To: Thomas Bay Energy Development Participant List

Dt: January 17, 2008

Re: Cascade Creek Hydroelectric Project, FERC No. 12495

Ruth Lake Hydroelectric Project, FERC No. 12619

Scenery Creek Hydroelectric Project, FERC No. 12621

Dear Participant,

Included herein are the draft condensed minutes from the September 26, 2007 agency meeting in Juneau and the September 27, 2007 public meeting in Petersburg, AK. They are provided for your review and consideration. Anyone wishing to comment or make corrections with regard to the accuracy or completeness of their statements is encouraged to do so by responding by February 18th, 2008 to:

TBED Public Meeting Comments

c/o Chris Spens, Cascade Creek,LLC

3633 Alderwood Avenue

Bellingham, Wa. 98225

Or send via e-mail to:

cspens@thomasbayhydro.com

Thank you for your review and consideration,

Chris Spens, Project Manager, Cascade Creek, LLC

Thomas Bay Energy Hydroelectric Project Development
Preliminary Application Multi Agency Consult Meeting
NOAA Offices, Federal Building, Juneau Alaska
September 26, 2007

Re: Cascade Creek Hydroelectric Project FERC No. 12495
Ruth Lake Hydroelectric Project FERC No. 12619
Scenery Creek Hydroelectric Project FERC No. 12621

The meeting begins with a presentation by Dr. Mike Prewitt, FERC licensing consultant to Cascade Creek, LLC.

Mike explained how the flow of the meeting would run. He explained that the focus of the meeting will be the jurisdictional component of the FERC licensing process.

Mike referenced the Power Point slide and explained what the Thomas Bay Energy Development Project would entail. He advised even though the Cascade Creek Preliminary Permit expires on October 1st, a renewal permit will be applied for. Mike also stated that the FERC process requirements have been combined for all three, and this meeting is one aspect of the process.

Mike referenced a map and pointed out where the 3 projects are proposed that make up the jurisdictional component. He explained that each one would include a lake tap, possible dam, tunnels and/or penstocks forming a power conduit, power house, a switchyard, and transmission facilities. He pointed out that the projects might also include access roads, airstrip and docks. Mike continued to explain how each project would route the energy through transmission lines and pointed out where the powerhouses are.

Mike referenced a slide to explain the features of the Cascade Creek Project. He stated it was a Lake Tap into Swan Lake. He pointed out there is a 4,000 foot upper tunnel, a 2,500 foot upper steel penstock, a 2,000 foot lower tunnel, and a 6,500 foot lower steel penstock. He also explained that the powerhouse would be at elevation 15 and the Installed Capacity would be at 30-70 MW. The route the water would travel from Swan Lake, through the tunnels and penstocks, to the powerhouse was displayed on screen. Mike further explained how a lake tap works, and how to manage draw down. He emphasized that the FERC Preliminary Permit licensing period does not give the applicant permission to do anything more than feasibility and environmental studies.

Mike also described the Ruth Lake / Delta Creek Project. He advised that it could have a lake tap or possibly a 150 foot dam, 12,500 feet of steel penstock, a powerhouse 500 feet from tidewater on Delta Creek or penstock routed to a powerhouse on Cascade Creek with an installed capacity of 20-40MW. He explained that if the dam was built, it would allow more head and storage capacity that could be devoted to energy capacity.

Mike went on to describe the Scenery Creek Project. He indicated that the proposal would include a lake tap and possibly a 100 foot high dam, 10,500 feet of steel penstock, and a powerhouse at El 90, approximately 1 to 1.5 miles from tidewater, and 30-60MW installed capacity. Scenery Creek will have issues as it relates to preserving the various species of anadromous fish that use the creek.

Mike explained the status of each FERC preliminary permit. He explained that the preliminary permit for Cascade Creek expires on October 1, 2007, and an application for a new preliminary permit will be made. He also advised that the preliminary permits for both Ruth Lake and Scenery Creek expire on February 1, 2009. Cascade Creek, LLC will be applying to combine licensing for the three projects. Mike also showed the next several slides which explained the FERC licensing process. He pointed out that in Stage 1 (the current stage of the project) the Alternative Licensing Procedures (ALP) application was approved, comments from the communication protocol were received, and a list of stakeholders has been created. Mike explained that the agencies are encouraged to talk among themselves; however, the applicant is discouraged from having those conversations. Mike stated that public comment can be submitted by mail (which requires an additional 8 copies) or electronically to FERC. Mike commented that the study planning period begins after the 60-day PAD comment period has ended (on November 26th, 2007) and includes the drafting of study plans to be sent out to the agencies for comment, with the goal of approximately March, 2008 for the final study plan to be created.

Mike talked about Stage 2 (the stage where environmental study results begin to develop). He explained that this stage also includes Draft License Application, which is sent to all stakeholders for comment and a 90-day review; as well as agency negotiations to help formulate the licensing recommendations. Mike pointed out that there will be situations where FERC will have to step in to make decisions on disputes and at times implement mandatory conditions.

Mike then continued to describe Stage III (stage where draft environmental assessment and license application are submitted to FERC). The final license application is sent to FERC and FERC responds with their request for Interventions, Recommendations, and Terms and Conditions. He also went over the Licensing Schedule, and helped the agencies to understand when & how they will have roles during the 3-4 years it will take to process the licenses for the projects.

A member of the audience wanted to know if the jurisdictional boundary will grow.

Mike responded that FERC is bound by the jurisdictional boundaries set for a project. He explained that community members may comment on it, but rarely does FERC make exceptions to their own regulations. He suggested instead of sending the comment to FERC, the audience member might ask the applicant to consider a broader area in their environmental studies.

An audience member wanted Mike to clarify the NEPA process.

Mike replied that NEPA requires a scope of geographic and temporal cumulative impacts.

A member of the audience asked Mike to expand on his comment regarding "the need for power", and explain where that analysis is incorporated in the licensing process. She also wanted to also know if the Environmental Impact Statement (EIS) comes after the application is submitted.

