

# Letter 6

## Umatilla County Board of County Commissioners



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December 29, 2003

Mr. Philip Sanchez  
Bureau of Indian Affairs  
46907 B Street  
Pendleton, OR 97801

RE: Draft EIS for Wanapa Energy Center

Dear Mr. Sanchez:

Umatilla County offers the following comments for the draft Environmental Impact Statement (EIS) for the Wanapa Energy Center. In addition to making our comments part of the record we would also appreciate a direct response from you. Where the EIS is a disclosure document and not a record to demonstrate compliance with standards, as is the case with the standard regulatory process, we request you tell us how the Bureau of Indian Affairs intends to address our concerns.

### NATIONAL AND REGIONAL POWER PERSPECTIVE

The natural gas-fired electric power generating facility will rely on natural gas, a non-renewable fuel source. The recently adopted federal energy policy discourages reliance on non-renewable energy sources. We support a diverse power generation system, including combined-cycle natural gas, wind, coal and hydroelectric generation. Because we support the use of hydro power, we hope that the proposed Wanapa project is not intended to replace the McNary or other hydro projects. As a matter of public interest and public policy, this should be addressed in the EIS and elsewhere.

The utilization of natural gas for generating electricity has gained acceptance in the industry, but there is the side-effect on the price of natural gas. As that price is driven up, there is a proportionate effect on consumers both of natural gas and the electricity which is generated by using that fuel source. We would like to see some analysis in the EIS of those cause-effects, and of the question whether consumer's costs for both are affected beneficially or negatively.

### AIR QUALITY - Health, Environmental and Economic Concerns

The Wanapa project will have a measurable impact to air quality. While our

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6-1

As presented in the Draft EIS, the electrical energy needs of the Northwest would grow beyond the existing generation capacities. Projects such as Wanapa are needed to provide for the growth demand of the Pacific Northwest. The proposed natural gas-fired power plant would not replace hydropower sources. The Umatilla Board of Commissioners correctly points out that the use of natural gas for power generation influences the price of natural gas used by consumers and other industries. It is expected that the Wanapa Project would operate on the basis of long-term power contracts. As a consequence, the price of power is not expected to fluctuate over a wide range, even though it is possible that the short-term price of natural gas may increase or decrease sharply.

In the report *Convergence: Natural Gas and Electricity in Washington* (2001), the Washington State Office of Trade & Economic Development (OTED) creates a more cautionary picture of future natural gas supply in light of potentially high cumulative demand. A summary of that report has been added below.

Although OTED agrees that enough natural gas reserves and transmission line capacity can be developed to support the predicted expansion of the natural-gas fired electricity generation market in the Pacific Northwest, the report warns that the timing of new plants coming online and the expansion of the region's ability to deliver low-priced gas would significantly impact the stability of the market.

As stated in the report, "if all of the necessary events don't occur in the proper sequence, the industry may experience price spikes leading to temporary economic dislocation, long-term upward pressure on gas prices, or both." The report further cautions that "wholesale electricity and natural gas prices are subject to extreme price volatility, and increasing convergence of the electricity and natural gas markets means that extreme events are likely to affect both markets simultaneously."

Inflated natural gas and electricity prices also could translate into higher residential rates, as was seen in 1999 and 2000 when a combination of high electricity prices, reduced natural gas inventories, and a heavy reliance on natural gas for electricity generation forced sizable and sustained natural gas rate increases. The table below provides average natural gas bill information for households in 1999 and 2000, demonstrating the substantial rate increases that occurred due to volatility in the natural gas market. Furthermore, due to the purchasing mechanisms in place in Washington, volatility in the wholesale electricity market is often passed on to retail customers.

Table [redacted]  
Average Monthly Household Natural Gas Bill for Washington Utilities

Provider	Customers	Jan 1999	Jan 2000	Sep 2000	Jan 2001
Puget Sound Energy	591,000	\$41	\$47	\$61	\$77
Cascade Natural Gas	145,000	\$37	\$41	\$45	\$60
Avista	119,000	\$27	\$31	\$42	\$55
Northwest Natural Gas	38,000	\$32	\$36	\$49	\$49

Source: OTED 2001.

