenue to fully fund agency staff involved in hydropower licensing, management staff time for policy direction and interagency coordination, and costs for legal consultation from the State Attorney General's (AG) Office. State general funds and federal contracts fulfill the budget needs to fully implement this work with hydropower operations. The bulk of the supplemental federal funds are provided by the Secretary of Interior through the Dingell-Johnson Act and by the Environmental Protection Agency through the Clean Water Act to WDFW and Ecology, respectively. In the FY2014 and FY2015, these federal funds provided approximately 40 percent of the funding for these state agencies' hydropower compliance programs. Without these additional funds the state would not be able to effectively complete 401 WQ certification and license implementation activities. These additional funds are also necessary to provide for agency staff review and comment on preliminary FERC projects applications which are not yet licensed by FERC and therefore have not been assessed water power license fees under a water right. Table 2 details the water power license fees spent in FY2014 and FY2015, and also notes additional funding totals and sources required to maintain these Ecology and WDFW programs. The total expenditures for the 2013-2015 biennium were \$1.938 million.

The water power license fee totals in Table 2 show the fees spent on FERC hydropower project activities in the 2013-15 biennium. For information on water power license fees collected in the 2013-15 biennium, see Appendix B which lists fees paid by project and owner.

**Table 2. FERC Project Expenditures by Agency, Program, Fiscal Year, and Fund Source**

Fiscal Year	Full time equivalent (FTEs)	Funding Source	Ecology Water Quality & Program A	Ecology Water Resources	WDFW Habitat Management	Totals
2014	10.3	Water Power License Fees	\$ 226,252	\$ 79,354	\$ 234,075	\$ 539,681*
		Other funding sources				
		General Fund - State	-		\$ 161,752	\$ 161,752
		Other State Funds	\$ 2,861	\$ 8,660		\$ 11,521
		Federal (Ecology)	112,377	-	-	112,377
		Federal (WDFW)	-	-	104,842	104,842
		Other **	8,281	-	21,453	29,734
		Total funding from other sources				
Total expenditures on hydropower project work - FY2014						\$ 959,907


2015	11.3	Water power License Fees	\$ 290,895	\$ 77,948	\$ 258,742	\$ 627,585*
		Other funding sources				
		General Fund - State	-	-	\$ 120,705	\$ 120,705
		Other State Funds	\$ 6,045	14,651		20,696
		Federal (Ecology)	64,346	-	-	64,346
		Federal (WDFW)	-	-	114,617	114,617
		Other **	8,281	-	21,453	29,734
		Total funding from other sources				
Total expenditures on hydropower project work - FY2015						\$ 977,683

\* Funds are spent from Water Power License Fees in the 027 Reclamation Account (<http://www.ofm.wa.gov/fund/detail.asp?fund=027>).

\*\* Attorney General's Office assistance is funded by assorted program funds FTE totals differ by fiscal year due to amount of legal assistance provided by the Attorney General's office in a given year.

Table 3 provides further detail of fulltime equivalent (FTE) workload. The table includes the current level of work funded by water power license fees compared to staffing levels required for each agency's program.

**Table 3. State Agency Fulltime Equivalent (FTE) Program Staffing in the 2013 - 2015 biennium.**

State Agency/Program	Project Involvement <sup>1</sup>	FTEs funded by hydro Fees	FTEs funded by other sources	Total FTE for FERC Projects
<b>Ecology - Water Resources</b> Water Resources Program	Technical assistance on instream flow issues for all projects statewide	0.55	0.10	0.65
<b>Ecology - Water Quality</b> Headquarters Office	Technical assistance to WQ regions on all projects statewide	0.57	-	0.57
<b>Ecology - Water Quality</b> WQP - Central Region Office	401 WQ certification coordination for projects in Ecology's Central Region.	-	0.85	0.85
<b>Ecology - Water Quality</b> WQP - Eastern Regional Office	FERC 401 coordination for projects in Ecology's Eastern Region.	0.65	0.17	0.82
<b>Ecology - Water Quality</b> WQP - Southwest Region Office	401 WQ certification coordination for projects in Ecology's Northwest Region.	0.40	-	0.53
<b>Ecology - Water Quality</b> WQP - Northwest Region Office	401 WQ certification coordination for projects in Ecology's Southwest Region.	0.46	-	0.46
<b>WDFW – Habitat Program</b> Energy Projects	Technical assistance on fish and wildlife issues for all projects statewide.	1.90	2.80	4.7
<b>WDFW – Other<sup>2</sup></b>	Technical assistance and policy engagement on fish, wildlife, water quality, and water resource issues for all projects statewide (not funded via expenditures in Table 2)	-	2.00	2.00
<b>Washington State Attorney General's Office</b>	Legal assistance with FERC Licensing, 401 WQ certifications, amendments, and settlement agreements. (Includes assistance provided to both Ecology and WDFW.)	-	0.22	0.22 <sup>3</sup>
 <b>Total State Agency FTEs</b>		4.53	6.14	10.8

The workload and FTE estimates for the state agencies may differ from one biennium to the next. In a biennium where more hydropower projects are being relicensed, the state workload for the existing projects will largely consist of 401 WQ certification and FERC license article oversight activities. After projects are relicensed, continued state agency participation is necessary to assist and oversee the implementation of conditions, settlement agreements, water quality compliance schedules, and other requirements of the certifications and license articles. In addition, the workload associated with new projects has increased since the initiation of the license fee due to renewed interest in small-scale projects. Currently there are several small-

<sup>1</sup> See Appendix A for summaries of work performed on FERC-licensed hydropower in FY 2014 and FY 2015.

<sup>2</sup> Estimate using best available information. Staff offering technical and policy assistance to FERC projects without hydropower-related funding sources identified in Table 1.

<sup>3</sup> Workload from the AG's office varied by year. The FTE average is 0.22.



scale projects in Washington that are in the early stages of initial licensing with FERC. These projects require considerable state agency resources during the initial proposal and pre-application process. Since many of these proposed projects do not currently hold a water right or FERC license, they are not assessed fees pursuant to RCW 90.16.050 unless or until they receive a water right and/or a FERC license. Alternate funds reported in Table 2 remain sufficient to fund the state agency workload for evaluating these proposed projects in the preliminary licensing phase.

The following section provides the expected future workload for Ecology's Water Quality (WQ) Program and Water Resources (WR) Program, and WDFW's Ecosystem Services Division. More detailed information of agency activities from the previous biennium is listed by project in Appendix A.

## **Ecology/ WQ Program funds expended**

WQ Program expenditures for FERC hydropower license work occurred at both the headquarters and regional levels. WQ staff in headquarters provided technical support to the regional 401 WQ certification coordinators for analysis of water quality studies, quality assurance project plans (QAPPs), review of water quality models, and interpretations of the water quality standards to develop 401 WQ certifications. WQ headquarters participation enhances consistency among regions on the development and implementation of certifications statewide. Headquarters staff also organized annual meetings with the operators, state agencies, and interested stakeholders, including the stakeholder fee structure review required by a 2015 Ecology budget proviso. Ecology and WDFW will continue to work with stakeholders through annual meetings and this detailed report, to show accountability for the effective use of these fees and transparency of how the funds is spent.

Regional Water Quality Program 401 WQ certification staff provide the lead point of contact for the dam relicensing and certifications in their regions. Responsibilities include all aspects of hydropower licensing to issue 401 WQ certifications, including:

- Participation in the FERC relicensing process—including meetings, workgroups, and settlement negotiations—as they relate to Ecology's 401 WQ certification authority.
- Review and preparation of comments on natural resource study plans, QAPPs, and environmental documents related to water quality.
- Development of 401 WQ certification conditions that protect, address impacts, and enhance water quality, flow, and habitat issues, with the assistance of Ecology's WR Program and WDFW.
- Communication with FERC, the licensee, tribes, state and federal resource management agencies (including USFWS), and stakeholders, on issues associated with conditions in the 401 WQ certification.
- Implementation of conditions in the 401 WQ certification and settlement agreements after issuance.
- Participation of Ecology managers and staff in the Water Power License Fee Structure Stakeholders Workgroup.

As in the previous biennium there are fewer existing dams entering the relicensing process, shifting state agency work to implementation and management of each 401 WQ certification. A large number of relicensed dams now have compliance schedules as part of their certification conditions which require ongoing implementation activities to comply with WQ standards. In the next several biennia, other large projects will be entering the relicensing phase. Relicensing efforts generally begin 10 years prior to the expiration date of the license. Ecology and WDFW work with these projects to plan and develop necessary research and data gathering that will be required for relicensing. This workload will be in addition to the continued work on implementing the 401 certification conditions for those projects recently relicensed. Implementation of 401 WQ certifications requires effort from both regional and headquarters FERC staff. These activities include review and approval of monitoring studies and water quality attainment plans, gas abatement approvals and related activities, adaptive management activities associated with the compliance schedule, and water quality modeling where needed. Ecology may also amend orders to some 401 WQ certifications. These amendments may be necessary to correct an error in the certification, incorporate a change in state water quality regulations, or to allow new construction or changes in operation.

## **Ecology/ Water Resources Program funds expended**

Water Resources Program (WR) staff provide technical analysis of licenses that may require flow modifications from new developments, and as a result of species protections (such as an Endangered Species Act listing) that were not present when the license was first issued by FERC. License conditions create continuous work – adjusting flows to the needs of fish, removing fish barriers, fish passage at dams, and modifying flow releases. These actions require a process of adaptive management with input from WR instream flow specialists. WR staff located at headquarters also process billing statements and collect the water power license fees.

WR Program activities include:

- Supporting settlement agreements and 401 WQ certifications through adaptive management workgroups.
- Adaptive flow-related management in response to new information, and flow management related to 401 WQ certification conditions.
- Settlement agreement negotiations and development of memorandums of agreement for instream flows for licenses and amendments to licenses.
- Water right permitting for power use.
- Writing instream flow language for 401 WQ certifications.
- Collecting and administering water power license fees.

The WR Program's expected workload in the next biennium will be similar in nature and quantity to that of the last 2013-2015 biennium. The WR Program will continue to assist the operators and regional Ecology FERC coordinators with the implementation of flow and habitat-related conditions.

## **WDFW funds expended**

WDFW staff activities included:

- Assisting Ecology during the development, implementation, and adaptive management of 401 WQ certifications. The agency provided technical fish and aquatic habitat expertise, including instream flow modeling and evaluation.
- Providing technical assistance and collaborating with hydropower project owners, tribes, and stakeholders throughout the FERC licensing and implementation process. Technical assistance includes consultation in the development and implementation of settlement agreement articles; and management plans resulting from settlement agreements, FERC license articles, and 401 WQ certification requirements. These management plans include elements necessary to protect aquatic resources as well as terrestrial resources.
- Providing internal WDFW coordination among WDFW Programs (Fish, Wildlife, Habitat, and Enforcement) and Divisions (Science, Fish Passage, etc.) to ensure agency-wide consistency in consultation with Ecology, FERC, and hydropower project owners.
- Oversight and consultation on natural resource protection and enhancement measures that are required by the FERC-issued operating licenses.
- Participation in natural resource technical committees during licensing, and communication with FERC, Ecology, tribes, project owners, and stakeholders.
- Providing Ecology with monthly summary reports of significant activities associated with FERC-licensed hydropower projects, and quarterly reports of products developed and technical assistance provided to FERC-licensed hydropower projects.
- Participation of WDFW managers and staff in the Water Power License Fee Structure Stakeholders Workgroup.

The 2013-2015 biennium contract provided WDFW \$259,000 per fiscal year in available funding from water power license fees. For the 2015-2017 biennium Ecology and WDFW maintained this funding amount in the renewed Interagency Agreement (Ecology Contract # C1600044) to continue work on FERC-licensed and proposed hydropower projects.

In general, WDFW's role is to monitor the implementation and adaptive management of the protection, mitigation, and enhancement measures for salmonids, bull trout, sturgeon, lamprey, and resident fish, and to consult with Ecology regarding these matters. WDFW staff participation is anticipated in any of the resource protection and enhancement measures that affect fish and wildlife, or their habitat, as well as measures that affect the beneficial uses of the water and fish and wildlife oriented recreation.

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## **2. Recommendations Related to the License Fees Expenditures**

RCW 90.16.050 also requires that the progress report include any recommendations based on consultation with the Washington State Departments of Ecology, and Fish and Wildlife, hydropower project operators, and other interested parties. During the 2015 Legislative Session, House Bill 1130 – Concerning Water Power License Fees, was introduced. The agency request legislation would have eliminated the sunset date while maintaining the current fee assessment established under State Senate Bill (SSB) 5881 in the 2007 legislative session. Several hydropower facility operators opposed House Bill 1130 during the 2015 legislative session and asked that it be amended to change how the water power license fees are calculated. Based on the testimony of these fee payers, a proviso was placed in Ecology’s budget. It directed the Department of Ecology, Water Quality Program, to conduct a stakeholder process in the summer of 2015, and develop recommendations to restructure water power license fees. The proviso also directed Ecology to submit the recommendations to the appropriate legislative committees by December 1, 2015.

Ecology and WDFW began meeting with the water power license fee payers in April 2015, and continued to hold facilitated monthly meetings to review options for restructuring the fee, and to develop recommendations for modifying the HB1130. The stakeholder meetings concluded in November, 2015 with the agreement that the recommendations be incorporated into this biennial report to the Legislature on Water Power License Fees. A full report on the stakeholder workgroup activities and conclusions was submitted to the legislature in December 2015. That report is attached as Appendix C.

The following is a summary of the workgroup activities and conclusions.

Stakeholder participants included:

- WDFW and Ecology staff;
- Fee-paying utilities (investor-owned utilities, public utility districts, municipal utilities, and independent generators);
- Environmental and recreational non-governmental organizations; and
- A process facilitator with Aaland Planning Services, Inc., contracted by the state.

While a number of high-value issues were discussed over the course of the process, the group focused its effort on:

1. Recommending the appropriate and most-supported fee structure, if any, for the legislature to consider as the current water power license fee approaches a legislative sunset date of June 30, 2017.
2. Recommending approaches to provide critical improvements to the state agencies’ transparency and accountability in its use of fee revenue as established in state law, strengthening opportunities to ensure efficient and effective engagement from the state on high-priority energy and conservation issues at hydropower facilities.

A large majority of stakeholder participants ultimately recommended that the legislature act to maintain the current fee structure under statute with an established sunset date of June 30, 2027, to continue the state agency programs that support hydropower industry's environmental compliance. The ten-year extension would allow assessment of the need for this revenue and consider whether to extend, modify, or end the fee at that time. This recommendation is generally consistent with House Bill (HB) 1130, introduced in January 2015 by Representatives Jake Fey (D-27) and Shelley Short (R-7) to extend the sunset date to June 30, 2027. Two stakeholders expressed opposition to this recommendation. Douglas County PUD proposed that the fees be allowed to sunset, and Grant County PUD proposed a revised fee structure. The stakeholders considered both of these concepts, and ultimately the majority of stakeholders supported an extension of the fee and current structure.

### **3. Recognition of Hydropower Operators Exceeding Environmental Requirements**

SSB 5881 also requires that the progress report recognize hydropower operators that exceed their environmental regulatory requirements.

#### **Low Impact Hydropower Institute certification**

The Low Impact Hydropower Institute (LIHI) is a non-profit 501(c)(3) organization dedicated to reducing the impacts of hydropower generation through the certification of hydropower projects that have avoided or reduced their environmental impacts pursuant to the Low Impact Hydropower Institute's criteria.

Ecology recognizes hydropower utilities that rise above, or exceed, their environmental regulatory requirements. In order to be certified by the Institute, a hydropower facility must meet criteria in the following eight areas:

1. River flows.
2. Water quality.
3. Fish passage and protection.
4. Watershed protection.
5. Threatened and endangered species protection.
6. Cultural resource protection.
7. Recreation.
8. Facilities recommended for removal.

The criteria standards are typically based on the most recent, and most stringent, mitigation measures recommended for the dam by expert state and federal resource agencies, even if those measures aren't a requirement for operating. A hydropower facility meeting all eight certification criteria will be certified by LIHI. Once certified, the owner or operator can market the power from the facility to consumers as produced by a LIHI- certified facility.

Hydropower projects in Washington that received LIHI certification can be found on the LIHI website at <http://lowimpacthydro.org/project-map/certified-facilities-list/>. The following are the six LIHI certification that are active in Washington State.

#### **North Shore Fishway Hydroelectric Project**

On November 11, 2011, the Dalles Dam North Shore Hydroelectric Project, (FERC #P-7076), operated by Northern Wasco County Public Utility District, earned a 4-year LIHI certification (#71). The Project is adjacent to the US Army Corps of Engineers Dalles Dam. The PUD facility is located on the north shore of The Dalles Dam in Washington State. November 11, 2015 the LIHI governing Board issued a Preliminary Certification Decision. A 5-year certification is pending.

## **Henry M. Jackson Hydroelectric Project**

On April 7, 2011, the Henry M. Jackson Hydroelectric Project, operated by Public Utility District No. 1 of Snohomish County, received LIHI certification (#75). In September 2011 the LIHI board approved an 8-year duration for the current certification. The certification is effective until April 7, 2019. The project is located on the Sultan River in Snohomish County, Washington.

## **Black Creek Hydro Project**

The Black Creek Project facility is located at Black Creek, Washington, approximately 30 miles east of Seattle. This project first earned LIHI certification (#6) in 2003 and was re-certified on October 23, 2008 under the ownership of Hydro Energy Development Corporation. The project was re-certified April 10, 2013. The certification is effective until April 10, 2018. The 3.7 MW Black Creek Project (FERC #P-6221) is now owned and operated by Black Creek Hydro Inc.

## **Seattle City Light – Skagit River Project**

On August 28, 2008 the Skagit River Project (FERC #P-553), owned and operated by Seattle City Light, was issued an 8-year LIHI certification (#5). The certification is effective until May 16, 2016. The Skagit River Hydroelectric Project is located in the upper Skagit River basin, in northeastern Puget Sound, Washington. Headwaters of the Skagit River originate in Canada, and the Project occupies a scenic area in the Mount Baker-Snoqualmie National Forest and Ross Lake National Recreation Area, adjacent to North Cascades National Park. The project includes three dams: Ross, Diablo, and Gorge.

## **City of Tacoma – Nisqually Project**

The Nisqually Hydroelectric Project (FERC #P-1862), operated by the city of Tacoma, first earned a LIHI certification (#8) in 2003. The project was re-certified in 2008 and most recently on April 15, 2013. The certification is effective until April 15, 2018. The project is located on the Nisqually River in western Washington, south of the city of Tacoma. The Nisqually River originates from the Nisqually Glacier on Mount Rainer, and flows about 80 miles west to Puget Sound.

## **Chelan County Public Utility District (PUD)**

The Lake Chelan Hydropower Project (FERC #P-637), operated by Chelan PUD, earned a LIHI certification (#30) on January 24, 2008. The project was re-certified on September 26, 2012 and is certified until September 26, 2017. The project is located on the Chelan River, near the city of Chelan, in Chelan County, Washington. The project occupies 465.5 acres of federal lands administered by the U.S. Forest Service and U.S. Department of the Interior, National Park Service.



# Appendices

## Appendix A. State agency workload by project

The following table provides a summary of Ecology and WDFW staff participation with each of the following hydropower projects. These activities included a variety of efforts to develop requirements to meet state environmental regulations, FERC requirements, and settlement agreement conditions. Each hydropower project is unique in its construction, operation, and environmental challenges and this reflected in the variety of work among projects listed below. Each project is also on its own timeline of licensing or implementation process so work with some projects require more staff participation from on year to another. This table summarizes the activities of state agency staff in the 2013-2015 biennium. General work performed in this biennium includes the following activities:

- Development of 401 WQ certifications for re-licensing and pre-licensing of several projects
- Participation in regular workgroup meetings to provide expertise or clarity on regulatory requirements,
- Review and approval of reports, including water quality management plans, aquatic resource plans,
- Consultation on water quality management and attainment of requirements in FERC license, settlement agreements and 401 WQ certifications
- Consultation on aquatic and terrestrial habitat requirements in FERC license, settlement agreements and 401 WQ certifications
- Response to public and stakeholder inquiries and public disclosure requests for information
- Attendance to public meetings to represent state agency and respond to questions about state role in the licensing process
- Consultation with the State Attorney General Office on active and potential litigation
- Attendance to hydropower project site visits to better understand each project and site-specific conditions to meet regulatory requirements
- Environmental engineer review and consultation of water quality models and results

Project specific activities are summarized in the following table.

