

Grant Lake Hydroelectric Project (FERC No. 13212)
Iditarod National Historic Trail Meeting
Girdwood Ranger District Conference Room Girdwood, AK
November 13, 2013, 1:00 pm to 3:00 pm

In Attendance

Robert Stovall, United States Forest Service (USFS)
Pam Russell, Alaska Department of Natural Resources (ADNR)
John Eavis, USFS
Kathy Van Massenhove, USFS
Lesli Schick, ADNR *[via phone]*
Shina duVall, ADNR *[via phone]*
Mike Salzetti, Kenai Hydro (KHL)
Dwayne Adams, USKH
Kim Graham, USKH
Cory Warnock, McMillen, LLC

Meeting Summary

Introductions and Agenda

Dwayne Adams (USKH) began the meeting with introductions and then reviewed the proposed meeting agenda:

- Project Overview and Update
- Licensing Status
- Iditarod National Historic Trail (INHT) Easement Alternatives
 - Review of mapped route
 - Photo tour of possible solution
- Discussion of Agency Viewpoints
- Review of steps forward for resolution
- Adjourn

Project Description

Mike Salzetti (KHL) presented an overview and history of the Grant Lake Hydroelectric Project (Project) (see PowerPoint included as [Attachment 1](#)). Mike S. gave a general description of the utility, Homer Electric Association (HEA), noting that Kenai Hydro, LLC (KHL), the applicant for the Project, is a wholly-owned subsidiary of HEA. Mike S. shared three primary reasons why HEA was pursuing the Project 1) to meet the Board of Director's and the state of Alaska's goals for an increase in its renewable energy assets; 2) that as its own power producer, HEA now has the generation portfolio and operational control to accommodate renewable energy projects, and 3) to create a long-term, stable energy source in light of higher gas prices and the potential of future gas shortages.

Mike S. briefly described the history of the proposed Project to date, explaining that feasibility studies were conducted for four potential sites (Grant Lake, Falls Creek, Ptarmigan Lake, and Crescent Lake); two of which (Grant Lake and Falls Creek) were carried forward and environmental baseline studies were conducted in 2009. Mike went on to describe why Grant Lake was selected as the preferred Project location. He described the upstream fish passage barrier at the outlet to Grant Lake (beginning of Grant Creek), the steep topography around Grant Lake and the fact that only stickleback and sculpin have ever been documented in the lake. Mike stated that aside from the obvious power potential that exists at the site, these natural resource characteristics make it an attractive site with the likelihood of minimal adverse impacts to the natural environment.

Mike went on to describe the current Project infrastructural proposal, associated operational parameters, etc. He noted that an engineering contractor has been retained and will be working with KHL to refine infrastructure and operations over the next year, in advance of the Draft License Application (DLA) being distributed for stakeholder review. The review of infrastructure included a map documenting not only specific Project operational components but the proposed access road/transmission corridor as well.

Mike then went on to describe the proposed access road and infrastructural issues associated with the INHT. He stated that the primary issues were:

- The access road and trail share a need for the same natural terrain
- Current INHT alignment is co-located with the proposed powerhouse location

Mike indicated that KHL has solved the access road issue by rerouting the proposed access road so that it has just a single 90° crossing of the INHT.

Mike finished his presentation by asking for any questions and stating that all documents related to the licensing that have developed thus far could be found on KHL's website at:

www.kenaihydro.com.

- *Comment:* Pam Russell (ADNR) asked if .pdf'd presentations could be sent to her.
Response: Cory Warnock (McMillen) stated that all meeting documents (agenda, presentations, minutes, etc.) would be posted to the KHL website.
- *Comment:* Pam Russell asked if water temperature changes as a result of turbine operation had been evaluated and if so and the temperatures were adversely impacted, would a change in turbine type be considered.
Response: Mike Salzetti stated that a combination of water quality results from 2013 work and engineering feasibility work would evaluate if any issues existed.
- *Comment:* Robert Stovall (USFS) asked who owned the land on the "Seward Highway" side of Trail Lakes Narrows.
Response: Mike Salzetti (KHL) stated that almost all of the proposed Project was located on State Land but that multiple entities within the State governed various sections of the land. He stated that the area Robert was referring to was governed by as a Kenai River Special Management Area (KRSMA). Pam Russell confirmed this. Mike went on to

state that the Kenai Peninsula Borough has selected land within the Trail Lakes area, including along the shoreline of the Trail Lakes. However, the land has not been conveyed at this point thus the land remains in State hands.

Licensing Overview

Cory Warnock (McMillen) gave a brief summary of the licensing process being utilized by KHL (Traditional Licensing Process). Cory then went on to describe KHL's current status within this process and the fact that 2013 was primarily devoted to conducting a suite of natural resource studies on Grant Creek, Grant Lake and the surrounding Project area. He stated that natural resource reports were currently being developed and next steps included internal completion of those reports and subsequent meetings with stakeholders to discuss results along with continuing engineering feasibility work. All of this is being collaboratively done in advance of the development of the DLA which is currently scheduled for draft distribution to the stakeholders for review in the first half of 2015.

INHT Easement Alternatives

Dwayne Adams (USKH) presented a description of the current INHT and Project layouts and went on to describe the issue and two proposed re-route options (see PowerPoint included as [Attachment 2](#)).

Dwayne began by displaying a map showing the current infrastructural positioning for the Project along with the proposed location for the INHT through the Project area. He went on to state that KHL evaluated the area for an INHT re-route alternative that would:

- Provide separation with Project infrastructure
- Avoid any drainage concerns
- Expose the user to a large variety of forest types
- Maximize views of surrounding lakes and mountains

Dwayne stated that KHL had previously conducted a mapping and on the ground exercise to identify a re-route option in the Project Area. He stated that as part of this recent effort, USKH also conducted an evaluation and he felt that the re-route option USKH has identified accomplishes all of the bullets listed above and, in addition and based upon professional opinion, creates a higher level of global user experience through the area.

