



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

January 10, 2006 Monthly Meeting Minutes

1. CALL TO ORDER

Acting Chair Dick Fryhling called the January 10, 2006 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Dick Fryhling	Community, Trade & Economic Development
Hedia Adelsman	Department of Ecology
Chris Towne	Department of Fish and Wildlife
Judy Wilson	Department of Natural Resources
Tim Sweeney	Utilities and Transportation Commission
Patti Johnson (via phone)	Kittitas County Representative

Staff in attendance were:

Mike Mills – Compliance Manager, Irina Makarow – Siting Manager, Mariah Laamb – Council Secretary, Ann Essko – Council Attorney

Guests in attendance were:

Laurie Vigue – WDFW, Joe Long – Grays Harbor Energy

Guests attending via phone:

Mot Hedges – Energy Northwest, James Hurson, Darryl Piercy & Joanna Valencia – Kittitas County, Scott Williams – Puget Sound Energy, Karen McGaffey – Perkins Coie, Robert Kruse – Friends of Wildlife and Wind Power, Dave Bricklin – Bricklin Newman Dold, Ed Garrett – Residents Opposed to Kittitas Turbines

3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. The agenda was adopted as proposed.

4. MINUTES

Staff presented the following minutes for approval: December 13, 2005 monthly meeting and December 1, 2005 special meeting. **Council member Judy Wilson moved to accept each set of minutes, Hedia Adelsman seconded both motions. Council voted to approve the minutes. The motions passed unanimously.**

5. WILD HORSE WIND POWER PROJECT

<i>Construction Progress Report</i>	<i>Scott Williams, PSE</i>
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Scott Williams from Puget Sound Energy reported that Quarry # 2 had finished the rock crushing operations, thus completing this phase of work at the site. Construction activity on the site was suspended during the last week of December for the holiday season.

<i>Amendment to Site Certification Agreement</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow reported that on December 13, 2005, Puget Sound Energy (PSE) filed a request for amendment of the Wild Horse Site Certification Agreement (SCA). According to WAC 463-66-030 the Council “will consider the request and determine a schedule for action at the next feasible council meeting.” The same WAC also requires the Council to hold one or more public hearing sessions. According to WAC 463-66-060 and -070 the Council is to take action on the request.

Staff recommended that the Council schedule a Special Council meeting in Ellensburg the week of January 23-27 or Jan 30 - Feb 3 (depending on availability of Council members); conduct the public hearing at this meeting; and consider and act on the request to amend the SCA at that time.

Council member Tim Sweeney made the motion to proceed with the staff recommendation and Judy Wilson seconded the motion. One friendly amendment to this motion by Hedia Adelsman was to allow flexibility to schedule the meeting as close to the weeks mentioned, depending on Council members’ schedules. This was acceptable and the motion passed unanimously.

Next, Ms. Makarow reported on the State Environmental Policy Act (SEPA) process for this project. Staff requested that PSE prepare an environmental checklist to allow the SEPA Official to make a threshold determination; PSE submitted a checklist to EFSEC on 1/9/06. Based on information already submitted by PSE regarding this request, and staff knowledge of the project, a Determination of Non-Significance (DNS) might be appropriate.

Staff anticipates that an Addendum to the Final Environmental Impact Statement (EIS) would be issued and circulated. However, a public hearing on the DNS or the Addendum is not required because the “proposal” does not meet any of the criteria of WAC 197-11-340. Staff expects the addendum to be issued by January 13, 2006.

Robert Kruse from Friends of Wildlife and Wind Power (Friends) questioned the relocation of the visitor center to the top of Whiskey Dick Mountain, closer to the northern portion of the project. He expressed concern that the level of human impact to wildlife might increase as a result of the amendment. Mr. Kruse reminded the Council of the agreement entered into between PSE and Friends, and raised concerns about how PSE was to abide by the agreement. Mr. Kruse wants to continue to work with EFSEC on this issue; he felt that a DNS might not be appropriate.

Scott Williams responded that PSE is aware of the agreement. PSE had always planned that the Operations and Maintenance facility would have some visitor's center component. PSE is aware of the agreement's condition to limit tours of the northern area of the project to VIP's to keep the disturbance of that area to a minimum. PSE plans to adhere to the agreements made during the adjudicative process with Horizon Wind and fully intends to follow through with the plan to limit access to the northern section of the project.

Darrel Piercy of Kittitas County (County) stated that although they are aware of the request for amendment before the Council, they have not received a request from PSE to initiate their process to amend the County Development Agreement. Ms. Makarow notified the Council that EFSEC staff had alerted PSE to the issue of whether an amendment of the Development Agreement would be required. Mr. Williams committed to following up with the County.