Project Name	Licensee	FERC No.	State Agency Activities
<b>Baker</b>	Puget Sound Energy (PSE)	P-2150	<ul style="list-style-type: none"> <li>Reviewed and updated water quality protection plan</li> <li>Coordinated short term construction projects in Baker Hydroelectric project area</li> <li>Reviewed Annual water quality report</li> <li>Consultations on TDG feasibility plan and Water Quality Attainment Plan</li> <li>Responded to project related public complaints and inquiries and took required actions</li> <li>Participated in some Aquatics Resource Group meetings and reviewed monthly meeting notes</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Aquatic Resources Group Large Woody Debris Allocation Procedures Document</li> <li>Annual Report for Article 110 Shoreline Erosion</li> <li>Implementation of SA 505 Aquatic Riparian Habitat Project Selection, Terrestrial Resource Implementation, and Fish Co-Managers (SA 101) Meetings Recreation Resource, and Aquatic Resources Implementation</li> <li>Consultation on elk habitat, wetlands, and deciduous forest habitat</li> <li>Aquatic Riparian Habitat Noxious Weed Annual Reports</li> <li>Article 410 Shoreline Erosion Annual Report</li> </ul>
<b>Banks Lake Pumped Storage</b>	Columbia Basin Hydropower	P-14329	<p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Resident Fish Management Plan</li> </ul>
<b>Black Canyon</b>	Black Canyon Hydro, LLC.	P-14110	<ul style="list-style-type: none"> <li>Attended Aquatic Working Group Meetings</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Consultation meetings and technical assistance to licensee</li> <li>Responded to multiple project related inquiries from the public.</li> <li>Provided input at initial study report multiagency meetings.</li> <li>Reviewed water quality study report and provided comments and recommendations to the license and FERC.</li> <li>Technical consultations with Ecology staff, AG office, WDFW, Snoqualmie Tribe, Tulalip Tribe, and King County, to discuss project impacts and operation options.</li> <li>Reviewed comments submitted by other stakeholders</li> <li>Researched project related historical documents</li> <li>Responded to public disclosure requests</li> <li>Recommended improvements to the Aquatic Study Plan</li> <li>Emergent Trout &amp; Spawning Survey License Study Report</li> <li>Terrestrial Wildlife and Habitat Impacts Consultation</li> </ul>
<b>Black Creek</b>	Black Creek Hydro, Inc.	P-6221	<p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Provided comments and project related information to assist with LIHI certification</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Boundary Dam	Public Utility District No. 1 of Pend Oreille Co.	P-2144	<ul style="list-style-type: none"> <li>• Participated in regular Boundary Resource Coordinating committee meetings</li> <li>• Fish &amp; Aquatics workgroup meetings</li> <li>• Terrestrial Resources workgroup meetings</li> <li>• Water quality workgroup meetings</li> <li>• Hatchery Sub-Committee meetings</li> <li>• Sullivan Creek meetings</li> <li>• Mill Pond Dam Removal meetings</li> <li>• TDG Subgroup meetings</li> <li>• Hatchery Tech Committee</li> <li>• Negotiated in Settlement Agreement meetings to reach agreement on terms and conditions for the new license consultations between Ecology and WDFW</li> <li>• Reviewed Aquatic Habitat Improvements Projects</li> <li>• Site Visits Metaline Falls Sullivan Creek Delta ELJ site</li> <li>• 2014-15 Field Work and WQ monitoring</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Boundary Water Quality 401 Certification/Order No. 8872</li> <li>• Water Quality Management Plan, January 2014</li> <li>• TDG Attainment Plan</li> <li>• Annual TDG Reports</li> <li>• Terrestrial Resources Monitoring &amp; Adaptive Management Plans, March 2014</li> <li>• Terrestrial Resources Compliance Report, April 2015</li> <li>• Hydrophone Assessment Work for Fishway Development</li> <li>• Weed and Treatment Plan, July 2014</li> <li>• Recreational Fish Stocking Program</li> <li>• Native Salmonid Conservation Facility feasibility</li> <li>• Native Salmonid Conservation Program Genetic Pop Management Unit Scenario</li> <li>• Naturalized Rearing Tech Memo</li> <li>• WCT Imprinting Study</li> <li>• 2014 work plans including Bathymetric Survey</li> <li>• Habitat Management Plan, January 2014</li> <li>• 2015 Habitat Improvement projects</li> <li>• Tributary Management Plan, March 2014</li> <li>• Mainstem LWD at Tributary Deltas</li> <li>• Draft Habitat assessment Plan, June 2015</li> </ul> <p><i>Continued on next page</i></p>

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- TDG Monitoring QAPP, February 2014
- Temperature Monitoring QAPP, January 2014
- Draft temperature technical memo, March 2015
- D.O. QAPP, December 2013
- D.O. Monitoring Reports
- D.O. Tech Memorandum, February 2015
- PIT reader Pilot Installation
- Temperature Technical memo, March 2015
- Annual Temperature Measure Implementation Reports
- BioTelemetry Study Plan, August 2014
- Fish Tissue Sampling Data for Lead & Zinc, January 2015
- Article 403 Operation Compliance Monitoring Plan, April 2014
- Operational Monitoring of Reservoir Level Plan, April 2014
- Draft Tailrace Recreation Area Habitat Enhancement Plan, January 2014
- Sullivan Headwaters 2016 Implementation Plan, September 2014
- Sullivan Creek Landslide Restoration Implementation Plan, December 2014
- Sullivan Delta Engineered Log Jam Status
- Draft Reasonable & Prudent Measure 1 of BiOp, May 2014
- Tributary Management Plan Informal Comments
- Approved ELJ 90% plans
- Draft Sullivan Creek Dispersed Recreation Restoration Plan, March 2015
- Draft Trout Habitat Restoration Environmental Assessment, March 2015
- Sullivan Creek Engineered Log Jam Remediation, March thru December 2014
- Proposed Erosion Control Monitoring Sites Plan, August 2014
- USFS Sediment Delivery Reduction Proposals
- Erosion Monitoring Report, May 2015
- Above Sullivan Fund
- White Fish Egg mat Study
- Kalispell Tribes Watershed Assessment Proposal
- Cobble Sisters
- Draft Monitoring QAPPS for Aquatic Invasive Species Control & Prevention Plans, New Zealand Mudsnaill, Zebra/Quagga Mussels, , Fish Tissue Sampling
- WDOE & FERC letters regarding Fish Tissue sampling per QAPP
- Draft Hatchery Feasibility Report, Concept Plans, September 2014
- Usk Hatchery Water Rights Review, March 2014
- Usk Site Phase II planning
- Hatchery Site Feasibility Report

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			<p><i>Continued from previous page</i></p> <ul style="list-style-type: none"> <li>• Draft Shoreline Program Plan, February 2014</li> <li>• Mill Pond Dam Removal draft plans, Geotechnical reports, Work Summaries Mill Pond Project Goals, Objectives, and Design Criteria</li> <li>• Mill Pond Dam Coring &amp; Soil Sampling JARPA, January 2015</li> <li>• Mill Pond RFQ &amp; RFP Evaluation</li> <li>• Mill Pond Dam Deadline Extension Request for Plan Submittal, January 2015</li> <li>• Salmonid Densities Estimates Report</li> <li>• Native Salmonid Conservation Plan</li> <li>• Draft Cold Water Release Structure Plans at Sullivan Dam</li> </ul>
Project Name	Licensee	FERC No.	State Agency Activities
Box Canyon	Seattle, City of	P-2042	<ul style="list-style-type: none"> <li>• Attended Fish &amp; Aquatics workgroup meetings</li> <li>• Fish Sub Committee meetings</li> <li>• Integrated Aquatic Plant Management meetings and workshops</li> <li>• Technical Committee workgroup meetings</li> <li>• Wildlife Sub Committee meetings</li> <li>• Integrated Weed Management/Rare Plant meetings Sub Committee meetings</li> <li>• Habitat Subcommittee Meeting</li> <li>• TRWG Meeting</li> <li>• BRCC Meeting</li> <li>• Site visits to Box Canyon and tributaries for technical assistance and report verification</li> <li>• Piscicide Public Meeting</li> <li>• Consultations with Washington Department of Fish and Wildlife , USFWS, National Forest Service and the Kalispell Tribe</li> <li>• NSCP HTS Meeting</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Aquatic Plant Management Plan</li> <li>• Annual Rare Plant Management Report, January 2014</li> <li>• Annual Shoreline Management Plan Report</li> <li>• Comprehensive Wildlife Management Plan-Second Phase Work Plan</li> <li>• Annual Water Quality Monitoring Data Reports</li> <li>• Kelly Island WQ Monitoring Changes, September 2014 thru January 2015</li> <li>• Temperature Water Quality Attainment Plan</li> <li>• Annual Terrestrial Resources Reports</li> </ul> <p><i>Continued on next page</i></p>

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- Sullivan Creek Temperature Monitoring Plan, April 2014
- Sullivan Lake Fish Management Fund
- Status of recent tributary habitat improvement
- Landowner Streambank Restoration Project Funding requests, ongoing
- Trout Habitat and Restoration Plan, August 2014
- North Fork Calispell Creek Habitat Restoration Plans
- Sullivan Creek Dock & Boat Launch Plans March 2014
- Erosion Control, Prevention and Remediation Plan
- Quarterly Erosion Control Prevention & Remediation Plan Reports
- Annual Integrated Weed & Rare Plant Reports
- Annual Fish Stranding Reports
- Upstream Fishway Fish Behavior Study Plan
- Upstream fish passage designs
- Upstream Fishway Construction Plans
- Department of Interior conditions for activities
- Operation and Maintenance of the Upstream Fish Passage Facility
- Fish Passage Reports, BiOp Review, September, 2014
- Box Canyon Recreation Plan and reports
- Calispell Lower North Fork In-stream Restoration Report
- Calispel Creek Pump Plant Fish Passage Studies & Plans
- Middle Fork Calispel Creek Culvert Plans, June 2014
- Middle Branch LeClerc Creek Habitat Enhancement Plans
- Tributary habitat improvement projects for North Fork Calispell and Middle Branch LeClerc Creek
- Harvey Creek Road Project, March 2014
- Fish Behavior & Design Investigations for Target Fish Species
- Fish Ladder Biological Assessment, September 2014
- Upstream Fishery Trapping & Hauling and Fish Passage Facilities Plans
- Downstream Fish Passage Study Plan, December 2014
- Annual Resource Coordination & Monitoring Implementation Plans & Annual Reports
- Annual Shoreline Management Plan
- Annual Drawdown Reports
- Recreation Resource Management Plan and Reports Annual
- TDG Abatement Monitoring Reports
- Revised TDG Abatement Plan

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- Temperature Management Plan
- Box Canyon draft turbine upgrade plans
- Box Canyon Operational Compliance Report, April 2014
- Stream Gage Monitoring Report
- Status of Ruby and Edgewater Projects
- Integrated Weed Management /Rare Plant Sensitive Species
- RRM Study Plan
- Bathymetric Survey
- White Fish Egg mat Study
- Piscicide Project Proposal Smalle Creek
- Interlocal Agreement submitted to PUD for Fish Eradication
- Wildlife Subcommittee approval of effectiveness monitoring plan
- Watershed Plan
- Eagle surveys
- Cottonwood Pine Tree enhancement
- Wetland Monitoring and Maintenance
- Upstream Passage BA
- Vegetation plans for USFS Ruby & Edgewater Site
- Status of USFS Grazing Allotment for MB LeClerc
- Ruby Ferry Landing Monitoring Report
- Communication and Coordination Protocol
- Success Criteria for Stream Restoration Projects
- Red Man Pre-proposal
- Identification Prioritization Stream Rehabilitation & Genetic Analysis Cee Ah Cr.
- Naturalized Rearing Tech Memo
- Fish Barrier Replacement Proposal
- Shoreline Management Plan Annual Report
- Downstream Fishways – fish Behavior, Survival, and Design Investigations Plan
- Comprehensive Wildlife Management
- Tributary Habitat Restoration Plan
- Trout Habitat and Restoration Plan
- Native Salmonid Conservation Program Genetic Pop Management Unit Scenario

Project Name	Licensee	FERC No.	State Agency Activities
Calligan Creek	Public Utility District No. 1 of Snohomish County	P-8864	<ul style="list-style-type: none"> <li>• Several one-on-one consultation meetings and communications with licensee, WDFW, Snoqualmie Tribe, AG office, and other stakeholders.</li> <li>• Attended several project related multiagency meetings and provided technical comments</li> <li>• Provided technical assistance to the licensee for application development, reports development and public notice development.</li> <li>• Researched historical documents and reviewed comments from other stakeholders on 401 certification application.</li> <li>• Reviewed and commented on water quality study plans</li> <li>• Reviewed 401 certification application and denied without prejudice.</li> <li>• Negotiated 401 conditions and monitoring requirements with SNOPUD, Snoqualmie Tribes, WDFW and other stakeholders.</li> <li>• Responded to all the stakeholders comments received for draft 401 water quality certification</li> <li>• Coordinated with SEA program for CZMA issuance.</li> <li>• Issued final 401 water quality certification</li> <li>• Post license 401 certification management and reviewed plans WQPP, SPCC</li> <li>• Coordinated with Ecology staff for 402/401 implementation (402 is the construction stormwater general NPDES permit for the facility.)</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Additional Study Requests</li> <li>• Comments on Draft License Application</li> <li>• Terrestrial Resource Management Plan</li> <li>• Negotiation of Additional Study Requests</li> <li>• Protection, Mitigation, and Enhancement Measures for the Final License Application</li> <li>• Upstream Fish Passage Structures</li> <li>• Tailrace and Diversion Structure</li> <li>• Final License Application Amendment</li> <li>• Instream Flow Incremental Methodology Management Plan</li> <li>• Scoping Meeting</li> <li>• Comprehensive Plans</li> <li>• 401 Certification</li> <li>• Hydraulic Project Approval Permit</li> </ul>



Project Name	Licensee	FERC No.	State Agency Activities
Chelan Falls Hydro Project	Public Utility District No. 1 of Chelan County	P-637	<ul style="list-style-type: none"> <li>Continued participation in workgroup meetings</li> <li>Site visits to evaluate channel improvements for spawning and rearing habitat</li> <li>Lake level management discussions</li> <li>Attended Chelan River Fish Forums</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Biological status report.</li> <li>Temperature model study plan and vegetation analysis</li> <li>Chelan River Biological Evaluation and Implementation Plan</li> <li>Lake Chelan Annual Work Plan</li> <li>Annual Water Quality/ Minimum Flow Report</li> <li>Habitat Channel Habitat Suitability Index</li> <li>Minimum Flow Deviation Report</li> <li>FERC order approving revision to project boundary instream flow deviation</li> <li>Chelan River Reach 4 snorkel survey results</li> <li>Order revising annual flow and water temperature reporting date</li> <li>Assisted a fish salvage operation in the Lake Chelan Hydroelectric Project stilling basin</li> <li>Chelan River Spawning Channel</li> <li>Entiat Park Boat Launch Repair and Riparian Restoration</li> <li>Kokanee spawning ground surveys</li> <li>Lake Chelan Wildlife Plan</li> <li>Removal of the 25-mile creek fish passage barrier</li> <li>Budget for the 2014 Lake Chelan Annual Work Plan</li> <li>Chelan River temperature modeling</li> <li>Whitewater spill (375-400 cfs) event - yellow rock movement in the channel</li> <li>Westslope cutthroat trout stocking coordination</li> <li>Lake Chelan Annual Lake Level Report</li> <li>Lake Chelan Fish Forum meetings</li> <li>Annual Implementation and Monitoring Report</li> <li>Recreation use data</li> <li>Chelan Lookout Marina application</li> <li>Erosion Control Implementation Plan</li> <li>Grandview on the Lake 17-slip marina</li> <li>Wildlife surveys</li> <li>Water temperature monitoring data</li> <li>Quality Assurance Protection Plan Chelan River Temperature Model</li> <li>Lake Chelan Winter Wildlife annual report</li> </ul> <p><i>Continued on next page</i></p>

			<p><i>Continued from previous page</i></p> <ul style="list-style-type: none"> <li>• Payment agreements site to review statement</li> <li>• Fish stocking report</li> <li>• Proposed amendment to a fall (October1) target elevation</li> <li>• Settlement Agreement</li> <li>• Habitat Channel gravel supplementation</li> <li>• Chelan River PHABSIM model</li> <li>• Stehekin Area Implementation Plan and Riparian Zone Plan</li> <li>• Chelan River Riparian Feasibility study</li> <li>• Mitigation Report for plant survival at Don Morse Park</li> </ul>
Project Name	Licensee	FERC No.	State Agency Activities
Cowlitz Falls	Public Utility District No. 1 of Lewis County	P-2833	<p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Incidental Take Statement Terms and Conditions</li> <li>• CHAP kick-off meeting</li> <li>• 1986 Management Agreement</li> <li>• CHAP evaluation of 1997 Wildlife Mitigation Lands</li> <li>• CHAP species list</li> <li>• Annual maintenance drawdown by LCPUD</li> <li>• unit #3 mitigation lands</li> <li>• BiOp Implementation meeting</li> <li>• 2014 work plan to meet the BiOp RPMs</li> <li>• seining stilling basin</li> <li>• 1996 HEP effort</li> <li>• annual meeting</li> <li>• Annual mitigation lands tour</li> <li>• NFS experimental forest applications</li> <li>• cross walking CHAP with HEP</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Cushman No. 1 & Cushman No. 2	Tacoma, City of	P-460	<p>Agency staff Attended the Fisheries and Habitat Committee and met with operator to tour Quinault Net Pen.</p> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Water Quality Improvement Plan</li> <li>• Total Dissolved Gas Monitoring Plan</li> <li>• Hydro Compliance Program Annual Report</li> <li>• Software malfunction which resulted in dewatering event</li> <li>• Coho, sockeye, steelhead and spring Chinook Hatchery Genetic Management Plans</li> <li>• Annual HHD ESA meeting</li> <li>• Little Falls Channel Modification Construction Techniques and Contingency Plan Technical Memorandum and the design drawings</li> <li>• flow modification letter</li> <li>• channel course of the North Fork Skokomish into the mainstem Skokomish River shortening the NF</li> <li>• settlement agreement</li> <li>• FHC meeting</li> <li>• Hatchery Monitoring plan</li> <li>• HMP document</li> <li>• drought conditions and prevention measure</li> <li>• Little Falls modification HPA</li> <li>• FHC Hatchery genetic Management Plan process</li> <li>• FHC consultation on blasting impacts to salmonid red</li> <li>• upstream collector post construction operations plan</li> <li>• 2014/2015 flow plan</li> <li>• Notification of over blast at Little Falls passage modification</li> <li>• pool 1 repairs</li> <li>• disposition of fish caught in the adult collector in 2014/2015</li> <li>• Lake Cushman elevation decision document</li> <li>• fish flows</li> <li>• zooplankton decision document</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Enloe	Public Utility District No. 1 of Okanogan Co.	P-12569	<ul style="list-style-type: none"> <li>• Attended meetings and participated in discussions about potential removal of Enloe Dam</li> <li>• Assisted with language for an Order related to Aesthetic Flow studies</li> <li>• Provided documents for public disclosure request associated with 401 WQ certification appeal</li> </ul> <p><b>Provided review/approval and regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• FERC License Order</li> <li>• Extension of time request letter for completion of Article 403</li> <li>• Owner's Dam Safety Program</li> <li>• Coordination with WDFW District staff</li> <li>• Public Safety Plan-fishing access</li> <li>• Ute Ladies' - Tresses Monitoring Plan</li> <li>• Okanogan PUD Commission meeting-dam removal or electrify</li> <li>• Aesthetic Management Plan</li> <li>• Ecology's letter RE: PCHB Hearing Results and Recreation, Aesthetics, and Operations Management Plans</li> <li>• Operation Compliance Monitoring Plan</li> <li>• Enloe dam Fire Suppression Plan</li> <li>• American Whitewater et. al. request for rehearing of the 12/2 FERC approval of the Aesthetic Management Plan for Enloe</li> <li>• Water Quality 401 Water Quality Certification</li> <li>• Recreation Management Plan</li> <li>• Minimum Instream Flow</li> <li>• Conservation Groups Comments on Article 410 Recreation and 414 Aesthetics Management Plans</li> <li>• FERC response to Submission of Article 409 Wildlife Management Plan</li> </ul>
Howard Hanson	Free Flow Power	P-13848	<ul style="list-style-type: none"> <li>• Participated in Water Management Coordination Meeting</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Hancock Creek	Public Utility District No. 1 of Snohomish County	P-13994	<p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Several one-on-one consultation meetings and communications with licensee, WDFW, Snoqualmie Tribe, AG office, and other stakeholders.</li> <li>• Attended several project related multiagency meetings and provided technical comments</li> <li>• Provided technical assistance to the licensee for application development, reports development and public notice development.</li> <li>• Researched historical documents and reviewed comments from other stakeholders on 401 certification application.</li> <li>• Reviewed and commented on water quality study plans</li> <li>• Reviewed 401 certification application and denied without prejudice.</li> <li>• Negotiated 401 conditions and monitoring requirements with SNOPUD, Snoqualmie Tribes, WDFW and other stakeholders.</li> <li>• Responded to all the stakeholders comments received for draft 401 water quality certification</li> <li>• Coordinated with SEA program for CZMA issuance.</li> <li>• Issued final 401 water quality certification</li> <li>• Post license 401 certification management and reviewed plans WQPP, SPCC</li> <li>• Coordinated with Ecology staff for 402/401 implementation (402 is the construction stormwater general NPDES permit for the facility.)</li> <li>• Hydraulic Project Approval Permit</li> <li>• Terrestrial Resource Management Plan</li> <li>• Protection, Mitigation, and Enhancement Measures for the Final License Application Amendment</li> <li>• Upstream Fish Passage Structures, Tailrace, and Diversion Structure for Final License Application Amendment</li> <li>• Instream Flow Incremental Methodology Management Plan</li> <li>• Scoping Meeting</li> <li>• Comprehensive Plans</li> </ul>
Henry M. Jackson Project	Public Utility District No. 1 of Snohomish County	P-2157	<ul style="list-style-type: none"> <li>• Post 401 project management</li> <li>• As primary contact for the project, coordinated meetings, comments, Ecology internal staff, WDFW, concerned tribes, AWW and other stakeholders.</li> <li>• Technical consultations to address drought conditions.</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Aquatic Resource Committee meeting</li> <li>• Diversion Dam Volitional Fish Passage Article</li> <li>• Operation Compliance Monitoring Report</li> <li>• Ramping Rate Evaluation for the Constructed Side Channels Study Plan</li> <li>• Fish and Habitat Monitoring Plan Annual Report</li> <li>• Fish Habitat Enhancement Projects Plan Annual Report</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
<b>John Day Pumped Storage</b>	Klickitat Co. PUD	<b>(proposed project)</b>	<ul style="list-style-type: none"> <li>• Reviewed PAD and provided comments</li> <li>• Met several times with proponents to understand proposal and provide potential issues</li> <li>• On-site meeting with proponents and other agencies &amp; stakeholders</li> </ul>
<b>Mayfield &amp; Mossyrock Projects</b>	Tacoma, City of	P-2016	<p>Ecology and WDFW regularly Attended the adaptive management group meetings to assess adequacy of instream flow releases for the various species of salmon during spawning, rearing and outward migration life stages; fish passage and aquatic habitat improvements, and review reports.</p> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Adult release site on the Cispus River</li> <li>• FERC License</li> <li>• Settlement Agreement</li> <li>• APR meeting</li> <li>• Strategic plan</li> <li>• Cowlitz Falls North Shore Fish Collector construction report</li> <li>• Grant program</li> <li>• Steelhead population</li> <li>• Fish passage</li> <li>• Upper Riffe Lake collector designs</li> <li>• Adaptive Management Plan decision key</li> <li>• Wild steelhead brood stock collection</li> <li>• Acclimation of 2 million fall Chinook smolts</li> <li>• Cowlitz Falls Northshore Collector</li> <li>• Mayfield net pens</li> <li>• Cowlitz Restoration and Recovery Fund</li> <li>• Annual Program Review and Public process</li> <li>• Fish passage survival</li> <li>• Species list for habitat evaluation</li> <li>• Cowlitz Falls Dam Fish Collection Efficiency Studies</li> <li>• Work plans</li> <li>• Trout stocking plan</li> <li>• Settlement Agreement mitigation land monitoring</li> <li>• Cowlitz Restoration and Recovery Plan</li> <li>• Lewis County Water and Sewer District #6 District's insurance obligation</li> <li>• funding program ranking and selection process</li> <li>• Northshore Collector</li> <li>• Recovery Board funding process</li> <li>• 401 permit</li> <li>• Drought / minimum flow</li> </ul>

NWRO – Northwest; SWRO – Southwest; CRO – Central; ERO – Eastern

Project Name	Licensee	FERC No.	State Agency Activities
<b>Merwin Dam</b>	PacifiCorp Company	P-935	Ecology worked with operator to develop necessary 401 Certification amendments.  <b>Provided review/approval and regulatory assistance:</b> <ul style="list-style-type: none"> <li>• Landowner Access Agreement</li> <li>• acclimation ponds</li> <li>• PacifiCorp's \$5M insurance requirement</li> <li>• Devils Backbone WHMP mitigation lands</li> <li>• Wildlife mitigation lands funds</li> </ul>
<b>Northern Wasco County People's Utility District</b>	Dalles Dam North Fishway	P-10204  <b>Proposal withdrawn 2015</b>	<ul style="list-style-type: none"> <li>• Attended pre-application meeting, provided feedback</li> <li>• Responded to Proponent inquiries about 401 process and water quality issues</li> </ul>
<b>Packwood Lake</b>	Energy Northwest (WPPSS)	P-2244	Ecology visited site and met with utility and others to adaptively manage flow, habitat and fish attraction.  <b>Provided review/approval and/or regulatory assistance:</b> <ul style="list-style-type: none"> <li>• seining stilling basin</li> <li>• coho disposition</li> </ul>
<b>Rock Island</b>	Public Utility District No. 1 of Chelan County	P-943	<ul style="list-style-type: none"> <li>• Reviewed technical reports</li> <li>• Discussed implications of Wanapum Reservoir draw-down on WQ monitoring</li> </ul> <b>Provided review/approval and/or regulatory assistance:</b> <ul style="list-style-type: none"> <li>• Gas Abatement Plans (GAPs)</li> <li>• Total Dissolved Gas reports</li> <li>• Attended fish forum discussions</li> <li>• Interim Fish Passage Plan</li> <li>• Activities related to the Wanapum emergency draw down</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Priest Rapids and Wanapum	Public Utility District No. 2 of Grant County	P-2114	<ul style="list-style-type: none"> <li>On-going participation in development and approval of study plans, Water Quality Protection Plan WQPP, TDG, Aquatic Invasive Species Plans</li> <li>Implementation of White sturgeon and Pacific Lamprey plans and other implementation stages of the 401 water quality certification.</li> <li>Participated in Fish &amp; Aquatics workgroup meetings – also ongoing: <ul style="list-style-type: none"> <li>multiple white sturgeon supplementation dispute meetings and Resolution process</li> <li>multiple Pacific Lamprey NNI dispute meetings</li> </ul> </li> <li>Provided expertise in fisheries workgroup meetings</li> <li>Fall Chinook workgroup meetings</li> <li>Priest Rapids Fish Forum workgroup meetings</li> <li>White Sturgeon Recovery workgroup meetings</li> <li>Pacific Lamprey workgroup meetings</li> <li>Consultations with Washington Department of Fish and Wildlife , USFWS, and the Yakama Tribe</li> <li>2014 - Multiple Wanapum Dam Structure Problem meetings and documents, multi-agency communications</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Annual Wildlife Habitat Information &amp; Education Reports</li> <li>White Sturgeon Management Plan</li> <li>White Sturgeon Management Annual Reports</li> <li>Pacific Lamprey Management Plan</li> <li>Pacific Lamprey Management Annual Reports</li> <li>Pacific Lamprey 5-Year Objectives Status Report, February 2014</li> <li>Bald Eagle Nest &amp; Perch Plan Annual Report</li> <li>Annual Aquatic Invasive Species Report</li> <li>Annual Bull Trout Monitoring &amp; Evaluation Report</li> <li>Annual Comprehensive Passage Evaluation Report</li> <li>Lamprey Passage Issues Study Plan, June 2015</li> <li>Annual Fishway Temperature Monitoring Reports</li> <li>Temperature Modeling Changes Proposal, August 2014 ongoing</li> <li>Draft Benthic Community Report, January 2015</li> <li>Shallow Water Habitat Water Quality Monitoring Report</li> <li>Water Quality Study Results Report, February 2014</li> <li>TDG Annual Monitoring Report and Gas Abatement Plan</li> <li>Wanapum Dam Advanced Turbine TDGs Report, February 2014</li> <li>Annual Water Quality Report</li> </ul> <p><i>Continued on next page</i></p>