Mike stated that the Draft License Application contains 2-3 different sections. The *Purpose and Need For Action* is described within the environmental assessment (EA or EIS) and is one of the sections that gives the applicant an opportunity to explain where the power will go. The other section would be *The Developmental Analysis* section where the relative tradeoff between the cost of environmental measures and the revenue of the power is balanced against each other. He also reiterated that a DRAFT EA or EIS accompanies the final application to FERC. Mike clarified that the initial EA will be part of the packet that is subject to the 90-day review and comment period, and after FERC's recommendations have been included then it will be open to an additional 30-day comment period.

A member of the audience wanted to clarify when the comment period began and ended for this portion of the project.

Mike stated that the comment period would begin after the public meeting was held the following evening the 27th in Petersburg, and probably 2 weeks after the "30-day period" has ended will be the true cutoff to allow time for the mail to be received (The comment period has been determined to end on November 26th, 2007) . He explained that going to the FERC website, entering the project number for each application and submitting comments electronically will be most effective and time-saving. He also emphasized the benefit to Cascade Creek, LLC if the comments are copied to them when sent to FERC, so the comments can be instantly added and considered by the study planning that is taking place.

An audience member asked Mike to expand on his comment relating to the cultural element.

Mike explained that FERC issued a resource list along with the requirements of how to determine in what areas your project might have issues. The resource list includes fish, wildlife, botanical, scenic, aesthetic, geology and soils, water quantity, water quality, recreation and cultural. Mike mentioned that historic preservation research is also mandated.

A member of the audience wanted to know if there were plans to do additional gauging on the three bodies of water affected by the project, and if those gauges would be up to USGS standards.

Thom Fischer (Cascade Creek, LLC) responded that the plan is for 3 gauges, all USGS standard, to be placed at each lake outlet and 3 gauges to be placed at the mouth of each creek at tidewater. He explained that the gauges at Cascade Creek will be compared to the 38 years of data already collected, and Scenery Creek will be compared to the 3 years of record. He pointed out that by having 2 gauges for each project the amount of water available for power generation can be determined.

An audience member wanted to know how long the construction period might take.

Mike replied that there is no construction plan at this time. He explained that those details for construction periods and construction practices are part of the negotiations that take place before the draft license application is prepared. He also pointed out that changes in construction periods continue to change even after the license is issued.

Someone asked what the total capital expenditure will be.

Thom replied that the project is expected to cost between $250-$300 million dollars. He referenced a brochure that explains the break-down of costs that each of the three projects would bare.

An audience member wanted to know at which point in the process are the agencies advised of the actual plans, so they know what to study as well.

Thom stated that there are models for all three creeks, one with a dam and one without. He indicated that it would be helpful to share those models and receive input from the agencies that would be involved.

One member of the audience mentioned that the project is 100% privately funded.

Another wanted to know how the effects of climate change, temperature, and precipitation are being factored into the economic analysis and budgets, since the applicant is seeking 50 year licenses.

Thom responded that he has analyzed 67 years of rainfall records for Petersburg, and has determined that over the course of that time, an increase of 2% precipitation has occurred. He stated that based on the records that have been studied, rainfall in southeast Alaska will probably not be affected much by the “global warming” trend.

A member of the audience asked how the community might get involved in the management of the water portion of the project.

Thom explained that the Southeast Conference has been working on an energy policy to present to the Governor, and he thought that this project might be one way to get the Feds and State to partner in the responsibility of water management.

The question was asked if each of the projects had annual, or better, storage.

Thom stated that will be determined when the fluctuation of the lake has been decided. He explained that at this time annual is the goal.

The presentation and question/answer period was then closed and meeting adjourned.

TBED Agency Meeting Attendees
Juneau, AK
Wednesday, September 26, 2007

Mike Prewitt	FERC Licensing Consultant
Timothy Wilkins	NMFS
Sue Schrader	SEACC
Roger Birk	USFS
Terry Otness	SEA Wind, LLC
Peter Naoroz	Kootznoowoo
Karin McCoy	ADFG - Wildlife
Russ Beers	USFS
Sue Walker	NMFS
Thom Fischer	Tollhouse Energy Company
Chris Spens	Cascade Creek, LLC
Sasha Soldeft	Kake Tribal Corporation
Richard Jackson	USACE
Erin Allee	Alaska Coastal Management Program
John Dunker	ADNR - Water Resources, SE
Terry Schwarz	ADNR - Alaska Hydrologic Survey
Robert Loescher	Cascade Creek, LLC
Duff Mitchell	
Don Kubley	Conover Insurance
Doug Fleming	ADF&G - Sport Fish Division
Jim Ferguson	ADF&G - Sport Fish Division

DRAFT MEETING MINUTES

THOMAS BAY ENERGY DEVELOPMENT (TBED)
PRE-APPLICATION PUBLIC MEETING

on the:

Cascade Creek (FERC No. 12495)
Scenery Creek (FERC No. 12621)
Ruth Lake (FERC No. 12619)

Hydroelectric Projects

September 27, 2007, Petersburg, Alaska

Conducted By:

Cascade Creek LLC (CCLLC)
Bellingham, WA

The meeting took place at the Petersburg City Council Chambers and began at about 7:10 pm.

In attendance for CCLLC were:

Thom Fischer, President, Tollhouse Energy, Bellingham, WA
Chris Spens, Tollhouse Energy, TBED Project Manager; and
Mike Prewitt, Seattle Washington, FERC Consultant.

(In these minutes, remarks by these individuals will be attributed as "Thom", "Chris" and "Mike". Questions from the audience, when the speaker was not identified, are preceded by a "Q". Comments are preceded by a "C")

In the audience were approximately sixty attendees, names on attached attendance list.

The meeting was professionally videotaped by Prime Media Services of Petersburg.

Mike opened the meeting by welcoming the attendees. He said that the meeting was part of the FERC licensing process for the Projects He said that there were many FERC regulations and that licensing had to go according to them.

He said that, during the meeting, CCLLC would present a project description, describe the licensing process, answer questions as they arose, and allow time for comments. He said that CCLLC would try to answer all questions as they arose and that comments would be heard after the presentation.

Mike introduced himself, Thom and Chris and their respective roles. Mike said that the previous project manager, Steve Marmon had been replaced by Chris.