6. KITTITAS VALLEY WIND POWER PROJECT

<i>Project Progress and Scheduling</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow provided a summary of activities that have occurred in late 2005 and the proposed schedule for 2006 to the Council. In September 2005, the Applicant filed a new Application for a Development Agreement with Kittitas County. Next, on October 19, 2005, the Applicant withdrew their Request for Preemption. On December 23, 2005, EFSEC issued an Addendum to the Draft EIS to reflect changes to the project as submitted to the County.

On January 10-11-12, 2006, Kittitas County Planning Commission and Board of County Commissioners are expected to meet for the first set of County hearings on the Application for a Development Agreement. Several adjudicative hearing deadlines will occur in January; the deadline for parties to the EFSEC proceeding to submit new information to supplement existing testimony (January 13, 2006); deadline for objections to the January 13 submittal (January 27, 2006), deadline for Motions for Substitution of Witnesses (January 31, 2006); and Objections to Motions to substitute Witnesses (February 7, 2006). Adjudicative hearings are still scheduled for the weeks of March 13-16, 2006, and March 27-31, 2006. The remainder of the adjudicative process would occur from mid-April to June 2006.

Mr. Hurson and Mr. Piercy of Kittitas County presented additional information on the Kittitas County process to review the application for a Development Agreement. A hearing before the Planning Commission and Board of County Commissioners (BOCC) will take place on January 10, 11, and 12. The Planning Commission would then review its progress and report to the BOCC within two weeks. If a firm recommendation is not ready for the BOCC, another two weeks would be likely. Once the recommendation to the BOCC is completed, the BOCC would schedule a public comment hearing with a 30 day comment period. The County hopes to stay on schedule to proceed with EFSEC adjudicative hearings scheduled to start March 13, 2006. The County indicated that their process was impacted by a number of delays – they were

expecting a complete Development agreement in August (it was deemed complete in October), and EFSEC’s Addendum was only issued in December. Mr. Piercy also asked how all of the new information regarding the County land-use consistency process would be brought into the EFSEC adjudicatory proceeding. Ms. Makarow replied that the land use hearing would be re-opened and the information admitted then. Ms. Makarow concluded this item by alerting the Council members that if land-use consistency was not reached through this most recent County process, the hearings schedule for March would be delayed.

<i>Re-Opening of the Comment Period on the Supplemental Draft Environmental Impact Statement</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow notified the Council that EFSEC staff had decided to re-open the comment hearing on the Kittitas Valley Project Supplemental Draft EIS. In a written comment submitted regarding this document, James Carmody questioned whether the Council had met the time requirements for holding the public hearing that was organized. In his opinion, EFSEC was one day short in its timing. WAC 197-11-535 indicates that when a public hearing is held (in this case at the Agency’s discretion pursuant to WAC 197-11-535(2)(a)), it shall occur no earlier than fifteen days from the date of the draft EIS is issued. The date of issue of an EIS is, per WAC 197-11-455(4), “The date the DEIS is publicly available and sent to the Department of Ecology and other agencies with jurisdiction.”

The SEPA rules regarding this timing do not specify on which day the agency is to start counting (unlike similar rules for a DNS, for example). EFSEC started counting the notice days on the date the document was issued; EFSEC correctly interpreted the SEPA rules regarding the timing of the hearing and public notice.

EFSEC staff has contacted Barbara Ritchie at Ecology regarding her opinion how the days must be counted. In an e-mail response she agreed that the SEPA rules do not specify when you start counting in this situation, and that some agencies start on the date of issuance, and others on the day after.

Therefore, in an abundance of fairness to the public, and since the Council will be in Ellensburg in late January regarding the Wild Horse SCA amendment, the SEPA Official has decided that it will not be over-burdensome to re-notice the hearing and hold the hearing again. All comments submitted previously will remain on the record. EFSEC would accept any new comments regarding the Supplemental Draft EIS only at this re-opened hearing.

7. PROJECT UPDATES

COLUMBIA GENERATING STATION

<i>Operations</i>	<i>Mot Hedges, Energy Northwest</i>
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Mr. Hedges reported Columbia Generating Station is operating at 100 % power.

<i>NPDES Wastewater Discharge Permit</i>	<i>Mike Mills, EFSEC</i>
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Mr. Mills reported that the Department of Ecology permit writer is nearly finished with the draft NPDES permit and fact sheet and expects to be able to provide it to Energy Northwest and EFSEC for review by the end of January. Following that review, the EFSEC will notice the permit for public review, to include holding a public comment meeting at the March 14, 2006 monthly Council meeting. Assuming there were no major issues that the Council couldn’t

resolve at that time, final action on the permit could occur at that meeting. If the schedule for issuing the permit slips, then the hearing and action would be scheduled for the April 11, 2006 monthly Council meeting.