Dwayne then displayed photos of the various segments of the preferred alternative (USKH) through the Project area. Emphasis was placed on locations showing what was assessed as improvements to the user experience based on variables such as view, terrain alteration, forest type variety, etc. Special attention was placed on certain areas that provided a unique experience.

Dwayne then went on to describe KHL's current understanding of the process for resolution with the various stakeholders. He acknowledged the somewhat unique nature of the process and opened the floor for discussion and collaboration related to refinement of the re-route process.

- *Comment:* Lesli Schick (ADNR) stated that from a process perspective, the Southcentral Regional Office would approve the re-route of the easement and the State Platting and Survey Department would issue the survey instructions and approve the plat required to issue the easement for re-route.
 - USFS
 - Kenai Peninsula Borough (KPB)
 - KRSMA
 - South Central Regional Office of ADNR

Lesli went on to say that once these four entities agreed, a public notice and agency review would take place that would involve other stakeholder agencies to some degree. She went on to say that from a KPB perspective, Marcus Mueller, KPB Land Management Officer, would be the first contact and then the habitat division would deal with any buffer issues.

A general process discussion then took place involving all parties. Once complete, Cory Warnock (McMillen) attempted to verbally outline the approach for resolution with the following steps:

1. The four principle agencies agree to the proposed reroute
2. A public notice and review period occurs
3. KHL develops a Memorandum of Understanding (MOU) to be reviewed and signed by pertinent parties
4. KHL discusses this approach with FERC to gain informal approval of process in advance of DLA submittal
5. The MOU and associated documentation is incorporated into the License Application for FERC review

The group agreed that in general, this approach was a good starting point but additional review of internal processes and discussion would be needed prior to formalizing the approach.

- *Comment:* John Eavis (USFS) stated that he appreciated Dwayne's presentation and the effort placed in identifying a re-route option that maximized the user experience. He went on to state that the "wilderness experience" associated with the trail was important and asked if the re-route would result in an audible change related to highway noise.
Response: Kim Graham (USKH) stated that during the survey, most of the noise at the site was associated with snow machines and float planes and that it was very intermittent and the noise climaxed quickly and subsided.
- *Comment:* Pam Russell (ANDR) asked if the proposed re-route would impact the money recently put into the "Vagt Lake pull-out".
Response: John Eavis (USFS) stated that it would not.

Dwayne asked if the stakeholders would like to have a site visit to review the proposed re-route location and if so, when. The group did agree that a site visit would be beneficial but the aforementioned process should progress over the winter and then the site visit could occur in late spring/early summer.

- *Comment:* John Eavis stated that there was nothing “magic” about the original route design other than the bridge location across Grant Creek which sought to minimize construction costs. There was no reason that other options couldn’t meet those same expectations with respect to user experience.
- *Comment:* Shina duVall (ADNR) asked about the Section 106 process for the Project and if the INHT trail was assessed during the 2013 Cultural work.
Response: Cory Warnock stated that the INHT was discussed to some extent and the draft Cultural Resources Report was currently in development and meeting planning would be taking place over the next month or so. Dwayne said that he had spoken to Mike Yarborough (Cultural Resource Consultants) and he stated that the proposed INHT was not cited in this area to respond to any historic location and he saw nothing from a historic perspective that would preclude a re-route.

A general process discussion then took place during which, Pam Russell (ADNR) stated that she’d need agreement from Shina’s department (State Historic Preservation Office, (SHPO)) prior to discussing the issue with KRSMA.

- *Comment:* Lesli Schick (ADNR) stated that even if it is determined that the proposed trail doesn’t invoke Section 106 measures, it will require some sort of trail agreement for what it has been designated to be as a commemorative route of the INHT.

Cory Warnock suggested that a portion of the aforementioned Cultural meeting be reserved for discussion related to the INHT. The group agreed.

A bit more global discussion related to a site visit took place and further agreement related to late spring/early summer was gained.

- *Comment:* John Eavis (USFS) stated that eventually, KHL would need to develop the MOU letter and submit to the 4 primary agencies mentioned above. He went on to ask how FERC’s NEPA process plays into things.
Response: Cory Warnock stated that KHL would begin development of the MOU letter after the Cultural (Section 106) meeting. He went on to say that once a process was fully developed with this group, he intended on calling the FERC representative for the Grant Lake Project, Ken Hogan and discussing the approach with him. Given the licensing process being used (TLP) Mr. Warnock stated that developing a collaborative approach prior to receiving FERC input would be the best approach. Mr. Warnock stated that he’d report back to the group once the FERC communication had taken place.
- *Comment:* Lesli Schick (ADNR) reiterated that KHL would also have to submit an application for an easement after the four primary parties concurred on the re-route.

Response: Cory Warnock stated that that was understood and reiterated KHL's intent to develop the MOU letter after the Cultural (Section 106) meeting.

- *Comment:* Mike Salzetti (KHL) asked what level of detail should be included in the MOU letter.

Response: John Eavis (USFS) stated that he'd do some research and get back to KHL with some specifics.

- *Comment:* Lesli Schick (ADNR) stated that she'd be the coordinator for MOU letter evaluation and that it was important to realize that this process will be reviewed as a State project separate of the Section 106 review. What eventually will be needed for formal approval, will be the four primary agencies discussed above to confirm with Lesli the re-route will not adversely impact the trail. She additionally stated that the \$100 application fee could be submitted at any time and would help in identifying it as a current project.

Response: Mike Salzetti (KHL) acknowledged that he understood and stated that KHL would be submitting the fee soon.

