

MINUTES OF THE LAKE POWELL PIPELINE MANAGEMENT COMMITTEE

Minutes of a public meeting of the Lake Powell Pipeline Management Committee, held on Tuesday, July 13, 2010, at 3:00 p.m. at 533 East Waterworks Drive, St. George, Utah.

Board Members present: Ronald W. Thompson (Washington County Water Conservancy District), Dennis Strong (Utah Board of Water Resources), and Michael Noel (Kane County Water Conservancy District)

Also present: Eric Millis (Utah Division of Water Resources), Harold Sersland (Utah Division of Water Resources), LeAnn Skrzynski (Kaibab Paiute Tribe), Kai Reed (Citizens for Dixie's Future), Waid Reynolds, Cheri Reynolds, David DeMille (The Spectrum), Barbara Hjelle (Washington County Water Conservancy District), Corey Cram (Washington County Water Conservancy District), Brian Liming (MWH), Marc Brown (MWH), Jim Lemmon, and Tina Esplin (Washington County Water Conservancy District)

Welcome and Introductions—Dennis Strong welcomed those present and conducted the meeting. He excused Scott Wilson because of a prior commitment and welcomed Jim Lemmon, who will be officially appointed to the committee by the Board of Water Resources in the Board's meeting next month.

Approval of March 19, 2010 Minutes—Michael Noel made a motion to approve the minutes of March 19, 2010, Ronald Thompson seconded the motion and all voted aye.

Update on MWH Activities—Marc Brown gave an update on MWH activities. We are working through some of the final issues with the draft reports we have received from power utilities in the Page and Kanab areas. The state has subcontracted with Western, or WAPA, in the Glen Canyon substation area to look at their existing facilities to see what is necessary for them to supply power to Page Electric and Garkane Energy to be able to get power to the pumping facilities of the Lake Powell pipeline. Rocky Mountain Power study is underway. Rocky Mountain is looking at the three booster pump stations on the Cedar Valley pipeline between St. George and Cedar City. Pacific Corp is looking at the hydro generation studies to get power away from the hydro facilities at the Hurricane Cliffs, and we are initiating contact with Dixie REA for a couple of hydro studies. To be able to serve the power necessary for the Lake Powell pipeline, additional facilities need to be added to the existing Glen Canyon substation. After the initial studies by Page Electric and Garkane Energy, they specifically requested additional transformers in the yard at Glen Canyon, so WAPA took those requests and completed their studies. Page Electric will be supplying power to the intake booster pump station 1 through a 69 kV yard, and Garkane Electric will receive their power to the booster pump stations 2, 3Alt and 4Alt through the existing 138 kV yard at Glen Canyon. WAPA recommended for the Page design that certain facilities need to be upgraded to upsize their existing 230/69 kV transformer as well as provide a second transformer, breakers and structures to provide the redundancy necessary to assure the power will be available continually to the pump stations. They are requiring for the Garkane system, two 100 MVA transformers with two 230 kV breakers and two 138 kV breakers to accommodate Garkane and to also provide flexibility. Garkane has a single 138 kV transmission line that goes from the Glen Canyon substation to the Buckskin substation, and Garkane should look at that as far as providing redundancy in that utility corridor to make sure continued power is available in that service area.

Page Electric did an independent study of their own facilities and suggested the installation of a new 0.5 mile radial 69 kV transmission line and some substations. Line 1 would go from the Glen Canyon Substation to a new Switch Station. Line 2 would go from the new Switch Station to the Booster Pump Station 1 Substation, and Line 3 would go from the new Switch Station to the Intake Pump Station 1 Substation. Garkane Energy went through the same process. Their facilities are much larger and more complex. They looked at their facilities and itemized delivery point improvements into four areas. One is the existing system improvements to be done at their expense to accommodate existing customers. Then they looked at our delivery point improvements and how to get power to our pump stations. There are three pump stations that we are proposing, and they looked at how to connect to their facilities. The recommended delivery point improvements would be that they need to take advantage of the expansion of the substation at Glen Canyon. They are proposing a parallel new 230 kV line to provide redundancy that WAPA recommended and to provide continued service through their system to maintain service throughout the