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communities tolerate a limited impact to the airshed, particularly where an individual project will meet federal air quality standards, we are concerned about the cumulative impact to human health, the environment and the local economy. The Department of Environmental Quality's Oregon Air Quality Data Summaries documents human health and environmental conditions in the Columbia Basin. Despite our rural character, or perhaps because of it, the Columbia Basin has a number of conditions threatening our airshed health. Power generation facilities are one. In the context of the EIS, our concern is not only the specific air contaminants attributable to the Wanapa project, but also the cumulative integer Wanapa contributes to the regional airshed and whether it may preclude other development.

6-2

The EIS does not impartially address the cumulative air impacts. For example, the EIS draws a comparison between Wanapa and the Boardman Coal-fired plant. A more accurate comparison would be one of the existing gas-fired plants. There are many reasons to distinguish the coal-fired plant: it utilizes older technology but was permitted under different standards; it is an economical and fiscally feasible facility; it has reliable contracts for coal derived from the United States; it is a reliable source of power; and it contributes significantly to the tax base of Morrow County.

The EIS references a 2002 BPA study that projected the impact of up to 24,000 MW of power generation in the area. The study concluded there "were no expected exceedences of ambient air quality standards" (Page 6-4). However, the BPA study did not measure air discharge from other sources, such as manufacturing, agriculture, and the Umatilla Chemical Depot incinerator. It is misleading to isolate power plants as part of the analysis in order to promote the proposed project, when the airshed is impacted by a vast number of point and non-point source pollution sources.

The EIS should judiciously describe the precise impact Wanapa would have on the regional airshed, and the associated avoided economic development opportunities.

### WATER

6-3

The Wanapa project will utilize 23 cfs of water, or 34 percent of the Port of Umatilla/Hermiston 155 cfs water right. This volume of water is portrayed in the EIS as a relatively small amount compared to the total Columbia River flow. While we support the use of Columbia River water, by permitted and yet-to-be-permitted water right holders, we are again concerned about the avoided or displaced opportunities this presents. Those 23 cfs of water could serve a city the size of Umatilla or be used to support other industry, or, to recharge declining aquifers (such as the designated Critical Groundwater Areas in the Lower Umatilla

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The price of natural gas would vary due to the market conditions, increase in competition, competing fuels and the development of new technologies. Regardless of current supply and demand and future predicted market characteristics, the use of gas, its cost, and the potential for new gas reserve development (or alternatives to it) is determined by market forces.

Therefore, the benefit to the consumer would come from the stability and reliability of supply of power. Natural gas fired plants would provide diversity of fuel and flexibility of operation that would aid the stability of the power market, particularly in the years when hydropower generation is reduced by drought.

