SNOHOMISH COUNTY PUD
PUBLIC UTILITY DISTRICT NO. 1

Your Northwest renewables utility

August 30, 2012

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Via E-Filing at www.ferc.gov

Re: Sunset Fish Passage and Energy Project (FERC No. P-14295) –
Preliminary Permit Progress Report, No. 1

Dear Secretary Bose:

The Public Utility District No. 1 of Snohomish County respectively submits our first Preliminary Permit Progress Report for the Sunset Fish Passage and Energy Project (FERC No. P-14295). This report covers activities from March 2012 through August 2012.

If you have any questions, please do not hesitate to contact me at (425) 783-8606, or Dawn Presler, Sr. Environmental Coordinator, at (425) 783-1709 or DJPresler@snopud.com.

Sincerely,

Kim D. Moore, P.E.
Assistant General Manager of Generation, Water, and Corporate Services
KDMoore@snopud.com

Enclosed: PPP Report, No. 1

cc: Ryan Hansen, FERC
Distribution List (Service List and Mailing List)

Preliminary Permit 6-Month Progress Report
Report No. 1

Per the Commission's "Order Issuing Preliminary Permit and Granting Priority to File License Application" dated March 2, 2012, Terms and Conditions Article 4, for the Sunset Fish Passage and Energy Project FERC No. P-14295 (Project), the Public Utility District No. 1 of Snohomish County (District) hereby files its first Preliminary Permit Progress Report. This report includes activities completed from March 2012 through August 2012.

The District conducted the following activities:

1. **Road/Property Access** – Multiple contacts have been made with surrounding property owners to gain access to their property for the conduct of various studies and/or reconnaissance efforts. Access has been granted by multiple property owners. Private road access permission has been granted by the Mount Index Riversites Community Club, Inc., Canyon Falls Home Owner Association (CFHOA), and individuals.

2. **Stakeholder Consultation** –
    a. *Non-Governmental Organizations and Public* – Have received and responded to multiple questions regarding the proposed Project. A Question and Answer document has been updated accordingly and posted to the Project's web site. A tour was provided to representatives from Forterra on June 5, and informal meetings have been held with various other non-governmental organizations.

    b. *Governmental Agencies* – Consultation and/or requests for information have been made with Snohomish County, Washington Department of Fish and Wildlife, Washington Department of Ecology, U.S. Fish and Wildlife Service, National Marine Fishery Service, and Tulalip Tribes, among others. During the last six months, tours were provided to the U.S. Fish and Wildlife Service on May 18 and to the Tulalip Tribes on July 26. Other federal and state agencies toured the Project site prior to the issuance of the Preliminary Permit.

3. **Environmental Studies** – The District's staff and consultants worked towards completion of the following studies:
    a. *Terrestrial Resources Assessment* – This reconnaissance will review the Project vicinity to determine the presence of any protected habitat such as wetlands, old growth forests, etc. The study will also look for threatened or

endangered plant and animal species. A consultant working for the District, Herrera Environmental, conducted its Critical Areas Reconnaissance of the Project area in June. A District biologist conducted wildlife reconnaissance in June and July. These visits included biologists walking on community roads and properties which have allowed access, and taking photographs, notes and GPS points. A draft report is anticipated in November 2012.

b. *Cultural Resources* – This literature review looked at existing information for potential cultural resources/historic properties in the Project area. It will provide a basis for consultation with the State Historic Preservation Officer at the Washington Department of Archaeology and Historic Preservations, tribes, and other cultural resources stakeholders.

c. *Instream Flow Study* – This study will look at the area between the proposed intake and the base of Sunset Falls, evaluating changes in depth and velocities at 10 separate river cross sections (transects) at four separate river flows (approximately 2,500, 1,500, 1,000 and 600 cubic feet per second (cfs)). The results of this field study will be used to model changes in physical habitat conditions (depths, velocities, substrate conditions) for fish species known to use that section of the river. This information provides the basis for discussing flows needed to maintain suitable habitat conditions. It is expected that each series of flow measurements will require two days in the field. In the field, the timing is dependent on river flows and local weather patterns. Cross sections have been established and several flow levels have been measured. A draft report is anticipated in November 2012.

d. *Gaging of Stream Flow* – The discontinued USGS gaging station between Canyon Falls and Sunset Falls was re-established. Flow monitoring is occurring to recalibrate the gage.

e. *Aesthetics Flow Study* – The purpose of this study is to determine and present the aesthetic effects of various river flow levels and project features within the proposed Project area. This study will look at the river and falls at multiple key observation points and will include photography and a short video at each of these points at approximately five different flow levels. The intent of this study is to determine how the potential diversion of up to 2,500cfs (current proposal for the project) would change the visual appearance of the river and falls. This study was initiated in June and target flow levels have been recorded on schedule. Photos were also taken from the key observation points, of existing landscapes at the proposed trap and haul, powerhouse, weir, and intake structure.

f. *Fish Surveys* – The purpose of this study is to assess the degree to which fish transported upstream of Eagle Falls fall back downstream into the proposed bypass reach. As such, District staff have kept abreast of river conditions and timeframe for fish hauling.

g. Geotechnical – This work included two borings along the length of the CFHOA peninsula to determine bedrock depths and location and the geological composition of the peninsula. A seismic reflection survey along the road on the peninsula, was also conducted to verify continuity and consistency of the geology of the peninsula. This reflection study will be used in conjunction with the borings to develop an understanding of the CFHOA peninsula geology.

h. Land Survey – This work is required to support intake area preliminary design and computer-modeling of river flow conditions during floods. Work included a topographic survey of the Preliminary Permit designated intake area and areas that would be adjacent to the small impoundment. The survey was limited to properties which have provided the District with approval to access and involves collection of contours and notation of existing structures. Roads and utilities were also surveyed. Previous work was based on aerial surveys which do not provide the same level of accuracy as ground surveys. Harmsen and Associates worked as the surveyor for the Project.

4. **Engineering Analysis and Design** –
   a. *Design Analysis* - The studies listed above are being augmented with additional work that does not require access but is required to answer questions presented to the District at the October 2011 public meetings and subsequent discussion with homeowners. This additional work includes refinement of potential Project features; transmission alignment and switchyard location; light and glare review; noise evaluation; flood effects; tailrace and potential erosion concerns; potential measures to reduce visibility; construction sequencing and impacts; etc. A draft report addressing these topics is anticipated in November 2012.

   b. *Photo Renderings* – High resolution photos have been taken of the Project area. Engineers are identifying and refining engineering needs for Project facilities to minimize visual impacts of project facilities on the surrounding environment. Once a clear understanding of the facilities requirements and design needs are established, the conceptual drawings will be overlaid on the high resolution photos of the Project area. A draft of the photo renderings is anticipated after the design analysis is completed, likely in late November/early December.

5. **Pre-Application Document (PAD)** – A template for incorporating existing information into a PAD per the FERC's regulations was developed. Several contacts requesting information/study/data have been made with regulatory agencies. Information/study/data gathering has also occurred.

6. **Permits** – An application for water right permit was submitted to the Washington Department of Ecology for 2,500cfs of water flow from the South Fork Skykomish

River. This permit provides a placeholder in the queue for seniority of processing water right applications, and will require further information that is developed during the licensing process.