***Continued from previous page***

- Annual Hatchery Reports
- Annual Resident Fish Annual Report
- Erosion Control Prevention Remediation Plan, August 2014
- Hanford Reach Vernita Bar Research JARPA, October 2013
- Hanford reach Spawning Success Report, June 2014
- Hanford Reach Fall Chinook Protection Report, November 2014
- Hanford Reach Grant County PUD Request for Time Extension Study & Plan, August 2014
- Hanford Reach Implementation Feasibility Study Implementation Plan, April 2015
- Final Bull Trout Monitoring & Evaluation Report
- 2013 Stranding & Entrapment Report, January 2014
- Predation Report, February 2014
- Hydropower Impacts to Fall Chinook Study, February 2014
- Draft Study Report for Advanced Turbine TDG Evaluation
- Priest Rapids Dam Five Year Report
- Huntzinger Recreation Area Project, WQPP, November 2013
- Frenchman Coulee Boat Launch, JARPA, December 2013
- Wanapum Dam Upper Boat Launch JARPA/SEPA, January 2015
- Wanapum Fish Bypass Spillway repair, September, 2013
- Buckshot Mitigation Plan
- Land Use Agreements for Frenchman Coulee and Buckshot
- GCPUD/WDFW Interagency Communication Guidance
- Progress Report for Grant PUD's Final Plan and Schedule for Crescent Bar island
- Sturgeon stocking
- Columbia River Hanford Reach New Zealand Mudsail Management Response document
- Priest Rapids Fish Forum meeting protocols and dispute resolution
- Procedures and Standards Manual for Priest Rapids Shoreline Management Plan
- Wanapum Spillway Fracture and Pool Draw down
- Modifications to the temporary fish passage systems
- White Sturgeon Dispute Resolution
- Sunland, Crescent Bar, and Priest Rapids Recreation area Public Recreation Development Plans
- White Sturgeon Brood stock Collection
- Pacific Lamprey No Net Impact
- Bald Eagle Nest and Perch Plan
- Aquatic Invasive Species Plan
- Fish Bypass Water Quality Protection Plan
- Transmission Line Avian Collision Protection Plan
- Recreation Management Plan
- Wildlife Habitat Management Plan
- Wildlife Habitat Annual, Information and Education Annual Report
- Resident Fish Management Plan

Project Name	Licensee	FERC No.	State Agency Activities
Rocky Reach	Public Utility District No. 1 of Chelan County	P-2145	<ul style="list-style-type: none"> <li>Ecology attended and provided input at fish/water quality workgroup meetings and occasionally sub-workgroup meetings. WDFW Attended the Rocky Reach Fish Forum and Pacific Lamprey Technical Subgroup.</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Gas Abatement Plans (GAPs).</li> <li>TDG reports</li> <li>Native fish report</li> <li>Aquatic invasive species report</li> <li>Rocky Reach and Rock Island Shoreline Use Plan</li> <li>Application for pacific lamprey artificial production</li> <li>Multivariate Models of Adult Pacific Salmon Returns</li> <li>Annual AIS Report</li> <li>Chelan County Noxious Weed Board Entiat Park Tryclopyp Aquatic Herbicide Application-Entiat Park</li> <li>Coordinate on flowering rush spot infestation</li> <li>White Sturgeon Stocking SOA</li> <li>Rocky Reach Recreation Needs Forecast</li> <li>Bald and Golden Eagle Survey Report</li> <li>Pacific Lamprey No Net Impact</li> <li>Biological Objectives 2013 Status Report</li> <li>Adult Pacific Lamprey Passage</li> <li>Pacific Lamprey Breeding and Rearing Methodologies</li> <li>Tumwater Dam Rapid Assessment</li> <li>White Sturgeon Management Plan</li> </ul>
Skagit River Projects: Diablo Dam, Gorge Dam, Ross Dam	Seattle, City of	P-553	<p><i>These facilities are not currently under 401 WQ certification conditions</i></p> <ul style="list-style-type: none"> <li>Responded to projects related inquiries from other ECY programs and USACOE</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>Elk Habitat Land Acquisition</li> <li>Elk Habitat Enhancement Project</li> <li>Elk Collaring and Monitoring Project Proposal</li> <li>Flow and Non-Flow Coordination Committee</li> <li>Northwest Trail Agreement</li> <li>Skagit Steelhead Monitoring Plan</li> <li>Wildlife Habitat Management Review Committee</li> </ul>
Snoqualmie Falls	Puget Sound Energy	P-2493	<ul style="list-style-type: none"> <li>Responded to public disclosure requests</li> <li>Attended some Quarterly Fish &amp; Aquatics group meetings</li> <li>Site visit with other stakeholders</li> <li>Post 401 project management</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
<b>Spokane River Projects:</b>  <b>Long Lake, Nine Mile, Monroe Street, Upper Falls</b>	Avista Corporation	P-2545	<ul style="list-style-type: none"> <li>• Toured projects with Avista representative</li> <li>• Lake Spokane Aquatic Weed Meetings and site visits</li> <li>• Consultation meetings with Washington Dept. of Fish and Wildlife, Spokane Tribe and US Fish &amp; Wildlife</li> <li>• Accompanied FERC inspection, June 2015</li> <li>• Fish Die-Off, summer 2015, agency coordination, public response, field visits</li> <li>• Sierra Club and Center for Environmental Policy Request for Amended Order for change of minimum aesthetic flows for Upper Falls Dam, ongoing</li> <li>• Nine Mile Dam Hydraulic Fluid Spill, June 2015</li> <li>• Attended Aquatic Weed meeting</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• SEPA and JARPA review &amp; consultation for maintenance &amp; construction projects at Nine Mile</li> <li>• Wetland Riparian Habitat Plan, June 2014</li> <li>• Lake Spokane Dissolved Oxygen (D.O.) Water Quality Attainment Plan</li> <li>• Total Dissolved Gas (TDG) Water Quality Attainment Plan</li> <li>• Long Lake D.O. Monitoring Report</li> <li>• Lake Spokane Baseline Nutrient Monitoring QAPP, March 2014</li> <li>• Long Lake Water Quality Attainment Plan</li> <li>• Long Lake Spill gates Refurbish Water Quality Protection Plan</li> <li>• Sediment Management Plan for Nine-Mile and Long Lake</li> <li>• Annual Updates of Water Quality Monitoring QAPPs</li> <li>• Annual Water Quality Monitoring Results Reports</li> <li>• Annual Long Lake &amp; Nine Mile Reservoir Aquatic Weed Management Program Reports</li> <li>• Nine Mile Boat Take-out Water Quality Protection Plans</li> <li>• Long Lake Dam Grout Project Water Quality Protection Plan</li> <li>• Long Lake Dam Campsites Project Water Quality Protection Plan</li> <li>• Lake Spokane Boat-In Campground Water Quality Protection Plan</li> <li>• Avista Downtown HED Aesthetic Flow variances, multiple incidents</li> <li>• 2013 Red Band Trout Spawning Study, January 2014</li> <li>• 2014 Red Band Trout Spawning Study, January 2015</li> <li>• Lake Spokane Carp PCB QAPP, October 2013</li> <li>• Annual Long Lake Temperature Monitoring Reports</li> <li>• Long Lake Temperature Water Quality Attainment Plan</li> <li>• Post Falls Discharge Monitoring Plan MOU</li> <li>• Annual TDG Monitoring Reports</li> <li>• Nine Mile &amp; Long Lake Sediment Management Plans</li> <li>• Sacheen Lake Wetland Mitigation Plan, May 2014</li> <li>• Lake Spokane Carp Population &amp; Distribution Study</li> <li>• Pilot Study Carp Removal, May 2015</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
South Fork Tolt River	Seattle City Light	P-2959	<ul style="list-style-type: none"> <li>Researched historical documents, consultations and communication with other stakeholders to address drought conditions.</li> </ul>
Sullivan Creek	Public Utility District No. 1 of Pend Oreille Co.	P-2225	<p>Agency staff Attended consultations toward maintaining adequate flows, instream flow and habitat measurements, and administered water rights toward reducing interruptions for downstream water right holders. Ecology Water Quality and Shoreline and Environmental Assistance programs worked to develop the 401 Water Quality Certification.</p> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>channel modifications to improve mixing zone</li> <li>management funds</li> <li>Sullivan Lake Cold Water Pipe Project</li> <li>Sullivan Surrender Order</li> <li>Annual Bull Trout Take Report</li> <li>dock functionality during cold water pipe installation</li> <li>Cold Water Return Pipeline Project</li> <li>Mill Pond Dam Removal</li> <li>Mill Pond Boring Project</li> <li>Bank Project</li> </ul>
Sunset Falls	Public Utility District No. 1 of Snohomish County	P-14295	<ul style="list-style-type: none"> <li>Reviewed and provided comments on water quality study plan. Several technical consultation meetings and discussions with the licensee to modify water quality study plan</li> <li>Attended joint multiagency Proposed Study Plan (PSP) meetings</li> <li>Attended multiagency Compilation Study Report (CSR) meeting and follow-up technical consultation meetings, responded to concerns from other stakeholders and public, provided comments to FERC</li> <li>Attended several one on one meetings with various stakeholders to explain Ecology's 401 process, FERC ILP process for hydroelectric projects and available project information.</li> <li>Responded to public disclosure requests</li> <li>Responded to multiple project related inquiries from the public. There is a huge public interest in this project and we receive comparatively higher number of inquiries which requires detailed response and coordination with other Ecology programs, WDFW, Park and Recreation and AG office.</li> <li>Researched historical documents, Consultations and communication with other stakeholders to identify major issues, reviewed comments from other stakeholders</li> <li>As primary contact for the project, coordinated meetings, comments, reviews with the licensee, Ecology internal staff, WDFW, concerned tribes, AWW and other stakeholders.</li> <li>Consultations for PAD development</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Swift No. 1	PacifiCorp Company	P-2111	<p>State agencies coordinated with adaptive management group to assess aquatic habitat improvements to provide adequate flow regimes for fish, and provided post 401 water quality oversight on conditions required in the certification.</p> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• trail parking lot</li> <li>• ACC meeting</li> </ul>
Swift No. 2	Cowlitz County PUD	P-2213	<p>State agency staff Attended Aquatics Coordination Committee and Attended site visits and consultations to assess designs of flow channel for spawning and rearing flows. Ecology worked with operator to develop necessary 401 Certification amendments.</p> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Aquatics Fund program</li> <li>• Crab Creek acclimation ponds</li> <li>• screening criteria</li> <li>• Release Agreement for the LCFEG Cedar Creek Project</li> <li>• Aquatic Funding review</li> <li>• Settlement Agreement</li> <li>• Wildlife Habitat Management Plan</li> <li>• snag requirement in mixed riparian stands</li> <li>• evaluations of 2014 pre-proposals submitted for the Aquatic Fund Program</li> <li>• mitigation plan for removal of fruit trees and Oregon white oaks in the transmission right</li> <li>• repair of the net barrier for the Swift downstream collector</li> <li>• Activities plan for 2014</li> <li>• Annual report and plan</li> <li>• Speelyai Hatchery Intake Modification project</li> <li>• purchasing timber rights</li> <li>• Merwin trap</li> <li>• hatchery Supplementation Plan</li> <li>• transmission line location on mitigation lands</li> <li>• Swift Floating Surface Collector operation</li> <li>• Drought / minimum flow</li> <li>• fish passage requirements</li> <li>• Lewis River Habitat Improvement</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
<b>Tieton Hydroelectric Project</b>	Southern California Public Power Company/Tieton Hydropower, LLC	P-3701	<ul style="list-style-type: none"> <li>• Participated in multiple meetings to discuss DO monitoring options and plans</li> <li>• Coordinated with WDFW and UFWS on DO monitoring plans</li> </ul> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Reviewed and approved automated DO monitoring plans and QAPP</li> <li>• Tailrace screen replacement and repair</li> <li>• 2013/14/15 Annual Report for Dissolved Oxygen Monitoring</li> <li>• Habitat Factors Affecting the Abundance and Distribution of Juvenile Cutthroat Trout (<i>Oncorhynchus clarkii</i>) and coho salmon (<i>Oncorhynchus kisutch</i>)</li> <li>• Tailrace Relocation Plan</li> <li>• Acclimation ponds</li> <li>• Progress Report – Response to Letter entitled "Deficient request to amend Resident Fish Habitat and Project Tailrace Plan"</li> <li>• Request for Concurrence of Endangered Species Determination</li> <li>• Annual Fish Screen Monitoring Report</li> <li>• Total dissolved gas</li> <li>• Air Injection study</li> <li>• Annual Agency Consultation Report</li> <li>• Designs for the aeration rings</li> </ul>
<b>Trinity Hydroelectric (Phelps Creek)</b>	Trinity Conservancy, Inc.	P-719	<p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Coordinated with U.S. Fish and Wildlife Service</li> <li>• Tailrace Relocation Plan</li> <li>• Site visit to review tailrace relocation plans</li> </ul>
<b>Twin Falls</b>	Twin Falls Hydro Associates	P-4885	<ul style="list-style-type: none"> <li>• Post 401 WQ certification project management</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Wells Dam	Public Utility District No. 1 of Douglas County	P-2149	<p>Ecology Attended meetings of fish/water quality workgroup and review associated documents. Focus has been Pacific lamprey and sturgeon. Ecology worked on developing draft 401 Water Quality Certification. WDFW Attended the Aquatic Settlement workgroup and technical workgroup meetings.</p> <p><b>Provided review/approval and/or regulatory assistance:</b></p> <ul style="list-style-type: none"> <li>• Aquatic Settlement Agreement Annual Report</li> <li>• Bull Trout Stranding and Take study Plan</li> <li>• Spill Prevention Countermeasure Control Plan</li> <li>• Water Quality Attainment Plan</li> <li>• White Sturgeon Plan</li> <li>• 2014 resident Fish Assemblage Study Plan</li> <li>• Bypass Operation Plan</li> <li>• White Sturgeon Standardized Fish Health Protocols</li> <li>• Aquatic Nuisance Species Management Plan</li> <li>• Modernization of Wells Fish Hatchery</li> <li>• Annual Wildlife and Botanical Report</li> <li>• Lower Fishway Entrance Lamprey Modification Concept Sketches</li> <li>• Cassimer Bar Dike Project</li> <li>• White Sturgeon Stocking</li> <li>• Hiring process of the ASWG facilitator</li> <li>• Recreation Management Plan</li> <li>• Resident Fish Assemblages Study Plan</li> <li>• Wildlife and Botanical Report and Work plan</li> <li>• Total Dissolved Gas Abatement Plans</li> <li>• Total Dissolved Gas Abatement annual reports</li> <li>• Recommendations for terms and conditions for the Wells License</li> <li>• Aquatic Invasive Species Management Plan</li> <li>• Final Environmental Impact Statement</li> <li>• Draft 401 Water Quality Certification</li> <li>• Pacific lamprey plans</li> <li>• USFWS Biological Opinion</li> <li>• NMFS Biological Opinion</li> <li>• Wells Crayfish Study Plan</li> <li>• Douglas PUD Aquatic Settlement Agreement</li> <li>• Annual Report Pacific Lamprey Management Plan</li> <li>• SRC request for reduced load</li> <li>• Hatchery Modernization Plan</li> </ul>

Project Name	Licensee	FERC No.	State Agency Activities
Woods Creek	Public Utility District No. 1 of Snohomish County	P-3602	<b>Provided review/approval and/or regulatory assistance:</b> <ul style="list-style-type: none"> <li>• Researched historical documents and responded to project related public complaints and inquiries.</li> </ul>
Wynoochee River	Tacoma, City of	P-6842	Agency staff met with operator and toured facility.  <b>Provided review/approval and/or regulatory assistance:</b> <ul style="list-style-type: none"> <li>• Annual report</li> <li>• Management of mitigation lands</li> <li>• Water temperature monitoring/adjustment</li> </ul>
Yale Site	PacifiCorp Company	P-2071	Ecology worked with operator to develop necessary 401 Certification amendments.  <b>Provided review/approval and regulatory assistance:</b> <ul style="list-style-type: none"> <li>• Attended Aquatics Coordination Committee meetings and decision</li> <li>• Water Quality Attainment Plan</li> <li>• 401 Water Quality Certification</li> </ul>
Youngs Creek	Public Utility District No. 1 of Snohomish County	P-10359	Post 401 WQ certification project management  <b>Provided review/approval and regulatory assistance:</b> <ul style="list-style-type: none"> <li>• Wildlife Habitat Management Plan</li> <li>• Trout Monitoring Plan</li> <li>• In-water work water quality monthly reports</li> <li>• Project progress reports reviewed</li> </ul>



## Appendix B. Water power license fees billed for FY2014 and FY2015

Licensee	Project Name	FERC No.	FY 2014			2015		
			Base Fee	FERC Fee	TOTAL	Base Fee	FERC Fee	TOTAL
Avista Corporation	Little Falls	non-FERC	\$1,489.91	♦	\$1,489.91	\$1,489.91	♦	\$1,489.91
	Long Lake (Spokane)	P-2545	2,527.57	4,493.45	7,021.02	2,527.57	4,493.45	7,021.02
	Monroe Street (Spokane)	P-2545	751.09	1,335.27	2,086.36	751.09	1,335.27	2,086.36
	Nine Mile (Spokane)	P-2545	1,446.89	2,572.26	4,019.15	1,446.89	2,572.26	4,019.15
	Upper Falls (Spokane)	P-2545	647.34	1,150.84	1,798.18	647.34	1,150.84	1,798.18
<b>Sum of all projects</b>			\$6,862.80	\$9,551.82	<b>\$16,414.62</b>	\$6,862.80	\$9,551.82	<b>\$16,414.62</b>
Bellingham, City of	Mirror Lake	P-7747	\$363.27	\$645.82	<b>\$1,009.09</b>	\$363.27	\$645.82	<b>\$1,009.09</b>
Biggs Creek	Biggs Creek	non-FERC	\$26.59	♦	<b>\$26.59</b>	\$26.59	♦	<b>\$26.59</b>
Black Creek Hydro, Inc.	Black Creek	P-6221	\$357.06	\$634.76	<b>\$991.82</b>	\$357.05	\$634.77	<b>\$991.82</b>
Burton Creek Hydro (Sollos Energy LLC)	Burton Creek	P-7577	\$96.54	\$171.64	<b>\$268.18</b>	\$96.54	\$171.64	<b>\$268.18</b>
Cascade Clean Energy	Sygitowicz Creek	P-5069	\$42.90	\$76.25	<b>\$119.15</b>	\$42.90	\$76.25	<b>\$119.15</b>
Cascade Water Alliance/Puget Sound Energy	White River	P-12685	\$1,166.93	\$2,074.55	<b>\$3,241.48</b>	No payment*	No payment*	<b>\$0.00</b>
Cascadian Farm	Cascadian Farm Hydro	non-FERC	\$10.19	♦	<b>\$10.19</b>	\$10.19	♦	<b>\$10.19</b>
Centralia, City of	Yelm Hydro Plant	P-10703	\$664.36	\$1,181.09	<b>\$1,845.45</b>	\$664.36	\$1,181.09	<b>\$1,845.45</b>
Dale Peterson Orchards, Inc.	Company Creek	non-FERC	\$40.89	♦	<b>\$40.89</b>	\$40.89	♦	<b>\$40.89</b>

\* Ecology billing error – unpaid fees will be collected in current biennium.

♦ This project is not assessed waterpower license fees because it does not produce power or because it was issued a FERC license exemption based on low power production.

Licensee	Project Name	FERC No.	FY 2014			2015		
			Base Fee	FERC Fee	TOTAL	Base Fee	FERC Fee	TOTAL
Millstream Farms	Touchet River	non-FERC	\$12.96	♦	\$12.96	\$12.96	♦	\$12.96
Energy Northwest (WPPSS)	Packwood Lake	P-2244	\$1,281.27	\$2,277.82	\$3,559.09	\$1,281.27	\$2,277.82	\$3,559.09
Foster, Gordon (former owner)	Northern Light	P-5991	No payment*	No payment*	\$0.00	No payment*	No payment*	\$0.00
Grand Coulee Project Hydroelectric Authority	Eltopia Branch	P-3842	\$131.23	\$233.29	\$364.52	\$131.23	\$233.29	\$364.52
	Main Canal Headworks	P-2849	522.45	928.80	1,451.25	522.45	928.80	1,451.25
	P.E.C. 66.0	P-3843	125.18	222.55	347.73	125.18	222.55	347.73
	P.E.C. Headworks	P-2840	236.86	421.09	657.95	236.86	421.09	657.95
	Quincy Chute	P-2937	294.75	524.00	818.75	294.75	524.00	818.75
	Russel D. Smith	P-2926	252.41	448.73	701.14	252.41	448.73	701.14
	Summer Falls	P-3295	1,512.00	2,688.00	4,200.00	1,512.00	2,688.00	4,200.00
Sum of all projects			\$3,074.88	\$5,466.46	\$8,541.34	\$3,074.88	\$5,466.46	\$8,541.34
Halbrook, David A.	Falls Creek	P-5497	\$63.00	\$112.00	\$175.00	\$63.00	\$112.00	\$175.00
Holden Village, Inc.	Holden Village	non-FERC	-	♦	-	\$157.09	♦	\$157.09
	Railroad Creek No. 1	non-FERC	-	♦	-	10.74	♦	10.74
	Sum of all projects		No payment*	♦	\$0.00	\$167.83	♦	\$167.83
Hydro Technology Systems Inc.	Meyers Falls	P-2544	\$235.02	\$417.82	\$652.84	\$235.02	\$417.82	\$652.84
Janda, John L. (Paid by Russell Stallman)	Janda Power House	non-FERC	No payment*	♦	\$0.00	\$17.47	♦	\$17.47
Koma Kulshan Associates	Koma Kulshan	P-3239	\$885.60	\$1,574.40	\$2,460.00	\$885.60	\$1,574.40	\$2,460.00

\* Ecology billing error – unpaid fees will be collected in current biennium.