- *Comment:* Pam Russell (ADNR) asked if the recent State Supreme Court ruling related to the disposal of land impacted the Project.

Response: Mike Salzetti (KHL) suggested that we keep the court ruling and the INHT issue separate.

- *Comment:* John Eavis and Kathy Van Massenhove (USFS) stated that they would identify the appropriate individuals within the USFS to consult with. They stated that ultimately, the letter from a USFS perspective would be sent to Terry Marceron (Forest Supervisor).

Closing

Dwayne Adams thanked everyone for their participation, acknowledged the value of the meeting and adjourned the proceedings.

Attachments

Attachments are available on the Work Groups page at www.kenaihydro.com.

Attachment 1: KHL Project Presentation

Attachment 2: KHL Re-route Alternatives Presentation*

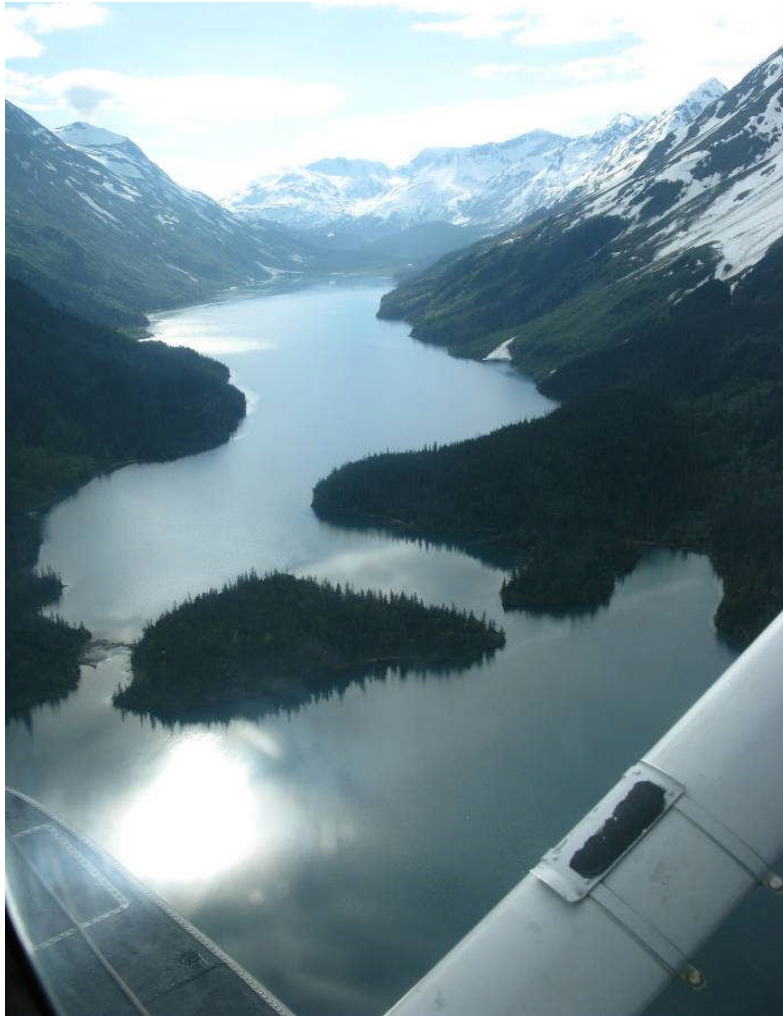
*Filed with FERC as privileged.

Attachment 1

Grant Lake Project History & Overview



GRANT LAKE PROJECT HISTORY & OVERVIEW



Kenai Hydro, LLC
Iditarod National Historic Trail
November 13, 2013
Mike Salzetti



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PRESENTATION OVERVIEW



- Introduction to HEA
- Why we are doing this project?
- Project Selection
- Project Overview
- INHT Route Conflicts



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INTRODUCTION TO HEA



- 157 Employees
- Founded 1945
- Member-Owned Cooperative
- 32,853 Meters
- 2,392 Mile of Energized Line
- 3,166 Sq. Mile of Service Territory
- Sales of 475 GWh/year
- Governed by an Elected Board of Directors



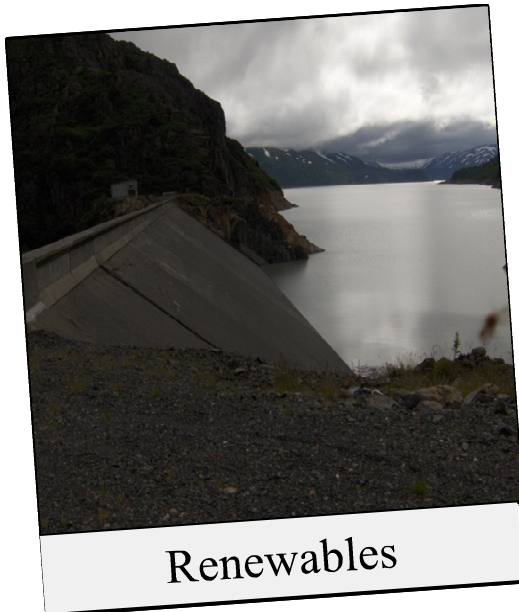
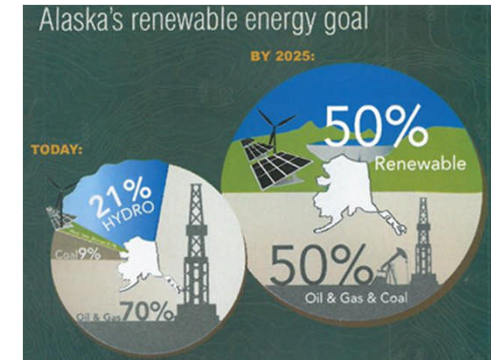
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WHY



