

**Hydro Power License Stakeholder Advisory Group – Meeting Notes**

**Date: July 10, 2015**

**Place: Chelan PUD, Wenatchee, Washington**

**Summary of actions**

<b>Item</b>	<b>Action</b>
Written bullets on transparency and accountability measures are needed	Neil will seek responses from stakeholders by end of July
Individual stakeholder feedback on preference of phase-based fee structure revision versus a version of the current non-phase-based structure	Neil will solicit individual stakeholders positions on this inquiry
Hand-out that includes Ecology’s indirect rates	Chad will revise to clarify indirect
More information on WDFW’s methodology in developing time estimates would be helpful	Justin will review with WDFW staff
Information on Ecology’s specific staff	Chad will provide; needs to add WR staff

**Welcome/Introductions/Agenda Review**

The meeting was called to order at 10:00 a.m. by facilitator Neil Aaland. Introductions were made around the room. Neil told the group that the website is up, it’s a little sparse right now but that will change as information is added. He reviewed the agenda for the day.

**Review and discuss agency staff work done on hydropower projects**

Stakeholders at the last meeting requested additional information from Ecology and WDFW on staff work done on hydro power re-licensing projects. Don Seeberger reviewed several handouts: “Ecology Workload Estimate by Task per Project”; and “Job/Task Codes for Water Power License Fees”. [Please refer to those handouts for details on his discussion.]

Questions and discussion points included:

- Shaun asked if indirect is the same as overhead? [Yes. It’s about 33% after WQ direct, AG costs, and WR costs are added in]
  - Chad Brown will revise the numbers to better explain the indirect rate

Chad reviewed the estimate of workload. This is based on 2,080 hours per year. The rule-making line item is low because they have not done one yet. Implementation is the workload over a biennium. It’s connected to the FERC coordinator that each permittee works with.

Questions and discussion points included:

- Rule-making is an integral part of implementation, but they wanted to break it out separately
- What triggers rule-making? [Needing to change standards that are adopted by rule.]
- Ross asked how costs for buildings are calculated [They look at square footage and determine people that charge to a specific code, and pro-rate their costs)

Justin Allegro then discussed WDFW’s staffing. His information is incomplete; he intends to build on it. It does not include information related to relicensing, only implementation. He showed a PowerPoint and two handouts – WDFW Hours Estimates Examples, and WDFW Hydro Project Representation. The first handout looks at specific staff on specific projects during 2011-2015. The second handout-out shows a preliminary estimate of annual time spent by WDFW on certain “buckets”, or subjects. In the last biennium 4.5 FTE were funded for work on hydro projects with hydro-specific funding sources, including 2.25 from the water power license fee. Justin estimates an additional 2 FTEs of work on FERC implementation was contributed by WDFW staff who not have funding via the water power license fee or other hydro-related funding sources (GFS-FERC and Dingell-Johnson). [Please refer to these hand-outs for more detailed information.]

Questions and discussion points included:

- Chelan PUD staff looked at this issue for their projects and came up with almost the same hours as did WDFW
- John Rothlin thought the methodology could be better defined [Justin said he would go back and discuss]
- Micah thinks this is nice to see in case he gets questions from his city council
- Speed thinks specific staff names are helpful; could Ecology provide that as well [Chad can provide.]
- Justin would like to set annual meetings with utilities that want them
- Todd asked what the next steps are for this information [Justin wants to try and clarify the “buckets”, narrow the list]
- Nancy Atwood said PSE is fine with the current fee, but interested in WDFW tracking more [need to be sure that there are not too many codes]
- Michelle said Chelan PUD is also fine with the current fee; this information is helpful, aligns with their internal estimates. Agencies should consider a survey asking if they got the quality of service they expected at the end of the licensing; this could go in the next report. Perhaps a survey every two years, part of the legislative report
  - Don Seeberger likes the idea of an annual report card, as suggested by Rep. Fey
  - Rose thinks the annual report card is a good idea for both the agencies and the permittees

LUNCH BREAK: 11:45 – 12:00 NOON

### **Fee Restructuring Proposals: Grant County PUD proposal analysis and additional detail**

Chad Brown reviewed a PowerPoint presentation that explains how permit fees are currently calculated. Fees are based on the theoretical horsepower, using agency standard assumptions. He then handed around a set of spreadsheets that explored different possibilities for calculating fees, starting with the Grant County proposal. [Note: there was an error in the spreadsheets; Chad Brown is preparing updated versions that will provide more accurate data.] This represents a “phased” approach, wherein fees vary depending on which phase of re-licensing a project is in. Two of the three example spreadsheets used different base rates and different phasing multiplier assumptions in determining the fees. The third example showed how modifications to the existing structure in the absence of any phasing considerations (adjusting existing rates) could flatten the curve of total fees paid by project by slightly increasing the fees paid by projects with lower theoretical horsepower and slightly decreasing the fees paid by the largest projects. See spreadsheets for details on these ideas.