Mike said that Tollhouse isn't the applicant, that CCLLC is the applicant.

Thom introduced Karl Lehr from Kake Tribal, noting that they were part of CCLLC and intend to take over interest in the projects.

Q: Can ownership transfer?

Mike: Yes, Kake tribal can take over during the preliminary permit period and they become the applicant. (**Note to reviewers**—this response must be clarified as follows: Name ownership of a FERC Preliminary Permit cannot be transferred during the period of the Permit, however, the company, Cascade Creek LLC can be purchased and the Preliminary Permits would go with the company.)

Q: Why can't Kake Tribal get Tyee (Hydroelectric Project) power? Why do they have to go through this?

Thom: There has been a surplus of power but there hasn't been an interconnection, so there has been no way to get the power to Kake.

C: There hasn't been a connection to Cascade Creek either

Thom: yes, that's correct;

Q: Is the interconnection to Kake part of this project?

Mike; No, the project under discussion is the one described in the PAD. We will describe the project under discussion for FERC licensing.

Q/C: How does this meeting pertain to a preliminary permit that will expire in two days? This meeting does not pertain.

Mike: The permit pertains because it is still active.

Chris: If you will hold off on comments until we can describe the project and the licensing process, it will help.

C: It's important to hear what everyone has to say.

Mike: Has the question about preliminary permits been answered?

C: No, this meeting is not relevant

Mike: We are committed to going ahead with this presentation tonight.

Q: If CCLLC business plan changes, can that ride on this preliminary permit? If transmission line route changes, can that be done under this preliminary permit?

Mike: Change of t-line is a change in project design, not in the CCLLC business plan. Project design is expected to change during the licensing process. If a resource agency doesn't like a t-line route, they may ask for it to be changed. If CCLLC wishes to change an element of the project design, the change has to be notified to the stake holders.

Q: Will Kake be a good business partner?

Mike: FERC doesn't get involved in the business relationships. They recognize one applicant. If the project description or operation changes, FERC is very interested. It may change as time goes on.

C: If that happens, there no recourse for us.

Mike: If there is a change, it will be recognized and addressed by FERC and the stakeholders.

Q: Who are the stakeholders?

Mike: Resource agencies, the public and NGO's

Q: Are we stakeholders?

Mike: Yes, if you signed the sheet you are. If you don't wish to receive the material, say so on the sheet before you leave.

C: We signed up three years ago and haven't heard from you guys once, wasn't on the list.

Thom: Started to explain project background.

Mike said the man wanted his name on the list, and we will assure he is on the list.

C: My family has used Thomas Bay for many years, we need to know if our access to the place will be restricted.

Mike: That's a comment and we'd like to address it later in the meeting. It's an issue.

Q: What about homeland security? Wont' they keep us from going there?

Mike; I can't answer that. It will be addressed during the licensing process. I'd like to get on with the project description.

Mike started with project description. TBED is three hydro projects, Scenery Creek, Cascade Creek, and Ruth Lake. Each has a reservoir and a power conduit and a powerhouse near the shoreline. Power goes to Petersburg and then to the Tyee Hydro Project substation where an existing t-line continues to Wrangell. Power is carried to Petersburg on overhead and submarine t-lines. The t-line from the projects to Petersburg will be built; the line to the Tyee Hydro project exists but will be modified to carry the additional voltage.

Mike pointed at a rectangle on the map and said that the area inside the rectangle was the FERC jurisdictional component.

Q. How much modification to the lines between Petersburg and Tyee will be required?

Thom: Described technical aspects of work, said it would cost about a million dollars.

Mike said that he had been advised to state that remainder of the project was not under FERC jurisdiction.

Q: After interconnection, doesn't the line to Tyee become jurisdictional?

Mike; No. As in the lower 48, if a line goes from project to the grid, that's where jurisdiction ends.

Q: The map shows the t-line landing near Sandy Beach. Is this literal?

Thom: That's the current plan, but its' quite preliminary. If it works, we'll stay with it, if not we'll make a change.

Q: It looks like the t-line is crossing private land. What will you do about that?

Thom: We're not that concerned about the exact route, we just want to get power to the substation.

Mike: All land use conditions must be met before licensing. Nothing happens just on the will of the applicant.

Q: If the project is licensed, is there eminent domain?

Mike: Yes, the area within the project boundary becomes eminent domain under FERC.

Q: How would overland transmission lines look?

Thom: They'd be on wood poles as 138 kv, similar to those around town here.

Q: Are the projects being combined into one application?

Mike: No, FERC asked us to prepare a PAD with all three projects, and to conduct initial consultation and meetings on the three so we wouldn't have to have a meeting for Cascade Creek and then another for Scenery Creek, etc. There are three project numbers and we will submit three license applications. I'm not sure what FERC will do with them at that time.

Q: Could they just do an EIS on one or two?

Mike: Usually, they do more rather than less. They are required under the Federal Power Act to evaluate everything in the basin or basins.

Q: Can they just license one or two?

Mike: Yes, I've seen a multiple project EIS in which not all projects received licenses.

Mike showed a closer map view of the projects and then oblique photos.

Q: Financially, are any of these projects economic without the others?

Thom: Our preliminary economics analysis shows that any of the three can stand on its own. The expense of the t-line requires enough project mass to justify building the t-line to Canada.

Q: What would be the swath and appearance of the t-line?

Thom: Generally there is a 100-foot right of way; it could be a little less, 30-50 feet on each side of the towers. This could include a road, which would be part of the right of way so you could clear less. We'll use 50 to 60 foot high wood pole, three phase, transmission towers.

Q: Will the t-lines lines have an effect on health?

Thom: Anytime you build a t-line, it affects something. Some people in the area want power and they could get it from this. We only put it near a road because it reduced the need for a right of way. It can basically go anywhere.

C: The FERC website says you can't provide power to private parties along the way.

Thom: That's right, but the local utility can hang transformers on our towers and deliver power to homeowners.

Q: How about from the underwater t-line?

Thom: The local utility distributes power. They can place transformers and build a 7kV line for distribution, known as under-building. We are a power wholesaler, the local utility would provide the local distribution.

