

June 14, 2012

Fred Ayer
Executive Director
Low Impact Hydropower Institute
34 Providence Street
Portland, ME 04103

Subject: Recertification Recommendation for the Falls Creek Hydroelectric Project

Dear Fred:

This letter contains my recommendation for recertification of the Falls Creek Hydroelectric Project (the "Project").

I. Recertification Standards

Part V of the Low Impact Hydropower Institute (LIHI)'s Certification Handbook (Updated December 2011) regarding Applications for Recertification ("Recertification Standards") provides that a "request for renewal of a previously-issued LIHI certification ("re-certification") will be granted at the conclusion of the term of the existing certification if re-certification is desired by the certificate holder, and so long as (1) there have been no "material changes" at the facility that would affect the certification and (2) LIHI's certification criteria have not been revised since the previous certification was issued by LIHI."

The Recertification review criteria also provide that "[i]f the Application Reviewer can definitively determine from the submitted application materials, a review of the LIHI file containing the past certification decision(s), any public comments received during the application process, and any limited reviewer-initiated questioning by LIHI of the applicant and/or third parties, that the answer to both questions above is "no," the Application Reviewer will recommend re-certification approval to LIHI's Executive Director, and there will be no further application review.

II. No further application review is recommended.

The Falls Creek Hydroelectric Project (the "Project") received a license exemption (P-6661-004) from the Federal Energy Regulatory Commission on March 4, 1983. The project was initially certified as "low impact" by LIHI on June 3, 2002 and was re-certified on May 1, 2007. This application is for a second recertification.

I have reviewed the materials submitted by Falls Creek H.P. Limited Partnership (Applicant) in support of its application dated April 15, 2012 for recertification of the Falls Creek Hydroelectric Project. As a result of that review, I requested additional information, which was supplied by the Applicant on May 24, 2012. I also reviewed the LIHI file containing the past certification and re-certification decisions



and FERC's public information file on the Project. I also solicited comments from state and federal agencies knowledgeable of the Project, none of which reported any changes, known compliance issues or new concerns associated with the Project. These contacts, which were initiated starting May 21, 2012, included the individuals listed below. A copy of their email or a telephone record is attached as Attachment 1. Although numerous email and telephone attempts were made to reach Penny Keen, Special Use Coordinator of the Willamette National Forest (at pkeen@fs.fed.us and 503-854-4202), I was unsuccessful in obtaining a response from her.

- Chris Stine - Oregon Department of Environmental Quality - 541-686-7810
- Dave Kretzing - USDA Forest Service - 541-822-7227 - d.kretzing@fs.fed.us
- Ken Homolka - Oregon Department of Fish & Wildlife - ken.homolka@state.or.us
- Mary Graine - Oregon Water Resources Department - Mary.S.Graine@state.or.us

Due to past and current agency support for the recertification of this Project, no public comment period was issued by LIHI.

In my opinion, the materials provided are sufficient to make a recertification recommendation and no further application review is needed.

III. There have been no "material changes" at the facility that would affect the certification.

In accordance with the Recertification Standards, "material changes" mean non-compliance and/or new or renewed issues of concern that are relevant to LIHI's criteria. Based on my review of materials provided, review of FERC's public records, and consultation with the noted agencies, I found that there are no instances of non-compliance or new or renewed issues of concern.

IV. LIHI's certification criteria have not been revised since the previous certification was issued by LIHI in 2007.

It is my understanding that LIHI's criteria, or the Board's interpretation of one or more criteria, that are applicable to the circumstances of the Falls Creek Hydroelectric Project have not changed in meaningful ways since the date of the original certification.

V. Conclusion

In light of the above, I recommend recertification of the Falls Creek Hydroelectric Project.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Patricia B McIlvaine".

Patricia B McIlvaine

Attachment 1
Falls Creek Recertification Agency Communications

Telephone Conversations

Date: May 23, 2012 - Telephone conversation
Contact Person: Chris Stine
Agency: Oregon Department of Environmental Quality, Western Region
Contact Information: 541-686-7810
Area of Expertise: Water Quality

Mr. Stine reported that there are no real past or new issues associated with the operation of the project with respect to water quality concerns. He was familiar with the letter submitted for past recertification of this project and stated no changes have occurred. He did state that this opinion is based on general knowledge and lack of any reports of compliance or other concerns as his office does not do any inspections at the Project. The creek is not 303d listed, and any temperature issues that have been not in downstream reaches are not associated with the operation of the Falls Village Project

Date: May 23, 2012 - Telephone conversation
Contact Person: Dave Kretzing
Agency: US Department of Agriculture; Forest Hydropower Coordinator
Contact Information: dKretzing@fs.fed.us 541-822-7227
Area of Expertise: Forestry Coordination

Mr. Kretzing reported no real past or new concerns associated with the Project. He suggested contacting Peggy Keen who is the Special Use Coordinator for the Willamette National Forest for more information.

Emails from resource agencies reached follow this page.