construction period for this new facility. Then at the end of the Buckskin Substation, the line needs to be expanded. To get power over to the booster pump stations at Big Water, they need a new 138 kV line and a new 3 Ring Bus Switch Station to Booster Pump Station 2, and a very similar configuration for Booster Substation 3 Alt. They also need a new 69 kV line up to Booster Substation 4 and 4 Alt, and the existing Paria Substation needs expanding. These are the facilities Garkane has suggested.

The total power transmission cost summary for 2010 for Western, Page and Garkane is \$68,005,724, which is about \$22M less than what we estimated last year.

Update on Environmental Studies—Brian Liming gave an update and overview of the additional transmission line alternatives, amended Areas of Potential Effect (APE) and Resource Study Areas, ongoing Environmental Field studies, Reclamation Modeling studies, meetings with some of the agencies, Environmental Resource Study Reports update, FERC Initial Study Report schedule and Section 106 consultation.

Two short APEs include the additional transmission line alignments Page Electric thought we should take a look at, in addition to the ones we have already studied. Additional study areas are the parallel transmission line to cover the 230 kV transmission line addition by Garkane and a short segment that Garkane wants to take a look at in terms of a more direct route to Booster Pump Station 2. Somewhat parallel to the existing road to the Booster Pump Station 3 Alt site is a straighter alignment that goes parallel and in some places adjacent to the area that we studied for the access road which is 100 foot wide. The APE is 200 feet wide and the Resource Study Areas are 300 feet wide through that area. Going on up to the Buckskin Substation, the parallel line for the APE for Cultural Resources is 250 feet wide, transitioning to 300 feet wide when we get to certain geological and soil types, and going to 600 feet wide to provide for the special plant species. It is parallel to the existing utilities corridor. So these are the Amended APE/Resources Study Areas.

The field survey crew was able to shift from the Cedar Valley pipeline to parts of the transmission line to collect data while the plants were still growing and get the Vegetation Resources and Special Status Plants Studies done. Also, the highest quantity of rock outcrops along the whole Lake Powell pipeline occurs along that transmission line alignment. The rock types there have a higher potential for different fossil types, so they are being studied later this month and early August. We took advantage of the remaining window we had to collect the special status plant species and noxious weeds assessment data this year. With respect to special status wildlife species and wildlife habitats, we are primarily now focusing on desert tortoise surveys in the area from the Hurricane Cliffs to along the north side of the Red Cliffs Desert Preserve area. We also have ongoing studies for the Southwestern willow flycatcher along the Paria River, and are completing the prairie dog studies along the Cedar Valley pipeline corridor.

The Ethnographic Resources are an ongoing effort through contracts with the various Indian tribes. The Pueblo of Zuni Tribe are currently performing their Ethnographic Resource Studies, and are visiting sites and recording what they feel are significant impacts to their traditional cultural properties along the alignments. The Hualapai Tribe is doing the same type of study. The Hopi Tribe has reviewed the class III report and has requested a meeting to discuss those results and move forward with the study they would perform. The Navajo Nation has responded with a letter that they are interested in looking at sites of importance to them. The Havasupai Tribe, which is remote and a ten-mile hike to their reservation, indicated they may be interested in working with the Hualapai Tribe. The Paiute Indian Tribe of Utah declined to contract for ethnographic studies. The Kaibab Band of Paiute Indians and the Southern San Juan Paiute Indians are very close to completing the contract with University of Arizona to perform the studies for both. Dennis Strong said that some tribes are not in the area now and wondered whether there is some process where some tribes would have more significant input than other tribes. Brian Liming said that each tribe has a belief and oral history that is passed down from elders and succeeding tribal members about traditional and tribal areas that are sacred and important to that tribe. Through published documentation as well as actual site surveys, there is good evidence that some areas along the pipeline alignment are related to the ancestors of the Hopi, Zuni and Navajo. The Kaibab Band of Piute Indians in their response said they believe their ancestors are the ones that occupied these same areas, so it is not up to the state, or the Bureau of Land Management (BLM) as the lead agency, to say which is right. They all have their own beliefs, and we have to disclose that information in the reports and documents and that is as far as we take it. When we get to mitigation, it will be negotiated with the various tribes to make sure we are covering whatever potential impacts and cultural properties could be mitigated. Dennis Strong asked if we take into account their desire not to disclose certain information. Brian Liming said that many of these areas are confidential and the information isn't available to the general public. They are oral histories

