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VIA ELECTRONIC FILING

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

RE: FERC No. 2685: Blenheim-Gilboa Pumped Storage Power Project

**SCHOHARIE COUNTY BOARD OF SUPERVISORS' COMMENTS ON
UPDATED STUDY REPORTS**

Dear Secretary Bose:

The Power Authority of the State of New York (“NYPA” or the “Applicant”) is relicensing the Blenheim-Gilboa Pumped Storage Project (the “Project”) using the Federal Energy Regulatory Commission’s (the “Commission”) Integrated Licensing Process (“ILP”). Pursuant to the ILP, on February 19, 2015, the Commission issued a Final Study Plan Determination approving six relicensing studies for the Project. After completing its first study season, NYPA filed its Initial Study Report (“ISR”) with the Commission on February 19, 2016, which included complete reports for three of NYPA’s six relicensing studies. The other three of NYPA’s relicensing studies – Study 4: Recreation Use/User Contact Study and Assessment of Effects the Project has on Recreation Use (“Recreation Study”), Study 6: Socioeconomics Study, and the Effect of Project Operations on Downstream Flooding Study (“Downstream Flooding Study”) - remained outstanding at that time. By letter dated September 6, 2016, the Commission amended the ILP Process Plan and Schedule and revised the deadlines relating to the Updated Study Report (“USR”) for the Recreation and Socioeconomics Studies. In the Commission’s September 6 letter, the date for NYPA to file the USR for the Recreation and Socioeconomic Studies was revised from February 18, 2017 to September 15, 2016.

NYPA filed the USR for the Recreation Study and Socioeconomic Study on September 15, 2016. On October 14, 2016, NYPA filed a meeting summary of the USR meeting, held September 29, 2016, with respect to these two final study reports. Pursuant to Section 5.15 (f) of the Commission’s rules, the Schoharie Board of Supervisors (“SCBS”) and the Relicensing Committee of the Schoharie County Board of Supervisors¹ (“Relicensing Committee”) hereby files their comments on the meeting summary and USRs. Although the SCBS is generally supportive of relicensing of the Project, the SCBS continues to have concerns regarding the scope and results of the Recreation and Socioeconomic Studies.

¹ The Relicensing Committee is comprised of seventeen members representing various local governments and school districts impacted physically or economically by the Project.

The Commission’s rules provide that, “[a]ny participant . . . may file a disagreement concerning the applicant’s meeting summary within 30 days, setting forth the basis for the disagreement. This filing must also include any modifications to ongoing studies or new studies proposed by the Commission staff or other participant.”² The Commission’s rules further provide specific criteria which must be addressed in any such comments/disagreement on the meeting summary or USR.³ SCBS submits The following comments are submitted in conformance with the Commission’s rules.

As a general matter, the USR Meeting Summary is flawed in that it fails to reflect that a number of Relicensing Committee members were present at the meeting held September 29th. Some confusion may have arisen as the members may have announced that they represented their respective local governments or school districts and not the Relicensing Committee. The SCBS simply requests that the meeting summary reflect that the Relicensing Committee was present. Recognition of the Relicensing Committee is important as it will ultimately make a recommendation to the SCBS whether to endorse the Project relicensing.

Recreation Study

Requirements of 18 CFR § 5.15	
Any material changes in the law or regulations applicable to the information request	There have been no material changes in the law or regulations.
Why the goals and objectives of any approved study could not be met with the approved study methodology	The overall goal of the recreation study is to evaluate recreational use at the Project, determine Project impacts on recreation, and to determine the adequacy of existing Project recreation sites and facilities in meeting recreation demand at the Project. As discussed below, the Recreation Study USR fails to take into consideration conservation releases planned in the near term.
Why the request was not made earlier	The information only became available on August 16, 2016 when the New York City Department of Environmental Protection (“NYCDEP”) released the document <i>Gilboa Dam Reconstruction Project Update, Shandaken Tunnel Outlet SPDES Presentation</i> .
Significant changes in the project proposal or that significant new information material to the study objectives has become available	On August 16, 2016 the New York City Department of Environmental Protection (“NYCDEP”) released the document <i>Gilboa Dam Reconstruction Project Update, Shandaken Tunnel Outlet SPDES Presentation</i> describing conservation releases that will dramatically impact stream flows.
Why the new study request satisfies the study criteria in 18 CFR §5.9(b)	The overall goal of the recreation study is to evaluate recreational use at the Project, determine Project impacts on recreation, and to determine the adequacy of existing

² 18 CFR § 5.15 (c) (4) and (e).