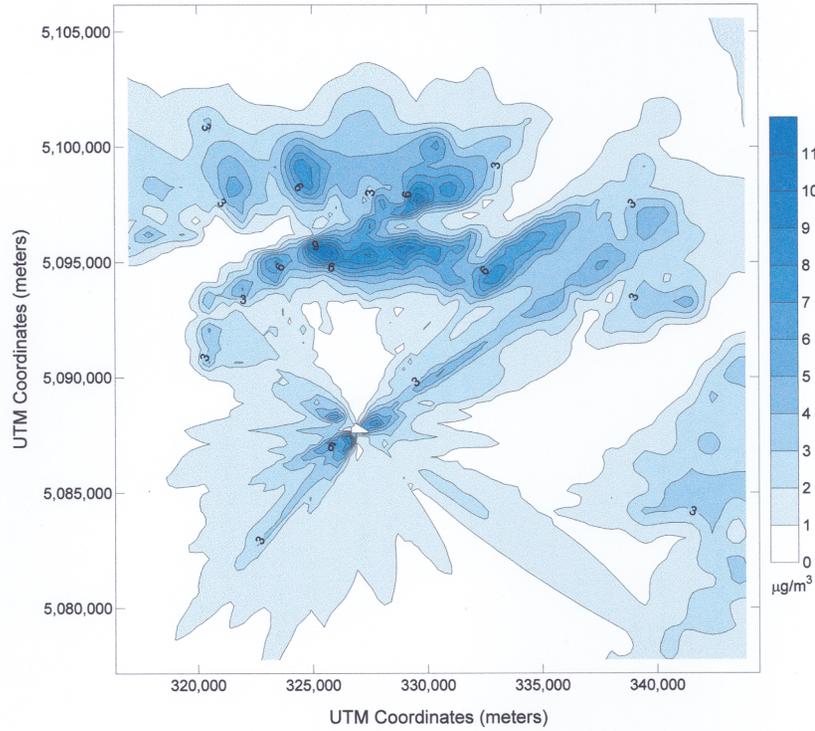
6-2

(a) Cumulative Effects. See response to Comment 2-1 for cumulative effects analysis for Class I areas and response to Comment 5-3 for cumulative effects analysis for Class II areas.

(b) Future Growth. Some concern is expressed about the air quality impacts for PM<sub>10</sub> in the Class II areas having the potential to preclude future industrial growth in the Hermiston/Umatilla area. It appears that this concern may stem from the way the results of air quality dispersion modeling were presented in Section 3.5.2.2. In fact, the dispersion modeling analysis evaluated air quality concentrations at a total of 20,339 locations within 10 km of Wanapa. The project impacts presented in **Table 3.5-8** of the Draft EIS show the modeled impacts at the single location that received the maximum impact for each pollutant and averaging period. Impacts from Wanapa at most other locations are substantially lower. To help illustrate this point, the following figures showing the impacts of Wanapa emissions within 10 km surrounding the facility are provided. These figures show not only the location of highest impact, but also the other locations within the modeling evaluation for a comparison of relative impacts. These figures show that most areas near the facility have ambient impacts far below maximum impact from the facility.

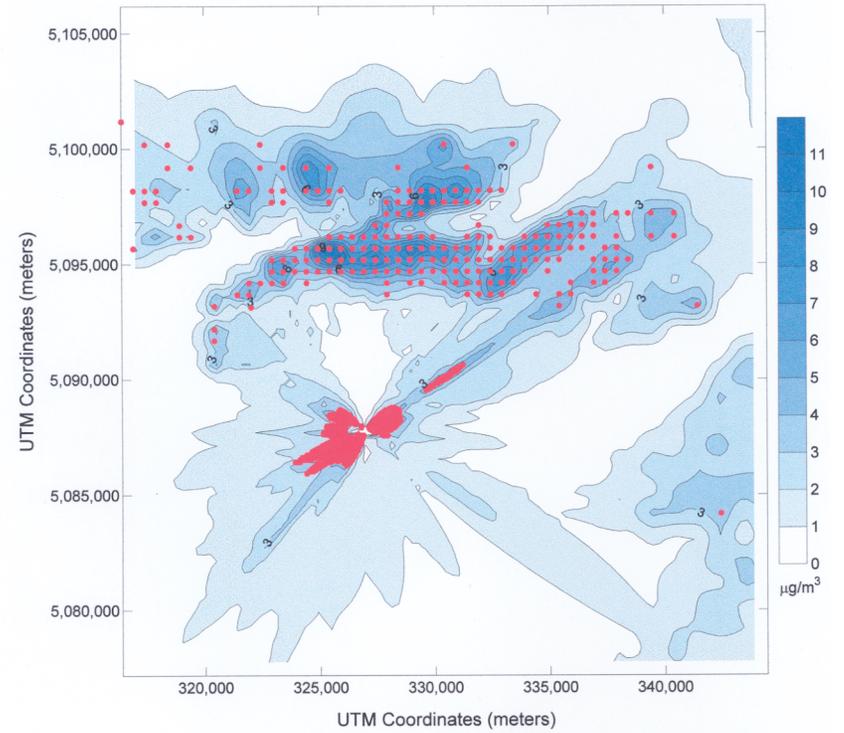
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Figure H-3  
Significance Analysis: Maximum 24-Hour Average PM<sub>10</sub> Concentrations for 1997  
(Significance Level = 5µg/m<sup>3</sup>)