♦ This project is not assessed waterpower license fees because it does not produce power or because it was issued a FERC license exemption based on low power production.

Licensee	Project Name	FERC No.	FY 2014			2015		
			Base Fee	FERC Fee	TOTAL	Base Fee	FERC Fee	TOTAL
Lilliwaup Falls Generating Co.	Lilliwaup Creek	P-3482	\$105.38	\$213.94	<b>\$319.32</b>	\$114.96	\$204.36	<b>\$319.32</b>
Millstream Farms	Touchet River	non-FERC	\$12.96	♦	<b>\$12.96</b>	\$12.96	♦	<b>\$12.96</b>
Northern Wasco County Public Utility District	McNary Northshore	P-10204	\$558.10	\$992.18	\$1,550.28	\$558.10	\$992.18	\$1,550.28
	The Dalles Dam	P-7076	409.09	727.27	1,136.36	409.09	727.27	1,136.36
	<b>Sum of all projects</b>		\$ 967.19	\$ 1,719.45	<b>\$2,686.64</b>	\$ 967.19	\$ 1,719.45	<b>\$2,686.64</b>
Rosario Signal LLC	Cascade Creek	non-FERC	\$16.30	♦	<b>\$16.30</b>	\$16.30	♦	<b>\$16.30</b>
PacifiCorp Company	Merwin (Ariel Site)	P-935	\$4,637.86	\$8,245.09	\$12,882.95	\$4,637.86	\$8,245.09	\$12,882.95
	Swift	P-2111 & P-2213	10,245.27	18,213.82	28,459.09	10,245.27	18,213.82	28,459.09
	Yale Site	P-2071	5,061.27	8,997.82	14,059.09	5,061.27	8,997.82	14,059.09
	<b>Sum of all projects</b>		\$19,944.40	\$35,456.73	<b>\$55,401.13</b>	\$19,944.40	\$35,456.73	<b>\$55,401.13</b>
Port Angeles, City of	Morse Creek	P-6461	\$180.08	\$320.15	<b>\$500.23</b>	\$180.08	\$320.15	<b>\$500.23</b>
Port Townsend Paper Corporation	Quilcene Pipeline	P-5411	\$104.91	\$186.51	<b>\$291.42</b>	\$104.91	\$186.51	<b>\$291.42</b>
Public Utility District No. 1 of Chelan County	Chelan Falls	P-637	\$3,080.03	\$5,475.60	\$8,555.63	\$3,040.72	\$5,405.73	\$8,446.45
	Dryden	non-FERC	218.25	♦	218.25	218.25	♦	218.25
	Little Leavenworth	non-FERC	17.18	♦	17.18	17.18	♦	17.18
	Rock Island	P-943	18,903.07	33,605.45	52,508.52	18,903.07	33,605.45	52,508.52
	Rocky Reach	P-2145	38,467.64	68,386.91	106,854.55	38,467.64	68,386.91	106,854.55
	Stehekin	non-FERC	86.58	♦	86.58	86.58	♦	86.58
	Tumwater	non-FERC	451.02	♦	451.02	451.02	♦	451.02
	<b>Sum of all projects</b>		\$61,223.77	\$107,467.96	<b>\$168,691.73</b>	\$61,184.46	\$107,398.09	<b>\$168,582.55</b>

♦ This project is not assessed waterpower license fees because it does not produce power or because it was issued a FERC license exemption based on low power production.

Licensee	Project Name	FERC No.	FY 2014			2015		
			Base Fee	FERC Fee	TOTAL	Base Fee	FERC Fee	TOTAL
Public Utility District No. 1 of Douglas County	Wells Dam	P-2149	\$27,774.00	\$49,376.00	<b>\$77,150.00</b>	\$27,774.00	\$49,376.00	<b>\$77,150.00</b>
Public Utility District No. 1 of Lewis County	Cowlitz Falls	P-2833	\$2,113.77	\$3,757.82	\$5,871.59	\$2,113.77	\$3,757.82	\$5,871.59
	Mill Creek	P-4949	172.80	307.20	480.00	172.80	307.20	480.00
	<b>Sum of all projects</b>		\$2,286.57	\$4,065.02	<b>\$6,351.59</b>	\$2,286.57	\$4,065.02	<b>\$6,351.59</b>
Public Utility District No. 1 of Okanogan Co.	Similkameen Dam - Enloe	P-12569	\$233.59	\$415.27	<b>\$648.86</b>	\$233.59	\$415.27	<b>\$648.86</b>
Public Utility District No. 1 of Pend Oreille Co.	Box Canyon	P-2042	\$2,876.79	\$5,114.29	\$7,991.08	\$2,876.79	\$5,114.29	\$7,991.08
	Calispell Creek	non-FERC	126.41	♦	126.41	126.41	♦	126.41
	<b>Sum of all projects</b>		\$3,003.20	\$5,114.29	<b>\$8,117.49</b>	\$3,003.20	\$5,114.29	<b>\$8,117.49</b>
Public Utility District No. 1 of Snohomish County	Henry M. Jackson Project	P-2157	\$3,428.82	\$6,095.67	\$9,524.49	\$3,428.82	\$6,095.67	\$9,524.49
	Calligan Creek	P-13948	245.70	436.80	682.50	245.70	436.80	682.50
	Hancock	P-13994	237.35	421.96	659.31	237.35	421.96	659.31
	Wood Creek	P-3603	187.12	332.66	519.78	187.12	332.66	519.78
	Youngs Creek	P-10359	562.09	999.27	1,561.36	562.09	999.27	1,561.36
	<b>Sum of all projects</b>		\$4,661.08	\$8,286.36	<b>\$12,947.44</b>	\$4,661.08	\$8,286.36	<b>\$12,947.44</b>
Public Utility District No. 2 of Grant County	Priest Rapids	P-2114	\$31,036.50	\$55,176.00	\$86,212.50	\$31,036.50	\$55,176.00	\$86,212.50
	Wanapum	P-2114	31,144.91	55,368.73	86,513.64	31,144.91	55,368.73	86,513.64
	<b>Sum of all projects</b>		\$62,181.41	\$110,544.73	<b>\$172,726.14</b>	\$62,181.41	\$110,544.73	<b>\$172,726.14</b>

♦ This project is not assessed waterpower license fees because it does not produce power or because it was issued a FERC license exemption based on low power production.

Licensee	Project Name	FERC No.	FY 2014			2015		
			Base Fee	FERC Fee	TOTAL	Base Fee	FERC Fee	TOTAL
Puget Sound Energy	Electron	non-FERC	\$1,030.91	♦	\$1,030.91	\$1,030.91	♦	\$1,030.91
	Lower Baker	P-2150	3,118.38	5,543.78	8,662.16	3,118.38	5,543.78	8,662.16
	Snoqualmie Falls	P-2493	1,689.34	3,003.27	4,692.61	1,689.34	3,003.27	4,692.61
	Upper Baker	P-2150	2,984.73	5,306.18	8,290.91	2,984.73	5,306.18	8,290.91
Sum of all projects			\$8,823.36	\$13,853.23	<b>\$22,676.59</b>	\$8,823.36	\$13,853.23	<b>\$22,676.59</b>
Western Hydro LLC (paid by Mentor Law Group PLLC)	Nooksack Falls	non-FERC	No payment*	♦	<b>\$0.00</b>	\$449.93	♦	<b>\$449.93</b>
Rocky Brook Hydro Electric L.P.	Rocky Brook Electric Inc.	P-3873	\$307.52	\$442.24	<b>\$749.76</b>	\$307.52	\$442.24	<b>\$749.76</b>
Seattle, City of	Boundary	P-2144	\$31,341.48	\$55,718.18	\$87,059.66	\$31,341.48	\$55,718.18	\$87,059.66
	Cedar Falls	non-FERC	1,183.09	♦	1,183.09	1,183.09	♦	1,183.09
	Diablo Dam (Skagit)	P-553	5,184.00	9,216.00	14,400.00	5,184.00	9,216.00	14,400.00
	Gorge Dam (Skagit)	P-553	6,199.57	11,021.45	17,221.02	6,199.57	11,021.45	17,221.02
	Newhalem	P-2705	366.19	651.00	1,017.19	366.19	651.00	1,017.19
	Ross Dam (Skagit)	P-553	9,230.32	16,409.45	25,639.77	9,230.32	16,409.45	25,639.77
	South Fork Tolt	P-2959	818.13	1,454.44	2,272.57	818.12	1,454.45	2,272.57
Sum of all projects			\$54,322.78	\$94,470.52	<b>\$148,793.30</b>	\$54,322.77	\$94,470.53	<b>\$148,793.30</b>
Seefeld Corporation	Smith Creek	P-5982	\$34.36	\$61.09	<b>\$95.45</b>	\$34.36	\$61.09	<b>\$95.45</b>

♦ This project is not assessed waterpower license fees because it does not produce power or because it was issued a FERC license exemption based on low power production.

<i>Licensee</i>	<i>Project Name</i>	<i>FERC No.</i>	<i>FY 2014</i>			<i>2015</i>		
			<i>Base Fee</i>	<i>FERC Fee</i>	<i>TOTAL</i>	<i>Base Fee</i>	<i>FERC Fee</i>	<i>TOTAL</i>
Skookumchuck Dam LLC	Skookumchuck Dam	P-4441	\$202.72	\$328.58	<b>\$531.30</b>	\$202.72	\$328.58	<b>\$531.30</b>
Sheep Creek Hydro, Inc.	Big Sheep Creek	P-5118	\$225.82	\$401.45	<b>\$627.27</b>	\$225.82	\$401.45	<b>\$627.27</b>
South Fork Associates, Limited Partnership	Weeks Falls	P-7563	\$404.79	\$719.64	<b>\$1,124.43</b>	\$404.79	\$719.64	<b>\$1,124.43</b>
Southern California Public Power Company	Tieton Hydroelectric Project	P-3701	\$768.21	\$1,365.71	<b>\$2,133.92</b>	\$768.21	\$1,365.71	<b>\$2,133.92</b>
Spokane, City of	Upriver Hydro Plant	P-3074	\$886.91	\$1,576.73	<b>\$2,463.64</b>	\$886.91	\$1,576.73	<b>\$2,463.64</b>
Tacoma, City of	Alder (Nisqually)	P-1862	\$1,841.73	\$3,274.18	\$5,115.91	\$1,841.73	\$3,274.18	\$5,115.91
	Cushman No. 1	P-460	1,755.82	3,121.45	4,877.27	1,755.82	3,121.45	4,877.27
	Cushman No. 2	P-460	3,269.45	5,812.36	9,081.81	3,269.45	5,812.36	9,081.81
	LaGrande Dam (Nisqually)	P-1862	128.93	229.20	358.13	128.93	229.20	358.13
	LaGrande Powerhouse (Nisqually)	P-1862	\$4,333.47	\$7,703.94	12,037.41	\$2,684.56	\$4,772.54	7,457.10
	Mayfield (Cowlitz)	P-2016	5,759.18	10,238.55	15,997.73	5,759.18	10,238.55	15,997.73
	McMillan Reservoir (Hood St)	P-10256	188.14	334.46	522.60	188.14	334.46	522.60
	Mossyrock (Cowlitz)	P-2016	10,810.59	19,218.81	30,029.40	10,810.59	19,218.81	30,029.40
	Wynoochee River	P-6842	727.77	1,293.82	2,021.59	727.77	1,293.82	2,021.59
<b>Sum of all projects</b>			\$28,815.08	\$51,226.77	<b>\$80,041.85</b>	\$27,166.17	\$48,295.37	<b>\$75,461.54</b>

Licensee	Project Name	FERC No.	FY 2014			2015		
			Base Fee	FERC Fee	TOTAL	Base Fee	FERC Fee	TOTAL
Trinity Conservancy, Inc.	James Creek	non-FERC	\$12.27	♦	\$12.27	\$12.27	♦	\$12.27
	Phelps Creek	P-719	63.92	113.64	177.56	63.92	113.64	177.56
	Sum of all projects		\$76.19	\$113.64	\$189.83	\$76.19	\$113.64	\$189.83
Twin Falls Hydro Associates	S.F. Snoqualmie River (Twin Falls)	P-4885	\$977.52	\$1,737.82	\$2,715.34	\$977.52	\$1,737.82	\$2,715.34
Walla Walla, City of	Twin Reservoirs	P-10376	\$276.87	\$492.22	\$769.09	\$276.87	\$492.22	\$769.09
Bear Creek Hydro Association LLC (Paid by McMasterCorp Inc.)	Bear Creek Hydro	non-FERC	\$191.93	♦	\$191.93	\$191.93	♦	\$191.93
Yakima-Tieton Irrigation District	Cowiche	P-7337	\$123.30	\$219.20	\$342.50	\$123.30	\$219.20	\$342.50
	Orchard Unit 1	P-7338	97.60	173.53	271.13	97.60	173.53	271.13
	Orchard Unit 2	P-7338	98.00	174.21	272.21	100.49	171.72	272.21
	Sum of all projects		\$318.90	\$566.94	\$885.84	\$321.39	\$564.45	\$885.84
**Totals			\$294,449.06	\$514,595.42	\$809,044.48	\$292,241.19	\$509,507.55	\$801,748.74

\*\* The total fees collected in 2013-2015 biennium were \$1,610,793, which is the sum of \$586,690 in base fees and \$1,024,103 in FERC fees.

♦ This project is not assessed waterpower license fees because it does not produce power or because it is exempt from FERC licensing based on minimal power production.

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## Appendix C. Water Power License Fee Recommendations



### **Water Power License Fee - Fee Structure Stakeholder Process**

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Report to the Washington State Legislature

December 2015

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# Water Power License Fee – Fee Structure Stakeholder Process

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Report to Washington State Legislature

*by*

Washington State,  
*Department of Ecology,*  
*Department of Fish & Wildlife*

Washington State Department of Ecology  
Olympia, Washington

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# Executive Summary

Engrossed Substitute Senate Bill (SSB) 6052, section 302, chapter 4, Laws of 2015, 3rd sp. sess., directed the Washington State Departments of Ecology (ECY) and Fish and Wildlife (DFW) to conduct a stakeholder process to develop recommendations for restructuring the fees under Revised Code of Washington (RCW) 90.16.050 and report to the appropriate committees by December 1, 2015. The complete language of this proviso is provided below.

*(4) Within the amounts appropriated in this section, the department shall conduct a stakeholder process with the department of fish and wildlife to develop recommendations to restructure the fees under RCW 90.16.050 and report to the appropriate committees of the legislature by December 1, 2015.*

The state agencies coordinated a thorough process, commencing in April 2015 and ending in November 2015, culminating in the development and review of this report. Stakeholder participants included:

- DFW and ECY staff;
- Fee-paying utilities (investor-owned utilities, public utility districts, municipal utilities, and independent generators);
- Environmental and recreation non-governmental organizations; and
- A process facilitator with Aaland Planning Services, Inc., contracted by the state.

While a number of high-value issues were discussed over the course of the process, the group focused its effort on:

1. Recommending the appropriate and most-supported fee structure, if any, for the legislature to consider as the current water power license fee approaches a legislative sunset date of June 30, 2017; and
2. Recommending approaches to provide critical improvements to the state agencies' transparency and accountability in its use of fee revenue as established in state law, strengthening opportunities to ensure efficient and effective engagement from the state on high-priority energy and conservation issues at hydropower facilities.

A large majority of stakeholder participants ultimately recommend that the legislature act to maintain the current fee structure under statute with an established sunset date of June 30, 2027 to continue the state agency programs that support hydropower industry's environmental compliance. The ten year extension will allow assessment of the need for this revenue and consider whether to extend, modify, or end the fee at that time. This recommendation is generally consistent with House Bill (HB) 1130, introduced in January 2015 by Representatives Jake Fey (D-27) and Shelley Short (R-7) to extend the sunset date to June 30, 2027. Two stakeholders expressed opposition to this recommendation. Douglas County PUD proposed that the fees be allowed to sunset and Grant County PUD proposed a revised fee structure. The stakeholders considered both of these concepts, and ultimately the majority of stakeholders supported an extension of the fee and current structure.

A large majority of stakeholder participants recommend that the fee structure extension should be coupled with discrete day-to-day, annual, and biennial transparency and accountability requirements. Stakeholders believe these measures will significantly improve coordination, transparency, and accountability for the expenditure of fee revenue that supports the state's hydropower programs. Stakeholders do not advise addressing these transparency and accountability recommendations via legislation, but rather support their implementation via mutual agreement and formal inclusion in the 'Recommendations' section of the 2013-2015 Water Power License Fee Legislative Report.

Dissenting opinions to these recommendations are detailed in the body of this report, below.

## **Background information**

Chapter 286 of the laws of 2007 incorporated Substitute Senate Bill 5881, an act relating to water power license fees increased fees for the use of Washington's waters to produce power. Until the law became effective on July 27, 2007, water power license fees had remained the same since 1929. This base fee, provided by RCW 90.16.090(1)(a), was and continues to be used to augment funding for the ECY/U.S. Geological Survey cooperative stream gauging program in the state.

The 2007 revision added fees specifically for expenses associated with staff at ECY and DFW working on Federal Energy Regulatory Commission (FERC) relicensing and license implementation activities. This additional funding allows the state agencies to be more responsive to the hydropower industry's environmental regulatory requirements under Section 401 of the federal Clean Water Act (CWA) and FERC licenses, ensuring a project license includes conditions to monitor and protect the quality of the state waters, habitat, and aquatic resources.

The added FERC fees enacted in 2007 expire June 30, 2017, with the law recognizing the biennial progress reports submitted by ECY would serve as a record for considering an extension of the fee structure. In November, 2014 ECY and DFW hosted the annual stakeholder meeting and announce plans to move forward with agency request legislation to extend or remove the sunset date enacted in 2007.

On January 14, 2015, Representatives Fey and Short introduced HB 1130, an act relating to water power license fees, with the support of ECY and DFW. HB 1130 did not propose to adjust the fee structure but rather proposed to extend the sunset date established in SSB 5881 for the additional water power license fee to June 30, 2027. At the bill's legislative hearing, Grant County Public Utility District (PUD) and Douglas County PUD expressed opposition to the bill in its current form, while Chelan County PUD testified in support contingent upon additional transparency and accountability from the state in its use of the funds. Avista signed into the hearing in support of HB 1130.

House Bill 1130 was not successful in the 2015 legislative session. However the legislature recognized the need for the state agencies to work with stakeholders come to an agreement on how to move forward with the fees in the 2016 session. Therefore, the proviso was placed into law and became effective June 30, 2015. The resulting stakeholder process commenced in 2015.



## Stakeholder process, participants, and invited participants

Following enactment of the study proviso in ESSB 6052, ECY and DFW contracted with Neil Aaland of Aaland Planning Services, Inc. to serve as the stakeholder process facilitator. ECY, DFW, and the facilitator invited a large group of representatives to:

- 6 in-person meetings;
- Review and edit meeting notes;
- Review and edit meeting agendas;
- Provide needed feedback between meetings when agreed upon; and
- Review and edit draft documents and analysis

Invited participants<sup>4</sup> included representatives from fee-paying utilities (investor-owned utilities, public utility districts, municipal utilities, and independent generators) and environmental and recreation non-governmental organizations. Meetings were attended by multiple organizations.<sup>5</sup>

Following the initial meeting, ECY and DFW developed, and the stakeholder group approved, a work plan<sup>6</sup>, subsequently used to guide the creation of meeting agendas and project timeline.

## Issues considered and discussed<sup>7</sup>

### *Intent and interpretation of current law*

- Participants discussed different perspectives on the impetus for, and intent behind, establishing the water power license fee with SSB 5811 in 2007. For example, some participants believed that the fees from SSB 5881 in 2007 were based on the anticipated increase in the number of hydropower projects to be relicensed between 2007 and 2017 (11 projects), with the 2017 sunset clause included to allow for a re-assessment of the workload associated with on-going implementation of the hydropower FERC licensing and Clean Water Act requirements.
- Participants discussed different perspectives on the intent of the water power license fee as a ‘pooled service’ (consistent and priority service will be available when it is needed, and if it is not, that service can be applied to other projects) versus a ‘fee-for-service’ (pay only for services provided).
- Participants discussed different interpretations of the term ‘sunset’ as it applies to the water power license fee. Douglas County PUD interpreted the term as to generally not allow for the consideration of extending the fee, asserting that a sunset (end date) was a key element for Douglas PUD’s (and other utilities) non-opposition to the original bill.

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<sup>4</sup> See Appendix A for full list of invited participants.

<sup>5</sup> See Appendix B for full list of meeting participants.

<sup>6</sup> See Appendix C for Final Work Plan.

<sup>7</sup> See Appendix D for final meeting minutes.

Other participants referred to the language in the existing law as written to interpret the term as stimulating an evaluation to extend, modify, or allow the fee to terminate.

- Participants discussed the applicable comparisons between the current structure of the water power license fees and an insurance policy. Some utility stakeholders suggested that paying the fee assured experienced staff participation from the agencies with an understanding of a project's issues during both relicensing and license implementation. Grant County PUD expressed disagreement with this comparison, stating a belief that the majority of work needed in the future will be associated with on-going implementation. Therefore, utilities should not be required to pay for 'insurance' and instead should be given a choice to pay fees based on anticipated need for a given project.

#### *Need for fee revenue - current and future workload*

- Participants discussed perspectives on the historic, current, and future workload for the state in FERC hydropower processes and 401 Water Quality Certification development and implementation. Participants discussed the workload needs associated with different phases of the FERC licensing and 401 Water Quality Certification development and implementation. Some participants emphasized that more recent commitments to adaptive management in license articles, settlement agreements, and implementation of certification conditions, have generally increased the workload of the state during implementation as compared to historic conditions. The majority of participants agreed that for many hydro projects, the state workload can decline as projects continue to meet conditions and agreements actions, while workload will also increase for other projects that are entering the relicensing process.
- Participants discussed the negative trend in General Fund State (GF-S) that could generally support this work. Grant PUD stated that although it believes that continued/on-going implementation of a hydropower project's license conditions, as it relates to state resources, should now be a State General Fund obligation (see Section VIII), it recognizes this negative trend in GF-S, and thus agreed to participate in the stakeholder process in an attempt to restructure the fees.
- Participants discussed the challenges to, and value in, the state maintaining staff with experience in the hydropower industry and unique environmental compliance challenges and solutions associated with hydropower projects.
- Participants discussed areas for staffing efficiencies, reprioritization, and streamlining in order to address duplicative efforts between ECY, DFW, and other permitting agencies for the same project. Example of these perceived duplicate efforts are attendance to fish and habitat committees, and discussions of instream flow requirements. Snohomish PUD believed streamlining would allow issues to be covered while freeing staff availability for assignment to other higher priority projects.
- Participants discussed the needs and challenges associated with adding a Fiscal Growth Factor to the fee. A majority of stakeholders generally agreed with the justification for a

periodic fee increase to maintain current level of service, but a majority of stakeholders also expressed concerns about the political feasibility and fiscal implications of this request, as well as a desire for analysis that future work load would necessitate a Fiscal Growth Factor.

- Participants discussed whether the recommended structure should strive to maintain the current level of funding and associated staffing support provided by the fee today. The majority of participants believe the current funding level provided by the fees was an appropriate amount. The alternative to increase fees to replace General Fund State and Federal funds that currently augment the state agency programs was not acceptable to most project owners.