Q: Is the right of way going to go across private lands without any say? I'm a land owner and I don't want it on my property.

Mike. The Land Use section of the application will address these issues, but it's too early to say. You'll have every opportunity to comment. Nothing will happen without your input.

C: Your semantics are wrong. You keep saying "will" and it should be "would".

Mike: You're right.

Q: Is this meeting supposed to reach out to people in Thomas bay?

Mike: FERC requirements are to notice this meeting in newspapers. Beyond that, how to notify everyone is difficult. It's not our intention not to notify people. It's to our benefit to have everyone involved.

C: That area is remote, and people over there don't know about this meeting. It's important to get these people into the process.

Mike. Could you help us with that?

Q: Asked again about eminent domain.

Thom: I just met with a lot of land owners, some said we don't want it, other said we want power. This is all very preliminary.

Q: Can you hold a meeting like this in the area?

Mike: Yes.

C: You said you weren't an expert (on eminent domain). You must know about that. Do you get paid if the licensing doesn't go through?

Thom: Unfortunately he does.

Q: Are only the comments at the end of the meeting going to be reported? Lots of articulate comments are being made. Will they be in the record?

Mike: They will be on the tape.

C: But will they be in the written record?

Mike: Yes, all comments will be in the written record.

Q: Why did you use overhead transmission?

Thom: overhead lines are cheaper and logging roads, along which the lines would run, were already built and represented the shortest distance. It's still just a proposed route.

Mike goes to next slide, an oblique photo for orientation purposes.

He then showed the transmission component slide showing the transmission system from the Projects to Canada. He said that if the transmission system weren't built, there would be no need for power. He said FERC evaluates need for power during the licensing. If there is no need for power they won't license a Project. Mike said that there was existing need for power in Southeast Alaska. This Project's need for power comes from need in Canada and the lower 48.

Q: Are you going to provide for base load or peaking power?

Thom. We're running economic models for both; it depends on who the buyer is.

Q: One or two of your dams may be built up. Does this suggest pumped storage?

Thom: we're not planning any pumped storage.

Q: Question on why presentation was just on area in rectangle.

Mike said FERC had asked that the presentation be on the jurisdictional component.

Q: How can this be, when need for power is critical?

Thom: when Bradfield is permitted, FERC would become involved.

Mike: If the line to Canada is not built, there will not be a need for power. It's as if you had a project in Montana which was selling power to San Francisco which isn't unusual these days with wheeling. FERC is only interested in the need for power at the point of interconnection. If it's there, then FERC accepts a positive need for power.

The videographer asked for a pause to change tape. On return, states that there is a problem with the tape. Mike asks if it's OK to begin with another tape also being made.

C: It seem the whole idea of this project is for Tollhouse to make money.

Thom: I'll be the first to say we are trying to make money. But we have other things, cheap energy for people on grid.

C: Oh please, if you weren't go to make money we wouldn't see you here.

Q: What's the line (on the transmission map slide) going from Petersburg west?

Mike It's an artifact of a big graphic I used to make this one. It's an earlier proposal for a t-line to Kake.

Q: It looks as thought your proposal goes through Craig River valley (in Canada). After all the hoops you go through in Alaska are you just going to steam roller those people? I saw a document from First Nations on Craig River wilderness area and it said that there were to be no transmission towers, no roads; it's like a wild and scenic river. How do you propose are you going to buy them off, and go through all these other things and then get to Canada.

Thom; We never said this was going to be easy. It takes a 400 million dollar t-line. We are engaged with Tahltans. We are aware of this. I apologize, we haven't talked with you because of the need to address the fatal flaw of Canada building a t-line.

C: Its ridiculous to just consider Thomas bay to Petersburg.

C: So this is a huge gamble?

Thom: I wouldn't call it a gamble.

C: About 25 years ago, BC Hydro wanted to put five dams on the Stikine River in Canada. They said the life expectancy of those reservoirs was 100 to 150 years. I asked where is this power going. They said LA. Where are you going to sell this power? The public's been through Enron; you're trying to pull off a lot under the Enron shadow. A lot of people are concerned about their homes around here.

Thom: I'd like to answer that in the commentary period.

Q: What is the value of a license? How bankable? It seems we are in a bit of a fishing trip here, spinning wheels and creating turmoil over nothing.

Mike: Could you repeat your question.

Q: How fundable are these licenses once awarded?

Thom: that needs to be addressed but I think it's prudent that we get through this FERC process.

C: Fair enough.

Mike then described the Cascade Creek Project tunnels, penstocks, powerhouse and t-line, then showed a topographic map of the project.

Q: If there is to be a dock, can I tie off to it?

Thom: there will be a small floating dock in addition to the larger dock for equipment. You can tie off to the small floating dock.

Q: Is it going to affect the fishing in that area?

Thom: No.

Q: Before you leave this page, do you have more detailed descriptions of the tunnels and penstocks?

Thom gave dimensions of the penstocks and tunnels.

Thom added, to answer question about the docks, we want input from the locals to make something you can use. This is public land.

Q: Will they (the Projects) be protected by homeland security?

Thom: My guess is this will be pretty low priority for homeland security.

Mike: FERC does have homeland security policies for each of its licensed projects.

Thom: The powerhouse would be locked and not accessible to the public. There would be a fence around the transformers as a safety measure.

C: That side of the bay is already susceptible to landslides. If you tunnel there it will increase the risk.

Q: Will you describe the lake tap and how much of a swath you'll destroy with the tunnels and penstocks?

Mike shows a diagram of the lake tap, showing a nine-foot tunnel drill and blasted beneath the ridges at the lake and where it joins the upper penstock.

Thom: As far as the tunnel goes, it's underground and there's no visual impact. At the penstocks, it would be like a logging road on each side of the penstock.

Q: How wide would the swath be?

Thom: The last one we did was about 30 feet on either side of the pipe. Its' a big pipe here and may take more.

C: This is a very highly used hunting and fishing area and if you draw the lake down a plane won't be able to land there. The area is our hinting and fishing ground, it's our grubstake and we don't want to risk losing it.

C: But they don't live here so that doesn't really matter.