that are passed down from generation to generation. They are documented, but remain confidential only to be reviewed by archeologists with the federal agencies and other tribes that have standing in this process unless the tribe says they can be released. The data of how to mitigate for any impacts, whether it be avoidance or minimization of impacts on cultural properties, becomes part of a public record to the extent that these actions are going to occur, but they will not identify where they actually occur. They can be on private, state, or public lands.

The State Division of Water Resources had contracted with the Bureau of Reclamation (BOR) to perform modeling studies, the hydrology for Lake Powell and the releases out of Lake Powell, and the Upper Basin water coming into Lake Powell and then being released. They used the Colorado River System Simulation (CRSS) model, which is Reclamation modeling in projecting operations of the river; and they used this model in their interim guidelines final environmental impact statement in December of 2007. The model and conditions under the interim guidelines were used to model the Lake Powell pipeline impacts. They used the Direct Natural Flow (DNF) inflow hydrology that consists of 100 years of data from 1906 to 2005, and then they run that through every year from 2009 through 2060 to do a probabilistic analysis of what the flows could be and what the elevations in Lake Powell could be. They also did the same model, using what is called the Non-parametric Paleo-Conditioned (NPC) inflow hydrology, which takes into account the tree ring data from 1789 through the present, collected at Lee's Ferry, to document the variability in hydrologic conditions that have occurred in about 1300 years. In addition, the modeling that the Reclamation did on the Lake Powell pipeline incorporated what is known now as No Additional Depletions where the Reclamation decided they needed to hold the Upper Basin states depletions from the Colorado River constant at 2009 levels except for what is known as reasonably foreseeable depletions, which in this case include any that are identified in the final environmental impact statement, in the record of decision or environmental assessment, the finding of no significant impact, or a FONSI, or a decreed water right to an Indian tribe or a federal reserved water right. These were all included in the model, but all the others are held out. The intent is to provide for an isolation of the effects on Lake Powell, with and without the Lake Powell pipeline, so you could see actual effects of that on Lake Powell elevations and Glen Canyon dam releases and well as Flaming Gorge dam releases throughout the system. In addition, Reclamation did water quality modeling of the Lake Powell pipeline using the salinity model and several other models to verify and look at the water quality impacts in terms of temperature, some of the nutrients, dissolved oxygen, and then prepared summary documents and reports for each model which are being incorporated into our Surface Water Resources Study Report and into the Surface Water Quality Resources Study Report for the Lake Powell pipeline project.

The Division of Water Resources met with Reclamation, National Park Service and BLM on May 26 in Salt Lake City to review the Lake Powell Pipeline Colorado River System Simulation modeling results; and as a result of that meeting, Reclamation suggested the Division compare the Lake Powell pipeline CRSS model results to the Interim Guidelines FEIS to see if the Lake Powell pipeline impacts can be tiered off of the Interim Guidelines FEIS to avoid extending the analysis downstream into Glen Canyon and Grand Canyon, which were analyzed under the Interim Guidelines FEIS. The analyses showed that the Lake Powell pipeline elevation changes and the downstream releases from Glen Canyon dam are within the incremented impacts that Reclamation's FEIS and the Record of Decision under the Interim Guidelines projected. Therefore, it would allow the Lake Powell pipeline changes to be tiered off of those effects because those impacts have already been covered by Reclamation's FEIS. The next step will be to send those tech memos to Reclamation for concurrence and then distribute to the DOI solicitor, the BLM and National Park Service for their concurrence.