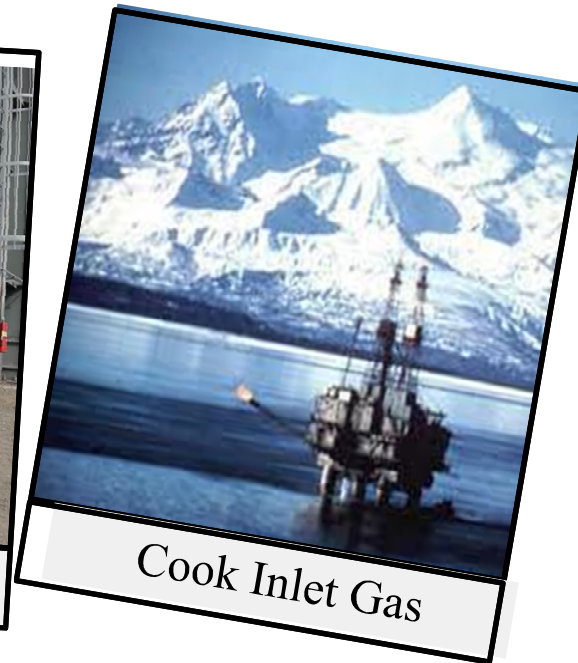
- Board of Directors Goal for Renewable Energy
- Independent Light
- Cook Inlet Gas Situation



Renewables



Independent Light



Cook Inlet Gas



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RENEWABLE ENERGY



2011 HEA Demand 475,000 MWh

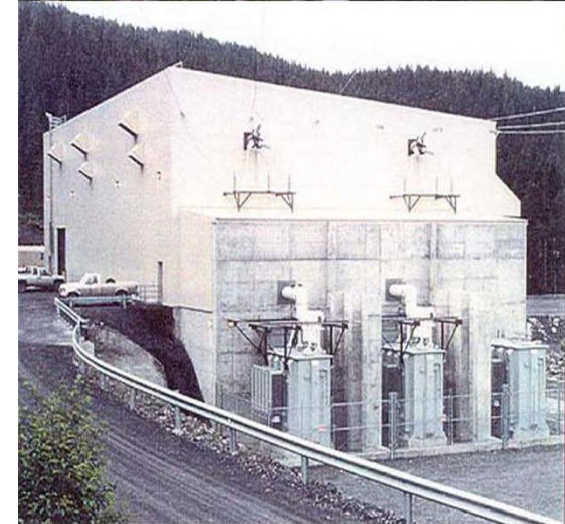
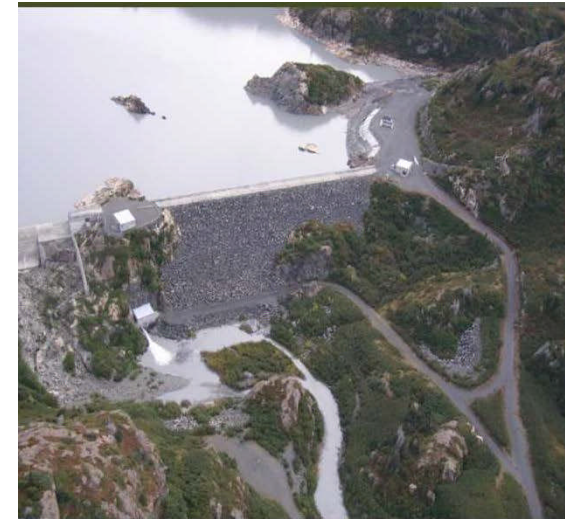
Grant Lake 19,700 MWh

$$\frac{19,700 \text{ MWh}}{475,000 \text{ MWh}} = 4.15\%$$

Bradley Lake

$$\frac{44,000 \text{ MWh}}{475,000 \text{ MWh}} = 9.26\%$$

Renewable Energy Increase 45



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PROJECT SELECTION



Feasibility Studies

- Grant Lake
- Falls Creek
- Ptarmigan Lake
- Crescent Lake



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PROJECT SELECTION



Waterfall

There is a natural
anadromous barrier at the
outlet of Grant Lake.