Patricia B. McIlvaine

From: Ken Homolka [ken.homolka@state.or.us]
Sent: Thursday, June 14, 2012 2:56 PM
To: Patricia B. McIlvaine
Subject: RE: Seeking your thoughts on Falls Creek Hydropower Project

Pat,

The facility still complies with the license;
No new environmental concerns or issues have arisen since the last certification regarding fish passage or flows, and we have not made any recommendations for dam removal; and,
We have not recommended any changes in the requirements for the facility since 2007.

I hope this helps your review.

Ken

Ken Homolka
Oregon Department of Fish and Wildlife
Hydropower Program Leader
3406 Cherry Ave
Salem, Or 97303
503-947-6090 (Office)
503-871-0135 (Cell)

From: Patricia B. McIlvaine [mailto:Pat.McIlvaine@wright-pierce.com]
Sent: Monday, May 21, 2012 8:44 AM
To: 'pkeen@fs.fed.us'; GRAINEY Mary S; KOHANEK Ron C; 'Ken.Homolka@state.or.us'
Subject: Seeking your thoughts on Falls Creek Hydropower Project

Hello

I am the "independent reviewer" for the Low Impact Hydropower Institute (LIHI) who is reviewing the application submitted by Falls Creek H.P. Limited Partnership for their Falls Creek Project (FERC License Exemption No. 6661-004) for re-certification as a "low impact facility". One important aspect of my review is to consult with individuals who are knowledgeable of the project, its environmental requirements and recommendations that may have been made regarding environmental concerns or any new concerns that may have arisen. The Falls Creek Project was last re-certified by LIHI in 2007.

The key questions I have for all of you regarding the re-certification are:

- 1) From your perspective, is the facility still in compliance with the license and any other special permit use requirements applicable to the Facility that are important to your organization?
- 2) Have any new concerns or issues arisen regarding environmental and cultural issues that are important to LIHI certification? The LIHI criteria cover Water Quality, Flows, Fish Passage and Protection, Watershed Management, Threatened and Endangered Species Protection, Cultural Resource Protection and Recreational Activities. I understand that there have been no recommendations for removal of the diversion dam in the past...is this still accurate to your knowledge?
- 3) Have there been any recommended changes in requirements (for issues important to your organization) that have arisen since 2007?

My preference would be an email response to my questions. However if you prefer, you can reach me

6/14/2012

by telephone by calling 888-621-8156. Please note that there are other agencies I will be contacting by telephone as I do not have an email address for them.

Thank you for your time and prompt response.

Pat

Pat McIlvaine | Project Manager

Wright-Pierce | Water, Wastewater & Infrastructure Engineers

Please note my new e-mail address: pat.mcillvaine@Wright-Pierce.com

www.wright-pierce.com

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Patricia B. McIlvaine

From: Craig Kohanek [ron.c.kohanek@state.or.us]
Sent: Friday, June 01, 2012 11:26 AM
To: HOMOLKA Ken; mary.s.grainey@state.or.us; Patricia B. McIlvaine; 'pkeen@fs.fed.us'; ron.c.kohanek@state.or.us
Subject: RE: Seeking your thoughts on Falls Creek Hydropower Project

Pat,

In response to your first question, having reviewed the Department's record for this project I find no evidence that the project is not in compliance with its license and time-limited water right.

I know of no environmental or cultural issues that have arisen regarding the Falls Creek Hydropower Project. In fact, I know of no issues that have arisen pertaining to this project. Furthermore, I know of no recommendations for the removal of the diversion dam.

There have been no recommended changes in requirements by our Department since 2007.

R. Craig Kohanek
Water Rights Specialist
Reimbursement Authority
Oregon Water Resources Department
Phone: 503-986-0823
Fax: 503-986-0901
Ron.c.kohanek@wrdd.state.or.us

From: Patricia B. McIlvaine [mailto:Pat.McIlvaine@wright-pierce.com]
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6/4/2012

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Thank you for your time and prompt response.

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Pat McIlvaine | Project Manager

Wright-Pierce | Water, Wastewater & Infrastructure Engineers

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Patricia B. McIlvaine

From: Mary Graine [mary.s.graine@state.or.us]
Sent: Wednesday, May 30, 2012 4:12 PM
To: Patricia B. McIlvaine
Subject: RE: Seeking your thoughts on Falls Creek Hydropower Project

Pat, From the perspective of the Oregon Water Resources Department the Falls Creek Project is still in compliance with its water right and other permit requirements, there have been no new concerns or issues raised about this project regarding environmental or cultural issues, there have been no recommendations for removal of the diversion structure, nor have there been any recommendations for changes in requirements for the project.

Thanks for checking! -- Mary

Mary S. Graine P.E., C.W.R.E.
Hydroelectric Program Coordinator
Oregon Water Resources Department
725 Summer St. NE Suite A
Salem, OR 97301
503-986-0833
Mary.s.graine@wrdd.state.or.us

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