

DRAFT MINUTES
STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

February 11, 2002 - Regular Meeting
Rowe Six Conference Center, Building 1
4224 6th Avenue S.E., 1:30 p.m.

ITEM 1: CALL TO ORDER

CHAIR LUCE: The Monday, February 11, 2002 meeting of the Washington State Energy Facility Site Evaluation Council will come to order.

ITEM 2: ROLL CALL

CHAIR LUCE: Allen, do you have call for order or Mike?

MR. MILLS: I have roll call.

MR. MILLS: Community Trade and Economic Development?

MR. FRYHLING: Dick Fryhling is here.

MR. MILLS: Department of Ecology?

Department of Fish and Wildlife?

MS. FENTON: Jenene Fenton.

MR. MILLS: Department of Natural Resources?

MR. IFIE: Tony Ifie.

MR. MILLS: Utilities and Transportation Commission?

MR. SHOWMAN: Jeffrey Showman.

MR. MILLS: And for the Wallula Power Project, Walla Walla County?

MS. RAY: Pam Ray.

MR. Mills: I note the presence of Chair Jim Luce. There is a quorum.

OTHERS IN ATTENDANCE

EFSEC STAFF And COUNSEL

Allen Fiksdal, Irina Makarow, Mike Mills, Mariah Laamb, Michelle Elling, Robert Fallis, AAG

EFSEC GUESTS

John Mudge, Critical Issues Council; Rose Spogen, Critical Issues Council; Mike Torpey, BP Cherry Point; Karen McGaffey, Perkins Coie; Laura Schinnell, Energy Northwest; Katy Chaney, URS; Tom Schneider, Chehalis Power; Cindy Custer, BPA; Darrel Peeples, Newport Northwest; Mike Dunning, Council for the Environment; Lauri Vigue, WDFW; Mike Sotak, Duke Energy; Liz Thomas, Preston, Gates & Ellis; Brian Carpenter, Rebound; Pete Bazy, Lewis County; Steven Bate, Chehalis Power; Bob Huber, Alcoa – Wenatchee

ITEM 3: APPROVAL OF MINUTES

CHAIR LUCE: Thank you very much. Who among the staff is going to handle the question of approval of minutes?

MR. MILLS: I will do that. The minutes that were noted December 20, 2001 and January 14, 2002 staff has received drafts and we're presently finalizing those and hope to bring those to the Council at the next meeting.

CHAIR LUCE: Thank you.

ITEM 4: ADOPTION OF PROPOSED AGENDA

CHAIR LUCE: Adoption of the proposed agenda. Has everyone had a chance to review the agenda?

MR. FIKSDAL: Mr. Chair.

CHAIR LUCE: Yes, sir.

MR. FIKSDAL: I would like to suggest that we move the project update for the Wallula Power Project up to number one on the next agenda item, so we can let Commissioner Ray get off the phone.

CHAIR LUCE: That makes all the sense in the world. Any other additions or corrections to the agenda? As modified the agenda is approved.

ITEM 8: PROJECT UPDATES

<i>Wallula Power Project</i>	<i>Irina Makarow, EFSEC Staff</i>
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CHAIR LUCE: Wallula Power Project, Irina, and you're making a presentation with respect to that.

MS. MAKAROW: It's just an update on dates that we know are being established within the process. This morning we took the Draft EIS to the state printer, and it is getting printed. Issuance is going to be on February 22 when those copies of the DEIS will be mailed, and that date is skewed with getting it into the Federal Register also, so we can follow up with a public comment meeting, two public comment meetings. The first one on March 13 in Burbank, and the second is on March 14 in the Umatilla-McNary area in Oregon, and I believe Mariah has already sent the Council an e-mail to start planning travel out to the Burbank meeting. We will also coordinate with a site visit, so that the new Council members and our new Administrative Law Judge, Don Meath, can get a chance to see the site before the meeting in the evening. On the adjudicative proceeding side our first pre-hearing conference is scheduled for March 1.

CHAIR LUCE: That constitutes your report.

MS. MAKAROW: Yes.

CHAIR LUCE: Any questions from the Council?

MS. RAY: I don't have any.

CHAIR LUCE: Any public comment with respect to Wallula? No public comment, no Council questions, staff report completed. Thank you, Commissioner Ray.

MS. RAY: Thank you very much. I will see you on the 1st also.

CHAIR LUCE: Thank you.

ITEM 5: CHEHALIS GENERATION FACILITY

<i>Construction Status</i>	<i>Tom Schneider, Chehalis Power</i>
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CHAIR LUCE: We will return to the normal agenda now. The Chehalis Generation Facility construction status and report by Tom Schneider of Chehalis.