With respect to the Draft Study Reports, we released a preliminary draft of the Archeological and Historic-Era Resources Class III Report to the federal agencies and the involved Native American tribes and nations for review and comment, and have requested comments back on that report, which has limited distribution because of some of the sensitive information it contains, by July 23. We have submitted and received comments back on Aquatic Resources Study Report, the Geology and Soils Resources Study Report and the Groundwater Resources Study Report, and are incorporating those comments for the next round of reviews. The Draft Study Reports being prepared now for Division of Water Resources review include the Noise Study Report, Transportation Study Report, Recreation Resources Study Reports, Surface Water Quality Study Report, Socioeconomics/Water Resource Economics Study Report, Climate Change Study Report, Land Use Plans and Conflicts Study Report and Wetlands and Riparian Resources Study Report. These will be coming to the Division and Lake Powell Pipeline Management Committee as we get those comments that we have already received incorporated into these studies. The study reports that are undergoing updates are the Visual Resources Study Report, Water Supply Study Report (which is the Water Needs Assessment Phase II), Alternatives Analysis Study Report, Air Quality Study Report (which is

being updated to show the dust from the additional transmission lines during construction), Surface Water Resources Study Report (being updated with recent modeling that the Division of Water Resources has performed on the Virgin River), Paleontological Resources Study Report (with respect to the transmission lines), and the Special Status Aquatic Species and Special Status Plant Species Study Reports (also based on the recent and on-going field studies). With respect to the Special Status Wildlife Study Report and the Vegetation Resources Study Report, the work is ongoing for the additional transmission lines as well as the recent surveys completed for the desert tortoise, Utah prairie dog and Southwest willow flycatcher. Also on-going updates are the Wildlife Resources Study Report, the Cultural Resources Class III Report Addendum and the Ethnographic Resources Study Report which is the longest lead item. We are trying to get all of these studies wrapped up as soon as we can.

This takes us to the FERC Initial Study Report schedule. The plan is to submit to FERC the updated Draft Study Reports as they come in following incorporation of the Management Committee’s review comments. FERC has indicated they may decide to hold several Initial Study Report meetings. The critical path is still the Ethnographic Resources Study Report, scheduled to be received by the University of Arizona for the Southern Paiute Advisory Committee by December 31, 2010. We would then incorporate the results of that report into the Ethnographic Resources Study Report by late January of 2011. If FERC determines that the studies are complete and we don’t have to do any additional studies to supplement the work that has already done, we could submit a Preliminary Licensing Proposal in late June. Then, not sooner than 150 days following the Preliminary Licensing Proposal, the License Application could be submitted to FERC, which would take us into the fall of 2011. FERC has to rule that the Preliminary License Application looks complete enough that it is worth their effort of accepting the License Application. If they rule it isn’t complete enough, they send it back with comments and we have to resubmit it. The Draft EIS doesn’t start until the License Application is submitted, but our environmental document becomes the basis for FERC’s Draft EIS. We intend to provide as much information and analysis as would be in a draft EIS so that FERC doesn’t have to do any more work than to take it through their NEPA process to meet their NEPA compliance as well as DOI compliance.

BLM has been officially designated the DOI’s lead federal agency for Section 106 consultation, so they are acting for Reclamation, National Park Service and BLM as well as their own agency as part of the Section 106 consultation process. FERC has delegated Section 106 informal consultation to UDWR. However, UDWR is a state agency and Section 106 regulations require a federal agency to perform consultation. Concerns were raised, so in this case, FERC is handling the Section 106 consultation for licensing from the high point in the Monument to Sand Hollow and associated transmission lines for the hydro stations and transmission generated by that. The BLM is leading the Section 106 consultation for all the rest of the lands potentially impacted, and the tribes are being visited for formal consultation by BLM. The Section 106 consultation appears to be on track.