#### *Fairness and other fee restructuring considerations*

- Participants discussed the challenges associated with paying the same fees per project despite declining need for state engagement at some of these projects. If a project has progressed beyond preliminary license implementation and adaptive management challenges less effort is required from the state agencies. A minority of participants supported exploring a fee structure that could more closely match a fee to the state's workload at that phase (pre-licensing, implementation, post-implementation) of the hydropower project.
- Participants discussed shifting to a 'fee-for-service', however, a majority of participants did not support this type of revenue model. The one participant who did, supported utilities paying for the direct service they needed at the time. The work group discussed this at some length. One major concern of this revenue model is that some projects have been paying fees "into the pool" based on their project size under the current system yet they have had little or no need for service. They believe that it would not be fair if they would in the future have to pay a greater level when their projects begin the relicensing process. However, other stakeholders pointed out that a majority of the total revenue collected since 2007 was from utilities that went through relicensing between 2007 and 2015 and thus, those who really needed the service paid the most during the 2007-2015 time period. In addition, participants were concerned about the logistics of how such a 'fee-for-service' would be structured and administered. Ultimately, the majority of participants around the table did not support a 'fee-for-service' revenue model.
- To further the conversation of a 'fee-for-service' model, ECY and DFW staff explored the feasibility of implementing a 'cost reimbursement' model and presented this information to the work group for discussion. The following summary provides a background, application, and current limitations, of a 'fee-for-service' option.

#### **- Current authority**

*The departments of Ecology, and Fish and Wildlife, have statute authority to enter into Cost Reimbursement Agreements (CRAs) through RCW 43.21A.690 (ECY) and RCW 43.300.080 (DFW).*

### **- Current application**

*ECY utilized this option to issue water rights, and some 401 WQ Certifications of large federally permitted projects. At least one CRA was issued to develop a 401 WQC for a FERC license prior to the initiation of the Water Power License Fees. DFW utilizes this option occasionally with energy project proponents seeking to ensure the agencies technical assistance capacity in a State Environmental Policy Act review (i.e. gold mine exploration proposal).*

### **- Pros**

- *Cost to utility better matches the services received.*
- *More direct accountability of expected services from state agency staff.*

### **- Cons**

- *State agency authority to enter into CRA currently limited to the issuing of permits (or in DFW's case, participation in a permit issuance process led by another state or federal agency), not the implementation and monitoring of permit conditions.*
  - *Agency staff to work on the implementation of the conditions in the License or Water Quality Certification would need to be funded in another manner.*
- *Current authority places some limitations on the use of state agency staff vs. hiring a consultant.*
- *There is an increased workload to manage individual contracts with each utility.*
- *This model may not maintain agency staff expertise during years with less workload, potentially impacting quality of service available to hydropower operators and other stakeholders.*
- *Public may perceive that a direct contract for service—particularly a contract supporting participation in policy forums—is a conflict of interest for the state agency in its regulatory responsibility, and in serving the state more generally in carrying out its mission.*
- *Contract costs for projects with a significant service need may be higher than the current water power license fee for some projects.*

*The participants discussed the utilization of these current statutes to implement a 'fee-for-service' model, and the majority of the work group did not support this model as a replacement for the current fee structure. Avista, City of Centralia, Pacific Power, Puget Sound Energy, Snohomish PUD, Seattle City Light, and Tacoma Power do not support moving to an alternative fee structure, or cost reimbursement system<sup>8</sup>. Grant and Chelan PUD's believe cost reimbursement is a new and potentially viable option that needs further exploration<sup>9</sup>.*

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<sup>8</sup> See Appendix E for letter from 10/01/15.

<sup>9</sup> See Appendix F for letter from 10/06/15.

- Participants discussed the proportional role the fee revenue plays in maintaining knowledgeable staff, and effective state agency engagement with hydropower projects. Currently, the fee revenue provides about half of the resources expended by the state (what the state deems necessary to meet its obligations and provide quality service) while portions of General Fund State, Model Toxics Control Act, and several Federal funding sources, combine to fund the remainder of the workload. Grant PUD requested that the State provide additional detail on its anticipated workload associated with hydropower projects during the 2018-2027 time period to help determine if the same level of funding was still needed.
- Participants discussed whether another source of authority for the fee – currently based on right to the use of state water – may be more appropriate. It was not clear what other feasible options would be viable to provide authority for the fee.

#### *Accountability and transparency*

- Participants believe there is a current lack of transparency in how ECY and DFW track the amount of time agency staff spends on hydropower projects and on license and certification development and implementation. ECY and DFW have used different approaches. There is interest from the majority of participants for the agencies to refine how they track their time and tasks when providing service projects.
- Participants discussed options for surveying fee-payers and stakeholders on performance of state agencies and staff. Other discussions included: continuing annual meetings, clearer role divisions between agencies and between agency programs, one point-of-contact per agency, periodic ‘check-ins’ as necessary to resolve issues, and plans for elevating issues to agency management when necessary.

## **General Agreements Moving Forward**

The following issues were generally agreed to by the majority of the stakeholder group:

- The term ‘Sunset’ as used in association with this water power license fee means “revisiting the fee to consider whether to extend, modify, or end the fee”. Grant, and Douglas PUDs disagreed with this interpretation.
- If the fee is extended or modified, the group believes a legislative “off-ramp opportunity” to revisit the need for the fee revenue should occur ten years after enactment.
- The current total annual revenue generated by the FERC fee – \$518,000 – is the amount most stakeholders agree should be maintained. Grant PUD dissented, and advocated that the fee collected from each project for a given period of time should be matched to a projected work load expected during that period (i.e. the ‘fee-for-service’ model).
- Some members of the work group speculated whether other sections of the RCW may be more appropriate for state fee collection authority to reside. However, there was never a clear list of potential other options available and there was no consensus a different

statute was necessary to authorize the fee collection. This discussion led to a general agreement to maintain the authority within the water rights laws – Chapter 90.16 RCW, *Appropriation of Water for Public and Industrial Uses*.

- The majority of workgroup members do not support shifting to a direct fee-for-service approach in lieu of a ‘pooled service’ fee. Rationale included:
  - Fairness - some utilities have been paying-in under the current system in advance of project relicensing, and object to not receiving the benefits of those payments while also having to pay at a greater level towards a fee-for-service contract during relicensing. (However, other stakeholders pointed out that a majority of the total revenue collected since 2007 was from utilities that went through relicensing between 2007 and 2015, and expressed fairness concerns associated with these same utilities being required to continue to pay the highest percentage of the fees when their project will now require less workload);
  - Concerns about cost increases with paying for the entirety of the state’s hydropower program, paying prevailing wage, paying increased overhead needed to manage dozens of contracts;
  - Concerns of a real or perceived conflict of interest, where the state cannot adequately represent the taxpayer and the resource in policy decisions due to source of funding for that staffer.
  - Concerns about the logistics of a new direct fee-for service structure including how it would be administered, the scope of the state’s current authority to enter such agreements, and who would determine the scope of work associated with the direct fee-for-service.

## **Recommendations on Transparency and Accountability**

RCW 90.16.050 supports the expenses of ECY and DFW staff working on FERC relicensing and license implementation activities, allowing the agencies to be more responsive to the industry’s regulatory requirements and to the resource protection interests of the residents of WA State.

Currently, the biennial legislative report required under this law is the state’s most significant effort to provide transparency on the funds collected, how funds are expended in order to provide responsive, informed, and appropriate engagement at projects across the state, and proportional contribution of the water power license fees to the state’s broader hydropower program funding needs. The biennial report received strong positive feedback from many of the stakeholders. The report also provides opportunity for agency and stakeholder accountability by soliciting comments from stakeholders and responding to those comments. The report content has been adjusted and increased each biennium to meet the requests of fee payers and other stakeholders.

ECY and DFW have recently been coordinating an annual meeting of stakeholders associated with this fee as an additional transparency and accountability tool, and many of the individual projects across the state have mechanisms to support open communication.

In addition to existing mechanisms, the majority of participants believe ECY, DFW, and stakeholders can take more actions to demonstrate transparency and provide better accountability for meeting acceptable, agreed upon performance expectations.

Participants agreed upon the discrete recommendations listed below. Implementation of the following would be contingent upon a legislative extension of the existing water power license fee:

#### *Day-to-day accountability*

- ECY and DFW will each identify an agency manager for hydropower licensing issues. The hydropower licensing managers for each agency will be identified at annual meetings and in the biennial report.
- ECY will update and share an inter-program agreement between its Water Quality, Shorelands, and Water Resources programs, to clarify roles and responsibilities and to identify how they will address inter-program conflict. The agreement will include an updated organizational chart.
- Within the interagency agreement ECY and DFW will clarify roles and responsibilities to address any conflict between agencies.
- ECY and DFW will identify one staff person per hydropower project as agency lead with the ability to identify and resolve any policy conflicts within their agency, and either make decisions or facilitate timely decision-making within the agency. Staff persons for each hydropower project will be identified at annual meetings and in the biennial report.
- The hydropower licensing managers for each agency will act as the points of contact for Utilities should unresolved issues or conflicts arise between utility and agency staff persons.
- All stakeholders commit to continual process improvement by soliciting frequent one-on-one check-ins to achieve appropriate level of performance.

#### *Annual Accountability*

- ECY and DFW will continue to host an annual meeting of Water Power License Fee stakeholders.
  - Stakeholders commit to preparing for and participating in the annual meeting to the degree possible.
  - ECY and DFW will design the meeting agenda to be consistent with key transparency and accountability objectives.
  - ECY and DFW will provide updated program and project points-of-contact at the annual meeting, as well as provide updated organizational charts.
  - ECY and DFW will provide updates on hydropower program succession planning at the meeting, in an effort to keep institutional knowledge on process and projects in-house.
  - ECY and DFW will provide available information on more detailed budget and task code tracking.

- All stakeholders will select priority issues for discussion based on the results of annual surveys and annual one-on-one meetings that may have broader applicability.
- Following distribution of annual surveys to stakeholders, and prior to the annual meeting, upon request from the license holder, the hydropower licensing managers for each agency will conduct an annual one-on-one meeting to discuss what is and is not working, and identify remedial actions necessary in the year ahead.

### *Transparency in Biennial Report*

- ECY and DFW will continue to solicit stakeholder comments on the biennium progress report and any recommendations stakeholders would like included.
- Quantitative Tracking
  - ECY and DFW commit to refining current hydro tracking codes to consistently track work performed (relicensing, implementation of select buckets of discrete tasks, rulemaking, training and education, etc.)
  - ECY and DFW will include information on staff hours were distributed.
- Staff work tasks will be broken out between ECY and DFW.
- State agencies will include a short list of priority issues in the legislative report that have arisen between a licensee and the agencies, including corrective actions, final outcomes, and/or continuing discussions to resolve the issues.

### *Transparency via Annual Survey*

- ECY and DFW will work with stakeholders to develop a mutually-agreeable annual survey that will be distributed in early fall.
  - Completing the annual survey is optional
  - Survey results will not be used in employee performance evaluations
  - Summary of survey results presented in biennial report, and high priority issues identified for discussion at annual collective meeting.
  - Survey results may indicate a need for a one-on-one meeting.
  - ECY and DFW will have the opportunity to comment on surveys in the comments section to facilitate a reciprocal evaluation.
- Possible survey evaluation criteria
  - Staff Communication
    - Staff and agency responsiveness
    - Staff and agency timeliness
      - in reviews and responses
      - in decision making
    - Professionalism in communication
  - Questions about staff participation and staff understanding of roles and responsibilities
    - Have agencies identified designated staff for a project?
    - Is the agency point of contact identified?



- Is the agency manager responsive to utility needs?
- Has the same staff consistently engaged?
- Does the lead staff have ready access to decision makers at critical points?
- Are staff prepared for meetings?
  - Have DFW and Ecology appropriately and consistently collaborated prior to and at decision-making meetings?
  - How well agency staff coordinates positions within their agency and come prepared to hydropower meetings?
  - How well staff came prepared to move discussions forward?
- Staff Expertise
  - How well staff understands laws and statutes (knowledge of state regulations, project license, and 401 conditions, etc.) and do they make decisions based on this understanding?
  - How consistently staff interprets laws and statutes from one project to another?
  - Is staff using the best available science and information to inform position and decisions?
  - Do staff assigned to projects have the necessary training and experience?
- Is the agency supporting staff?
- Is agency management engaging effectively (as needed)?
- Comments section

Finally, participants discussed the potential for and value of ECY and DFW creating accounting coding that could identify precisely the amount of annual hours and FTE the agency staff spend on an individual project, an individual fee payer, or on a detailed list of specific tasks. While the agencies agree that a certain level of additional granularity would be valuable for future discussions, there are challenges that limit the level of detail that can be provided. Below is a discussion of some of these challenges identified by ECY and DFW.

- First and foremost, it is not clear to the state what the need is to identify staff time spent per project when the majority of the group embraces a ‘pooled service’ strategy rather than a ‘fee-for-service’ approach. Under the ‘pooled service’ approach, proportion of time spent by agency staff may be less than or greater than the proportional fee paid by a project in a given year. The agencies would be tracking hours spent on specific projects and certain tasks while continuing to identify the detailed task list per project as is currently included in the biennial report. This additional detail of time-accounting appears to only have value if the fee-payer views this fee as a fee-for-service. The agencies believe that since the fee only pays for half of the FERC program that it is not a fee-for-service. Many participants also expressed concerns about the feasibility of implementing such an approach.
- There are administrative hurdles to tracking detailed work per project. The number of projects and task types in the state would result in a potentially unwieldy list of codes. Additionally, ECY and DFW staff in regional offices and across a large variety of issue

programs often provide assistance to FERC process without discrete funding for hydropower work. This assistance includes administrative staff time and expertise on review of technical models or fish habitat requirements from staff that do not charge time to hydropower programs. DFW estimates the total amount of this work at close to 2 FTE per year across the state. It is not feasible for the state agencies to create formal budget tracking codes for this work funded by non-hydro fee funding sources that is consistent with the tracking desired here.

- ECY and DFW do not support developing an additional database outside of the current agencies' time accounting database to track time spent on discrete tasks per project. Agency experience shows that redundant tracking outside of the current budget and time accounting process is not embraced consistently by staff, and will likely lead to inaccurate information.

### Preferred fee structure alternative

A majority of stakeholder participants ultimately recommend the legislature act to maintain the current fee structure and scale under RCW 90.16.050, with a sunset date of June 30, 2027, with the specific intent to revisit the fee to consider whether to extend, modify, or end the fee. This recommendation is generally consistent with HB 1130, an existing bill introduced in January 2015 by Representatives Jake Fey (D-27) and Shelley Short (R-7) to extend the sunset date to June 30, 2027.

#### Statements of Support

<b>Avista, City of Centralia, Pacific Power, Puget Sound Energy, Snohomish PUD, Seattle City Light, and Tacoma Power (Letter, 10/01/15)</b>
<p>"...A majority of the hydropower license fee holders agree with the recommendations in the report to the legislature to extend the current fee structure to 2027.</p> <p>...These resources have been valuable in our collective goal of ensuring environmental compliance for FERC-licensed hydropower facilities.</p> <p>We...do not support moving to an alternative fee structure or cost reimbursement system. ... The undersigned remain committed to working with you to implement legislation in the 2016 legislative session that extends the current fee structure and rates until 2027."</p>
<b>Pend Oreille PUD (Mark Cauchy, 08/12/15)</b>
<p>"The District prefers the current fee structure with the caveat that all fees must be substantiated by meaningful data and the structure cannot result in cost shifting among the licensees.</p>
<b>Hydropower Reform Coalition – American Rivers, American Whitewater, Trout Unlimited (Rich Bowers, 08/12/15)</b>
<p>"Our priority throughout this effort has been to assure that fees address the intent of the 2007 legislation. That intent was and remains to increase fees for use of Washington's waters to produce power. The legislation was passed to both allow ECY and WDFW to be more responsive to the industry, and to ensure the protection of beneficial uses. It was not limited to the relicensing workload as has been suggested by some. The legislation was passed to provide fees and resources to the agencies so that they could meet all state and federal hydropower and environmental regulatory requirements.</p> <p>From this perspective, the Coalition supports the current fee structure. We see this as the best way to assure that agency staff can be efficient and can meet the above goals; can adequately participate in</p>

hydropower projects; be responsive to utility and industry needs; and continue to ensure protection of critical natural resources. Additional benefits of the current fee structure include:

1. Sufficient resources for agency staff to remain involved in project licensing in WA State, including adequate resources to continue implementation of settlements, final license conditions, adaptive management, and a potential increase in mid-license changes due to drought and changing water availability.

Receiving a license today (including a 401 and a water right) is far different than in the past. Almost every recent and major license in Washington has come about through some form of settlement; almost all include on-going resource committees; and most incorporate some form of adaptive management that continues over the life of the license. In each of these examples, the understanding was that stakeholders, including agency staff, would have the resources to continue to participate and complete studies, agreements, and monitoring. The formal relicensing may be over but the responsibilities continue -- for all stakeholders. As well, changing conditions and a better understanding that issues will change down the road may continue the recent increase in needed license amendments. A changing climate could lead to a review of all flow agreements (variance flows). These may require heavy agency participation. Certainly, changing conditions and climate will require even stronger protection of water and resources. In the future it will be more critical than ever to have sufficient and knowledgeable staff, and even more important to retain a strong level of project history, knowledge and participation.

2. Support and funding necessary to retain existing staff and hire new project staff to replace those who have left. Meeting discussions demonstrated broad based (utility and NGO) support for retaining educated and project specific agency staff.

**American Rivers (*Michael Garrity, 11/03/15*)**

"American Rivers would most happily and enthusiastically support a bill to keep existing fees in place with no sunset. We could also support, somewhat less contentedly, a 2027 sunset as a compromise."

**Chelan County Public Utility District (*multiple staff, 11/13/15*)**

Chelan County PUD supports extension of the current fees for another 10-year period with a review of continuing the funding in advance of the next sunset date. In addition, Chelan request ECY and DFW work with the stakeholders to address the accountability and transparency issues as outlined in this report.

## Statements of Concern

### **Grant County Public Utility District (*Ross Hendrick, 10/29/15*)**

“Grant PUD expressed opposition to this approach at the legislative hearing for HB 1130, citing that that many of Grant PUD’s requirements under its 401 Water Quality Certification have been fulfilled, the benefit associated with those completed projects has shifted from Grant PUD to the general public, and since the general public is receiving the benefits, the general public, via the general fund, should bear the cost of continued agency support for ongoing license implementation and not Grant PUD”

“Grant PUD opposes this recommendation, and instead propose either the implementation of the re-structuring proposal that was presented (or some modified version of it) or that the fees be allowed to sunset. The primary rational behind the opposition is based on the fact that, now that many of the requirements associated with the 11 projects that were relicensed between 2007 and 2015 have been fulfilled, the workload associated with the original intent of the extra fees enacted by the 2007 revision to RCW 90.16.090 has and will continue to decline. Only four projects will be relicensed between 2018 and 2027, and many projects will have finished their first 10 years of license implementation. Stakeholders that oppose the extension of the current fee structure believe that it is unreasonable to continue to force the largest utilities to continue to pay the largest fees, regardless of their actual anticipated need. Some stakeholders believe the current structure does not afford clear accountability to their customer-owners to show direct benefit for the fees paid. The current fee structure is a pooling of funds collected to be used statewide, and as such, there is little to no ability to ensure direct services received are in line with the fees paid. As an example, under the current fee structure Grant PUD pays over 20% (and the most of all utilities) of the total fees collected, simply because it is the largest project (based on theoretical horsepower). However, in 2018 Grant PUD will have finished the majority of its implementation requirements and thus will require far less support from the State, so it believes it is unreasonable for the State to require Grant PUD ratepayers to continue to pay the largest fees in the state to support the hydropower program, which will likely need to spend larger amounts of time on the four projects that will be going through relicensing in the next ten years.”

### **Douglas County Public Utility District (*Meaghan Vibbert, 10/22/15*)**

“Douglas PUD continues to believe the original sunset language should stand. A sunset (end date) was a key element for Douglas PUD’s (and other utilities) non-opposition to the original bill. This additional fee was aimed at covering a large number of simultaneous relicensings, which have since concluded.”

## Other alternatives considered

Two other alternative fee structures were considered by the group, but did not generate the same level of overall support as maintaining the current fee structure for an additional ten years.

### *Additive phase-based fee approach*

Grant PUD proposed an additive, phase-based fee approach, which attempts to correlate the level of fees with the expected level of state agency effort to provide assistance during different relicensing phases. FERC licenses are issued for a duration of 30-50 years. Grant PUD proposed a delineation of three phases within the license duration as follows:

#### *Pre-licensing:*

The 10 years prior to license expiration, commonly used to study and resolve project environmental impacts and remedy through settlement agreements and Clean Water Act (CWA) Section 401 water quality certification (WQC) conditions. This is often when the state agency workload is the highest for a given project. Examples of workload include determination of what studies must be performed, assistance in developing studies, determination of current regulatory compliance issues, and participation in stakeholder and public involvement meetings.

#### *Implementation:*

This is the 10 years after issuance of the WQC and FERC license in which the bulk of settlement agreement actions and WQC conditions are addressed. This involves state agency oversight and often approval of compliance milestones and of adaptive management decisions where applicable. This phase may also include state agency rule-making activities when scheduled compliance actions are determined to be insufficient to meet state rules.

#### *Post-implementation:*

This phase constitutes the remainder of the license period after implementation but prior to the pre-licensing phase. This phase duration varies by project depending on the license term. During this phase, state agency involvement in hydropower project oversight is on an as-needed basis to address emerging issues, previously unforeseen requirements, rule and regulation changes, response to public concerns and inquiries about project impacts to the environment, requests for information, as well as requested or required WQC amendments for the project to remain in compliance with state laws and FERC license articles.

The units used to calculate the fee under this restructuring proposal is twofold:

1. There would be a “primary” fee, which would be based on the theoretical horsepower (THP) of each project. While the state proposed two additional iterations of the “primary” fee for review, the “primary” fee proposed by Grant PUD is as follows:
  - a. The first 1 to 1,000 THP = **\$0.50/THP** unit
  - b. 1,001 THP to 10,000 THP = **\$0.08/THP** unit
  - c. THP in excess of 10,000 = **\$0.005/THP** unit

This is similar to the current fee structure; however the rates within each tier are modified to (a) reduce the total amount collected by simply using the THP and (b) reduce the gap between larger and smaller projects for fees collected under this method. Grant PUD feels that even small projects can require large amounts of state resources during relicensing or implementation of a license if the project has major fish, water quality, or other environmental issues.

2. In addition to the primary fee, every project would be assessed an additional “phase” surcharge fee that would be based on what phase of implementation they are in. While the state proposed two additional iterations of the “phase” surcharge fee for review, the “phase” surcharge fee proposed by Grant PUD is as follows:
  - a. Phase 1 (Pre-licensing) = add a multiplier to the primary fee
  - b. Phase 2 (Implementation) = add a multiplier (smaller than for Phase 1) to the primary fee
  - c. Phase 3 (Post-implementation) = add a multiplier (smaller than for Phase 2) to the primary fee

Under the current fee structure the unit used to calculate the fees is the theoretical horsepower (THP) of each project. This fee structure alternative allows for adjustment of fees based on a generalized expected service level per license phase. The surcharge fee for a given phase is adjusted according to the expected level of service in that phase. The workgroup discussed how structuring the fee based on project phase might work but many logistical issues were raised in how the new proposal would be administered.

In accordance with this proposal, the state developed a range of multipliers and applied them to each utilities expected phases between 2018 and 2027, showing the potential increase or decrease in fees that could be realized under this proposal. As expected, projects that would be in the post-implementation phase would realize a decrease in fees, and those that would be in pre-license or implementation would realize an increase. Further, some of the smaller utilities would realize slight increases to their fees based on the revised THP fee schedule in part 1 of Grant PUD’s proposal.