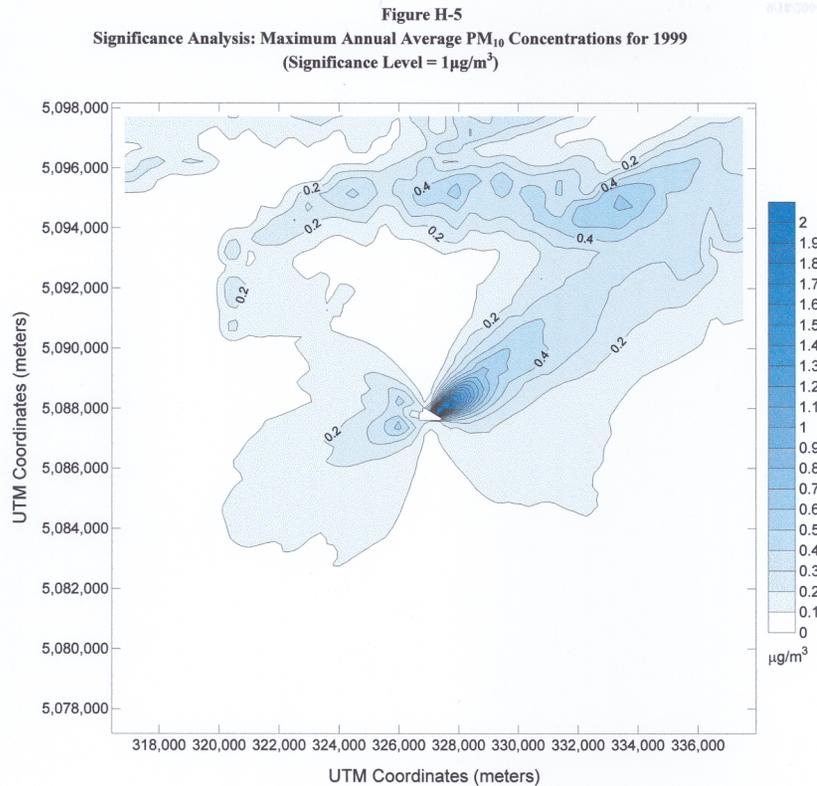


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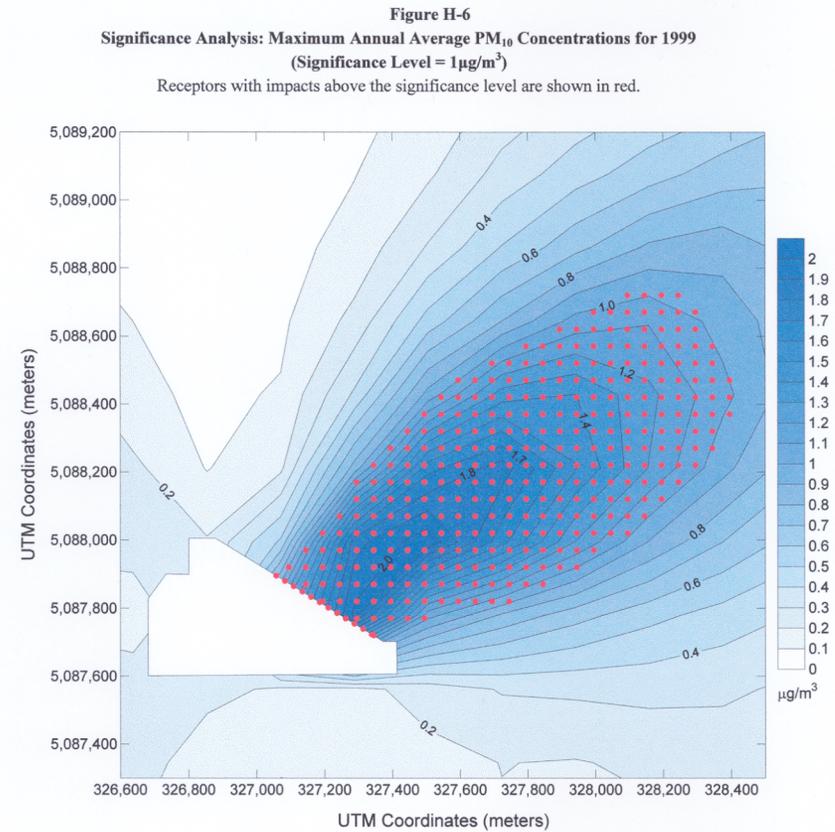
Figure H-4  
Significance Analysis: Maximum 24-Hour Average PM<sub>10</sub> Concentrations for 1995  
(Significance Level = 5µg/m<sup>3</sup>)  
Receptors with impacts above the significance level are shown in red.



