



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Mike McCann, Electric Generation and Operations Manager
DATE: April 4, 2017
SUBJECT: Update to FERC License Issuance and Carmen Plant Improvements
Carmen-Smith Hydroelectric Project
OBJECTIVE: Information Only

Issue

This memo provides an informational update on Carmen-Smith project work completed since November 2016 when the Amended and Restated Settlement Agreement was filed with the Federal Energy Regulatory Commission (FERC).

Background

On November 8, 2016, the Board approved Resolution 1629 authorizing the General Manager to enter into the Carmen-Smith Amended and Restated Settlement Agreement and associated FERC filings related to the revisions of the Carmen-Smith Final License Application. Principally these revisions changed the upstream and downstream fish passage provisions from a fish ladder and screen system to a trap and haul system. The revisions also modified the recommended term of the license, established protocols for fish passage evaluation, resolved jurisdictional issues regarding the McKenzie Wild and Scenic River, and provided for a set of interim measures to be implemented prior to license issuance. The revised contracts and filings were submitted to the FERC on November 30, 2016.

In addition to supporting the renegotiation process, in 2016 the Generation Engineering and Operations staff initiated a major project to replace the two failing turbine shut-off valves, substantially completed the overhaul of the Carmen Powerhouse crane, and initiated the process of contracting for fish passage analysis and design.

Discussion

License Issuance

Since re-submitting the Settlement Agreement, staff have remained in close contact with FERC staff on their progress for re-establishing the additional filings required for license issuance. In collaboration with EWEB staff, the FERC has scheduled a tour of the Carmen-Smith Project and a technical conference open to interested parties for March 28 and 29, 2017, respectively. The tour will allow FERC staff and other interested parties to learn first-hand about the features of the Project

and the planned environmental improvements contained in the Settlement Agreement.

The technical conference has two main purposes. First, EWEB will lead a discussion regarding the specifics of the settlement agreement and proposed license articles with FERC staff to ensure there is common understanding of the proposed terms. As this license presents some unique process challenges, the other purpose of the technical conference is to establish the specific remaining regulatory processes that must be completed prior to license issuance. EWEB staff expect that it will take the rest of 2017 and possibly part of 2018 for FERC to complete and issue the license.

From an administrative perspective, to complete the updated license application, FERC has requested from EWEB updates to the required exhibits to the license application in order to bring them up to date in required form and content from their original 2006 filing. Staff anticipate completing this effort in mid-2017. Staff has also initiated work to update the Biologic Assessment of the project and, in accordance with the terms of the Settlement Agreement, initiated a modification to the State of Oregon Water Quality Certificate (401 Certificate) issued to the project.

Powerhouse Improvements

On March 7, 2017, the Board approved the Guaranteed Maximum Price (GMP) for Wildish to perform the first phase of major construction work at the Carmen Powerhouse, which will culminate with the installation of two new turbine shut-off valves. Fabrication of the valves is complete and they were successfully factory tested during the week of March 14, 2017. The valves will be shipped overseas soon and are expected to arrive at the Project site at the beginning of June. Wildish and their major subcontractor, JR Merit Inc., will be actively working on preparations for the TSV installation in April and May. The plant outage necessary to accommodate the construction work will start in May with the intent to have the power tunnel/penstock system dewatered and ready to start demolition activities shortly after the valves arrive at Carmen and pass post-delivery inspection. The early June delivery timing is later than the contract schedule requirements, so Adams Valves will be incurring liquidated damages as a result, but completion of the project during the 2017 construction season remains achievable.

In the meantime, planning and design work for the second phase of major work (reconstruction of the Carmen Plant substation facilities) is progressing well. Preliminary design work for this phase will be completed in May and procurement approval of the long lead-time switchgear equipment will occur later this year so that detailed design of the substation improvements can be completed in 2018.

Requested Board Action

None at this time. This memo is for information purposes. Please feel free to contact me with questions.