MR. SCHNEIDER: Thank you, Mr. Chairman, Council Members. My name is Tom Schneider. I'm from the Chehalis Power Project in Chehalis, Washington. With regards to our construction status the project is moving along well. We're approximately 42 percent complete with the overall project, which includes engineering and procurement as well as construction. Construction on site is about at 12 percent to date. Basically we have completed the general site grading work, paving of our roads, and drainage. We've started the foundation work and are probably about 30 percent complete with concrete poured. The major foundations for the heat recovery units are complete. The foundation work for the steam turbine is started and the foundation work for the gas turbines are getting close to starting. The underground piping is also well along with the fire water system in particular being near finished, and the piping associated with the foundation and the piping that's part of the foundation also is started at this time. Underground conduit, electrical conduit is also well underway. We started fabrication work for other underground pipe in addition to that. BPA is on site with their construction crew and they're well along with their grading and site drainage work for the BPA switch-out area, and that's about where we stand on construction. Our gas turbines are a key element to completing our project, and they're due to be arriving on site in January 2003. It appears that General Electric has indicated we should be able to expect a six to eight week improvement on that, and so that being a real key element to our start up we're very pleased to see that occurring. So in general the contractor is on schedule. They're ahead of their late dates, slightly behind their early target dates, but that puts them right in very good shape at this time. We are struggling with the rain conditions we've had over the past three months. It looks like we've got a good week coming, thankfully, so the site is generally looking very good. We have struggled to a large degree with storm-water turbidity control. As the water drains off of the site it goes into the holding pond for sediment dropout. What we are finding is that the particulate matter in this particular soil we have is extremely fine, and so there is some particulate, very small particulate that's hanging in suspension in our storm-water runoff, and we're struggling mightily with using the normal approach to keeping that turbidity low such as straw bales and rock, crushed rock. That's doing some good, but it's not doing as much good as we would like, and so we have got more straw bales and silt traps on this project than I've ever seen in my 27 assignments. So we're still struggling with that. But otherwise the project is going quite well. We've got about 150 people on site at this time, closer to 160 now.

CHAIR LUCE: Thank you.

MR. SCHNEIDER: Yes, sir.

CHAIR LUCE: We'll have an opportunity for public comment, but I think we would like to hear any questions from the Council first with respect to the construction schedule.

MR. MILLS: The only note on the storm-water issue is that we are working with staff and the company are working with the Department of Ecology and our biologist with the Department of Fish and Wildlife has also been on site, and I'm personally aware that the company has made the efforts that they've indicated here, and we are working with the Department of Ecology Southwest Regional Office with the water quality inspector, and I believe she's planning to be at the site this week.

MR. SCHNEIDER: Yes, sir.

MR. MILLS: That's what we heard last week.

CHAIR LUCE: Okay. Mike, you also have a presentation to make to the Council regarding mitigation measures at the Chehalis facility.

MR. MILLS: Yes, I do. Tom, I guess you can stay there. I believe you will find in your packets a copy of a letter from Tractebel Chehalis Power dated January 17. They have also submitted another letter, February 6, that makes the proper reference to the mitigation plan, and I think I made a handwritten note in your packet copy. Chehalis Power's site certification agreement contains a requirement that the site provide mitigation, specifically mitigate the impacts caused by loss of agricultural land on the site. The sponsors will undertake a project. The project is valued at \$40,000 in funds, materials, and services. The purpose of the project or projects shall be implementation of fish and wildlife habitat improvements. Such improvements may include but are not limited to plantings designed to conserve water in local creeks and to lower water temperatures, work designed to return creeks to their natural stream courses and other restoration measures. Individual projects shall be subject to review and approval by the sponsor and shall be completed within two years of beginning of construction, and the construction date is May 1, 2001 or within such time as mutually agreed upon by the sponsor and the Washington Department of Fish and Wildlife. Chehalis Power in their letter of January 17 revised February 6 has proposed to comply with this requirement by providing \$30,000 in funds for the Dillenbaugh Creek Restoration Project and that funding would be provided to the Lewis County Flood District No. 1. I believe there was an attachment from the flood district indicating that they would certainly like to receive that money from the company, and that requirement is tied back to the original site certification agreement. It's no longer in the current agreement, but it was an earlier commitment that the Council had included in the original site certification agreement, and it was taken out when the project changed their water use in I believe in the 2000-2001 change. So in addition to providing funding to the flood district, Chehalis Power is also proposing to provide or contribute \$20,000 in cash to the Dillenbaugh Restoration Project, and in their letter they reference that that work would be done and would follow the mitigation plan that was approved earlier for the Dillenbaugh Project, specifically the stream wetland buffer mitigation plan for the Dillenbaugh Creek channel improvements prepared in August of '99, and that was part of the Fish and Wildlife approval for the Dillenbaugh Project at that time. They make reference in 2(b) to a separate project such as Berwick, but at this time based on a recommendation from the Department of Fish and Wildlife we are proposing that the money be put into the Dillenbaugh Project. Also under No. 3 the company offered in addition to the financial support they would endeavor to promote donated labor and equipment from the Chehalis Power Project team to support the Dillenbaugh Project. As I have indicated in my staff memo staff believes that the proposal by Chehalis Power would comply with the intent of the SCA requirement and staff will recommend that the company's offer be accepted by the Council, so that they could proceed with the arrangements that they have laid out. Tom Schneider is here with the company prepared to make comments also. Lauri Vigue who is a biologist with the Department of Fish and Wildlife is also here and did the review for the Department on its proposal and is available to answer any questions.

