

MINUTES OF THE LAKE POWELL PIPELINE MANAGEMENT COMMITTEE

Minutes of a public meeting of the Lake Powell Pipeline Management Committee, held on Thursday, March 17, 2011 at 11:00 a.m. at 533 East Waterworks Drive, St. George, Utah.

Board Members present: Scott Wilson (Central Iron County Water Conservancy District), Ronald W. Thompson (Washington County Water Conservancy District), Dennis Strong (Utah Division of Water Resources) and James Lemmon (Utah Division of Water Resources).

Also present: Eric Millis (Utah Division of Water Resources), Craig Harmon (Bureau of Land Management), Harold Sersland (Utah Division of Water Resources Consultant), Pete Samuolis (Kennedy Jenks), LeAnn Skrzynski (Kaibab Paiute Tribe), Scott Hirschi (Washington County Economic Development Council), Barbara Hjelle (Washington County Water Conservancy District), Brian Liming (MWH), Marc Brown (MWH), and Ann Jensen (Washington County Water Conservancy District-Secretary).

Welcome and Introductions — Dennis Strong welcomed those present and conducted the meeting. He said that Mike Noel did tell the group that he could not attend today's meeting.

Approval of November 8, 2010 Minutes — **Jim Lemmon made a motion to approve the minutes of November 8, 2010. Ron Thompson seconded the motion and all voted aye.**

Study Reports and Upcoming Study Report Meetings — Brian Liming reported on the 21 Draft Study Reports filed with FERC on March 14, 2011. Several of these reports have multiple documents. One report, the Archaeological and Historic-Era Resources Report, was not filed. It is a non-public file because it contains sensitive information. The Ethnographic Resources report is still being prepared. They are waiting for some of the Tribes to get their portions of that study done. Out of the 23 study reports, FERC already had one and we filed twenty-one.

FERC Initial Study Report (ISR) Meetings will be held here in St. George on March 22 at the Lexington Conference Center from 8:30 a.m. to 5:00 p.m. There will be one held in Salt Lake City at the State Office Building Auditorium on March 23 from 8:30 a.m. to 5:00 p.m. Power Point presentations will be shown regarding the Draft Study Reports. The presentation on each study will be limited to 15 minutes.

The format for those Draft Study Report presentations includes:

- Summary of study report methods – statement that study plan methodology was followed
- Important data collected/analyzed
- Summary of key results
- Proposed modifications to four study plans for natural gas pipeline/gas generators:
 - Air quality
 - Socioeconomics
 - Noise
 - Visual Resources
- An update on the remaining tasks and schedule will be given

Finally an update will be presented for completing these tasks. All study reports do not include any cumulative effects analysis at this point in time because we wanted that closer to the time we will be making the preliminary licensing proposal submittal and the license application.

Utah Division of Water Resources (UDWR) will file a meetings summary 15 days after the ISR meetings. This will include any proposed modifications to the study plans. Participants and staff can file disagreements with the proposed modifications to the study plans 30 days after the ISR meeting summary is filed. The participants and staff can then file responses to disagreements 30 days following the previous date. The FERC Office of Environmental Programs (OEP) Director then issues a letter resolving disagreements and amends the study plans as appropriate.

LeAnn Skrzynski asked Brian to define “participants” and he said participants include any agencies, tribes or interested parties.

Modifications to the four ongoing studies will be filed with FERC 15 days following the ISR meeting. FERC will then approve the study plan modifications by a letter to UDWR. UDWR would perform those modified studies as soon as possible. The updated Draft Study Reports would then be submitted to FERC along with a description of the data collected and the analyses performed. We are anticipating that this will be in June of this year.

Finally, we will briefly talk about the Preliminary Licensing Proposal (PLP) which is the next step that goes into the FERC Integrated Licensing Proposal (ILP). It will describe the proposed project facilities, including lands and waters. This is for the hydro system only and not for the entire system. It does not include the intake system, the conveyance system or the Iron and Kane county systems. It basically includes from the high point of the monument to Sand Hollow Reservoir and all the inline hydros and the hydro facilities at the Hurricane Cliffs and also at Sand Hollow Reservoir.

It will describe the proposed project operation and maintenance plan, including measures for protection, mitigation and enhancement of resources that can be affected by the project proposal. It will include draft environmental analysis by resource of the preliminary licensing proposal, utilizing results of study reports prepared under approved study plans. When the licensing proposal is submitted, participants and FERC staff may file comments on the PLP within 90 days of filing with FERC.

Ron asked at what point in time you submit the project description? Brian said we’ll have to submit those to the Bureau of Reclamation (BOR), Bureau of Land Management (BLM) and National Park Service (NPS) in advance of submitting the license application. The actual plan of development documents will go in with the license application. We’ll also have a lot of discussion with those agencies regarding mitigation measures. The draft biological assessment is also submitted to FERC as the lead agency and to the USFWS and the other agencies along with the preliminary license proposal. The license application cannot be submitted earlier than 150 days following the PLP filing. This is a regulatory timeframe.