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- (c) Comparison between Wanapa and Boardman Coal-fired Plant. The comparison of emissions from Wanapa to the Boardman coal-fired power plant was made to contrast the relative air pollution impacts of using natural gas power to those of coal. This contrast in fuel types is important to the discussion, but as the Board of Commissioners correctly notes, a comparison to other natural gas fired plants also is important. Wanapa would operate with the best available control technology (BACT). **Table 3.5-5** summarizes the emission levels for NO<sub>x</sub> and CO emissions from the plant and provides a comparison to other recently built and/or permitted natural gas fired power plants in the region. This comparison to other natural gas fired power plants shows that from the nine such plants, only two other plants would have the same emissions of NO<sub>x</sub> and CO and the pollution controls for these pollutants, as does the Wanapa project. These emission levels (2.0 ppm NO<sub>x</sub> and 2.0 ppm CO) would be incorporated into the air permit for Wanapa along with corresponding monitoring and reporting requirements.

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- 6-3 Concern was expressed about displaced opportunities to use the Port's water right for other purposes including recharging the Critical Groundwater Area in the Lower Umatilla Basin Groundwater Management Area. Every future permitted use of water would displace opportunities for other uses of that same water. It is considered too speculative to try to analyze the socioeconomic impact of such lost opportunities without knowing specifically what opportunity is being lost. The project is located in an area that has seen limited growth despite intensive efforts by the County, Port of Umatilla and local municipalities to attract new businesses. Large portions of the Port's water rights allocated for the industrial use remain available for such use. In addition, under State law the water right involved is not available to be used to recharge the Critical Groundwater Areas in the Lower Umatilla Basin Groundwater Management Area because it is not an irrigation water right.

Water withdrawal is based on weather conditions. The average water withdrawal rate for the project is 12.4 cfs<sup>1</sup> (average flow rate annualized over 12 months), which is approximately 8 percent of the Port of Umatilla's 155 cfs water right. The maximum water withdrawal rate is 17.7 cfs<sup>2</sup>. At night and during cool months, the plant does not use as much cooling water as during the 110°F hot summer hours (day). While the maximum flow is 12 percent of the Port's water right, on the yearly average basis, the plant's average water withdrawal is 8 percent of that water right. The total of existing withdrawals combined with the water for the Wanapa project would be approximately 41.1 cfs, which represents 26.5 percent of the Port of Umatilla's water right. Therefore, most of the Port's water right (73.5 percent) would still remain available for future uses. However, based on the existing water right, none of this water can be used to recharge the aquifer. See Section 2.3.3.3 for water supply volumes in various units.

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<sup>1</sup> 5,550 gallons per minute, 8.02 MGD, 24.6 acre-feet/day, 8,979 acre-feet/year.

<sup>2</sup> 7,975 gallons per minute, 11.5 MGD, 35.2 acre-feet/day, 12,864 acre-feet/year.

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Basin Groundwater Management Area).