Q: Then why don't you build a powerhouse in Canada if that's where you're going to use it?

Mike: Let's bring the rhetoric down a bit and just ask questions. This is fun for you but not so fun for us.

C: It's very emotional for us. We can't imagine blasting under Swan Lake; it scares us a lot.

Mike: I think we need a break.

Q: Are you going to have pipes to sell bottled water? Seems silly not to.

Thom: The FERC license is for non-consumptive use. We could apply to the state to get a consumptive water right.

Q: Is there a possibility of a pumped back operation?

Thom: No, there will be no pumped storage. Depending on the recreational value of the cabin on Swan Lake, it will probably be easier to bring the lake down with a lake tap than to raise the level with a dam. The Forest Service might elect to put more cabins on the lake.

C: With a 45 foot drawdown, it will take a couple of ladders to get up to the cabin.

C: The fish aren't going to make it with a 45 foot drawdown.

Thom: the drawdown will occur during winter and in summer the level will be back up.

C: You may not be aware of it, but the fish live there all the time.

Thom: I understand.

Discussion of effects on Cascade Creek and Falls Lake. Thom said that the instream flow studies will address changes in flow in the bypassed reaches.

Q: Will Falls Lake change?

Thom: No, it's not affected by this project.

Q: But if inflow changes, how can the lake stay the same? I'm confused.

Mike asks for a short break.

Return: Chris is presenting.

I'm a land use planner and I have a background in watershed sciences. I also am a Coast Guard Licensed Captain. Much of what you say is familiar to me. I'm from Bellingham. We know that this is your home, your backyard and your precious resource. We want to start a dialogue to gain your knowledge. We start with a rather uninformed design and through talks with you, we refine them into more detailed proposals.

Some things are required by FERC, like this meeting, some things are desired, like the ongoing communications with you. Refining the proposal is all done in accordance with the FERC process.

The final design will only happen if you the people, the agencies, elected representatives and FERC all accept it.

It's frustrating because it's a large proposal and we're only dealing with a small part of it. We have to take it in steps. Some questions you asked tonight we can't answer.

We'll be here after this meeting and in the coming months. We'll have a website. Our goal is to be accessible. We need to get through this presentation, which is required.

On to the Ruth Lake description. Chris described the slide which had the information from the PAD. Correction on MW and MWh on the slide.

Chris: We've heard that we don't know what the fishery in Ruth Lake is.

Chris gave the Scenery Creek project details. He said that the powerhouse may be 1 –1.5 miles upstream from tidewater. That's a big range, but the actual location will be where it has the least impact but can still do the job.

There is some information on fish in Scenery Creek and Lake, but the agencies will let us know what we need in addition to what's already known.

Chris described the FERC licensing process. The Preliminary Permit is a reserved right in the licensing process to study the projects before preparing a license application. The Cascade Creek Permit expires on October 1, 2007. The other two Permits expire in February, 2009. We are trying to combine them into one to evaluate how they are interrelated, etc.

We need to do better job of giving notice of the project proceedings other than in an announcement in the newspaper. We'd appreciate your help with this.

Chris describes the study planning process. He said that studies have to do with environmental and engineering issues, so we can further refine the proposal.

For example, a powerhouse could be designed to look like a lodge, etc., something softer than just built-up concrete.

Ultimately what is produced is a description of the project in some detail and a draft impact analysis in the Draft License Application.

The Draft Application is shared among the stakeholders so you can see if your issues were addressed.

Generally, we think we'll be using all three years of the preliminary permit to get this information.

Next slide, shows initial consultation. Chris said the Alternative Licensing Procedure was more flexible and didn't have the stringent time schedules of other procedures.

Chris said that communications under the ALP were meant to be 100% open and transparent, and that CCLLC can't have a meeting without noticing all participants.

Chris said that studies involved such things as which fish are present, what's the hydrology, how are you going to document moose habitat and existence? How can you predict landslides?

He said that CCLLC had to get approval of how to investigate these issues from the public and agencies.

Chris then described Scoping as a process of identifying issues. He said that once the application was made to FERC, FERC might change or add to the proposal, ask for additional information, etc.

He said that after license application, the National Environmental Policy Act (NEPA) process kicks in. He said a project like this has years of process. No decision is made in a vacuum, by surprise and certainly not overnight.

Chris said that comments in response to the PAD and this meeting should go to the address of the FERC Secretary on the board.

Chris said he'd appreciate it if respondents also sent comments to CCLLC. He said that all formal comments will show up on the FERC website. He said that CCLLC may or may not develop its own non-FERC website.

Q: Who pays for the studies?

Chris: The applicant pays for all studies, and it's our hope to use local expertise to the maximum extent. We anticipate study planning over the next three or four months. We're hoping to have the scope of the plans around March, 2008.

Q: I'm confused, I thought the other slide said 60 day comment period. This slide says 30.

Chris: It's 60 days.

Chris: If you think about the notion that it will takes about three years to prepare an application, that should reinforce the notion that this is a very slow moving process. Its meant to be comprehensive and complete.

He said that studies will include hydrology, bathymetry, cultural aspects, all of the environmental aspects.

Q: Will all of this be done by March?

Chris: No, the "what to do" list will be done by end of March, doing it will take years. For example, stream gaging might be multi-year because only one of the systems has existing data. Fisheries utilization might be multi-year, depending on the species.

After these years of study, the study results start to come back and feed into the Draft License Application. The Draft License Application is then sent out with the three month review period.

Chris then discussed Terms and Conditions (T and C) negotiations. He described "4E recommendations" in which Federal land management agencies (like the Forest Service) can say "you must do these things" and they have to be part of the license.

Jim Ferguson added that the 4E recommendations were mandatory from the USFS, and that ADF&G could also make recommendations which would fall under section 10(j) of the FPA. FERC would pay attention to them but they are not mandatory. If there's a dispute, there is a formal dispute resolution process.

After review of comments on the Draft Application and preliminary T and C development, the final license application goes to FERC. FERC sends out a request for final recommendations and asks for interveners. There were also interveners on the Preliminary Permit applications. Intervention gives you a firm, formal position on the process to propose terms and conditions.