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PROJECT SELECTION



Steep Topology

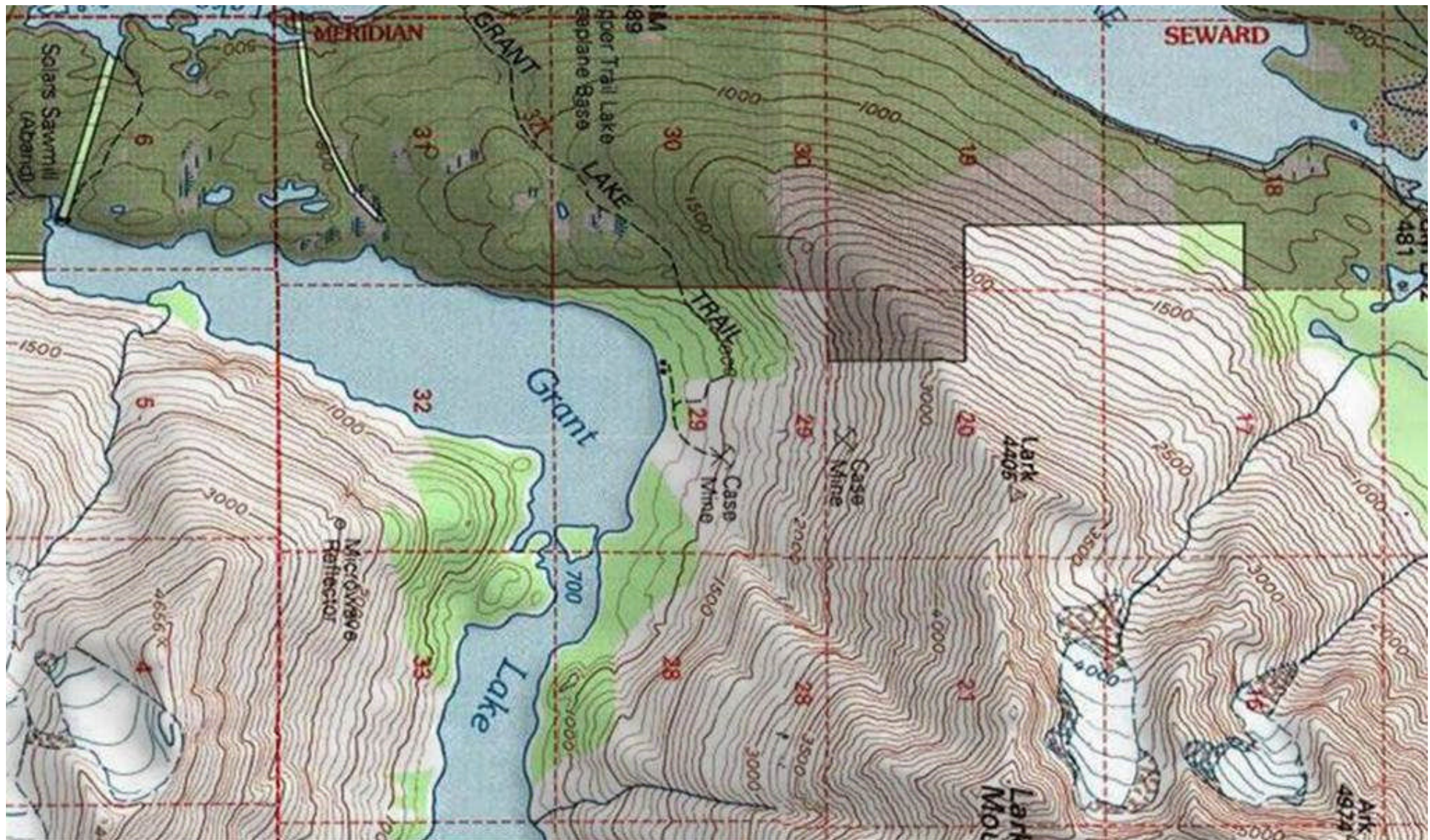
1. Very little inundation associated with lake level rise.
2. Vast majority of the potential energy occurs in the 1st 1/2 mile of stream.



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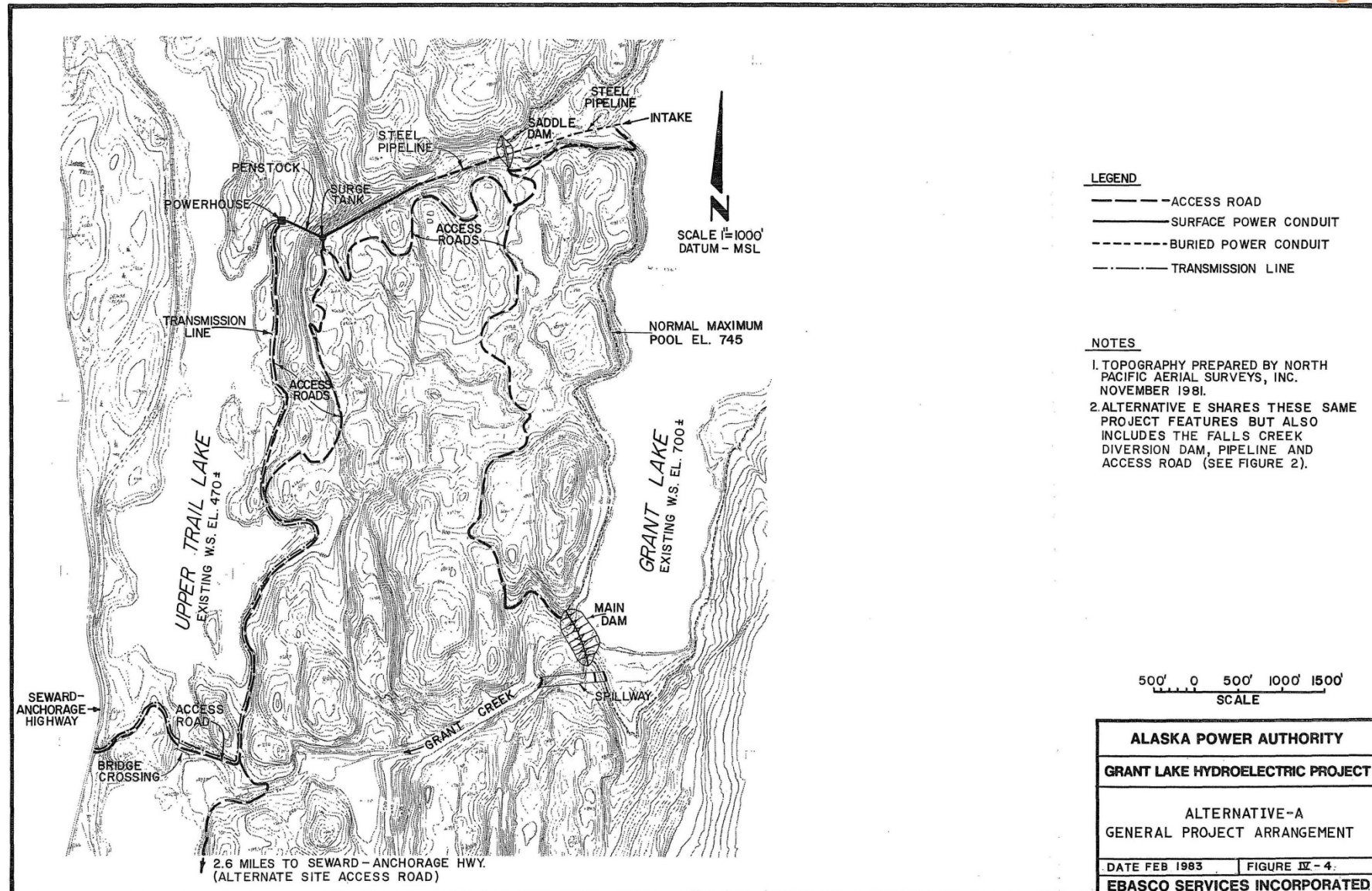