Dennis asked if filing the PLP would be later this year or early next year, and Brian said it would be later this year. He then asked if, after filing the PLP later this year, would it then be late spring or early summer before FERC would say you have met with our approval and would allow us to file for a license. Brian said they would give an approval of the PLP and then we could proceed with filing the license application. Dennis asked what they do in those 150 days. It's not a public process, it is an agency process. Brian said it is an agency review process – again just for the hydro system to make sure we have the right information prepared for that so they feel we can move forward with filing the license application. Eric Millis asked when we could file the license application. Brian said very late this year or early next year. Ron asked if this is that two-year process then. Brian said once the license application is submitted, that's when the draft EIS starts being prepared. It is our intent to submit as complete an environmental document as possible so we can minimize the amount of time they will have to spend restudying any of the resources. Dennis said it is not until then that we will get into what people already think we are into and that is NEPA. We are all in the pre-NEPA phase right now. The advantage to this part of the process is that people get to see what will be going into the NEPA process. Scott Wilson asked if we could encapsulate that discussion in a document that we could put out there. Eric said they just added to the state's website this week a link to the FERC website and instructions on how to get those documents. Eric will send a link to Scott, and Brian will email him the power point. Scott asked if the power point could be posted on the state's website because there are going to be a lot of questions, and Dennis was fine with that.

Ron said his understanding of the ISR meetings is that the methodology will be presented and a short presentation of what was found. It is not an opportunity for public dialogue nor is it a question and answer period. Scott agrees but he thinks we are still learning the public process as we go through this, and we should do anything we can to educate. Ron said the FERC public process is within the NEPA process. Dennis said that when you talk about the public process, you could be talking about a number of different things. You could just talk about informing the public about what we are doing, but that is just one public process. The public process of where public comment is taken and scoping meetings are held, that all comes after we file the license application. Scott said given the impact and enormity of the project in the southern Utah region, certainly within our community, people are very much interested in where we are at *i.e.*, a map that says “you are here.” Dennis said that maybe Eric can summarize and post that and put some key dates coming up that people could look to and start to understand how far away we are from filing a license application. Scott says he thinks if the public is not informed then they might think that we are doing all this behind closed doors, and that's not the case at all. It's a FERC process. They have control, they have ownership and they have a tightly scoped process. They are moving through that process and at the same time we have an obligation to communicate this to the public. Dennis said that is all good. One clarification I would still make is that the FERC and the ILP is a very specific, identified process, but eventually we are going to file a license application and then it is going to look more like a federal process. It's not going to be a FERC unique controlled or a contrived process. It's going to look more like what we expect in a federal application process, so we are getting there. Scott asked if we could just put that in a concise, simplified document – a “you are here and this is the process” type of document? Dennis asked if there was anything else. Scott asked if there were any significant reports that were not filed. Eric said we had 23 reports, one of which was previously submitted so we just

submitted 21 reports. The Ethnographic Report is not ready yet and is expected to be submitted in July.

Financial Report – Eric Millis presented a memo that detailed billings from MWH since last October.

Total at last report	\$20,227,797	83.1%
October 2010	\$ 373,053	1.5%
November 2010	\$ 464,920	1.9%
December 2010	\$ 403,132	1.6%
January 2011	<u>\$ 253,660</u>	1.1%

TOTAL: \$21,722,562 89.2% of the \$24.352M contract

According to this memo we have reached the \$21,722,000. Marc Brown showed you \$21,800,000 in a previous discussion. The difference between these two figures would be the billing we received in our office this week. We are getting to the point where we are seeing the costs of the monthly billings come down. Mainly we have had \$21,722,000 that we have received, approved and made payment on to this point. Ron said he assumes Eric’s Board has already ratified or approved these expenses? Eric said the Board of Water Resources has approved the general expenditure for the entire amount of the contract. We have brought this up to this Committee each time MWH has had a change order. Ron asked if we have not approved October, November, December and January. Is that right? Eric said we have not. At the last meeting in November, we had just received the October pay request at that point. We had not had time to review it. Dennis said he thinks “ratify” is good because the process that really existed was that the Committee made recommendations to the Board on whether or not they should enter into a contract. Once the contract had been entered into, we assumed we could spend the money so I think it is “ratifying”. Ron asked if they were waiting to get paid, and Dennis said they are not waiting to get paid. We’ve done that all along, we did not enter into the contract until the Management Committee agreed and advised the Board that you agreed with what was being done nor did we amend the contract until that was done.