Jim: Intervention gives you legal standing with FERC to, say, appeal the decisions made. Gives the public legal standing to say "I'm formally appealing this, etc., etc.".

Q: Can individuals do that?

Jim: Yes, anybody can.

Q: What is the time period for becoming and intervener?

Jim: When the final license application comes out, that's when FERC will issue a request for interventions.

Nan: Also, a request for interventions goes out when the permit (Preliminary Permit?) is being reviewed. You can intervene and state what your interest is at that time as well.

Chris said that the formal comment period was open.

Q: I know a preliminary permit is good for three years and can be renewed twice. I'm wondering why you're not seeking a renewal for the permit for Cascade Creek?

Chris: We are.

Q: In addition to the Alternative Licensing Process, you're doing both?

Chris: Let me attempt to clarify. We will apply for a new permit for Cascade Creek and hope to be able to get the three projects synchronized somewhere down the road. The ALP gives us the flexibility to combine the licensing processes. We made request for ALP and have been given approval. I have a binder with the official documents. Did I answer your question?

Q: I'm concerned that for two of the three projects you may or may not propose a dam, and we can't comment until you make decisions on those situations.

Chris: What you need to do is respond to both scenarios. As the process goes on, more info comes in, more decisions are made and by the time it becomes a license application, the proposal is very specific.

Q: Relative to the slide on the licensing process, at which point are you required to make changes if the proposal is deemed unacceptable by the local stakeholders? How and when are you mandated to make changes?

Chris: The Project is proposed consistent with FERC requirements, issues and objections are noted, if an issue requires impact assessment, that is accomplished, if a feature is changed, e.g. all tunnels and no penstock, and there are still objections, there isn't an obligation to make the change, but respond to the request.

Q: I don't understand.

Chris: If a resource agency says, for example, a powerhouse location is unacceptable, that's a resource issue and a technical issue.

Q: But it's the local shareholders (sic), I want to know how each of us here, I want to know how you will do that.

Chris: It's all driven by the FERC licensing process. During the early phases, consultation takes place, studies are done,, the proposal is refined. In the draft application, a very detailed proposal is described, which responds to the issues of concern identified during the pre-application process and the results and conclusions of previous environmental studies that were required. The application also would include agency requirements and recommendations. The draft license application is put out for comment and review. That is the time to see if your issues have been responded to and make comment accordingly.

It's entirely probable that there will be some non-technical issues are not resolved. Example, "I don't like the way it looks". The project may not fit everyone's preference. The result is based on the comments and interactions during the process. Ultimately the license application represents a best fit, based on the influences of the process. There may be further revisions/modifications based on the comments received on the draft license application.

In short, you may not get everything you hoped for, and that applies to both applicant and responders.

C: I'm going to make a formal comment. Scenery cove is a very significant resource, it's a miniature glacial fjord, lots of locals use it, lots of cruise ships are coming in, it's becoming a greater destination for them. Any impact will be a reduction of the value of the area, not whether we like it, but loss of value. How will those things be addressed?

Chris: That will be an aspect that FERC will look at, it may be a social value, a legacy value. I don't know exactly how this will be dealt with. You say how many boats would be involved, etc. and it becomes an element of consideration. I don't know its actual weight or outcome.

Thom: Initially we proposed a road and there were local objections, so we went to submarine t-lines. A question I have is, if there was a dock there…

Many in the audience: Absolutely not….

Thom: I'm talking about a dock you could pull up….

Many in the audience: Absolutely not.

Chris: That's an example—if not why not?

C: I'll tell you why, my friend flew me up there and the waterfall behind the cabin and it was a beautiful sunny day, it was unspoiled. You won't have that feeling if you cruise in and see a powerhouse and an airstrip; it just won't be there.

C: People here don't want this to become Bellingham. You've got Bellingham and we don't want this to become Bellingham.

Chris: Please state your name when you comment, let us know if you are part of a group or part of the citizenry.

Eric Lee: I have a concern about the mines going in up the Stikine. Has your group contacted them regarding financial incentives or offers of purchasing power?

Thom: The answer is no, they can already buy power from BC Hydro for 3.5 cents a kilowatt hour and they also own the Forest Kerr Project which they intend on selling. Those mines will be buying power from BC Hydro.

Q: How do CCLLC, Kake Tribal, Tollhouse, and Whitewater fit together?

Chris: CCLLC is the applicant, it's a corporation, it's a legal entity someone else could buy.

Q: So what about Kake Tribal?

Chris: Kake Tribal has an interest in the project; they may wish to acquire it.

Q: So Tollhouse's interest is…?

Chris: They're here as a technical resource, an engineering resource. I don't know about the business relationships of the applicant.

Q: I keep getting the idea that you'd like us to talk about the nuts and the bolts, how big should a pipe be, how wide should a road be?

Chris: We'd like to list issues and refine the technical aspects….

C: That's not what I'm driving at. You like to talk in technical terms…but the people in this room overwhelmingly are against the whole damn project…let me ask it this way, if the majority of people in this community were absolutely opposed to this project would you go ahead with the application?

Thom: You'd have to ask the people who are going to own this, but if I were the owner, if the people were against it, that would weigh in our decision. But there are more people than just Petersburg that are interested….

C: So you would trash our community for your own profits?

Thom: I wouldn't do that. That's not a fair statement.

Chris: Let me explain… FERC will look at the physical impact, then the area of influence, then they'll look at the benefit. Evaluation takes place in all those areas, site

specific, local, the area as a whole. It's appropriate to say we object to the project, but please add why you object. The more specific you are, the more it can be evaluated.

Q: So who should his question be addressed to?

Chris: Right now it's addressed to Kimberly Bose, FERC Secretary. You can also email me.

My name is Scott Hersey, I run Alaska Passages Adventure Cruises. This would have a great impact. I'm not the only one… lots of cruise ships use the area. I anchor in Scenery Cove. There are usually other boats there. Overhead power lines and powerhouses would have a severe effect on the area. I don't see how you can have boats anchoring in Scenery Cove with any kind of undersea cable. It would preclude any kind of anchorage in there. If you look at the chart, you'll see 21 fathoms. That was in 1978. Now its no more than 16 or 17 fathoms. It's very dynamic. Closer to the glacier, if you ran the cable there, there are places where it's 25 fathoms shallower than what used to be there not very many years ago. He described events related to release of a lake in the glacier, again related to dynamics in the area. He also described, relative to overhead t-lines, wind that blew trees from the mountaintop into the cove.