6-4 POWER TRANSMISSION - Existing Capacity, Safety, Environmental Impact  
 We understand the Bonneville Power Administration electric power transmission system is currently at capacity and significant new transmission facilities would need to be constructed to wheel power from the proposed Wanapa plant to the west side of the state. This secondary impact, construction of a new transmission system between McNary and John Day Dam, is not addressed in the EIS. A new transmission system will likely be necessary in the near future in order to meet energy demands in the Pacific Northwest, particularly if power plants continue to be constructed away from the population centers. The Wanapa project would accelerate this transmission issue, whether it advances the need for construction, or forces an alternate location, this subject should be addressed in the EIS. The construction and presence of transmission lines have impacts to the communities, both positive and negative.

6-5 NATURAL GAS LINES - Community Impact and Safety  
 Natural gas is the primary fuel source for the proposed plant. Approximately 10 miles of new pipeline will need to be constructed to serve Wanapa. This is more than twice the length of natural gas pipeline constructed for the other gas fired plants in Umatilla County. Further, the proposed gas line will impact a number of private residences where the other gas lines avoided close proximity to residences. The safety concern should be paramount, but the environmental impact is also considerable. The EIS does not defend alternate routes and only concludes very generally that a gas line is necessary. A fair assessment may be to value the cost and risk to construct the line versus no construction.

6-6 SOCIOECONOMIC IMPACTS  
 We disagree with the conclusion that Wanapa will contribute additional employment and taxes to the local and regional economy. The employment will indeed increase during the construction period, but there is no formal position about using locals in construction, nor about training and employing current residents of West Umatilla County to work at the plant after it is operating. Construction of the facility may very likely preclude development of other industry, as we described above in connection with the impact to air and water resources. There is a finite amount of impact that air and water can tolerate and remain sustaining. Finally, Wanapa will not pay local property taxes or contribute directly to school districts, fire districts, county road maintenance or to promote other economic development in the region. These factors should be quantified and qualified as part of the EIS so that members of the community can accurately determine the value of the project.

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6-4 BPA has completed its EIS for the McNary John Day Transmission Line and has received the required federal, state, and local permits to construct this additional transmission capacity. The construction of this transmission line would address the transmission requirements of the Wanapa Project, as well as other proposed power projects.

6-5 The gas pipeline is “more than twice the length of the natural gas pipeline constructed for the other gas fired plants in the Umatilla County” because the closest location for the tie-in to the interstate pipeline that would have the least environmental impact is approximately 10 miles from the project. The “assessment ... to value the cost and risk to construct the line versus no construction” is not a useful analysis, as a gas line is necessary for operation of the facility. No construction of the gas line is equivalent to the No Action alternative already discussed in Section 2.2.

Based on county concerns regarding the community impacts of the proposed gas line, an alternate route has been developed. This route (tandem gas/plant discharge pipeline) is located within county ROWs, thus reducing impacts to agricultural lands and residences. It also has been routed down county roads with the least density of residences between the plant site and the gas interconnection (gas pipeline) and Cold Springs Reservoir (plant discharge pipeline). This alternative has been identified in the Final EIS as Alternative 5 and relevant impact analysis also has been added to the document.

6-6 The ability to employ locals would depend upon the necessary job skills and qualifications commensurate with the requirements of the positions available. The project would not preclude and would encourage local Umatilla County residents and local unions, as well as CTUIR members, to apply for positions related to the construction and operation of the facility.

The construction and operation of Wanapa would not prevent development of other industries. Wanapa would be located in a region that is in attainment for air quality and the construction and operation of the facility would not change that designation. Neither the water supply nor the air and water sheds have been so impacted by existing users that, under existing state and federal laws, the addition of one new user is likely to prevent the construction of new industries in the area. Furthermore, the BIA has as its mission a trust responsibility to assist Indian tribes to economically develop their lands to support tribal self-determination, working to eliminate tribal poverty, and create financial independence.