#### **Statements of Support**

<b>Grant County PUD (Ross Hendrick, 10/29/15)</b>
“Grant PUD believes that moving forward with the current fee structure is unreasonable because it forces the largest utilities to continue to pay the largest fees, regardless of their actual anticipated need. Therefore, Grant PUD put forth and supported the above proposal, or some modified version of it, because it better reflects the anticipated need of a given project (e.g. the phase surcharge fee), while still accounting for the size of the project based on THP (e.g. the primary fee).”

## Statements of Concern

<b>Chelan County PUD (<i>Michelle Smith, 08/12/15</i>)</b>
Chelan PUD does not recommend the attempt to build a tiered approach based on where a project is in its License, since it would be difficult to know for certain how much time may be needed by Ecology or DFW in any phase of a FERC License, or foresee future emergencies requiring immediate and time consuming attention by state agency staff. Additionally, adaptive management and 10-year check-ins found in many Licenses today can require as much time and effort as a relicensing process. Attempting to calculate where a Licensee is over a 10-year period in relationship to their needs for Ecology and DFW staff time would certainly be challenging and likely incorrect.
<b>Avista, City of Centralia, Pacific Power, Puget Sound Energy, Snohomish PUD, Seattle City Light, and Tacoma Power (<i>Letter, 10/01/15</i>)</b>
"We...do not support moving to an alternative fee structure or cost reimbursement system."
<b>Hydropower Reform Coalition – American Rivers, American Whitewater, Trout Unlimited (<i>Rich Bowers, 08/12/15</i>)</b>
"It is apparent that the alternative phase-based approach supports a different view of the fees, where the fees were set solely to address relicensing and represent a fee-for-service. Based on the history, the Coalition firmly disagrees with this. As well, it is our understanding that this interpretation is not supported among the many utilities represented in the stakeholder meetings. In addition to our disagreement over how this alternative views the intent of the fees and existing legislation, the Coalition does not see how the proposed phase-based approach meets or exceeds the benefits already provided by the current fee system. While the phase-based alternative clearly attempts to change the original intent to pay for the use of Washington's waters, it would seem to do little to reduce the cost and burden to the applicants, or to make either the system or the agencies more efficient or more responsive to utility needs. We do understand that this alternative would shift fees among the utilities, with those having completed major relicensing paying less. Again, we see this as an attempt to change the original intent of the fees, which were never that narrowly-focused or short-sighted."
<b>Avista (<i>Email, 08/12/15</i>)</b>
Avista supports extending the current fee structure. It is consistent with the "insurance" type model which we believe was the intention when the fee structure was originally implemented, rather than a "fee for service" model. While we acknowledge the desire of some to create adjusted fees based on the licensing phase of the project, there are a number of concerns with this approach. It is unclear when a project moves from one phase to the next (i.e. licensing phase, post-licensing implementation phase etc.). There is still some question as to the amount work and staff time that will be devoted to projects in a post-licensing phase, particularly if implementation plans are adjusted after such time that the project is deemed not to have achieved full compliance or a change in standards occurs that would warrant rulemaking. Without a long experience record and better tracking of staff time, it is hard to know what the appropriate adjustment to the fees should be in the various phases of the licensing process and implementation for individual projects. The fee multipliers applied in project phases as put forth by Grant PUD and others are arbitrary. For these reason, Avista continues to support a simple extension of the current fee structure. Additionally, there are often instances in which licenses are held up for years for reasons unrelated to 401 Water Quality Certifications. These include but are not limited to mandatory license conditions issued by the federal agencies with conditioning authority (Forest Service, BLM, BIA, USFWS, etc.). Licenses may also be tied up in litigation for years for a host of unrelated reasons. In any of these cases the licensee would be unfairly penalized by having to pay higher fees as designed in the phased approach due to factors unrelated to WDFW's or Ecology's efforts. An additional concern related to the phased fee structure is the common dispute associated with the various interpretations of what needs to be in the 401 Water Quality Certifications, or what we often refer to as "scope creep." This often occurs subsequent to agency staff changes which introduces changing interpretations of what must be included in the certifications.

### *Revised tiered fee rates*

Due to the wide difference in hydropower project size, the current fee structure has a tiered unit cost to provide fee relief to those larger projects that utilize a much greater amount of state waters than smaller projects. The state offered a compromise proposal that attempted to provide some relief to larger projects by reducing the upper THP unit costs, which would potentially account for some of the stakeholders concerns regarding anticipated workload not matching up to the simple size of the project. Fees proposed for each project in this proposal were as follows:

- The first 1 to 1,000 THP = **\$0.68/THP** unit
- 1,001 THP to 10,000 THP = **\$0.128/THP** unit
- THP in excess of 10,000 = **\$0.028/THP** unit

This tiered calculation provides relief to larger project by reducing the upper THP unit costs while maintaining the current funding level by increasing the 1-1000 THP fee and decrease the >10,000 THP fee. This fee structure revision would effectively moderately reduce fees for larger projects and moderately increase fees for smaller projects while maintaining current fee revenue levels.

While there was some interest in the proposal, no stakeholder identified this proposal as a top choice. However, Grant PUD did not support this proposal because it provided only a minor reduction in the fees for the larger utilities, and would still require Grant PUD to be the largest fee payer even though Grant PUD will be in the post-implementation phase beginning in 2018, and thus continues the fee concept that does not account for the anticipated level of need.

### *Other concepts which were discussed but not analyzed*

- Consider a phased approach with only two phases would be considered. One phase includes relicensing and the first 10 years of implementation; the second phase would address years 10+ of a license.
- Another idea was an approach used by the state of Oregon. With this approach, all licensed projects pay an annual fee based on hydropower project size. Funds are then distributed to state agencies for their involvement in licensing and implementation. If an agency determines their participation will cost more than funds available, they may negotiate with the project applicant an agreement whereby applicant provides additional funding for specific agency participation. There was no support for this option.
- Letting the fee sunset without replacement. Only Douglas County PUD supported this option.
- Fee based on river basin/location.
- Shifting to a ‘fee-for-service’ approach. Most workgroup members do not support shifting to a direct ‘fee-for-service’ approach in lieu of a pooled fee. However, Grant County PUD believes this approach would be fair because utilities would pay for the direct service they needed at the time. Concerns raised by other license holders included:
  - Fairness - some utilities have been paying-in under the current system in advance of project relicensing, and object to not receiving the benefits of those payments while also having to pay at a greater level towards a fee-for-service contract during relicensing;



- However, other stakeholders pointed out that a majority of the total revenue collected since 2007 was from utilities that went through relicensing between 2007 and 2015 and thus, those who really needed the service paid the most during the 2007-2015 time period. These stakeholders expressed fairness concerns associated with these same utilities being required to continue to pay the highest percentage of the fees when their projects will now require less workload;
- Concerns about cost increases with paying for the entirety of the state's hydro program, paying prevailing wage, paying increased overhead needed to manage dozens of contracts;
- Concern about increases related to pay for the administration of tracking agency time, as well as whether license holders could control the amount of work done by agencies.
- Concerns that if the agencies are working on a 'fee-for-service' basis then they will prioritize their work load to that end while other projects will not be given adequate time and effort by qualified staff to meet FERC and 401 Water Quality Certification conditions.
- Concerns of a real or perceived conflict of interest, where the state cannot adequately represent the taxpayer and the resource in policy decisions due to source of funding for that staffer.

## Conclusion and Recommendations

- A majority of the stakeholder participants recommended legislation to extend the sunset to 2027. Two stakeholders did not support this recommendation, and instead propose either the implementation of the re-structuring proposal that was presented (or some modified version of it) or that the fees be allowed to sunset and their positions are captured above. The state agencies were in support of the fee extension.
- Implementation of transparency and accountability measures as agreed to by stakeholders is contingent upon the legislative extension of the fee.
  - Ecology and WDFW agree with this recommendation, contingent on extension of the fee. New transparency and accountability measures will be implemented by ECY and DFW agreeing to implement the proposal in this report in the 'recommendations' section of the 15-17 biennial legislative report, commencing only when legislation to extend the fee is signed by the Governor.
- The majority of the stakeholder participants recommend the extension of the water power license fee with a re-evaluation sunset in 2027. The stakeholder process that led to the development of this report was deemed effective and should be the approach used to re-evaluate the fee in advance of a sunset in 2027. Ecology and WDFW agree with this recommendation.

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# Appendices

## Appendix A. Invite List

INVITED WATER POWER LICENSE STAKEHOLDERS		
NAME	AFFILIATION	TITLE
Arbaugh, Dave	Arbaugh & Associates	Director of state Governmental Relations for the Washington Public Utility Districts Association
Armstrong, John	Seattle City Light	Project Manager, Boundary Dam
Attwood, Nancy	Puget Sound Energy	Lobbyist
Bandarra, Bob	Bellingham, City of	Superintendent of Operations
Bickford, Shane	Douglas County P.U.D.	Natural Resources Supervisor
Binkley, Keith	Snohomish County P.U.D.	Manager Natural Resources - Fisheries
Boettger, Dan	Okanogan PUD	Director of Regulatory and Environmental Affairs
Bowers, Rich	Hydropower Reform Coalition	Pacific Northwest Coordinator
Brewer, Christine	Avista	Lobbyist
Carlen, Diana	Tacoma Public Utilities/Cowlitz PUD/Lewis PUD	Senior Governmental Affairs Consultant, Gordon Thomas Honeywell
Carrington, Gregg	Chelan County P.U.D.	Managing Director of Energy Resources
Carson, Brent	Van Ness Feldman/ NWHPA	Rep. for Northwest Hydropower Association
Cauchy, Mark	Pend Oreille County PUD	General Manager
Clarke, Bill	WA PUD Association	Lobbyist
Clauson, Kim	Puget Sound Energy	Lobbyist
Collins, Kathleen	PacifiCorp	Lobbyist
Conger, Kurt	Northern Wasco Co. PUD	Director of Power Supply, Transmission and Regulatory Policy
Culbertson, Tim	Columbia Basin Hydropower	General Manager
Desserault, Audrey	Energy Northwest	Project Specialist
Dresser, Tom	Grant County P.U.D.	Fish, Wildlife, and Water Quality Manager
Dugan, Paul	Energy-Northwest	Hydro and Wind Projects Supervisor
Feliciano, Rose	Seattle City Light	Intergovernmental Relations
Ferrari, Chandra	Trout Unlimited	Water Policy Advisor and Staff Attorney
Fischer, Thom	Black Creek Hydro, Inc.	President
Fitzhugh, Speed	Avista	Spokane River License Manager
Garritty, Michael	American Rivers	Washington State Conservation Director
Geddes, Bob	Lewis County P.U.D.	Manager
<i>General Manager</i>	City of Port Angeles	General Manager
Gingerich, Andrew	Douglas County P.U.D.	Senior Aquatic Resource Biologist
Goo, Micah	City of Centralia	Generation and Systems Operations Manager
Grizzel, Jeff	Grant County P.U.D.	Director of Natural Resources
Hendrick, Ross	Grant PUD	Manager, License Compliance and Implementation Services
Hickey, Paul	Tacoma, City of	License Implementation Coordinator
Kennedy, Athena	Van Ness Feldman	Rep. for Southern California Public Power Authority
Lincoln, Victoria	Association of Washington Cities	Government Relations Advocate
Lora Cox	Citizen stakeholder	Citizen involved in Sunset Falls project

INVITED WATER POWER LICENSE STAKEHOLDERS		
NAME	AFFILIATION	TITLE
Lunney, Meghan	Avista Corporation	Aquatic Resource Specialist
MacDonald, Diana	Cowlitz PUD	Environmental and Regulatory Services Manager
Matzke, Andrea	Wild Washington Rivers	President
McCarty, Pat	Tacoma Power	Generation Manager
Norton, M.L.	City of Centralia	Centralia City Light General Manager
O'Keefe, Thomas	American Whitewater	Pacific Northwest Stewardship Director
Olson, Todd	PacifiCorp	Compliance Director
Oppenheimer, Jory	Puget Sound Energy	Program Manager, Water Resources
Palumbo, Marlys	Van Ness Feldman	Rep. for Southern California Public Power Authority
Plusquellec, Scott	City of Seattle	State Lobbyist
Presler, Dawn	Snohomish County PUD	Senior Environmental Coordinator
Reid Brown	Trinity Project	President
Rennie, Lisa	Tacoma Public Utilities	Senior Manager of Governmental Affairs
Ross, Dan	Energy Northwest (WPPSS)	Manager
Rothlin, John	Avista	Manager, State Government Relations
Seaman, Shaun	Chelan PUD	Natural Resources Asset Manager
Smith, Michelle	Chelan PUD	Licensing and Compliance Manager
Steinmetz, Marcie	Chelan PUD	Water Resource Specialist
Thomas, Larry	Columbia Basin Hydropower	Assistant Manager
Turnmire, Bob	City of Centralia	
Van Nort, Jason	Puget sound Energy	Manager, Community Engagement
Vernard, Jacob	Puget Sound Energy	Hydro Licensing Program Manager
Vibbert, Meaghan	Douglas PUD	Public Information Officer
Wagner, Theresa	Seattle, City of	Attorney
Weatherly, Briana	PacifiCorp Energy	Senior Environmental Compliance Analyst
White, Brenda	Snohomish County PUD	Legislative Liaison
Yount, Tracy	Chelan PUD	External Affairs Director

## Appendix B. Meeting Participation List

Water Power License Fee Workgroup Attendees			Meeting Attendance				
NAME	AFFILIATION	Title	6/17	7/10	8/12	9/16	10/23
Aaland, Neil	Aaland Planning Services, Inc.	Facilitator	X	X	X	X	X
Allegro, Justin	WDFW	Habitat Division	X	X	X	X	X
Arbaugh, Dave	Arbaugh & Associates	Director of state Governmental Relations for the Washington Public Utility Districts Association			X	X	X
Armstrong, John	Seattle City Light	Project Manager, Boundary Dam			X		
Attwood, Nancy	Puget Sound Energy	Lobbyist		X			
Bickford, Shane	Douglas County P.U.D.	Natural Resources Supervisor		X			
Bowers, Rich	Hydropower Reform Coalition	Pacific Northwest Coordinator	X	X	X		
Brewer, Christine	Avista	Lobbyist			X	X	X
Brown, Chad	Ecology	FERC 401 Certification Lead	X	X	X	X	X
Carlen, Diana	Tacoma Public Utilities/Cowlitz PUD/Lewis PUD	Senior Governmental Affairs Consultant, Gordon Thomas Honeywell	X		X		X
Cauchy, Mark	Pend Oreille County PUD	General Manager	X	X	X		
Clauson, Kim	Puget Sound Energy	Lobbyist	X		X	X	
Culbertson, Tim	Columbia Basin Hydropower	General Manager			X		
Feliciano, Rose	Seattle City Light	Intergovernmental Relations	X	X	X	X	X
Fitzhugh, Speed	Avista	Spokane River License Manager	X	X	X	X	
Goo, Micah	City of Centralia	Generation and Systems Operations Mgr.	X	X			X
Hendrick, Ross	Grant PUD	Manager, License Compliance and Implementation Services	X	X	X	X	X
Henning, Julie	WDFW	Habitat Division	X	X	X		
Lincoln, Victoria	Association of Washington Cities	Government Relations Advocate				X	
Matzke, Andrea	Wild Washington Rivers	President	X	X	X		
Olson, Todd	PacifiCorp	Compliance Director	X	X	X	X	
Oppenheimer, Jory	Puget Sound Energy	Program Manager, Water Resources					X
Presler, Dawn	Snohomish County PUD	Senior Environmental Coordinator	X	X	X	X	X
Rennie, Lisa	Tacoma Public Utilities	Senior Manager of Governmental Affairs	X	X		X	X
Rothlin, John	Avista	Manager, State Government Relations		X	X		
Seaman, Shaun	Chelan PUD	Natural Resources Asset Manager		X		X	X
Seeberger, Don	Ecology	WQ Program Assistant Manager	X	X	X	X	X
Smith, Michelle	Chelan PUD	Licensing and Compliance Manager	X	X	X	X	
Steinmetz, Marcie	Chelan PUD	Water Resource Specialist	X	X	X	X	
Thomas, Larry	Columbia Basin Hydropower	Assistant Manager			X		
Turnmire, Bob	City of Centralia				X		
Vibbert, Meaghan	Douglas PUD	Public Information Officer	X	X			
White, Brenda	Snohomish County PUD	Legislative Liaison			X	X	X

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## Appendix C. Work Plan

### Water Power License Fees Recommendations: 2015 Work Plan

**Issue:** Washington Departments of Ecology (ECY) and Fish and Wildlife (DFW) are being directed by the legislature through a budget proviso related to HB 1130 that concerns water power license fees, to work with stakeholders to develop recommendations for restructuring the fees collected under RCW 90.16.050 (1) (b) for hydropower license work. The state agencies are forming this stakeholder workgroup to help develop these recommendations. The results of this workgroup are to be submitted to the appropriate legislative committees by December 1, 2015.

#### **Stakeholder Participants:**

- Neutral facilitator (procured by the State)
- ECY and DFW Managers of FERC-related work
- Interested water power license fee payers and their appointed representatives
- Interested Non-Governmental Organizations and their appointed representatives

#### **Stakeholder Commitment:**

**Agencies:** ECY and DFW commit to procuring a neutral facilitator, providing meeting logistics and any related teleconference options, distributing agendas, meeting notes, and agreed-upon assignments, and providing fiscal analysis of potential fee restructuring scenarios. In order to aid stakeholder participation in discussions and to further clarify the impacts of fee expiration, before September, agencies will provide general quantitative estimates of staff time commitments associated with certain types of work in the development and implementation of Water Quality Certifications and license articles.

**Participants:** Stakeholder participants will make a good faith effort to attend or call-in to each scheduled meeting, review and provide input on meeting notes, and meet deadlines agreed upon at each meeting for development or review of materials.

#### **Stakeholder Process:**

- Develop and agree on a workplan to accomplish the goal of meeting the budget proviso deadline of December 1, 2015. The workplan outline should include anticipated meeting schedules, product benchmarks, and timelines for stakeholder review and discussion of recommendations to meet the proviso deadline.
- As necessary, subgroups may be needed to refine issues, and all participants will seek to identify in advance agenda items that will require technical staff or policy staff.
- The workgroup will develop and implement selection criteria to determine a preferred recommendation to move forward to the legislature. If more than one recommendation comes out of the process, each option should include “pros” and “cons” developed by the workgroup.

## Proposed Workplan for FERC Fee Restructuring Recommendations

### Meeting Schedules

- Meetings approximately every month starting in June. Meeting dates will be scheduled with workgroup input to ensure optimal attendance.
- Agendas provided ahead of each meeting with agenda item notes on whether technical or policy staff are needed for discussion.
- Alternate between West and East-side venues and provide teleconference or webinar as an alternative to in-person attendance to maximize participation.
- Schedule sub-group calls as needed to meet goals for next agenda.
- Extra in-person meetings may be scheduled should unforeseen issues cause the schedule to slip.

### Workplan development and approval

- April 22<sup>nd</sup> – Draft workplan sent out by ECY/DFW to stakeholders.
  - May 8<sup>th</sup> – Deadline for stakeholder comments on Work Plan.
  - June 17<sup>th</sup> – Workplan approved at scheduled meeting.

### Suggested Meeting Timeframes & Product Benchmarks

Stakeholder Meeting Date	Product Benchmarks	Homework
<b>June 17<sup>th</sup></b> <b>9:00 AM-3:00 PM (SeaTac)</b>	<ul style="list-style-type: none"> <li>• Discuss and approve revised work plan.</li> <li>• Final decision on how the recommendations will be submitted (as addendum to biennial Legislative Report or other).</li> <li>• Decide on criteria/template for fee restructuring proposals.</li> <li>• Presentation of fee restructuring proposal ideas to initiate discussion and provide “food for thought” on other potential options.</li> <li>• Discuss logistics for next meeting</li> <li>• Identify actions/homework.</li> </ul>	<i>Week of July 6<sup>th</sup> – Develop Materials</i> <ul style="list-style-type: none"> <li>➤ Viable proposals for fee recommendations submitted that meet criteria, so that they can be distributed to the larger group for discussion at July meeting.</li> </ul>
<b>Week of July 13<sup>th</sup></b> <b>10:00 AM-3:00 (East side-TBD)</b>	<ul style="list-style-type: none"> <li>• Discussion on quantitative estimates of agency staff work.</li> <li>• Presentations on fee restructuring proposals that were submitted as viable options.</li> <li>• Identify actions/homework needed in advance of next meeting.</li> </ul>	<i>Week of August 3<sup>rd</sup></i> <ul style="list-style-type: none"> <li>➤ State begins development process for biennial legislative report</li> <li>➤ Draft outline of ‘Recommendations’ format</li> <li>➤ State document: quantitative estimate of work</li> </ul>
<b>Week of Aug. 10<sup>th</sup> – 10:00 AM-3:00 (West side-TBD)</b>	<ul style="list-style-type: none"> <li>• Discuss/Approve outline of ‘Recommendations’ format</li> </ul>	<i>Week of August 31<sup>st</sup></i>



<b>Stakeholder Meeting Date</b>	<b>Product Benchmarks</b>	<b>Homework</b>
	<ul style="list-style-type: none"> <li>Continued discussions and refinement of fee proposals and analysis</li> <li>Develop criteria for moving a preferred recommendation for fee restructuring forward to the legislative committees. If more than one recommendation comes out of the process, each options should include “pros” and “cons” developed by the workgroup</li> </ul>	<ul style="list-style-type: none"> <li>➤ First Draft of Recommendations available for comment by week of September 14th</li> </ul>
<b>Week of Sept. 14<sup>th</sup> 10:00 AM-3:00 (East side-TBD)</b>	<ul style="list-style-type: none"> <li>Discuss First Draft of Recommendations</li> </ul>	<p><i>Mid- September 2015</i></p> <ul style="list-style-type: none"> <li>➤ State deadline for agency request legislation</li> </ul> <p><i>Week of Sept. 28<sup>th</sup></i></p> <ul style="list-style-type: none"> <li>➤ Revised Draft of Recommendations made available for public comment by week of October 12th</li> </ul> <p><i>Week of October 5<sup>th</sup></i></p> <ul style="list-style-type: none"> <li>➤ Draft of other content from Biennial Legislative Report made available for comment</li> </ul>
<b>Week of Oct. 19<sup>th</sup> 10:00 AM-3:00 (West side-TBD)</b>	<ul style="list-style-type: none"> <li>Discuss revised draft, comments, and proposed revisions to Recommendations</li> <li>Discuss other content in Legislative Report</li> </ul>	<p><i>Week of Oct. 26<sup>th</sup></i></p> <ul style="list-style-type: none"> <li>➤ Final draft of ‘Recommendations’ made available for comments by week of Nov. 9<sup>th</sup></li> </ul>
<b>Week of Nov. 9<sup>th</sup> (TBD) (Call)</b>	<ul style="list-style-type: none"> <li>Finalize ‘Recommendations’</li> <li>Finalize Biennial Legislative Report</li> </ul>	<p><i>Week of Nov. 16<sup>th</sup></i></p> <ul style="list-style-type: none"> <li>➤ Final submittal shared with stakeholder prior to submittal.</li> </ul>
<b>Dec. 1, 2015</b>	Final Legislative Report with Fee Restructuring Recommendations submitted to appropriate committees of the Legislature.	