Asked if CCLLC were prepared for the kinds of dynamics there.

Chris: That's helpful.

My name's Joe Nelson, I'm superintendent of Petersburg Municipal Power and Light. I've prepared four pages I'd like to enter into the record. I'd like to make a few points here….in your presentation on August 22 in Anchorage, you mentioned Valtec. Who is Valtec and what part to they play in this?

Thom: Valtec is a company (part of Vallard Construction, a Canadian company) that has an interest in power projects t-lines. They aren't a part of CCLLC. They are interested in transmission lines in Alaska and Canada.

Joe: We're concerned about who we are dealing with and it seems that changes day to day and month to month.

Joe: We're also concerned about impacts on the t-line to Tyee. It's stable now; we've spent a lot of money on it and we want to be sure it remains stable. We're concerned about the number of outages which might result from line construction, tying it in, etc. we don't liking running diesels if we don't have to.

Hi, I'm Katy O'***? City of Petersburg. Petersburg is currently circulating a petition to make that land part of a borough. If it becomes a borough, you will be subject to borough taxes. We've been working on it for a year. How does that affect your project and how does it affect Kake Tribal?

Thom: We did a project near Cordova where tribal interests saw they could make some money and we ended up paying them a lease. We don't know who will own the land in question. Here, if there is a private owner or native corporation, we'll probably end up paying a lease or tax.

Chris: The Project will have to comply with local land use laws.

Q: I heard that Canadian interests could buy power much cheaper from BC Hydro, but earlier you said that the Canadians now want power and have the incentive to build the Canadian half of the transmission system. I don't understand how that fits.

Chris: Both statements are correct. The Project is intended to be part of a grid. Power could be used close in by property owners, as backup energy, it ends up being "sold to the market"….

Q: But if the power's too expensive, why is there an incentive for Canadians to build the 400 million dollar t-line to Bradfield?

Thom: You can sell this energy to everyone from BC Hydro to southern California; everyone needs energy, it's going up every year. There's a big demand, particularly for renewable energy. It sounds odd that BC Hydro's selling for 3.5 and buying for 8 cents, but that's the market.

Q: Why would Canada build a 400 million powerline? Because there's a mine over there that has 50 billion dollars in gold and copper, would employ thousands of Canadians.

Q: What percentage of energy loss will you experience through line losses?

Thom: There are energy trades, so the kilowatts don't physically go to Puget Power, There's an energy trade, so there are no line losses. BC has a postage stamp rate; it costs the same in line losses and wheeling fees to send power from Vancouver to Puget Sound than from up here to Puget Sound..

Q: Would fresh water levels in Thomas Bay be increased dramatically? The bay freezes over in winter and it's hard getting our crab boats in and out.

Chris: it originates in the watershed and is discharged and that won't change. But that's a good question and one we need to study.

Thom: it generally follows the profile of the current conditions; the discharge may be on Monday or Tuesday instead of Wednesday or Thursday, but it will generally be the same.

Karen Nelson, concerned citizen: When Thomas Bay influences people's livelihood as well as just appreciating the beauty of it, why can't this be moved to a different area and leave Thomas Bay alone?

Chris: There is always another place and always another group to whom it's important. I would never discount another place by saying "there's no one there."

Thom: Thomas Bay just happens to have three particularly good spots for hydro. There's always a balance. If Petersburg and Wrangell owned the projects, the excess energy could be sold for somewhere between 5 and 6 million dollars a year and that has benefit.

Dave Carlson, CEO of four dam pool: I've warned Thom about opposition in Petersburg. Our concern is the upgrade of the t-lines; it's going to be expensive, so keep that in mind. How about the Cascade Creek Permit, which expires in three days?

Chris: Explains the purpose of permit, Mr. Carlson says he understands the purpose. Anyone can apply for the new permit by being at FERC with an application, first in line. Also, there is municipal preference. City of Petersburg held a permit for Cascade Creek and Hosey and company wrote a report which has been cited, in the early '80s. Are you working with any municipality to apply for municipal preference?

Chris: CCLLC is making it's own corporate application and has approached other municipalities as well.

Carlson: I was in the BCTC meetings about the t-line to Canada and never got a definitive answer about their commitment, but tonight it sounds like they are on board and they want to do this. Is that correct?

Thom: No, we didn't say that. They are focused on getting power from Skeena up to a place called Bob Quinn Lake and at that point the private project lines take over.

Carlson: Have you been seeking state or federal funds for this project? Or do you intend to?

Chris: At this point in time, Cascade Creek, a private company, is looking at private funds.

Carlson: So the answer's no?

Chris: The answer is exactly what I said.

Carlson: On the PAD, it's confusing because you said I can only comment on the jurisdictional part….

Chris: comment on the PAD and then we can comment on broader issues later.

Carlson: You called it the "State of Alaska Four Dam Pool Power Authority" and that's absolutely incorrect. It's "Four Dam Pool Power Agency" only. It's a joint action

agency governed by three municipalities and two coops, has nothing to do with the State of Alaska at all.

Also, you say there are damaged insulators. We spend hundreds of thousands of dollars each year, I've asked my linemen and operators about this. If you know of damaged insulators, I'd appreciate a phone call telling us where they are.

Thom: We got info from FDPPA that there were four or five insulators which had been shot out and they were OK for 69 kV but not for 139. A system study will have to be conducted and coordinated with the FDPPA.

Carlson: We need to keep up system reliability. We are delivering power for 6 cents, if lines go down, we turn on diesels and power is over 20 cents. We can't afford down time.

Q: Who are the municipalities you've been talking to?

Thom: We've talked to several entities, but I can't answer your question right now. We've talked to Thomas Bay Power Authority, Petersburg and Wrangell, and I think it would be appropriate if they owned a part of this project. Kake is one of the towns that we're focusing on getting energy to.