PROJECT SELECTION





PROJECT SELECTION





PROJECT OVERVIEW



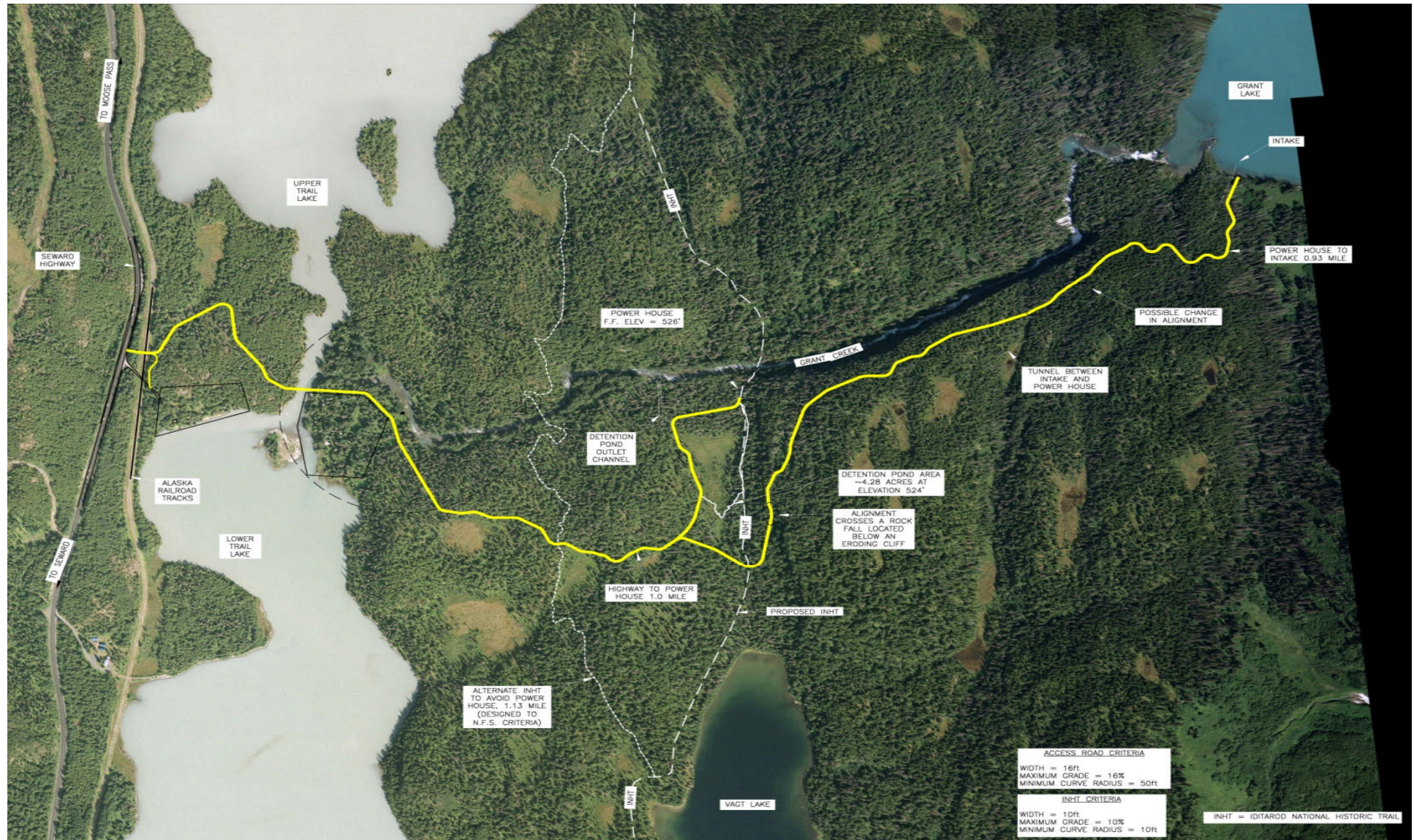
Rated Generator Output Unit 1 – 1 MW Unit 2 – 4 MW	5 MW	
Average Annual Energy	19,700 MWh	20,500 MWh
Diversion	None	2 ft x 120 ft (H) (L)
Reservoir Max Elevation	698 fmsl* (natural)	700 fmsl*
Reservoir Min Elevation	687 (-11)	687 (-13)
Tunnel Length	3200 ft	
Access Road Length	4 miles	2 miles
Transmission Line	3.5 miles	1 mile
*fmsl – feet above mean sea level		