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## Appendix D. Meeting Summaries

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### *Hydro Power License Stakeholder Advisory Group – Meeting Notes*

*Date: June 17, 2015*

*Place: Sea-Tac Conference Center, Sea-Tac, Washington*

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#### **Summary of Actions**

<b>Item</b>	<b>Action</b>
Information on Ecology's "6 buckets" of time accounting for permit work	The agencies will prepare an FAQ and provide this to the work group
How to submit report to Legislature	Report will be combined with the regular biennial report
Website with background information and meeting materials	Will be live within one week on Ecology's website
Workplan	Approved with some revisions
Additional proposals for fee restructuring	Contact Neil ASAP if additional proposals will be provided

#### **Welcome/Introductions/Agenda Review**

The meeting was called to order at 9:00 a.m. by facilitator Neil Aaland. Introductions were made around the room. Neil reviewed the agenda for the day.

#### **Summary of April 14<sup>th</sup> meeting**

Don Seeberger provided a summary of the first stakeholder meeting, held in Olympia on April 14<sup>th</sup>. The meeting lasted for two hours. Representatives Fey and Short had attended and provided some overview. Participants at the meeting provided some initial perspectives on HB 1130 and the fees. Don was asked how Ecology tracks their time for project work. He said there are six "buckets" of time for project work; he will send those out to the committee. WDFW does not track at that fine a level.

Chad Brown reviewed the spreadsheet of projected workload for the next ten years. The agencies want to provide some context for future work. A question was asked about the source of funding for agency review pre-2007. Some came from EPA and some came from the state general fund.

#### **Work Plan**

The latest version of the proposed work plan was prepared by Justin Allegro. He summarized the changes. Language was used from the budget proviso, which directs the agencies to conduct a stakeholder process around permit fees. The work plan lays out a schedule for products and for work group meetings, with a target of providing a report to the Legislature by December 1, 2015. Chad Brown said Ecology is setting up a web page to post information relevant to this effort; it should be live in one week. In response to a question, he said the state has not prepared a use attainability analysis (UAA) on relicensing.

The work group discussed how recommendations should be submitted. The agencies suggested it could be an addendum to the legislative report that is prepared every two years. The other option is a stand-alone document. In general, workgroup members were okay with a combined report.

### **Additional Stakeholder Perspectives on the Intent of the 2007 Legislation**

Some participants shared their perspectives during the April 2015 meeting. This is intended to provide an opportunity for others to add to that. Additional perspectives included:

- There was a large body of work coming up, especially for the mid-Cs; agencies were need to staff up. Douglas PUD was okay with the sunset date.
- This provided fees for the use of Washington waters; wanted resources to protect beneficial uses and respond to workload (Hydropower Reform Coalition)
- Fee was needed to ensure that staffing would be there; hadn't been increased for 80 years (Seattle)
- There were a lot of projects, not just the mid-Cs, going into relicensing; there wasn't a lot of dialogue about relicensing
- The use of water is a base fee; additional fee was for relicensing. Some funding was for implementation. The thinking was by 2017 most relicensing would be done (Grant)
- If the first ten years was for use of water, what is it for now? Are we re-setting the table? (Pend Oreille)
- Agree with these points; the idea was it had to be revisited; what's the need now? (Chelan)
- Brief discussion about resident fish species and migratory species; migratory have a 2-3 year cycle and are more difficult to manage
- Does Ecology plan to keep tracking under their six categories?
  - Don said the 6 categories are ways for staff to identify work associated with the FERC certification; we need to discuss whether we break down into finer categories
  - Justin thinks coding by project sounds like a fee for service
- Neil suggested that Ecology and WDFW put together a FAQ on coding time and what goes into it; the workgroup was interested in that.

BREAK: 10:50 – 11:00

### **What Information is needed to Consider Re-Structuring Proposals (Sideboards)?**

Don Seeberger started by discussing the rule amendment process that the state uses under the Administrative Procedures Act (APA). It starts with listening sessions, and the agencies have a process to then develop changes. There are usually multiple iterations. When it appears they have a preferred version, a CR-102 is filed with the Office of the Code Reviser. The rule goes through economic analysis as part of that process. Public hearings are held and a public comment period provided. If there are no "significant changes" to the rule as filed, the agencies formally adopt a new rule by filing a CR-103 document with the Office of the Code Reviser. A typical rule process takes 18-24 months; a fast process is 6 months.

Don then asked a question of the workgroup: are the utilities willing to maintain the current funding level? If not, what comes off the table? Discussion points included:

- Are we still thinking in 10 year increments
- Sunsets are used to re-evaluate processes
- Good to think in 10-year increments (several comments in favor)
- 10 year is good but might need to re-evaluate sooner
- Sometimes congressional actions get in this mix.
  - Don commented that a proposed bill in Congress would pre-empt state authority

**Should the agencies stay at the current funding level?**

- There are two different questions --- staffing level and funding level
- In 2007 fees were supposed to augment the general fund; then later the general fund was cut
  - Now it's not only staffing level, but responsiveness
- Ratio should stay the same
- If a proposal is put on the table for this workgroup to consider, what's the funding source? General fund?
  - What is the legal basis for shifting the fee authority?
  - We need to understand the implications of using another statute as the legal authority
  - No comments yet suggest taking the authority out of water resources fees
- Other parameters to consider include thinking about prioritizing – what is the state prioritizing (e.g. bull trout)
- Don pointed out that by having a fee, those paying the fee are in first place
- 10-year re-evaluation provides an accountability loop from the agencies; this needs to be a component of each proposal
- Don asked about addressing the “social good” – how is the workload balanced?
  - Neil suggested coming back to that at the next meeting
- The fee is an insurance policy to ensure staff is available; want to avoid roller-coaster effect (several others agreed)

LUNCH BREAK: Noon to 12:30

### **Fee Restructuring Proposal Ideas**

Ross Hendrick, Grant PUD, agreed to bring a proposal in order to stimulate discussion. He explained that this proposal only addresses the FERC fee, not the base fee. There would be a primary fee based on horsepower, and an additional fee based on the life cycle a particular project is in. Ross acknowledged that this proposal requires more out of the secondary surcharges to provide necessary resources to the state. Discussion points include:

- We've been paying the fee for ten years; now that my project is going through relicensing we have to pay more – it doesn't seem fair to pay more now. I do like the accountability for the agencies (Chelan)
- Same concern – and in ten years do we change it again? (Seattle)
- Proposal is to lock in a certain fee structure for ten years, not to adjust as projects go into different phases
- For the option A fee, is this also tiered based on project size? [No for option A]
- Option A is existing projects in relicensing, is option B new? [option B is also for existing]
- The state agencies will work with Ross and conduct fiscal analysis on his draft restructuring options; one goal is to reach the same amount of money generated annually as is currently raised.

### **Are there any other ideas?**

- Direct payment for a geographic area, such as mid-C utilities paying for a dedicated staff
  - Don Seeberger said they are already structure in that way
- Todd Olsen suggested that only two phases be considered for Option B – one that includes relicensing and the first 10 years of implementation; and another for years 10+ of a license
- Todd said there is another alternative, although one he doesn't like. In Oregon all pay a flat fee; if the agency doesn't have enough funding then they negotiate with the state for additional work
- Speed Fitzhugh (Avista) and Dawn Presler (Snohomish) suggested considering a primary fee plus an added surcharge that would be unique to regions/watersheds;
- Fee for service?
  - Concerns raised included potential conflict of interest; requirement in some cities to pay prevailing wages and pay consultants, at a much higher rate
  - The discussion did not show much support for this option; could be noted in the report as an option that was considered but eliminated
- Speed also suggested simply divide 1.2 million by 47 utilities (approximately \$20,000 each)
- Would be good to have a breakdown of Ecology staff on each project

- Want the fee to be related to a level of effort that project owners are receiving
- Need to provide service and also protect the resources
- If there are an other proposals, please be in touch with Neil as soon as possible
- Neil will call some attendees to see if there is additional feedback on Grant PUD's proposal

### **Summary/Next Steps**

Next meeting dates and locations will be:

- July 10 in Wenatchee
- August 12 at Sea-Tac
- September 14 in Wenatchee

The meeting adjourned at 2:15 pm.

**The next meeting is scheduled for July 10, 2015 in Wenatchee, at the Chelan PUD offices.**

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### **Attendee:**

Neil Aaland, Facilitator	Justin Allegro, WDFW
Chad Brown, Ecology	Don Seeberger, Ecology
Rich Bowers, Hydropower Coalition	Diane Carlen, TPU/Cowlitz/Lewis
Mark Cauchy, PO	Kim Clausen, PSE
Rose Feliciano, SCL	Speed Fitzhugh, Avista
Micah Goo, Centralia	Ross Hendrick, Grant PUD
Julie Henning, WDFW	Andrea Matzke, Wild WA Rivers
Todd Olson, PacifiCorps	Dawn Presler, Snohomish
Lisa Rennie, TPU	Michelle Smith, Chelan
Marcie Steinmetz, Chelan	Meaghan Vibbert, Douglas

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*Hydro Power License Stakeholder Advisory Group – Meeting Notes*

*Date: July 10, 2015*

*Place: Chelan PUD, Wenatchee, Washington*

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**Summary of Actions**

<b>Item</b>	<b>Action</b>
Written bullets on transparency and accountability measures are needed	Neil will seek responses from stakeholders by end of July
Individual stakeholder feedback on preference of phase-based fee structure revision versus a version of the current non-phase-based structure	Neil will solicit individual stakeholders positions on this inquiry
Hand-out that includes Ecology's indirect rates	Chad will revise to clarify indirect
More information on WDFW's methodology in developing time estimates would be helpful	Justin will review with WDFW staff
Information on Ecology's specific staff	Chad will provide; needs to add WR staff

**Welcome/Introductions/Agenda Review**

The meeting was called to order at 10:00 a.m. by facilitator Neil Aaland. Introductions were made around the room. Neil told the group that the website is up, it's a little sparse right now but that will change as information is added. He reviewed the agenda for the day.

**Review and discuss agency staff work done on hydropower projects**

Stakeholders at the last meeting requested additional information from Ecology and WDFW on staff work done on hydro power re-licensing projects. Don Seeberger reviewed several handouts: "Ecology Workload Estimate by Task per Project"; and "Job/Task Codes for Water Power License Fees". [Please refer to those handouts for details on his discussion.]

Questions and discussion points included:

- Shaun asked if indirect is the same as overhead? [Yes. It's about 33% after WQ direct, AG costs, and WR costs are added in]
  - Chad Brown will revise the numbers to better explain the indirect rate

Chad reviewed the estimate of workload. This is based on 2,080 hours per year. The rule-making line item is low because they have not done one yet. Implementation is the workload over a biennium. It's connected to the FERC coordinator that each permittee works with.

Questions and discussion points included:

- Rule-making is an integral part of implementation, but they wanted to break it out separately
- What triggers rule-making? [Needing to change standards that are adopted by rule.]
- Ross asked how costs for buildings are calculated [They look at square footage and determine people that charge to a specific code, and pro-rate their costs]

Justin Allegro then discussed WDFW's staffing. His information is incomplete; he intends to build on it. It does not include information related to relicensing, only implementation. He showed a PowerPoint and two handouts – WDFW Hours Estimates Examples, and WDFW Hydro Project Representation. The first handout looks at specific staff on specific projects during 2011-2015. The second handout-out



shows a preliminary estimate of annual time spent by WDFW on certain “buckets”, or subjects. In the last biennium 4.5 FTE were funded for work on hydro projects with hydro-specific funding sources, including

2.25 from the water power license fee. Justin estimates an additional 2 FTEs of work on FERC implementation was contributed by WDFW staff who not have funding via the water power license fee or other hydro-related funding sources (GFS-FERC and Dingell-Johnson). [Please refer to these hand-outs for more detailed information.]

Questions and discussion points included:

- Chelan PUD staff looked at this issue for their projects and came up with almost the same hours as did WDFW
- John Rothlin thought the methodology could be better defined [Justin said he would go back and discuss]
- Micah thinks this is nice to see in case he gets questions from his city council
- Speed thinks specific staff names are helpful; could Ecology provide that as well [Chad can provide.]
- Justin would like to set annual meetings with utilities that want them
- Todd asked what the next steps are for this information [Justin wants to try and clarify the “buckets”, narrow the list]
- Nancy Atwood said PSE is fine with the current fee, but interested in WDFW tracking more [need to be sure that there are not too many codes]
- Michelle said Chelan PUD is also fine with the current fee; this information is helpful, aligns with their internal estimates. Agencies should consider a survey asking if they got the quality of service they expected at the end of the licensing; this could go in the next report. Perhaps a survey every two years, part of the legislative report
  - Don Seeberger likes the idea of an annual report card, as suggested by Rep. Fey
  - Rose thinks the annual report card is a good idea for both the agencies and the permittees

## **LUNCH BREAK: 11:45 – 12:00 NOON**

### **Fee Restructuring Proposals: Grant County PUD proposal analysis and additional detail**

Chad Brown reviewed a PowerPoint presentation that explains how permit fees are currently calculated. Fees are based on the theoretical horsepower, using agency standard assumptions. He then handed around a set of spreadsheets that explored different possibilities for calculating fees, starting with the Grant

County proposal. [Note: there was an error in the spreadsheets; Chad Brown is preparing updated versions that will provide more accurate data.] This represents a “phased” approach, wherein fees vary depending on which phase of re-licensing a project is in. Two of the three example spreadsheets used different base rates and different phasing multiplier assumptions in determining the fees. The third example showed how modifications to the existing structure in the absence of any phasing considerations (adjusting existing rates) could flatten the curve of total fees paid by project by slightly increasing the fees paid by projects with lower theoretical horsepower and slightly decreasing the fees paid by the largest projects. See spreadsheets for details on these ideas.

Questions and discussion points included:

- Don Seeberger said his only issue is that costs to the state don’t stay static, as noticed recently with the legislature implementing a Cost-of-Living-Adjustment for state employees
- Speed agreed that we don’t want to lose qualified staff
  - Chad pointed out that as shown earlier in the day, the water power license fee dollars do not cover the full amount of work the agencies need to do for hydro, and that will be true even if that state’s workload goes down

- Rose said the current funding is an insurance policy
- Ecology and DFW staff said last meetings' discussions were that the agencies should stay funded at the same level
  - Increases in staff costs, such as COLAs, will need to be factored in at some point
- Michelle said the phase based approach is problematic; there is more need of Ecology's time during implementation
  - Who decides what phase you're in?
  - For the next phase of re-licensing for Chelan, they'll have to pay more than they've already paid
  - Chelan would like to spend more time on an accountability report card, not on fees
  - Nancy Atwood said that PSE agrees; want to keep agency staff
- Ross Hendrick had several thoughts
  - At its heart, this is a fee for service, even though we are not talking about charging by the hour, the fee is meant to provide a priority, consistent, and dedicated service associated with 401 Water Quality Certifications for Hydropower projects. The idea with phases in Grant PUD's restructuring proposal is to get the fees closer to the level of service needed for the 2018-2028 time period.
  - Grant PUD does not believe it should be required to pay for "top of the line" insurance
  - Without a restructure of the current fee calculation that better reflects the estimated workload, Grant PUD will not support legislative changes associated with extending the sunset clause.
- Rose Feliciano expressed great concern about this approach, supports the current structure

### **Transparency and Accountability (related to current fee structure)**

Several stakeholders asked for discussion at this meeting on keeping the current fee structure as another option for consideration. The agenda suggests talking about how to make the process more accountable and transparent for both side; and what it would look like to maintain existing fee structure with improved language on Ecology/WDFW accountability and transparency.

Questions and discussion points included:

- What is greater accountability? [Don thinks the annual report; annual meeting is also required by the legislature]
  - How the agencies count their time and report it
  - Timeliness, consistency, not redundant
  - Accountable to the process
  - Accountability includes which agency is responsible for which topics
  - Accountability is a two way street; provide opportunity for agencies to identify issues with utility approaches that impact agencies' performance.
- How do we avoid turnover of staff?
- Availability and communication:
  - Agency decisions on who attends workgroup meetings could be better (sometimes too many come, sometimes the right person does NOT come)
  - Intent – providing more information on the intent of something (e.g. permit conditions) to prevent confusion in the future
- Is the "report card" in legislation? [It could be part of the report to the legislature]
  - Marcie thinks this could provide an extra push
  - Legislative language is general
- Meaghan Vibbert said annual meetings are like a performance review, where the employee and supervisor meet and discuss performance

### Summary/Next Steps

1. Neil will send an email to the work group to get some specific feedback; each stakeholder is to consult within your organization and provide perspectives. The results will be discussed at the August meeting. The topics for feedback are:
  - a. Which idea for fees should move forward – current structure or phase-based?
  - b. What additional ideas do you have on transparency and accountability?
  - c. What might the “report card” include? The due date for feedback will be July 31.
2. WDFW and Ecology will do some outreach to utilities not in the room.
3. It is possible that a skeleton framework for the legislative report, including some potential policy analysis, will be drafted by the agencies for discussion in August.

Next meeting dates and locations will be:

- August 12 at Sea-Tac
- September 14 in Wenatchee

The meeting adjourned at approximately 2:00 pm.

**The next meeting is scheduled for August 12, 2015 at the conference center at:**

**Sea-Tac International Airport, SeaTac, Washington.**

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### Attendees:

<b>In-person</b>	
Neil Aaland, Facilitator	Justin Allegro, WDFW
Chad Brown, Ecology	Don Seeberger, Ecology
Micah Goo, Centralia	Julie Henning, WDFW
John Rothlin, Avista	Nancy Atwood, PSE
Marcie Steinmetz, CPUD	Todd Olson, PacifiCorp
Ross Hendrick, Grant PUD	Shaun Seaman, Chelan
Michelle Smith, Chelan	Rich Bowers, HRC
Speed Fitzhugh, Avista	Meaghan Vibbert, Douglas PUD
<b>On phone:</b>	
Rose Feliciano, SCL	Lisa Rennie, TPU
Dawn Presler, Snohomish	Shane Bickford, Douglas

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*Hydro Power License Stakeholder Advisory Group – Meeting Notes*

*Date: August 12, 2015*

*Place: Radisson Hotel, Sea-Tac, Washington*

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**Summary of Actions**

Item	Action
Skeleton outline	Comments due back to Neil by Friday August 21 (modified – initial deadline was 8/19)
Draft report/recommendations	The agencies will produce a draft for the September meeting.

**Welcome/Introductions/Agenda Review**

The meeting was called to order at 10:00 a.m. by facilitator Neil Aaland. Introductions were made around the room. Neil asked for feedback on identifying speakers in the meeting notes; participants preferred that speakers be identified, to the extent possible.

**Feedback received on possible fee structures**

Justin Allegro combined into one document the various responses received to the e-mail sent out asking for feedback from stakeholders. This was sent yesterday to the group by Neil. He asked for reactions from stakeholders:

- Tim Culbertson said he is struggling with the proposal from Grant PUD. He stated that his utility does not use state water, and won't need re-licensing for 17 years. This proposal would be a ten-fold increase in their costs.
- Rose said Avista articulated it well, the phased approach is complicated
- Kim pointed out that 3 utilities want to change the approach, others want to keep the current fee system. They agreed with Avista.
- Rich asked what consensus would look like regarding a proposal
- Don Seeberger said from his standpoint it would be mutual agreement; support or stand neutral, and not opposing legislation

Neil asked participants if what they had read and heard today changed anyone's perspective. Nobody offered that this was the case. John Armstrong said there I still some disagreement on whether this is fee for service versus a pooled service. Don said he views this as a pooled service.

**Other comments and discussion:**

- Tim probably agrees with Douglas in letting this sunset, but he can't support the Grant proposal
- Ross said it used to be a fee for service; if the fee goes away, they would all just go into a line
- Don explained that what would go away in Ecology is the ½ FTE in each regional office plus Chad's time; 401 work would become categorized with others
- Brenda offered that the agencies are needed throughout the year
- Rich said his goal is to see the capacity stay
- Julie mentioned this biennium their staff costs are going up, which means even with a steady amount the capacity will decline

Justin asked what people thought about the third proposal, tweaking the current fee structure. He looked at the amount of funding currently being received, and then tried to reduce the highest rate based on horsepower. Mark did not see any justification for doing that. Tim also questioned the basis for tweaking.

Neil asked WDFW and Ecology staff if they had any questions of the group. Don commented that he was not sure there is any agreement. Ross asked what the current budget proviso directed; Justin read it aloud to the group. Don said originally the agencies just suggested removing the sunset date. Kim said the agencies have reported that only 50% of the costs are covered by the fees. We need to remember going into the next legislative session that the trend these days is to cover all permit costs with fees. Don said after today's meeting they'll be updating Reps. Fey and Short, to let them know the progress of this effort. Brenda encouraged the group to strive to get to consensus,

Michelle suggested there may be areas where we might have some agreement. Her thoughts:

- "Sunset" doesn't necessarily mean the end, but rather it means a re-evaluation, perhaps within 10 years
- \$518,000 is the dollar amount we're discussing
- Question is the structure of how we get to that amount

Comments on her points:

- Sunset also has to have an "off-ramp" as some point
- John Armstrong supports an inflation adjustment to maintain the current level
- Dawn mentioned several new projects may add more funding
- Kim suggested staying away from COLA discussions

A lunch break was taken at noon.

After re-convening, Neil explained that the utilities had a private discussion over lunch to see if they could come to any agreements among themselves. They want to continue those discussions, so the meeting from here will focus on agenda topic #2 (transparency and accountability) and we will seek to adjourn by 2:00. The utilities will stay after adjournment and continue their off-line discussion.

Neil asked for feedback on the roll-up of comments received on accountability and transparency.

Comments and discussion points included:

- Michelle noted that several things leapt out at her:
  - Notion of the "report card"
  - Coding and tracking the time
  - Annual check-in
  - Training for agency staff (laws and regulations)
- A point of contact within the agencies, one person, is important
  - Rose thinks this person has to be someone who can get an answer to a question, and the answer is documented
- The report should be simple and easy to administer
- Speed thinks the report card is not detailed, builds up to an annual meeting
- Marcie thinks the report card isn't intended to replace communication; it's meant to address issues in a meaningful way
- Rose asked what part of these responses gave the agencies heartburn?
  - Don said the detailed time tracking – the agencies are concerned about the complexity to achieve this

- Justin needs to check and see if there are any concerns about the report card as related to the collective bargaining agreements
- Brenda asked if the agencies have their own ideas on process improvement
  - Justin said the two way street concept resonates with him

Chad is thinking about a report where there would be recommendations from this group, and the agencies would respond within the report.

Summary from Michelle:

1. There can be improvement; she likes putting them into the four areas
  - a. Annual accountability
  - b. Day to day accountability
  - c. Biennial accountability
2. Making sure the accountability is happening annually, day to day – there is some responsibility on both sides to be sure it's happening

She wanted to know where we have landed regarding a report card. Neil heard there's an attraction to something like a report card; but agencies need to check on collective bargaining agreements. Julie mentioned there was flexibility about what this report card entails, might be meetings. Justin said the things we can agree to should be in section 7 of the report; not necessarily in the legislation.

Tim suggested that a third party could be used if the utility and agency don't agree that there is a problem; similar to what BPA does. Others were not sure that is needed.

#### Summary/Next Steps

1. The group will provide feedback on the skeleton outline by Friday, August 21.
2. The agencies will work on the draft report for the next meeting. It will address transparency, accountability, and fees.
3. The meeting adjourned at approximately 2:00 pm.