Q: When will you know what the t-line route will be? Also, if you double the power, will we need new transmission towers?

Thom: That would be something we'd have to work out with the local utility.

Q: Who bears the cost of that?

Thom: CCLLC bears the cost from the first point of interconnection which is at the Petersburg substation.

Q: When will we be able to comment on that portion of your proposal?

Chris: By the time it's in a draft application, it will be more detailed and that will be about three years from now.

Q: Hersey: You said you weren't seeking state funding, but Lisa Merkowski said you were and she named the source.

Chris: At this time it is predominately intended as a private project and whatever opportunities are out there will get evaluated as they come along.

Thom: It's conceivable that Kake could get some funding through native energy funds, like another project we worked on.

Hersey: But Lisa said this project was too large for that.

Thom: Cascade Creek is not seeking funding, but Kake could seek federal funding.

Chris: Are there comments specific to the proposal we've presented tonight. Can we handle those and then go on to others?

Cynthia W?. I'm just against the project, don't want to negotiate, I'm just against it, but I am curious about how it all fits together, Kake tribal, etc.

Chris: We can talk about that later; I'm trying to close the record on the project. We can talk about those other things later.

Q: On the record or off the record?

Karen McCullough: I'd like to ask that all communications be transparent. I don't feel they've been transparent to this point. I'd like to thank you for accepting all comments to this point. I appreciate the flexibility to accept those comments and make them part of the record. I personally am opposed to any sort of development in Thomas Bay.

Mike Stanbrook, Commercial Fisherman: Thank you for taking the comments; I personally am against any development in Thomas Bay.

Barry Bracken (??) Who is responsible for line maintenance in part of a line with two entities using same line?

Thom: The costs are prorated by amount of energy going across. If TBED puts in 10 times the power, the wheeling fees will drop FDPPA's costs (Thom said 200 K would go down to 180K and FDPPA would only pay 20K.)

Q: I'm having a hard time figuring out exactly who Cascade Creek is. Cascade Creek is really Whitewater and Whitewater is the company pardoned by Murkowski for criminally negligent homicide in the death of a worker, Gary Stone, father of five. I guess ethics don't play a part but I'm wondering how your company can come back to Alaska and do business.

Chris: Comment noted and in the record.

Jay Pritchet: This is my wife and we are opposed to the entire project.

Tricia ??? Representing regional shellfish staff of ADF&G. Read document into record (appended).

Brad Hunter, interested public member: I have a list of concerns, should I mail them to the Secretary?

Chris: Yes, and copy us (CCLLC) if you could

Brad: I also believe that there would be a negative impact to property values in the area.

Thom: It's much easier to comment electronically to the FERC website. Talk to local resource agencies. If you use paper, it requires an original and 8 copies to FERC.

Nan: There's a problem with the FERC website filing into different dockets. You have to file three separate times (once for each FERC Project number) or the system kicks you out.

Chris: Need to get into website, go into one Project ("P") number, file comments, get out, go into the next "P" number, etc.

Doug Fleming, ADF&G: We've known about these projects for some time. We are compiling comments. We've identified four areas of concern as they relate to current and future sport fisheries in the area:

First, we want to be sure trout will have access to spawning and rearing especially in Scenery and Cascade Lakes. Also, that trout would need access to areas downstream of the lake, and finally, that the prey items would not decrease.

Second, on Scenery and Cascade Creek Projects, we're concerned about instream flow and water quality in and below the bypassed reaches. Will need instream flow studies and will need a proscription for instream flow.

Third, increased fresh water would reduce boat access and reduce salinity and mixing in surface waters with the possibility to effect food chains which support forage fish. Also, some warmer water could positively influence upwelling.

Finally, we're concerned about limitations in access of sport recreationers from more ice, and from security which would deny access to project areas. Also, from submerged power lines which might prohibit anchoring of boats.

Q: What if we don't get our comments in by October 1?

Chris: You have 60 days after tonight.

C: Something needs to be said about wildlife. There are goats, deer moose, birds waterfowl which need to be rigorously studied to evaluate impacts from transmission, power generation…..

Chris: We'd love to hear anecdotally about your observations.

C: The shoreline is used by trappers.

Dennis Rogers, Island ???? LLC, local charter entity. I have yet to see a demonstration of the benefits to the local population in return for the degradation that will occur. I am opposed to this project.

Colin Lyons ????. Back in ???? a landslide occurred. Tlingit called it the bay of death. If you drill and probe, the whole mountain could come down and it will be the bay of death. I'm opposed to this project.

Chris: I'm now going to close the presentation of the pre application document, and want to say we are sincere in wanting to be accessible.

TBED Public Meeting
Thursday, September 27, 2007

Suzanne West	
Heath Whitacre	USFS
Liz Cabrera	
Sunny Rez	
Heidi Lee	
Susan Flanary	
Scott Newman	
Marlene Cushing	
George Meintel	
Colyn Lyons	
Ronn Buschmann	
Helner Olson	
Rick Braun	
G. Whitethorn	
Jim Cariello	DNR – OHMP
Charles E. Wood	
Brad Hunter	
Becky Knight	
Jim Vick	
Jeff Rice	ADF&G
Karen Dillman	USFS
Melinda Hofstad	
Arnold Enze	
Cynthia Wallesz	
Joseph Sebastian	
Nan Nalder	
Dick Griffith	
Joe Nelson	City of Petersburg
Stephen Frentz	
K. O'Neal	
Paul Anderson	City of Petersburg
Robert Nelsen	
Teresa Stolpe	ADF&G – CF
Jim Ferguson	ADF&G – SF

Doug Fleming	ADF&G – SF
Mark Jensen	
Dick Largwatt	
Robert Monteith	
Em Lee	
Carolyn Pritchett	
Jay Pritchett	
Martha Smith	
Dennis Rogers	
Barry Bracken	
Donna Mackensie	
Mark Hofstad	
Karl Lehr	
Eli Lucas	
Sharon Hunter	
Mike Stainbrook	
Scott Hursey	
Brian Paust	
Karin McCullough	
David Berg	
Jim Schramek	
Erin McKittrick	
Jim Cariello	