Ron Thompson moved that the Management Committee ratify payment to be made from October 2010 for \$373,053, November 2010 for \$464,920, December 2010 for \$403,132 and January, 2011 for \$253,660. Scott Wilson seconded it and all voted aye.

Scott Wilson had asked Marc to give him a breakdown of expenses. Marc brought it up on the computer. Nine tasks were shown in a pie chart.

Recognition of Larry Anderson’s Service to the Project — While the Management Committee was waiting for this chart, Ron suggested that we remember Larry Anderson who passed away last week. He had certainly played a major role in the development of this project and many others. He was even on a conference call a week before he passed away. He will be greatly missed. It would be appropriate to send a letter of recognition to his wife, Cozette, and family regarding the valuable work he has put in over the years.

Eric Millis read a tribute he put together for Larry:

We are saddened to lose our good friend and colleague, Larry Anderson, last week. Larry was a problem solver, and the Lake Powell Pipeline was an idea of his to solve the problem of meeting the future water needs of Southern Utah.

Between Larry, Dennis and the three districts the feasibility of the project was determined and the Division of Water Resources worked to support the three districts in the development of the project.

Larry was instrumental in the Water Funding Task Forces organized by the legislature and Governor Walker and in the development and passage of the Lake Powell Pipeline Development Act.

When the Division requested proposals for a project manager, Larry weighed whether to apply or not, and we think he thought seriously about not applying. However within an hour of the deadline, he brought his proposal. Larry was selected and was the best project manager we could have had.

Larry's unparalleled knowledge of the Colorado River helped direct the modeling of the project water supply and impacts as well as helping in discussions with the agencies associated with the river. His experience with project development and construction helped in formulating and optimizing the layout of the project.

Larry was a very talented man – smart, diplomatic, dedicated, honest, hard-working and a hundred other good words that describe his qualities. He just had good common sense and the natural ability to do what he did so very well.

Exhibiting his dedication to the project, he stayed around long enough to get us through the modeling, the preliminary layout of the project and the review of the study reports. His contribution to the project has shaped this project and will be felt and remembered for many years. So, Larry would want us to keep moving forward and keep smiling. There may not be a better tribute to Larry than for us all to just keep smiling.

Ron Thompson moved that this tribute be put into a letter and sent to Larry's wife, Cozette, and his family on behalf of the Management Committee. Scott Wilson seconded the motion and all voted aye.

Scott Wilson said Larry would be missed; his shoes hard to fill. Dennis said that his shoes will be impossible to fill.

The group went back to the pie chart showing expenses to date. Marc said as Eric said we've spent about \$21M. We have nine tasks we have put together and have been following ever since day one. The major chunks of the pie include evaluation of the alternatives when we were doing the spaghetti mapping with all the alternatives and narrowed it down to three main alternatives

each having three sub alternatives. The \$10M environmental amount is the actual field work which is about 50% of everything we have been doing. The \$1M amount includes agency coordination, sitting down with them and conceiving and developing the work plans. Ron said this is an integral part but you can't get through the environmental work without every one of these incremental parts. They are all the environmental part; there is nothing in there we can cut out. Marc said this is an environmental project. Scott Wilson asked if phase 6 is about 50% of the project including the environmental studies, the consultants, etc. Yes. Ron said there were 23 studies.

Scott Wilson asked Marc that as we get into the FERC process a bit deeper, where is that phase 6? Is that an expanding part as we get into the EIS around July? Marc said there are still expenditures in the Phase 6 Environmental and in the Agency Coordination. Ron asked if there is still money to file the preliminary permit and the final permit applications that gets the agency moving. Marc said yes, we still have \$2.5M left. There is some question on the land surveying that we have to get confirmation from FERC on. Do we have sufficient information in the GIS document to describe those properties or are they going to require us to physically go out on site and do a survey on that red line and do a legal description? If that is the case, then that is very extensive work. We are hoping that is not what they are asking for. Scott asked if the remaining couple million would get us through to the FERC process. You have the tasks pretty well lined out? Marc said yes, that was part of that last amendment we had last year. Scott asked if the cost of everything we have to do to get the application to FERC is contained in the \$24M contract, and Marc said yes unless we have to go and do land surveys, which are pretty extensive. Brian said the four studies on gas would be modified and that would be an additional cost. Marc said we are trying to manage it so we can remain within the money we have.

Public Comment - Dennis asked if there was anything anyone wanted to bring up before getting into public comment. There being nothing, Dennis invited the public to comment.

LeAnn Skrzynski asked if they could get a breakdown on how many days we have to comment on each of the portions shown on the slides, will we get an official letter telling us that? Brian said that's in the FERC Regulations (18cfr5.15). Dennis said an official from FERC will be in St. George on Tuesday and in Salt Lake on Wednesday so you can talk to a FERC representative next week. Scott asked where these meetings would be held, and Dennis said at the old Holiday Inn in St. George and in the north building at the State Capitol Complex in the downstairs auditorium. These are the same meetings; they are just held in different places. This is an agency report meeting to get a brief summary of the reports. It is not the NEPA public comment meetings, but the public is welcome.