**The next meeting is scheduled for September 16, 2015 at the Chelan PUD office in Wenatchee, Washington.**

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#### Attendees:

<b>In-person</b>	
Neil Aaland, Facilitator	Justin Allegro, WDFW
Chad Brown, Ecology	Don Seeberger, Ecology
Tim Culbertson, CB Hydropower	Julie Henning, WDFW
Larry Thomas, CB Hydropower	Marcie Steinmetz, Chelan PUD
Michelle Smith, Chelan PUD	Dave Arbaugh, Chelan/Snohomish PUDs
Rose Feliciano, Seattle City Light	Speed Fitzhugh, Avista
John Rothlin, Avista	Rich Bowers, Hydropower Reform Coalition
Ross Hendrick, Grant PUD	Dawn Presler, Snohomish PUD
Brenda White, Snohomish PUD	Diane Carlen, TPU/Cowlitz/Lewis PUDs
Andrea Matzke, Wild WA Rivers	Kim Clausen, PSE
Todd Olson, PacifiCorp	John Armstrong, SCL
<b>On phone:</b>	
Christine Brewer, Avista	Mark Cauchy, Pend Oreille PUD
Bob Turnmire, City of Centralia	

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*Hydro Power License Stakeholder Advisory Group – Meeting Notes*

*Date: September 16, 2015*

*Place: Chelan PUD Service Building, Wenatchee, Washington*

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**Summary of Actions**

<b>Item</b>	<b>Action</b>
Request to Ecology from OFM	The agencies will send out, within a day or two, the specific question(s) asked by OFM
Summary of upcoming meeting with Rep. Fey	Don will send an e-mail summarizing his upcoming meeting with Rep. Fey (updating him on progress)
Draft report/recommendations	Another iteration of the report, that reflects Ecology's input to the report, will be issued in approximately a week and e-mailed to work group members; use this version as one to red-line and return comments back to the agencies
Additional workgroup meeting	Another meeting will be scheduled in October, likely at Ecology HQ in Lacey
Potential participation in November's Legislative Days	A meeting/briefing may be scheduled during legislative days (November 19-20) with Rep. Fey and others; if so, it's likely this workgroup will receive an invitation to participate

**Welcome/Introductions/Agenda Review**

The meeting was called to order at 10:00 a.m. by facilitator Neil Aaland. Introductions were made around the room. Neil reviewed the agenda.

**Meeting with Rep. Fey**

Don Seeberger explained that Rep. Fey called and asked for a meeting to discuss progress being made by this workgroup. This occurred immediately following the August meeting. Don reviewed the issues discussed with Rep. Fey. He told Rep. Fey that it seems that consensus on a fee approach is unlikely. It was a fairly short meeting, about fifteen minutes. Don will follow up and report back to Rep. Fey after today's workgroup meeting.

In response to a question, the meeting with Rep. Fey occurred about three days after the August meeting of this work group. Rep. Fey wants to consider scheduling a briefing or work session, and invite members of the work group. One idea is this would occur during Legislative Assembly Days, Nov. 19-20, 2015.

Don then mentioned that state financial issues have resulted in the Office of Financial Management (OFM) looking at agency budgets. They are looking at programs where fees don't fully cover costs. The FERC fee is one. OFM asked Ecology to discuss this issue with the workgroup. No decisions have been made, so far the request is only for feedback. Don said a fee for service would be difficult for Ecology to manage. Ecology's Shorelands and Environmental Assistance Program (SEA) currently has cost reimbursement agreements in place for four major projects; this is a model that could be considered.

Individual contracts with each utility would be required with this approach. Ecology could not include WDFW in its contracts. Justin said that WDFW has its own authority to do cost reimbursement. In reviewing their records, he found an agreement between WDFW and Grant PUD in 2005.

Dawn asked if each project would require its own agreement. Don said that's not mandatory, but it would be up to negotiation between the utility and the agency. Rose said the issue was not that different a year ago, and wondered why they think budget issues are so different today. Don said up until a month ago at Ecology, this idea (covering the full cost) was not on the table. Rose said this would be hard for her utility to accept. Ecology and WDFW have previously said tracking time to the extent required for cost reimbursement is difficult. Don said the difference now is a cost reimbursement approach would mean an FTE would be dedicated to that utility and duties would be listed in the contract.

Dawn said the Snohomish PUD discussed cost reimbursement for a specific project with Ecology, and were told they couldn't use it for their projects. Chad said he now knows there is statutory authority. Don agreed that the Cost Recovery Authority (CRA) could cover this.

Christine asked what the exact question is to this work group. Don said they were asked to come to the group, get discussion on a cost reimbursement approach, and bring back this input to Ecology. Justin said WDFW has not been asked to do this. He is assuming that, with this approach, his State General Fund dollars would be gone. He said, for this approach, that a scope of work would be negotiated for each utility.

Don has not yet been able to talk with his program's legal counsel yet. He needs to confirm that the authority in CRA can include this. Marcie expressed interest in reading the rest of the CRA legislation (note: see RCW 43.21A.690). Speed mentioned his concern that if we get away from the use of state waters, that might open them up to other fees.

Ross summarized his understanding. There's a possibility that the agencies would lose roughly \$600,000 per year. The agencies would have to either increase fees or use a cost reimbursement approach. This is only for the utilities who want to step out of the general queue for permits. Don agreed with this summary.

Justin doesn't know what losing this funding would mean for WDFW. Marcie thinks this means that agencies would lose the ability to retain staff and wonders if this means that they wouldn't have the same staff working on their projects. Justin said that is what WDFW learned from its 2005 agreement with Grant County. Dave Arbaugh asked how the implementation of a permit would work – is it an agreement that would renew every two years? Don was not sure but that was a likely option. Dawn wondered if the agencies would consider using the approach of the Water Resources Program, wherein they maintain an approved list of outside consultants who conduct the review work for permits. Ecology staff were not sure that could work in this case. The WRP process is used for state permits; the FERC permits are a delegated federal permit under the Clean Water Act.

Don did not think the Water Quality Program has ever implemented a cost reimbursement agreement. Speed talked about the transparency issue discussed last meeting. What if we moved forward with the direction we discussed then? It seems premature to go in this new direction of cost reimbursement. We need time to evaluate a different approach over the next couple of years.

Dave asked who will decide whether to go with this approach. Don said he would be discussing this internally with Ecology's CFO and chief legislative liaison. He doesn't know what would happen next.

The utilities asked for time to caucus on their own. Agency staff and the facilitator left the room.



A lunch break was then taken.

The meeting re-convened at 12:15. Michelle walked people through the items on the flip chart that reflected the discussion of the utilities. The high points were:

- They want to continue reviewing the draft report
- They need more information on cost reimbursements and how they work
- There is a need to reconcile regulatory responsibilities to contract obligations
- Prevailing wage requirements and contractual obligations will need to be considered

Additional discussion points included:

- This new topic of cost reimbursement should be added to the report
- This workgroup needs another meeting before they can weigh in
- Don agrees that we need another meeting, suggests having it at Ecology so he can bring other staff in as appropriate to discuss nuances of cost reimbursement
- Marcie said she might want to bring her contract experts as well
- Might not need another meeting if OFM changes its mind on this
- Rose asked what the actual request was; she'd like to understand exactly what was being asked of the agencies. Agency staff will e-mail the precise question out to work group members within a day or two of today
- Justin wonders how his agency will come up with numbers that would fund the program; do they raise the rates proportionally? Some other mechanism?
- Rose asked, if this is pursued, does this assume NO ten-year sunset? Agency staff are not clear on this
- Justin says they are looking for information on the next two years, not longer
- Don said right now, there are two key questions:
  - Why isn't the program fully funded?
  - Where do the stakeholders stand on funding?
- Marcie pointed out that the right people to discuss this are not present in the room

Neil asked Speed about his earlier comment that he came prepared to discuss a change in numbers to response to Grant PUD's issues; Speed said he has a number but if others aren't prepared to discuss he won't discuss today.

### **Review Draft Report**

Neil explained that, since we're having another meeting, the primary need for today is to have Justin preview the draft report and answer any immediate questions. Another draft will be produced in a week, after Ecology has an opportunity to review and provide feedback to Justin, then e-mailed out to the workgroup. Workgroup members can then do a detailed "red-lined" review and get those back to Justin. The e-mail will set a due date for comments.

During, and following Justin's review, comments included:

- Rose pointed out that the correct term is "investor owned utilities", not "independent utilities"
- The section on "other issues" is long; consider grouping in categories or putting in a table
- Lisa suggested differentiating between relicensing and implementation
- Dawn suggested putting definitions up front

- Marcie thinks there should be more information on the agreements between WDFW and Ecology
- The descriptions need to be clearer whether items are a proposal, or just discussion points
- Michelle wants the report to be clear that there were other proposals other than Grant PUD's proposal; it's just that Grant's proposal is the one that had numbers put to it

### Summary/Next Steps

Neil summarized the next steps:

4. The agencies will send out, within a day or two, the specific question(s) asked by OFM
5. Don will send an e-mail summarizing his upcoming meeting with Rep. Fey (updating him on progress)
  - a. Dawn suggested that Don get back to the group after his meeting with the OFM/upper management so we have a better idea of what the direction is rather than waiting until the next meeting
6. Another iteration of the report, that reflects Ecology's input to the report, will be issued in approximately a week
  - a. This will be e-mailed to work group members with a deadline for comments to be received
  - b. Use this as the version to "red-line" and send back to Justin
7. Another meeting will be scheduled in October, likely at Ecology HQ in Lacey
8. A meeting/briefing may be scheduled during legislative days (November 19-20) with Rep. Fey and others; if so, it's likely this workgroup will receive an invitation to participate.

The meeting adjourned at approximately 2:00 pm.

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### Attendees:

<b>In-person</b>	
Neil Aaland, Facilitator	Justin Allegro, WDFW
Chad Brown, Ecology	Don Seeberger, Ecology
Christine Brewer, Avista	Marcie Steinmetz, Chelan PUD
Michelle Smith, Chelan PUD	Dave Arbaugh, Chelan/Snohomish PUDs
Rose Feliciano, Seattle City Light	Speed Fitzhugh, Avista
Ross Hendrick, Grant PUD	Dawn Presler, Snohomish PUD
Brenda White, Snohomish PUD	Lisa Rennie, TPU
Shaun Seaman, Chelan PUD	Kim Clausen, PSE
<b>On phone:</b>	
Todd Olson, PacifiCorp	Victoria Lincoln, AWC

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*Hydro Power License Stakeholder Advisory Group – Meeting Notes*

*Date: October 23, 2015*

*Place: Dept. of Ecology HQ, Lacey, Washington*

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**Summary of Actions**

<b>Item</b>	<b>Action</b>
Cost Reimbursement	Discussion
Direct/Indirect Costs	Discussion
Legislative Strategy	Discussion
Next Draft of Report	Agencies presented timeframe for producing next iteration, commenting on that

**Welcome/Introductions/Agenda Review**

The meeting was called to order at 10:00 a.m. by facilitator Neil Aaland. Introductions were made around the room. Neil reviewed the agenda.

**Cost Reimbursement (CR) Overview**

Don Seeberger opened this topic. At the last meeting, there were a number of questions about cost reimbursement. We are trying to answer those questions today. He and Justin handed out the sections of the RCW that provide the authority for each agency has to use CR. Ecology's attorney thinks this only provides authority for the permitting/ Certification component, not for implementation. Justin believes the same is true for the WDFW authority. Don said this allows Ecology to hire consultants/temporary staff to support the additional work. The Water Resources Program as an example keeps a list of approved consultants that may be used for CR work.

Don introduced Loree' Randall with the Shorelands and Environmental Assistance (SEA) Program. There has been a statutory change to allow bigger projects to use CR. Her unit works on 401 Certifications that are not hydropower related. She noted that a 401 is for an entire project, not just the piece that triggers the 401 Cert. In response to a question, she said the scope of a CR agreement can be negotiated, but not administrative details such as staff salaries, benefits or overhead.

Lisa noted the fee they pay now is to ensure staff is there. Don said that hydro is a fee based program that supports permanent staff. If they went to CR what goes away is dedicated staff. Christine noted that at the last meeting quite a few stakeholders supported the current structure. She wonders if Don had heard anything more from OFM. Don indicated he had the conversation and OFM is not trying to direct the group. But they've asked questions about whether there are other avenues to fully fund.

**Additional questions and comments included:**

- ☐ Lisa does not see how this could work for lower level work, or implementation.
- ☐ Justin noted WDFW is concerned about negotiating agreements under CR.
- ☐ Dawn noted that they've used CR for water rights and had good experience with it; she could see it working for hydro projects, if needed.
- ☐ Loree' said Ecology issues 401 Certifications as administrative orders under the state administrative procedures act to retain authority over conditions.
- ☐ Micah noted if a small city does CR it's a bigger deal, his costs would go up.
- ☐ Jerry asked if this would just apply to the re-licensing phase [Yes].
- ☐ Justin said a question asked last time was how work would be prioritized. He looked at WDFW resource issues to see how they do that. He handed out a list of issues they would use to make the decision.
- ☐ Shaun asked what agencies would do about the implementation phase [Don would want to look at all of the authorizations; they would likely want to run a bill if they went down this path].

Neil asked the group if CR is something the group would like the agencies to pursue. John, Micah, and Kim all indicated they would not be interested. Nobody else spoke up to disagree.

Don noted Kim's point that we should focus on what we have agreement on. He said we needed today's discussion to clear this up; he understands that the group does not support a CR approach.

Ross said from Grant's perspective, he wanted to hear more about CR. Fees need to reflect actual need. He knows Grant is in the minority. He would support amending the CR statute to address the concerns.

Dave said Chelan is not interested in expanding the fee structure beyond the 50% level. It seems like with CR it would go beyond 50%. He would need more information to consider that. Rose said she is assuming that CR would be to cover everything. Lisa agreed with Dave's point.

Christine asked if Ecology submitted a decision package for the difference; Don said they have a placeholder at OFM for the bill from last year. He said he would share these perspectives from today's meeting with OFM.

**Direct/Indirect Costs**

Don introduced Garrett Ward, Ecology, to discuss direct and indirect costs. He referred to a PowerPoint presentation (see the Ecology website to view the details of this presentation - <http://www.ecy.wa.gov/programs/wq/ferc/workgroup.html>). His presentation was aimed at providing information on how the agency determines its direct and indirect costs. He focused on the 2013-2015 biennium, looking at the Water Quality and Water Resources Programs.

A summary of some of the points:

- ☐ A portion of indirect is 'cost allocation', which is a percentage used to cover agency administrative costs including the building, copy machines, IT support, other infrastructure.
- ☐ An agency administrative portion is also assigned to cover costs of executive management, central IT support, communications, and other.
- ☐ Shaun expressed concern about how ECY allocated capital expenses in one year as part of the overhead when the cost should be spread out over time. Garrett acknowledged this was a fair concern.
- ☐ Justin noted that sometimes agency executive management spends a lot of time on a given issue or project

- ☐ The presentation included only the FTE allocation that is funded by the current fees and does not include other FTE program costs funded from other sources. The biennial report for 2013-2015 will include full program costs.
- ☐ Ross noted if fees go away, Chad won't go away – he would be re-allocated to other work.

## **LUNCH**

### **How this effort relates to the Report to the Legislature that must be submitted by December 31, 2015.**

#### **(Chad Brown, Ecology)**

Chad explained there are two reports. The first is a regular biennial report that talks about the fee program in general. The report being produced for this stakeholder effort will be stand-alone, but included as an appendix to the larger report. The larger report will be produced in draft form in several weeks. The schedule for producing another draft of this report and soliciting comments:

October 30: Comments due on current version

November 6: A final draft will be sent out

November 13: Comments will be due back on that draft. After that, the agencies will produce a version that will be used to brief legislators during legislative assembly days.

The agencies received two types of comment letters on the current version. One type supported the current approach, the other did not. Don summarized the three perspectives that exist:

1. Support the current structure;
2. Let the fee sunset and come to an end (Douglas PUD); and
3. Interested in fee for service (Grant/Chelan).

Michael Garrity noted that, in the context of sunset or no sunset on the fee, his groups preferred no sunset on the fee. If the choice is between fee with sunset or no fee (or pay for service), they prefer the fee with sunset approach.

#### **Legislative Strategy**

Don is interested in talking about a strategy for the upcoming legislative session. Last session, Ecology wanted to extend the sunset for 10 years so the current fees could continue. Lisa said we've all learned from this discussion; they came into this thinking a scaled approach is good but now thinks we should just keep it simple. Jory Oppenheimer said PSE position is the same, support extending the sunset. John Rothlin said Avista agrees and supports the bill. Dave said last year they supported the bill; now taking a step back. Rose noted that Seattle City Light supports the bill. Christine noted that support needs to come from utilities, not just the agencies. Justin noted that the transparency and accountability piece is new, and there was a lot of consensus around that.

#### **Review Draft Report**

Neil explained that most of the stakeholders already provided comments, but wanted to offer time if anyone has anything to discuss. Shaun noted several points, including on page 9 that staff should be accountable for making decisions according to the law and best available science, not their beliefs.

John Rothlin asked how the agencies think things will work into the session. Don offered the following steps:

1. The agencies will meet with Representatives Fey and Short and review discussions
2. Agencies still think moving the sunset out makes the most sense
3. Legislators will assess whether or not to reintroduce the bill; if can't get it through a short session the agencies will have to decide on next steps

Justin wants to think about this for a bit. After November 20, they'll reach out to the group and let them know how this is playing out.

#### Summary/Next Steps

Neil reviewed the process to issue another draft report: October 30: Comments due on current version November 6: A final draft will be sent out November 13: Comments will be due back on that draft. After that, the agencies will produce a version that will be used to brief legislators during legislative assembly days.

The meeting adjourned at approximately 2:00 pm.

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<b>Attendees:</b>	
<b>Neil Aaland, Facilitator</b>	<b>Justin Allegro, WDFW</b>
Chad Brown, Ecology	Don Seeberger, Ecology
Christine Brewer, Avista	Micah Goo, Centralia City Light
Jory Oppenheimer, PSE	Dave Arbaugh, Chelan/Snohomish PUDs
Rose Feliciano, Seattle City Light	Brenda White, Snohomish PUD
Diana Carlen, Gordon Thomas Honeywell	Shaun Seaman, Chelan PUD
Lisa Rennie, TPU	
<b>On phone:</b>	
Dawn Presler, Snohomish PUD	Ross Hendrick, Grant PUD

## **Appendix E.** Letter from Seattle City Light, Snohomish PUD, Tacoma Power, City of Centralia, Avista, PacifiCorp, & Puget Sound Energy

October 1, 2015

Mr. Don Seeberger  
Department of Ecology  
300 Desmond Drive SE  
Lacey, Washington 98503

Dear Mr. Seeberger,

Thank you for the numerous hours you and others at the Departments of Ecology and Fish & Wildlife have committed to working with the hydropower license fee stakeholder workgroup. More than six all-day meetings have occurred, and we are pleased that a majority of the hydropower license fee holders agree with the recommendations in the report to the legislature to extend the current fee structure to 2027.

It is our position that continuation of the current fee structure will provide adequate resources to the Departments of Ecology and Fish & Wildlife to continue the hydropower compliance program. These resources have been valuable in our collective goal of ensuring environmental compliance for FERC-licensed hydropower facilities.

We appreciate receiving the questions from the Office of Financial Management that are designed to explore the need for additional revenues. As indicated at the last stakeholder meeting, we are not prepared to answer these questions and do not support moving to an alternative fee structure or cost reimbursement system.

As you know, numerous hours were devoted to understanding the current fee structure. We do not see the benefit to spending countless additional hours and months to fully evaluate an alternative funding proposal that is not widely supported. We have spent months reviewing and discussing approaches to the current fee structure. A significant amount of time and additional information would be needed to evaluate new alternative funding proposals. We don't believe this would be a beneficial use of our collective time and resources.

The undersigned remain committed to working with you to implement legislation in the 2016 legislative session that extends the current fee structure and rates until 2027.

Sincerely,

Avista  
City of Centralia  
Pacific Power  
Puget Sound Energy  
Snohomish Public Utility District  
Seattle City Light  
Tacoma Power

cc: Justin Allegro / Fish & Wildlife  
Chad Brown / Ecology  
Denise Clifford / Ecology

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## Appendix F. Letter from Grant County PUD & Chelan County PUD



October 6, 2015

Mr. Don Seeberger  
Department of Ecology  
300 Desmond Drive SE  
Lacey, Washington 98503

**Re: Chelan and Grant PUDs response to hydropower fee funding level**

Dear Mr. Seeberger,

Chelan and Grant PUDs have appreciated the opportunity to participate in the hydropower license fee stakeholder workgroup to date and acknowledges the amount of time and dedication by Ecology, WDFW, Licensees, and environmental organizations over the past six months to attempt to develop recommendations for restructuring the fees under RCW 90.16.050.

This letter is in response to your email on September 18, 2015 asking for our response to funding the water power license fee program at a higher level than current fees provide and consideration of a cost reimbursement concept as a possible alternative for funding the services currently provided.

Chelan and Grant PUDs do not support an increase of fees under the existing structure to fully fund the water power fee program. We believe a structure supporting a fee proportional to anticipated services needed for a hydroelectric project, along with tangible accountability, work products, and schedules, is a more responsible approach to receiving Ecology and WDFW assistance for issuing and implementing 401 water quality certifications and engaging on FERC relicensing and license implementation activities.

Due to the size of our hydroelectric projects, Chelan and Grant PUDs together pay nearly half of the total fees collected under the current fee structure. While we understand the intent of the current subsidy is to provide funding to Ecology and WDFW for hydropower work based on a tiered project horsepower approach, we believe this structure does not afford clear accountability to our customer-owners to show direct benefit for the fees paid. The current fee structure is a pooling of funds collected to be used statewide, and as such, we have little to no ability to ensure direct services received are in line with our fees paid.

*Chelan and Grant PUD - Response on Hydropower Fee Funding Level  
October 6, 2015*

The cost reimbursement concept was discussed at previous stakeholder workgroup meetings during June and July, but was not considered viable due to many unknowns on how Ecology and WDFW would be able to implement the option. Only recently, at the September 16, 2015 stakeholder workgroup meeting, did Ecology request this option again be considered. Chelan and Grant PUDs believe this may be a workable solution in lieu of extending the existing fee structure, though there is still work ahead in exploring and developing this option. Future discussions with the stakeholder workgroup, at a minimum, should include information from Ecology and WDFW related to whether this option is a viable and legal option for issuing/implementing hydropower 401 water quality certifications, how it would be implemented, and specific workload and cost estimates for individual projects.

As indicated at the September stakeholder workgroup meeting, we are not prepared to directly answer your questions related to the effects of discontinuing the subsidy or other sources of available funding, as there are still too many unknowns. The effect of discontinuing the subsidy and the services it provides will be different for each hydroelectric project owner. However, based on discussions with Ecology and WDFW during stakeholder workgroup meetings, Chelan and Grant PUDs understand that an impact of discontinuing the services includes possible loss of dedicated staff to work on hydropower 401 water quality certifications. We also understand that discontinuing the services will not result in outright rejection of applications and/or review/approval of implementation requirements, but could lead to delays or inconsistent staff review. But again, these impacts will affect each licensee differently, and the scale of these impacts is unknown at this time.

Over the past six months, numerous hours have been devoted to discussing the current fee structure and alternatives. Chelan and Grant PUDs believe cost reimbursement is a new and potentially viable option that needs further exploration. Great progress has been made in the stakeholder workgroup meetings on recommendations to improve accountability and transparency and we would like to see that effort continued. We remain committed to working with you and the stakeholder workgroup to complete your report with recommendations for water power fees due to the legislative committee by December 1, 2015. Please feel free to contact us with any questions prior to the next stakeholder workgroup meeting on October 23.

Sincerely,



Michelle Smith  
Public Utility District #1 of Chelan County



Ross Hendrick  
Grant County Public Utility District

Cc: Justin Allegro / WDFW  
Chad Brown / Ecology  
Denise Clifford / Ecology

*Chelan and Grant PUD - Response on Hydropower Fee Funding Level  
October 6, 2015*