CHAIR LUCE: Questions from the Council? Very well. We've had two presentations on Chehalis. Before the Council considers this matter further is there any comments from the public? Hearing no volunteers from the public, I think it would be appropriate for the Council to act on this matter by motion. Is there anyone prepared to make a motion? I recognized Council Person, Ms. Fenton.

MS. FENTON: Mr. Chairman, I would like to make the motion, and the motion is as follows: That the Council finds Chehalis Power's mitigation proposal as set out in their February 6, 2002 letter is consistent with the intent of the Chehalis Generation Facility Site Certification

Agreement Conditions Attachment 4, Part V. A(1), Further Mitigation for Generating Facility Site Impacts and upon successful completion of the improvements specified for the Dillenbaugh Creek Restoration Project as confirmed by the Council and the State Department of Fish and Wildlife satisfy that condition.

CHAIR LUCE: Thank you. Is there a second to the motion?

MR. IFIE: Second.

CHAIR LUCE: Is there discussion regarding the motion? Is there a call for question?

MS. FENTON: Question.

CHAIR LUCE: Question has been called for. All in favor say I.

COUNCIL MEMBERS: I.

CHAIR LUCE: We are done. Thank you. Thank you very much, Mr. Schneider.

MR. SCHNEIDER: Thank you.

ITEM 6: SATSOP COMBUSTION TURBINE PROJECT

<i>Construction Status</i>	<i>Laura Schinnell, Energy Northwest</i>
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CHAIR LUCE: The next matter on the agenda is a report regarding the Satsop Combustion Turbine Project. Do we have someone here from Energy Northwest to make that presentation?

MR. MILLS: Yes, we do. Laura Schinnell with Energy Northwest and Mike Sotak with Duke Energy are here.

CHAIR LUCE: Thank you.

MS. SCHINNELL: Thank you. We had a significant milestone on Saturday with the delivery of the major components for the steam generator. The components were off loaded at a rail yard in Satsop and with a special transport vehicle were brought up to the site, actually further taken up to the old nuclear plant site, and they're currently being stored in the old turbine building until we are ready to place the components. We also did some significant concrete pours last week.

Poured two additional cells for the cooling tower. Additional work that you will see out there are foundations for the HRSG, for the steam turbine generator, and we've also completed the 90-inch underground cooling water pipe project, so we are really moving along with our construction of the project, and as I indicated in the last meeting our major components are due to be delivered early. Actually the steam generator was a whole month early, and we expect the other components of HRSGs and gas turbines to be at least a month early as well.

CHAIR LUCE: Thank you. Comments from Duke?

MR. SOTAK: The only thing I would like to say is that we would invite the Council to come out at any time, maybe set up a trip in the near term to inspect and look at the site and just get an overview of what things look like before the major components go on the piles.

CHAIR LUCE: Thank you. I am sure some of us would be enjoying that trip. Any comments from the public? No comments from the public. Thank you if there is nothing more from the Council. Michelle, you have a report to make for us on Phase II of the Satsop project, the status report.

<i>Phase II – Jan 16th Public Meeting</i>	<i>Michelle Elling, EFSEC Staff</i>
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MS. ELLING: Last Friday, February 8, was the close of the comment period that we had set up on the expedited process determination and also the project for Satsop, and we received about 20 written comments on this. We are expecting from Jones & Stokes, our independent contractor, a draft report, which will look at the completeness of the application. We will have a SEPA threshold draft determination and also the expedited processing for the threshold determination.

