

Minutes of the
Lake Powell Pipeline Management Committee

March 19, 2008 – 10 a.m.

At the Washington County Water Conservancy District

In Attendance:

Committee: Dennis Strong, Scott Wilson and Ron Thompson.

Others: Marc Brown (MWH Engineering), Harold Sersland, Larry Anderson , Eric Millis, Barbara Hjelle, Roberta McMullin, Paul Van Dam (CDF), Lisa Rutherford (CDF), Nancy Perkins (Deseret Morning News), Mark Havnes (SL Tribune), Katie Oliver (The Spectrum)

Mike Noel and Harold Shirley (Excused)

Welcome: Dennis Strong welcomed everyone to the meeting.

Approval of Minutes: Scott Wilson moved to approve the minutes of December 7, 2007, with one correction and Ron Thompson seconded the motion. All voted aye.

Items of Discussion: Dennis Strong thanked Ron Thompson and the Washington County Water Conservancy District for the recent helicopter tour of the pipeline alignment.

Report on (Preliminary Application Document) PAD – Larry Anderson gave an update on the PAD. He indicated all committee members should have two documents, Volumes 1 and 2, along with a DVD that has Volumes 1 and 2. The PAD was submitted to FERC on March 4, 2008. Larry said it has been assigned out in FERC for review and they hadn't heard anything back. Larry said they have suggested that FERC set up their scoping meetings the second week in June (10, 11 and 12) . Cedar City (June 12), St. George (June 11) and Kanab (June 10). FERC has not approved this schedule yet. They are really FERC's meetings, those were just our suggestions for dates and locations. FERC in Washington DC will make all the decisions regarding these meetings. They haven't made a decision yet if they will be the lead agency and permit the entire project. Larry indicated that the portion to Cedar City has no hydropower so they probably won't cover that segment. Ron Thompson asked if there would be an agreement with the BLM on segments that aren't covered by FERC. Dennis Strong told the committee that they want FERC to lead through the federal permit process but we could end up cooperating with agencies like BLM in this process.

Harold said they have emphasized twice with FERC that we need one NEPA process that covers the entire project, no matter what they license we need one NEPA process. We will just have to see what FERC decides because right now they are just reviewing documents.

Upcoming public information and scoping meetings – Harold Sersland passed out copies of all the information that is being sent out regarding public meetings. There was an article in The Spectrum newspaper this morning announcing the filing of the PAD. He also distributed copies of a press release from the Department of Natural Resources announcing the filing of the PAD. The press release also announced the upcoming public information meetings. Those will be as follows:

March 31, 2008	6:30 to 8:30 p.m.	Kanab City Library, Multi-Purpose Room, Kanab, UT 374 N. Main Street
April 1, 2008	6:30 to 8:30 p.m.	Hurricane City Council Room, Hurricane, UT 147 North 870 West
April 2, 2008	6 :30 to 8:30 p.m.	Apple Valley Fire Station, Apple Valley, UT 6802 Meadow Lark Drive
April 3, 2008	6:30 to 8:30 p.m.	Big Water Town Hall 5 Aaron Burr, big Water

Harold said these meetings are geared more toward the landowners. Harold also distributed copies of the letter sent to landowners specifically inviting them to these meetings. A copy of the map showing the alignment was sent with the letter. The corridor represents about 800 landowners and they feel it is better to let them know now than surprise them with this information later on. A notice of these meetings will be in the Spectrum Newspaper, Hurricane Valley Journal, the Page Newspaper and the Southern Utah newspaper in Kanab. Scott Wilson asked Harold to also include the Iron County Review newspaper. He will get the information on that paper to Harold.

Harold Sersland explained the format for the scoping meetings. There will be four poster stations. FERC also requires that the scoping sessions have formal documentation of comments. These comments will either be recorded electronically or by a court reporter.

PAD status - Harold said 162 copies of the PAD in CD form were sent out to interested agencies, cities, tribes, etc. in both states and he had a list of those interested parties. There is an office set up at the Division of Water Resources, which has a hard copy of the PAD. There will also be a project office at the Alpha Engineering Building here in St. George on the second floor.

The CD of the PAD has two volumes. Volume 2 is the list of references referred to in the PAD. There are 149 references in the PAD and those 149 reference documents will be available in both offices. It will also be in local libraries. People can obtain free copies of the CD's or the hard copies, but on the hard copies there will be a charge.

Harold told the committee there has been a protocol established to respond to people's inquiries about the project. Phone calls to request information at the two offices will be returned by the next day. They are also putting together a protocol for media responses, phone calls, etc. Any calls to the project offices will probably be referred to Larry Anderson as project manager.

The PAD is also posted on the State Water Resources website and the FERC website. FERC will respond within 60 days. The study plan is included in the PAD if FERC accepts it. The people at the scoping meetings will be commenting on the study plan. Harold will meet with agencies one on one regarding the study plan.

Project Office Phone # - Dennis Strong gave the official LPP phone #. This is for when the public calls and wants information or has questions on the project. It is 877-396-2633. All calls made to this number will be documented. Calls to Ron Thompson, Scott Wilson or Mike Noel will not be documented. The water districts have been asked, however, to keep a log of all Lake Powell Pipeline phone calls but they are most specifically concerned about logging calls on the state number.