Questions and discussion points included:

- Don Seeberger said his only issue is that costs to the state don’t stay static, as noticed recently with the legislature implementing a Cost-of-Living-Adjustment for state employees
- Speed agreed that we don’t want to lose qualified staff
  - Chad pointed out that as shown earlier in the day, the water power license fee dollars do not cover the full amount of work the agencies need to do for hydro, and that will be true even if that state’s workload goes down
- Rose said the current funding is an insurance policy
- Ecology and DFW staff said last meetings’ discussions were that the agencies should stay funded at the same level
  - Increases in staff costs, such as COLAs, will need to be factored in at some point
- Michelle said the phase based approach is problematic; there is more need of Ecology’s time during implementation
  - Who decides what phase you’re in?
  - For the next phase of re-licensing for Chelan, they’ll have to pay more than they’ve already paid
  - Chelan would like to spend more time on an accountability report card, not on fees
  - Nancy Atwood said that PSE agrees; want to keep agency staff

- Ross Hendrick had several thoughts
  - At its heart, this is a fee for service, even though we are not talking about charging by the hour, the fee is meant to provide a priority, consistent, and dedicated service associated with 401 Water Quality Certifications for Hydropower projects. The idea with phases in Grant PUD’s restructuring proposal is to get the fees closer to the level of service needed for the 2018-2028 time period.
  - Grant PUD does not believe it should be required to pay for “top of the line” insurance
  - Without a restructure of the current fee calculation that better reflects the estimated workload, Grant PUD will not support legislative changes associated with extending the sunset clause.
- Rose Feliciano expressed great concern about this approach, supports the current structure

**Transparency and Accountability (related to current fee structure)**

Several stakeholders asked for discussion at this meeting on keeping the current fee structure as another option for consideration. The agenda suggests talking about how to make the process more accountable and transparent for both side; and what it would look like to maintain existing fee structure with improved language on Ecology/WDFW accountability and transparency.

Questions and discussion points included:

- What is greater accountability? [Don thinks the annual report; annual meeting is also required by the legislature]
  - How the agencies count their time and report it
  - Timeliness, consistency, not redundant
  - Accountable to the process
  - Accountability includes which agency is responsible for which topics
  - Accountability is a two way street; provide opportunity for agencies to identify issues with utility approaches that impact agencies’ performance.
- How do we avoid turnover of staff?
- Availability and communication:
  - Agency decisions on who attends workgroup meetings could be better (sometimes too many come, sometimes the right person does NOT come)
  - Intent – providing more information on the intent of something (e.g. permit conditions) to prevent confusion in the future
- Is the “report card” in legislation? [It could be part of the report to the legislature]
  - Marcie thinks this could provide an extra push
  - Legislative language is general
- Meaghan Vibbert said annual meetings are like a performance review, where the employee and supervisor meet and discuss performance

**Summary/Next Steps**

1. Neil will send an email to the work group to get some specific feedback; each stakeholder is to consult within your organization and provide perspectives. The results will be discussed at the August meeting. The topics for feedback are:
  - a. Which idea for fees should move forward – current structure or phase-based?
  - b. What additional ideas do you have on transparency and accountability?
  - c. What might the “report card” include?
 The due date for feedback will be July 31.
2. WDFW and Ecology will do some outreach to utilities not in the room.
3. It is possible that a skeleton framework for the legislative report, including some potential policy analysis, will be drafted by the agencies for discussion in August.

Next meeting dates and locations will be:

- August 12 at Sea-Tac

- September 14 in Wenatchee

The meeting adjourned at approximately 2:00 pm.

**The next meeting is scheduled for August 12, 2015 at the conference center at Sea-Tac International Airport, SeaTac, Washington.**

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**Attendees:**

<b>In-person</b>	
Neil Aaland, Facilitator	Justin Allegro, WDFW
Chad Brown, Ecology	Don Seeberger, Ecology
Micah Goo, Centralia	Julie Henning, WDFW
John Rothlin, Avista	Nancy Atwood, PSE
Marcie Steinmetz, CPUD	Todd Olson, PacifiCorp
Ross Hendrick, Grant PUD	Shaun Seaman, Chelan
Michelle Smith, Chelan	Rich Bowers, HRC
Speed Fitzhugh, Avista	Meaghan Vibbert, Douglas PUD
<b>On phone:</b>	
Rose Feliciano, SCL	Lisa Rennie, TPU
Dawn Presler, Snohomish	Shane Bickford, Douglas