That will be out on the 15th. It's my intent to e-mail that to the Council members for your review, and I would like comments back from you by February 28th on that document, so that we can have a final document by March 8. At this time we're looking at holding the land use hearing on March 11th, and we are hoping to set up a special meeting for your action on the determination of expedited process on the 18th of March which is the following Monday.

CHAIR LUCE: Thank you. Any questions from the Council?

MR. FIKSDAL: Just one comment. I will note that the land use hearing on the 11th will be at the same time as your regularly scheduled meeting, so we will schedule the hearing probably as part of the meeting.

CHAIR LUCE: Right. Is there anyone here from the public to comment on this report by Michelle? I think that that completes the discussion then. Thank you, Michelle.

ITEM 7: ENERGY NORTHWEST COLUMBIA GENERATING STATION & WNP-1/4

WNP-1/4 Site Restoration Status

Dave Fraley, Energy Northwest

CHAIR LUCE: We have some matters pertaining to Energy Northwest Columbia Generating Station and WNP-1/4. Mike, are you making the report on Columbia operations?

MR. MILLS: I will make that report. Thank you. From information provided by John Arbuckle, Columbia Generating Station is currently on line and operating at 100 percent power. The plant has been on line for 194 consecutive days, and he notes that the security remains at a heightened level of security. They have I believe the access into the Columbia Generating Station site is more difficult, and you have to go through a check-point on the road now where before you didn't have to. We'll certainly see that later this week.

CHAIR LUCE: Do you want to continue and discuss the site visit?

MR. MILLS: Yes. The Council has scheduled I guess we call it a special meeting, and it will be a site visit to the Energy Northwest Power Project sites for Wednesday and Thursday, February 13 and 14. We will be flying state patrol over to the sites leaving here Wednesday morning. That morning we will meet with Energy Northwest management, and that afternoon we'll tour the Columbia Generating Station. On Thursday, the 14th, we will go to the WNP-1/4 sites and take a look at both of those terminated facilities and talk with Energy Northwest, Bonneville Power, and the U.S. Department of Energy about site restoration, and I believe all but the exception of Jeffrey now and Jenene I think all other members are going. We will have about eight of us going.

CHAIR LUCE: I think it's only number four that's been terminated. Number one I think is licensed.

MR. FIKSDAL: They've been terminated, but the license still remains.

CHAIR LUCE: We're both right.

MR. FIKSDAL: Yes, sir, as usual.

CHAIR LUCE: As usual. We have on this agenda an information item regarding WNP-1/4 site restoration. Mike has probably said all that needs to be said. We are working cooperatively with Energy Northwest and Bonneville and the Department of Energy to try to provide for site restoration of at least No. 4 which was terminated in 1978, so I think we are going to all work very diligently to achieve that end this year. Any comments from the public with respect to that issue? We have some information items that we have already covered with respect to the specific project. We've covered the Wallula Project.

ITEM 8: PROJECT UPDATES

<i>Sumas Energy 2 Project</i>	<i>Irina Makarow, EFSEC Staff</i>
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CHAIR LUCE: Irina, do you want to talk about Sumas 2?

MS. MAKAROW: Sumas 2 is a very brief update. On Friday, February 8, the Council issued its Post Hearing Order No. 1 denying British Columbia's motion to submit an additional brief responding to the City of Sumas' post hearing brief and denying Constance Hoag's objection to some language in the Applicant's post hearing briefing. Staff is currently coordinating finalization of the Supplemental EIS with Jones & Stokes as the Council proceeds in its post hearing deliberative stages.

CHAIR LUCE: Thank you.

<i>Starbuck Power Project</i>	<i>Irina Makarow, EFSEC Staff</i>
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CHAIR LUCE: I believe you also have some comments perhaps regarding Starbuck.

MS. MAKAROW: It's just a few dates. The review of the preliminary administrative DEIS in-house by BPA and EFSEC has been completed. Jones & Stokes is responding to those comments and preparing the final version of the DEIS. We are anticipating issuance of the DEIS in the area around March 20th, and we have our first pre-hearing conference scheduled in Olympia on March 15th.

CHAIR LUCE: Thank you. We will go all the way through these projects and then if there's any comments from the public with respect to any of them it would be appropriate at that time. Any questions from the Council with respect to Starbuck or Sumas Energy 2?

<i>BP Cherry Point</i>	<i>Irina Makarow, EFSEC Staff</i>
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CHAIR LUCE: Michelle, you have something to report to us regarding BP Cherry Point.