Scott Hirschi asked if the beginning of the hydro system is at the high point. Yes. So the intake system from the high point down to the lake is not included? Brian said from Lake Powell up to high point on the east side is not included in the hydro system. Ron said it is included in the environmental process. FERC is only going to license the hydro system. Scott Hirschi said so there is no licensing at the intake? Yes, there are permits from BOR, NPS and BLM. Scott Hirschi asked if the public was going to see the reports you filed with FERC, and Ron said there are four different permitting agencies, and each one has to do their segment. Dennis said we went back to Washington and we worked hard on that. We told them we thought it was kind of silly

that we had to go through two federal processes, and it wasn't without some effort that FERC agreed to manage the process that would meet all of the federal agencies' requirements. FERC has told us they will only license the hydro system. Scott Hirschi asked where the hydro system terminated. Ron said Iron County is not in the hydro system. It terminates at Sand Hollow Reservoir. Scott Hirschi asked if the proposed Cedar pipeline was part of the overall study reports. Yes. Kane County is also part of all the reports. It is a power system and a water delivery system and all the permits to cover hydro and the water delivery system are included. Scott Hirschi asked if Iron County terminates at the county line or has it been extended out? It goes to Cross Hollow Hills and then to the water treatment facility.

Scott Hirschi had one last question. There has been some discussion about using natural gas for the pump stations – do you have an electric generator at those locations? Ron said you can either run a direct drive to the engine that runs the pumps, or you can put in a generator. We are leaning toward generators but you could use either/or. Scott Hirschi asked if you use generators, then you would always have the option to come back and fire the pumps with electricity? Ron said it is purely an economic issue. If you buy power you have this huge amount of transmission lines that have to be built and you are hooked to coal-fired power with all the unknown risks versus natural gas where the forecasts are, within the western United States, that there is a 1,000-year supply right now. That's got to weigh into the discussion. We do not know how it will all boil down. It's what you think your long-term energy cost will be. Scott Hirschi asked what if you went to generators from natural gas and something changed? Ron said you would have to bring transmission into it, and you would have to go through another NEPA process.

Other Items – Ron asked if we need to set the next meeting or was Eric going to do some checking? Dennis said the next meeting is scheduled, but we are going to have to modify it to be consistent with the response, reply and comment period. It should probably be scheduled sometime in mid to late May. The date will be posted on the state's web page so watch for that. We will coordinate with the Management Committee. Scott Wilson asked what phase of FERC does that correlate with? Dennis asked if we had decided it was up to 75 days prior to the preliminary licensing proposal so it is still in the period of getting the responses from the participants and FERC staff on the study reports. Ron said as he understands it they've got the hearing next week, then there is a set of minutes that goes in, and from the time the minutes are filed (it has to be within 15 days), then the public and participants have 30 days to review and give preliminary comments on the reports. Then, our consultants and I suppose us, have 30 days to respond to those comments, accept them, reject them or whatever they are going to do. I personally think we ought to meet sometime after that 45-day period but way before we've got to file a response and that puts us into May sometime. Dennis said the 30 days that follows that was also for others to respond; he asked Brian if that is correct? Brian said all those disagreements with study plans or proposed modifications are posted on the FERC docket and so then when other people see those, they can respond in the next 30 days.

Dennis confirmed that we would plan for mid to late May after the original comments are in and see what kind of comments there are. We may want to wait until we get all the comments in and then set the meeting. Ron said Dennis and Eric ought to look at it. He recommended for Jim Lemmon's sake to stay off Thursdays if we can.

Ron confirmed with Dennis that he would take care of getting the letter to Larry's family. Dennis said Cozette would appreciate everyone signing it so the letter will be passed around for everyone to sign. Larry also has a stack of emails he has collected and he will send those to her. Barbara suggested signing in blue ink and scanning the signatures in color. Dennis said we'll get something that looks like the original signature.

Ron said he hoped Dennis conveyed to the Board of Water Resources that we appreciated them coming to Dixie. Dennis said the Board wanted him to let Ron know that they appreciated being at the dinner on Monday. It has been a cooperative, symbiotic process over the many years. Ron said this is the first time we have had the Lt. Governor attend. Dennis said he made some nice remarks and it is good for him to see what is happening down here.

Dennis thanked everyone for their work.

Ron said that those who haven't spent a lot of time with the reports, like Mike Noel because of his legislative agenda, ought to review those documents and get their comments back to the consultants.

Ron Thompson made a motion that the meeting adjourn. Scott Wilson seconded the motion and all voted aye.

Secretary