WNP-1

<i>Site Restoration</i>	<i>Mot Hedges, Energy Northwest</i>
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Mr. Hedges indicated that Energy Northwest is preparing a letter to notify the Council that all of the near-term environmental, public health and safety restoration work at the WNP-1/4 project site has been completed. They will request that the Council acknowledge that the near-term site restoration activities required by EFSEC Resolution No. 302 and the WNP-1/4 Site Restoration Funding (Four Party) Agreement have been satisfied. Mr. Hedges stated that they expected to have that letter to the Council in the next couple of weeks.

In response to a question about the long-term work remaining, Mr. Hedges noted that they had been able to accelerate the schedule and complete some of the final restoration activities. Mr. Mills added that following formal acknowledgement that the near-term requirements have been met, the Council can expect to receive a request to amend the WNP-1/4 Site Certification Agreement to reflect the changes that have occurred and the long-term restoration commitments.

<i>Off-Site Environmental Mitigation</i>	<i>Mike Mills, EFSEC</i>
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Mr. Mills reviewed the activities that had taken place since the December 1, 2005 special meeting for the four projects that had been awarded WNP-1/4 mitigation funds.

For the Skookumchuck Conservation Project Phase I, staff is working with The Trust for Public Land (TPL) and the Washington Department of Fish and Wildlife to finalize the EFSEC/TPL contract to allow for the transfer of funds to meet the January 31, 2006 closing date target.

For the award to the Confederated Tribes of the Umatilla Indian Reservation/Washington State University to conduct the Shrub-Steppe Experimental Field Station / Ecological Demonstration Project, staff has sent a draft contract to the tribe for review and expects to execute the document in the next several weeks.

Mr. Mills is meeting with the Hanford Reach Interpretive Center Executive Director, Ron Hicks, tomorrow to work on a contract that will provide funding for habitat protection and restoration at the visitor center project site.

Discussions are continuing with the Tapteal Greenway Association, the City of Richland, other key agencies, and property owners involved in the Amon Creek Basin project in Richland. Council member Hedia Adelsman indicated that she would continue to work with the Department of Transportation on their interest in preserving wetlands in the Amon Creek area to receive mitigation credits associated with the SR 240 causeway project. Staff was directed to follow-up with the participants.

Staff was also asked to check with Rick Jones of the Walla Walla County Conservation District, on the status of their efforts to secure additional funding for the Hofer Dam Fish Passage project.

SATSOP COMBUSTION TURBINE PROJECT

<i>Project Update</i>	<i>Irina Makarow, EFSEC</i>
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A meeting to review the draft Prevention of Significant Deterioration / Notice of Construction permit is scheduled for February 14, 2006.

SUMAS ENERGY 2 GENERATION FACILITY

<i>Project Update</i>	<i>Karen McGaffey, SE2 Attorney</i>
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Ms. McGaffey, representing Sumas Energy 2 (SE2), informed the Council that Sumas Energy 2 will not pursue any further appeals in Canada for siting of the proposed transmission line. In a letter dated January 9, 2006, Sumas Energy 2 withdrew its October 2005 request for an extension of its PSD permit. No further work will be completed at this time on the SE2 project.

Ms. Makarow updated the Council regarding what this meant for the status of the SE2 project. The Site Certification Agreement remains in effect and allows construction to begin through April 2012. Ms. Makarow clarified that if construction begins after April 2007, SE2 would have to submit additional documentation to show the project still meets applicable permitting requirements. Prior to beginning construction, SE2 would also have to submit a new application for a Prevention of Significant Deterioration/Notice Of Construction (PSD/NOC) permit. Construction of the project cannot begin without a PSD/NOC permit having been issued.

BP CHERRY POINT COGENERATION PROJECT

<i>Project Update</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow explained to the Council that the Cherry Point Cogeneration Project is continuing to comply with those Site Certification Agreement conditions applicable at this time. In a letter dated January 3, 2006, BP project manager Mark Moore notified EFSEC staff that Wetland Mitigation Area Legal Descriptions and Deed Restriction had been recorded for the project, as required by the Site Certification Agreement.

Ms. Makarow also notified the Council that BP has initiated conversations with EFSEC staff about a request to amend the Site Certification Agreement that they expect to submit in March 2006.

8. CHAIR'S REPORT

Ms. Makarow reported that Council Chair Luce was absent from today's meeting because he was testifying at the House Technology, Energy and Communications hearing. He was testifying on House Bill 2402, providing for expedited processing of applications for energy facilities and alternative energy resources.

9. OTHER

Staff presented the non direct cost allocation for the 3rd quarter of fiscal year 2006, January 1 – March 31, 2006.

10. ADJOURN

Acting Chair Dick Fryhling adjourned the meeting at approximately 2:20 p.m.