Review of pipeline alignment- Mark reported that 55% of their (Montgomery Watson's) budget has been spent since a year ago when they were hired. Some of their tasks were to establish project features (intakes, pump stations, tunnels, hydropower facilities, etc.) and to establish the most likely alignments and update cost estimates. They are also preparing technical memorandum that will summarize the first 15 years of work since 1995. It will summarize all previous studies and reports and will summarize the multiple alignments that have been looked at. It also summarizes the available water resources in the three counties involved and the water demand associated with population projections. There were over 200 alternative alignments started with. That was narrowed down to 81 alternatives and then that was narrowed down to the preferred alternative that was submitted in the PAD. Mark Brown reviewed large-scale detailed alignment maps with the committee. There are seven total hydro sites and five pumping stations. Most of the landowners are on the leg of the pipeline that goes to Cedar through Hurricane. There are very few landowners on the pipeline into Sand Hollow. Mark explained and pointed out the preferred alignment on the large-scale maps. They are also going to recommend some geotechnical work that needs to be done. They have been doing some work on the intake and Hurricane Cliffs area (rather than scar that area they would use a vertical shaft and tunnel underneath it). This will require some additional geotechnical survey work. They have talked the Bureau of Rec. about core drilling that but it has been a long time. Larry Anderson said he would call them.

Power Purchase and Sales. Ron Thompson said he had met with Phil Solomon and others from St. George City. They have developed a model. Everything is dependent on power costs. He said they also had some discussions with Dixie REA, Kargane, etc.

They will be setting up another meeting with them towards the end of April but they still need to tie that down. Ron said they need maximum power potential on the west side. Dixie REA doesn't agree with Phil Solomon's assumptions, they thought they were too conservative. Dixie and Garkane Power already have a lot of transmission lines in the area where the pipeline is going. The water district's total power needs are pretty significant in Hurricane Valley area. Eric Millis said he had received a call from Page Electric asking whether we would be looking to them to supply power for the intake. Ron said he doesn't know yet, they would have to talk to the Bureau of Rec. and see what they suggest. Dennis Strong indicated there may be opportunities to trade. Mark Brown said they will be working, over the next three months, on confirming where the power is going to come from and where the substations will be.

Project Expenses- Dennis asked Eric Millis to give an update to the committee on the expenses of the project. He passed copies of a memorandum reporting on the cost to the committee members. Distributed costs to date detail of expenses. He also told committee that MWH has submitted one more pay request that is being reviewed for \$333,000 that isn't included in this report.

The report was as follows:

To-date costs to be reimbursed through the eventual sale of water are the charges by MWH and the Bureau of Land Management. All other costs to date are being paid by the Division. MWH has billed the Division each month and staff has reviewed and approved payment.

Total at last report	\$2,006,716	35.6%
November 2007	\$ 199,735	3.6%
December 2007	\$ 253,412	4.5%
January 2008	\$ 298,332	5.3%
Total	\$2,758,195	49.0% of the \$5.625 MWH contract

As of December, the Bureau of Land Management had expended \$10,700 or 27% of the \$40,000 authorized by the Board for consultants with the Division and administrative expenses. He did not have an updated amount from BLM.

These are already approved expenses by Board of Water Resources. Eric reminded the committee the charges from MWH and BLM will need to be reimbursed.

Ron Thompson asked if the management committee approves expenditures also. He said it needs to be decided what is reimbursable as we go along. There was discussion and agreement reached that Eric Millis will bring the expenses to the management committee for approval from this time forward. It was further agreed that this would be ratification by the management committee at their meetings so it will not hold things

up. Dennis said they will allow 10 days for the water district to respond to the financial reports and then they will ratify the expenses at their meetings.

Ron Thompson made a motion to ratify the expenses to date. Scott Wilson seconded the motion and all voted aye.

Future Meetings: Next meeting is scheduled for May 8 at 10 a.m. at WCWCD

Eric Millis gave the date for the meetings through the rest of the year. They will all be at 10 a.m. and are as follows:

May 8 – WCWCD offices

July 1 - Conference call originating at Water Resources

Sept. 11 – WCWCD offices

Nov. 4 – Conference call originating at Water Resources

Eric said if additional meetings are needed, they can be noticed and set up.

Meeting with Kaibab Tribe - Dennis Strong asked Eric Millis to report on their meeting with the Kaibab Tribe. Eric said the tribe had requested a meeting and wanted information. Dennis, Larry and Eric went to meet with the tribe on January 24. There were about 30 people at the meeting. There are about 200 total in the tribe. Eric indicated they made a presentation to them about the project, the FERC process, the timetable, and answered their questions

Eric said they didn't act too excited about the pipeline but said they would like to continue to meet to discuss the possibility of crossing the reservation. They provided the tribe with a rough estimate of what the value of the right-of-way going through their property would be. Eric said the basis of their information was based on private sales. The tribe said they would think about this and indicated they still wanted to talk. Dennis Strong said they expressed concern that we should set a time certain (within one year) so this would not become an endless discussion with them. There was some discussion of them wanting water. Ron Thompson said the Tribe needs to talk to Arizona as far as getting water from the pipeline. This would certainly make the project more interesting to them.

Review of water for project. Ron Thompson asked, due to the drought situation, if there shouldn't be a process to review water for this pipeline as part of our documentation. He said he believes the water will be there and the State believes that but Ron asked if this shouldn't this be done as part of the process anyway. Dennis Strong indicated the Bureau of Reclamation has looked into this and has a good start on this information (tree ring data, synthetic historic data, etc.). He thinks it would be find to do an

assessment but it is very difficult to make predictions about the future. Ron suggested there is a lot of historical data on the Colorado River System. Why couldn't they take that data and extrapolate it. Dennis Strong said that would be fine and he would get Brian working on this. Ron said he believes we need it for the public and for future generations.

Dennis Strong asked if there were any comments from the public in attendance.

Public Comment – Paul Van Dam, Citizens for Dixie's Future, said although he is not a water expert, he thinks a vulnerability assessment is needed and would be a good idea. It would bring a lot of comfort to a lot of people. He suggested it would be a good idea to submit the data to an agency that doesn't have an interest in the outcome.

There were no further public comments and no further business to come before the committee and the meeting was adjourned.

Secretary