MS. ELLING: Thank you. For BP Cherry point right now our independent consultant is in the process of reviewing the draft application, and currently the schedule will extend out to the end of March, and that's about all I can tell you about that project right now. We are working diligently. I believe the proponent is happy with the progress we are making.

<i>Mercer Ranch</i>	<i>Michelle Elling, EFSEC Staff</i>
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MS. ELLING: The Mercer Ranch Project they're on hold indefinitely.

CHAIR LUCE: Questions from the Council? Now would be an appropriate time if any members of the public wish to offer comments with respect to the projects updates.

ITEM 9: EFSEC AIR RULES REVIEW

<i>CR 102 Adoption</i>	<i>Irina Makarow, EFSEC Staff</i>
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CHAIR LUCE: Hearing no comment from the public, we'll move to the next item which is the EFSEC Air Rules Review CR102 adoption. Irina.

MS. MAKAROW: In your packets you have a summary that I prepared regarding the reason why we would like to proceed with issuance of the CR102 through which we would be revising our air rules, and this is a process that actually started a few years ago with Ecology working on revising its New Source Review Rules in order so that Ecology could actually go to EPA and get full delegation of the PSD program. We participated in this review because when Ecology revised some of its rules it might impact our rules and in fact since we adopt most of their resource review rules by reference we would have to then adopt any of the changes as

appropriate. So on the back side I have excerpted two of the sections where we are proposing changes, and since issuance of this document in the Council packets I have been in communication with some of our new source review permitting gurus at Ecology, and they have suggested some other changes that are not listed here, so I'm wondering if we can still proceed to action.

MR. FALLIS: I think the agenda is sufficiently broad to saying anything to rule making is appropriate.

MS. MAKAROW: Again, any other revisions to the rules that I would consider appropriate based on Ecology comments would again be focused specifically on updating our rules, so they reflect the current Ecology rules only and not changing any other subsequent parts of that.

CHAIR LUCE: You're comfortable with that, Mr. Fallis?

MR. FALLIS: Yes. This is just the beginning of the rule making process.

CHAIR LUCE: All right. Questions from the Council? Mr. Showman.

MR. SHOWMAN: Irina, as I understand it the action today is to authorize issuing a CR102 which is the rules for comment; is that correct?

MS. MAKAROW: That's correct.

MR. SHOWMAN: So then we will get comments back and then we will review whether adopting the rules based on comments; is that correct?

MS. MAKAROW: That's correct.

MR. SHOWMAN: Okay. Thanks.

CHAIR LUCE: The Chair hasn't thought about how this measures with our ongoing standard process. Certainly we are looking at air. So having not thought about it, I won't say anything more than that. But we are reviewing all rules and regulations pertaining to the siting of power plants. Ecology is actively involved in that process, and I just need to familiarize myself more with these changes, and I believe that that air quality discussion is probably one that will occur in both forums, and I want to make sure that the trains are on parallel paths and are consistent with each other. I guess that would be my only it's not a concern but only interest in making sure that we proceed concurrently. Anything else, Irina?

MR. FIKSDAL: Irina, how long is the appropriate notice? Do you know?

MS. MAKAROW: I actually haven't had time to go obtain that. I believe it's approximately 30 days for public comment, and then there's also an issue of actually getting it into the register.

MR. FIKSDAL: Okay.

CHAIR LUCE: It's just a question of how we synchronize this initiative with the other initiative, so that we don't stumble over ourselves like I almost did with this cord earlier today. Any other thoughts or observations? Any comments from the public? All right.

MR. FIKSDAL: We need a motion or something to take action to issue this.

CHAIR LUCE: Is there a motion to take action?

MS. FENTON: I so move.

CHAIR LUCE: Seconded?

MR. FRYHLING: Seconded.

CHAIR LUCE: All in favor?

COUNCIL MEMBERS: I.

CHAIR LUCE: Done.

ITEM 10: CHAIR'S REPORT

CHAIR LUCE: I don't really have a report. It's a nice sunny day for a change. You should all get outside and take advantage of it instead of being in this hearing room.

MR. FIKSDAL: My comment is your next Standard Committee Meeting is February 28.

ITEM 11: OTHER

CHAIR LUCE: The 28th. So you're sure of that date. So it will be February 28. We haven't got a site yet for the Standards group, but it will be here in Olympia, and we are all looking forward to that. Anything else? Any other members of the Council, any observations, comments?
Public?

ITEM 12: ADJOURN

The meeting was adjourned at 1:59 p.m.