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PROJECT OVERVIEW





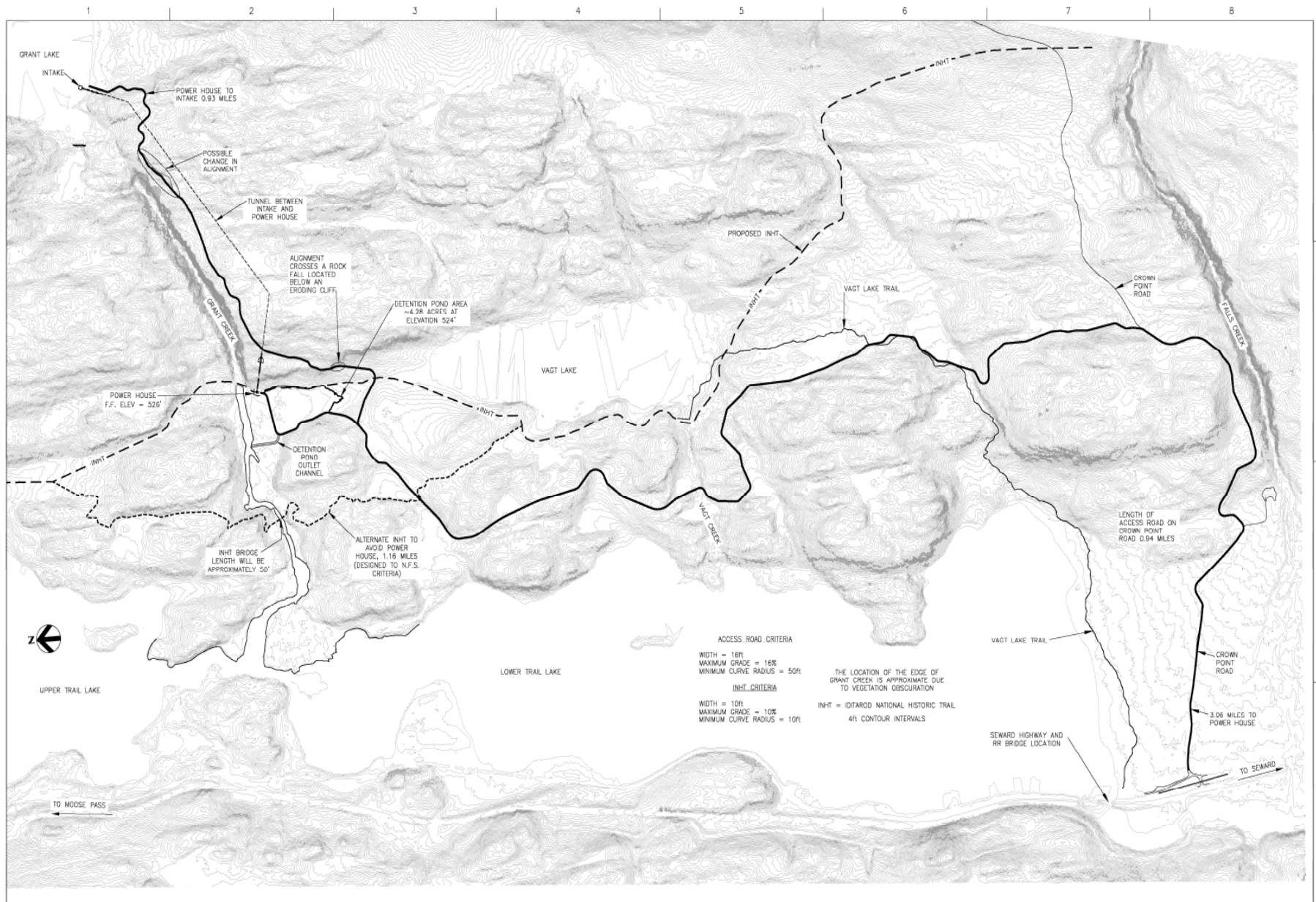
ACCESS ROAD & INHT ALIGNMENT ISSUES



- Road & Trail share a need for the same natural terrain
- Current INHT alignment co-located with the Power House