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## 6-6 Cont'd

The project would pay local property taxes, contribute directly to school district, fire districts, county road maintenance and promote other economic development in the region. As discussed in Section 3.10.2.3, the ancillary pipelines and other facilities within State jurisdiction would be subject to county property taxes. The approximately three years of construction would increase County tax revenues due to personal property taxes on contractor equipment. In addition, the hundreds of construction jobs along with approximately 40 permanent jobs created that would result in hundreds of employees paying state income taxes. Because of the high wages involved, many of these employees are likely to become homeowners and pay (county) property taxes as well. Most importantly, the project would pay property taxes to the entity having jurisdiction, the Confederated Tribes of the Umatilla Indian Reservation (CTUIR). This tax is used to provide police, fire and emergency response services that widely benefit resident of Umatilla County including the non-Indian residents of the Umatilla Indian Reservation. These services are provided tax-free to travelers on I-84, and the residents of the neighboring towns who receive Tribal police, fire and emergency response assistance through mutual aid agreements.

The project would sponsor the Wanapa Environmental Foundation with an initial investment of eight million dollars (\$8,000,000 for Phase 1 and an additional \$8,000,000 for Phase 2) where the proceeds from the interest would be used for the betterment of the environment in the local areas including Umatilla County.

The project contributes revenues for future economic development. The Port of Umatilla, the City of Hermiston and CTUIR have all reserved the right to use a portion of the electricity from the project to attract industry to their jurisdictions for future economic development of the region. The revenue received by the Port of Umatilla, the City of Hermiston and CTUIR would likely be used to provide services and infrastructure to attract future economic development to the region. The Port would directly benefit through the development of natural gas, road and water/sewer infrastructure for 320 acres of Port industrial lands.

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OTHER NOTES RELATIVE TO TECHNICAL ANALYSIS  
Table ES-1, Summary of Mitigation Measures, does not include a category for water and economic resources. Mitigation for these resources should be included. Table 1.3-1, "Federal Permits, approvals, and Reviews Required for Construction and Operation" should include the Federal Energy Regulatory Commission (FERC), which would have permitting authority over the natural gas pipelines if it is constructed by Pacific Gas and Electric or the Williams Company. (If the gas pipeline is constructed by Diamond Generating Corp, the gas line would be under the regulatory jurisdiction of the Energy Facility Siting Council (EFSC)).

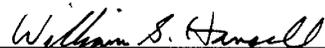
6-8

Table 1.4-1 "State, Local and Tribal Permits, Approvals, and Reviews Required for Construction and Operation," incorrectly lists the Department of Land Conservation and Development as the agency to issue easements to cross state lands. The Division of State Lands is the correct agency. Oregon Department of Transportation should also be identified since the pipelines will cross a state highway. Land use permits are issued by the County Planning Department; the Board of Commissioners only if the permit is appealed. The Table should clarify that the Wanapa plant is exempt from land use permits; the county will be involved in permitting only the linear facilities supporting the plant. The applicant also has the option to file for land use permits directly with the EFSC. The county would participate and fully supports either option. The EFSC should also be listed as an agency where they may issue permits for the natural gas line and/or supporting facilities.

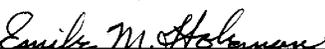
Thank you for consideration of our comments. We look forward to your response. We would very much welcome a meeting to discuss these issues and the project's impact to Umatilla County.

Sincerely,

UMATILLA COUNTY BOARD OF COMMISSIONERS

  
\_\_\_\_\_  
William S. Hansell, Chair

  
\_\_\_\_\_  
Dennis D. Doherty, Commissioner

  
\_\_\_\_\_  
Emile M. Holerman, Commissioner

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A clarification has been added to **Tables 1.3-1 and 1.4.1** that states that the Federal Energy Regulatory Commission could take jurisdiction over the pipeline if it was constructed and operated by the interstate gas shippers (PGT and/or Williams). Otherwise, it would be under the regulatory jurisdiction of the Oregon Energy Facility Siting Council (EFSC). Mitigation measures for water resources were added to the summary based on the need for measures as determined from the impact analysis. Additional measures have been added to the Final EIS as the result of agency and public comment. No specific mitigation measures have been added for economics as the project is expected to have a net economic benefit.

6-8

The requested clarifications of permits or processes needed have been included in **Table 1.4-1**.