³ 18 CFR § 5.9 (b).

	<p>Project recreation sites and facilities in meeting recreation demand at the Project.</p> <p>In Section 4.6.1, pp 47-48, of the Recreation Study USR, the Applicant states, “[s]tream flows throughout the primary study area are significantly influenced by the NYCDEP water supply withdrawal from the Schoharie Reservoir. This diversion essentially removes runoff from the 316 sq. miles of watershed, which except during the spring freshet months of April and May, significantly reduces down-stream flows most of the year.” No mention is made, however, of New York State Department of Environmental Conservation (“NYSDEC”) and the NYCDEP agreement that upon completion of the renovations at the Gilboa Dam/Schoharie Reservoir in 2020 that a dedicated mechanism will be in place to deliver “conservation releases” to the Schoharie Creek on a continuing and regular schedule.</p> <p>The volume of these “conservation releases” will be 15,000,000 (15 MGD) gallons per day during the “summer months” of June, July, August and September. The remaining months of October – May “conservation releases” of 10,000,000 (10 MGD) gallons per day will be delivered until the water level of the Schoharie Reservoir falls to < 1,100’ above mean sea level. A 15 MGD release equates to ~23 cubic feet per second (23 CFS). A 10 MGD release equates to ~15.6 cubic feet per second (15.6 CFS). The commitment by the NYCDEP to “conservation releases” from the Schoharie Reservoir to the drainage basin downstream of the Gilboa Dam has existed since 2014. The Applicant, however, states on p. 48, Section 4.6.1 that during the months of June through October that median flows into the lower reservoir of Blenheim/Gilboa are between 8 and 23 CFS. These current rates of water input into Blenheim/Gilboa during the “summer months” closely approximate the volume of the pending “conservation releases”.</p> <p>SCBS respectfully requests that the appropriate analyses be conducted and Section 4.6.1 modified to reflect the impact of the enhanced stream flow, which will virtually double input into Blenheim/Gilboa during the “summer months,” and add an additional 10 MGD the remainder of the year, during times of non-spillage from the Gilboa Dam.</p>
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The SCBS also disagrees with the USR meeting summary. According to NYPA, “[t]he study uses actual revenue and expenditure data provided by the Power Authority, and therefore captured the impact of the Life Extension and Modernization [“LEM”] project.”⁴ The SCBS, however, finds Section 5.1.6 of the Socioeconomic Study and Table 5.1.6-1 misleading as they show high expenditures and low operating revenue. NYPA acknowledges that from 2007 to 2010 the Project went through LEM at a cost of \$130 million. This cost appears to be captured in the expenditures line over those years. It is SCBS’ understanding that the LEM was done to increase operating efficiency (new turbines made generation and pumping over operating range more efficient) as well as reducing maintenance costs. Future operation should then yield better net income due to LEM. In addition, during LEM, 25% to 50% of the project was out of service approximately nine months per year, reducing operating revenue. Also, NYPA conducted a switchyard LEM replacing 345kV breakers and associated equipment at significant cost (shown in table for the years up to 2012). A new warehouse and security building, built in 2015 at a cost of \$11.2 million, is also shown in expenditures. This also results in reduced net income. NYPA should have spread these costs over the remaining life of the Project in order to provide an accurate representation of net income.

Lastly, the Socioeconomic Study in USR remains seriously flawed in that NYPA continues to rely on patently low appraisals. The SCBS and other local governments are considering submitting to the Commission an independent appraisal by an expert with significant experience valuing utility property. This independent appraisal would be undertaken at great expense but the true impact of a tax-exempt generating facility with such a large footprint on the host municipalities can only be done with an accurate value of Project.

The SCBS and the Relicensing Committee remain committed to working with NYPA, the Commission and other interested stakeholders to arrive at a mutually acceptable proposal for the relicensing of the Project.

Respectfully submitted,

HARRIS BEACH PLLC

Attorneys for the Schoharie County Board of Supervisors

/s/ Steven D. Wilson

Steven D. Wilson

⁴ Meeting Summary, at 4.