Waid Reynolds said he is thinking about future generations and is wondering how far out we are looking in the social economic studies. He said that supposedly the Lake Powell reservoir is going to silt up and we are going to encourage people to move based on water. Then a hundred years down the road, we are going to find out that we are not going to have that water anymore. Dennis Strong said Reclamation looks at Glen Canyon/Lake Powell at five hundred years, so we are looking well past a hundred years. Brian Liming said our study period is basically from now as a baseline up to the start of construction which is scheduled from 2016 to 2020 and then operation from 2020 to 2060, so all the socio economic impacts are being projected out through 2060. Ron Thompson said that in terms of Lake Powell running out, this project isn’t necessarily dependent on Lake Powell being there. The lake is convenient, but if it wasn’t there, there is still going to be water in the river and other ways to get water out of the river.

Approval of Project Expenses—Eric Millis said the to-date costs to be reimbursed through the eventual sale of water are the charges by MWH, the Bureau of Land Management and the Bureau of Reclamation. MWH has billed the Division each month and staff has reviewed and approved payment as follows:

Total at last report	\$16,319,194	77.9%
February 2010	\$ 496,566	2.3%
March 2010	\$ 522,485	2.5%
April 2010	\$ 374,925	1.8%
May 2010	\$ 496,946	2.4%
June 2010	\$ 453,887	2.2%

TOTAL: \$18,664,003 89.1% of the \$20.953M contract

On May 27, the Board of Water Resources committed an additional \$48,000 to the Bureau of Reclamation to complete the modeling of the project's effect on Lake Powell and the Colorado River. That brings the total paid to the Bureau to date of \$189,000. To date \$190,000 has been paid to BLM over the past three years for their expenses on the project.

Ron Thompson made a motion to ratify the expenditures made by the Board of Water Resources for services of MWH, Mike Noel seconded the motion and all voted aye.

Eric Millis said the second item is the need for an additional \$3.4 million for MWH to continue the work that it is doing to get all the information together and submitted to FERC and other involved agencies. Because of the complexity of the project, there have been a number of things outside of the work plan that have been previously approved and asked of MWH to do. In addition, there are a number of items required by the federal agencies that have expanded the areas of study. Some of that work is completed and a lot is still ongoing or still in the future. Marc Brown said this is MWH's fourth year working on this project. We appreciate the opportunity and look forward to the activities necessary to complete the environmental reports and get those submitted to FERC. This amendment is needed for completion of the engineering work, primarily because of the about 50 miles of transmission studies that came out of the Garkane and Page studies requiring the second year field studies. We will have these completed by January and will then be in maintenance mode finalizing reports and then in a standby mode while FERC reviews these things. There are a lot of public meetings coming up, and then next year after we submit these reports, there will be activities that FERC will be publishing and identifying; and we will be in a support mode for them. Ron Thompson said he talked to Larry Anderson, our project manager, and he strongly recommended that if the Lake Powell Pipeline Management Committee is good with this, the Management Committee recommend to the Board of Water Resources approval of this additional \$3.4 million. This will take MWH through the next fiscal year and includes all the environmental studies required on the additional transmission, upgrading the Garkane and Page system, the supplemental studies, such as the Utah prairie dog, desert tortoise and Southwest willow flycatcher, all archeological and ethnographic studies and all interagency meetings through to next year. Marc Brown said that is correct. It will take us to our next fiscal budget year through June of 2011. Many field studies are in response to the additional requirements of BLM, the National Park Service and FERC. **Ron Thompson made a motion to recommend to the Board of Water Resources the \$3.4 million increase, Michael Noel seconded the motion and all voted aye.**

Other Items—There was discussion of when and how the public meetings will be posted. Brian Liming said the initial study report meetings will be advertised on the FERC website and in local media.

Next Meeting—Tuesday, November 9, 2010, at 8:30 a.m.

There being no further business, the meeting was adjourned.

Secretary