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ISSUE	DATE	DESCRIPTION

PROJECT MANAGER
DESIGNED BY
CHECKED BY
DRAWN BY
PROJECT NUMBER

**PRELIMINARY
NOT FOR
CONSTRUCTION
OR RECORDING**

**KENAI HYDRO LLC
GRANT LAKE HYDROELECTRIC
PROJECT**

**GRANT LAKE HYDROELECTRIC
ACCESS ROAD
SOUTH ALTERNATIVE**

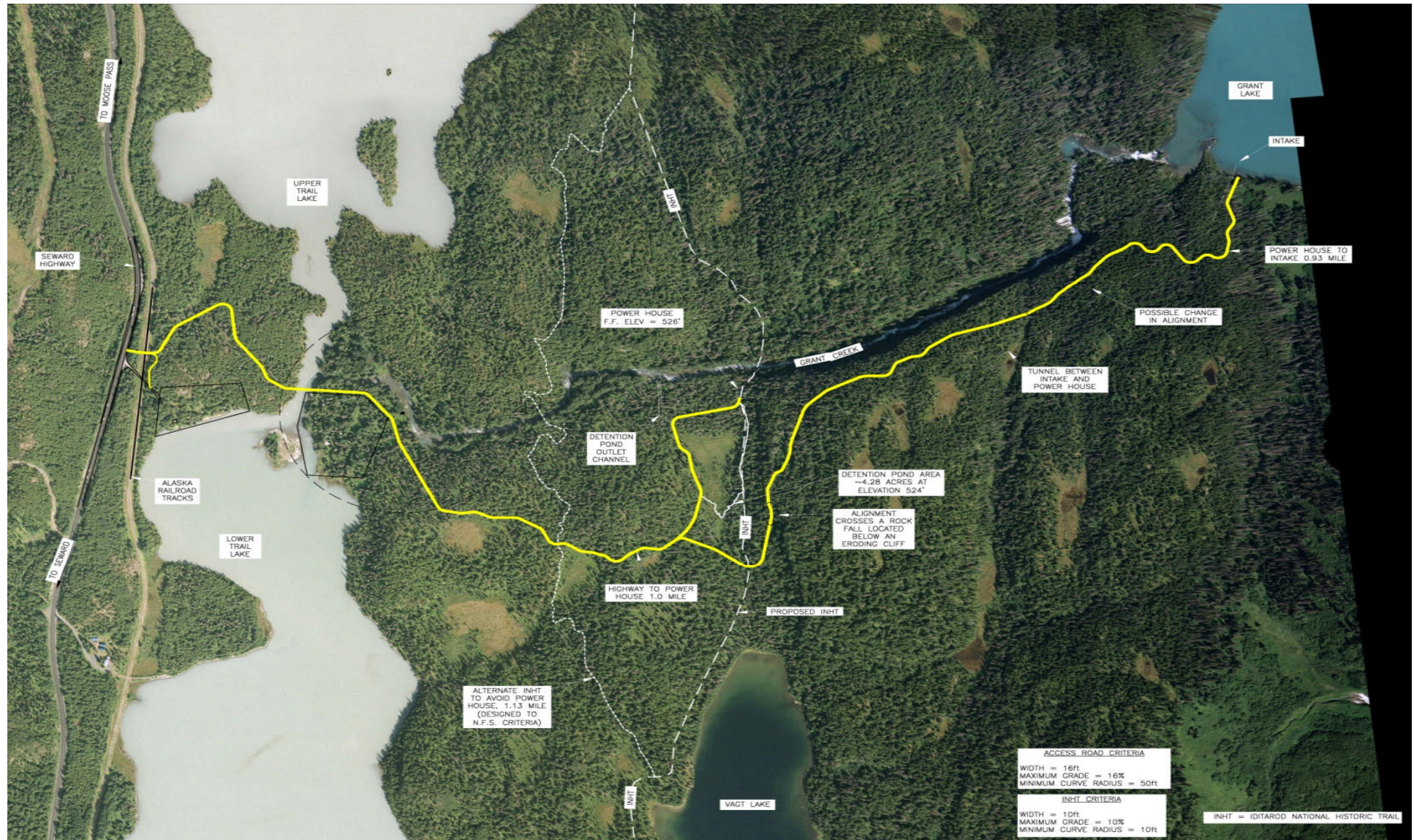


DATE JULY 18, 2010
SCALE 1"=400'

SHEET



PROJECT OVERVIEW



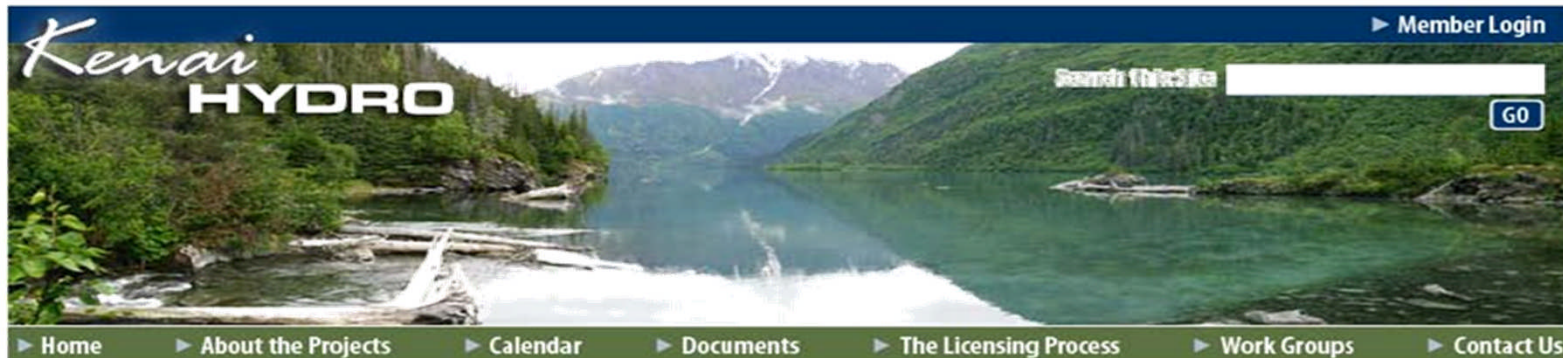


TRACKING PROJECT PROGRESS & COMMENTS



Kenai Hydro, LLC website
(www.kenaihydro.com)

FERC E-Subscription Service
(www.ferc.gov)



Sign-up for Email

Receive email alerts of meetings, site updates and important milestones.

► [Sign-up](#)

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What's New

September 15, 2009

[FERC approves KHL's request to use the TLP](#)

Grant Lake/Falls Creek Project Public Meeting

November 12, 2009 6:00 pm
- 9:00 pm

Thank you for visiting the Kenai Hydro Licensing Web site!

Kenai Hydro has developed this Web site to provide a central clearinghouse for information related KHL's activities under preliminary permits for potential hydroelectric projects on the Kenai Peninsula. This Web site will be used to provide regular updates on the project, announce upcoming meetings and events, and will act as repository for documents related to the licensing effort.

Kenai Hydro LLC is jointly owned by [Wind Energy Alaska LLC](#) and [Homer Electric Association \(HEA\)](#). Wind Energy Alaska is an Alaska company dedicated to developing and operating commercial-scale wind energy projects along the state's Railbelt-energy grid and in other areas of Alaska. It is a 50-50-owned subsidiary of [CIRI](#) and [enXco, Inc.](#)

As the project progresses, this site will grow. So please check back often for updates and upcoming meetings. If you would like to receive e-mail updates please fill out our [e-mail sign-up form](#).



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Attachment 2

Filed as Privileged by Kenai Hydro, LLC

Grant Lake Project (P-13212)

- **Attachment 2 of Final INHT Meeting Minutes_Grant Lake_P-13212.pdf**

NOTE: Because of the potentially sensitive nature of the information regarding Cultural Resources, the presentation attached to the minutes is not being distributed to the general public. This document may be obtained by request to Kenai Hydro or FERC, subject to confidentiality provisions.