

Federal Energy Regulatory Commission



2002 Annual Report

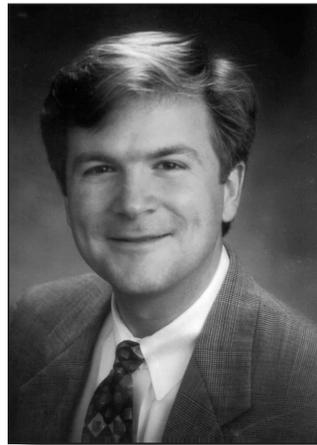
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MEMBERS OF THE FEDERAL ENERGY REGULATORY COMMISSION



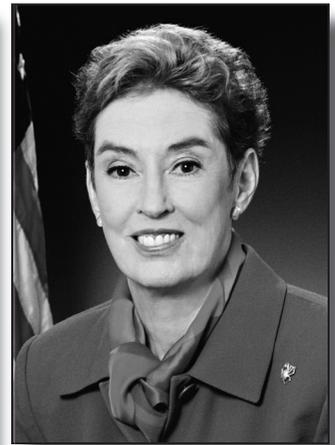
William L. Massey
Commissioner



Pat Wood, III
Chairman



Linda K. Breathitt
Commissioner



Nora Mead Brownell
Commissioner

LETTER FROM THE CHAIRMAN

To the Senate and House of Representatives

I am pleased to submit to the Congress the Federal Energy Regulatory Commission's annual report, covering the fiscal year from October 1, 2001, through September 30, 2002.

This is the 82nd report issued by the Commission and its predecessor, the Federal Power Commission. As an independent agency, the Commission oversees key operating functions of the natural gas, electric utility, hydroelectric power, and oil pipeline transportation industries.

For fiscal year 2002, Congress appropriated \$184,155,000 to support Commission activities. Under the authority of the Omnibus Budget Reconciliation Act of 1986 and other laws, the Commission recovers all of its costs from regulated industries through fees and annual charges. Revenues generated from these sources completely offset congressional appropriations and therefore result in a net cost to the treasury of zero dollars. As a result, the users and beneficiaries of the Commission's services—not the general taxpayers—pay its operating costs.

Respectfully,



Pat Wood, III
Chairman



Transmission line photo courtesy of Idaho Power.

THE COMMISSION'S REGULATORY RESPONSIBILITIES

The Commission is a five-member independent regulatory agency, which succeeded to the regulatory responsibilities of the Federal Power Commission in 1977. The Commission's responsibilities include the licensing of non-federal hydroelectric facilities, the certification of natural gas pipelines, regulating the rates of natural gas pipelines and pipelines transporting crude oil and oil products, and regulating the rates and other aspects of electric utility activities.

Hydropower is the oldest area of Commission jurisdiction. The Commission's predecessor began federal regulation of non-federal hydroelectric generation in 1920, authorizing the construction of projects in interstate commerce and overseeing their operation and safety. The Commission now regulates 2,000 dams that generate over five percent of all electric power in the United States.

Since 1935, the Commission has regulated certain electric utility activities under the Federal Power Act (FPA). Under FPA Sections 205 and 206, the Commission oversees the rates, terms and conditions of sales for resale of electric energy and transmission service in interstate commerce by public utilities. The Commission must ensure that those rates, terms and conditions are just and reasonable, and not unduly discriminatory or preferential. Under FPA Section 203, the Commission reviews mergers and other asset transfers involving public utilities. The utilities regulated under FPA sections 203, 205 and 206 are primarily investor-owned utilities; government-owned utilities (such as the Tennessee Valley Authority [TVA], the federal power marketing agencies, and municipal utilities) and most cooperatively-owned utilities are not subject to the Commission's regulation, with certain exceptions.

The Commission may not regulate retail sales or local distribution of electricity. These are matters left to the states by the FPA. Nor does the Commission have a role in authorizing the construction of new generation facilities (other than non-federal hydroelectric facilities) or transmission facilities. These too are state or local responsibilities.

The Commission's role in the natural gas industry is largely defined by the Natural Gas Act of 1938 (NGA). Under the NGA, the Commission regulates the construction of new natural gas pipelines and related facilities and oversees the rates, terms and conditions of sales for resale and transportation of natural gas in interstate commerce. Pipeline siting and construction is authorized by the Commission if found to be required by the public convenience and necessity. As with hydropower licensing, the Commission's actions on pipeline projects typically require consideration of factors under the National Environmental Policy Act (NEPA), the Endangered Species Act, the Fish and Wildlife Coordination Act, the Coastal Zone Management Act and other such legislation. The wellhead price of natural gas, which the Commission previously regulated, was gradually deregulated by Congress beginning with the Natural Gas Policy Act of 1978 (NGPA). All wellhead price controls on natural gas ended on January 1, 1993. Regulation of retail sales and local distribution of natural gas are matters left to the states.

Finally, the Interstate Commerce Act (ICA) gives the Commission jurisdiction over the rates, terms and conditions of transportation services provided by interstate oil pipelines. The Commission has no authority over the construction of new oil pipelines, or over other aspects of the industry such as production, refining or wholesale or retail sales of oil.



*Port Everglades, Florida, 1,240-megawatt generation facility.
Photo courtesy of Florida Power & Light Company.*

VISION

Dependable, affordable energy through sustained competitive markets.

MISSION

The Commission regulates and oversees energy industries in the economic and environmental interest of the American public.

GOALS AND OBJECTIVES

Goal 1: Promote a Secure, High-Quality, Environmentally Responsible Infrastructure through Consistent Policies.

Objective 1.1: Expedite Appropriate Infrastructure Development to Ensure Sufficient Energy Supplies.

- Identify transmission and pipeline projects with high public interest benefits and facilitate their speedy completion.
- Standardize interconnection of power generation plants of all sizes and technologies.
- Strengthen inter-agency coordination of hydropower licenses and gas pipeline certificates to expedite processing, consistent with due process.

Objective 1.2: Provide Clarity of Cost Recovery to Infrastructure Investors.

- Establish a timely process to include prudently incurred expansion costs in transmission and pipeline rates.
- Ensure that revenue levels and rate design for regulated company services support long-term competitive markets.
- Welcome balanced innovative rate of return proposals that encourage pro-competitive behavior and publicly beneficial projects.

Objective 1.3: Address Landowner and Environmental Concerns.

- Encourage collaboration among affected parties and address stakeholder concerns before the licensing/certification process.
- Incorporate reasonable environmental conditions into permits, licenses and certificates and ensure compliance with conditions.

Objective 1.4: Promote Measures to Improve the Security and Safety of the Energy Infrastructure.

- Work with other agencies and parties to identify and address security issues and needs.
- Support industry efforts to improve infrastructure security.
- Ensure strictest adherence to prudent dam safety practices.
- Facilitate prompt recovery of prudently incurred security and safety expenses in jurisdictional rates.

Goal 2: Foster Nationwide Competitive Energy Markets as a Substitute for Traditional Regulation.

Objective 2.1: Advance Competitive Market Institutions Across the Entire Country.

- Complete firm establishment of regional transmission organizations with clear responsibilities, independence and scope.
- Develop appropriate coordination with states to efficiently oversee regional power markets.
- Encourage balanced, industry-led organizations to develop reliability and business practice standards.
- Firmly establish transmission planning function on a regional basis, with a variety of technology solutions to meet reliability, security and market needs.
- Provide regulatory certainty through clear market rules and case-specific decisions.

Objective 2.2: Establish Balanced, Self-Enforcing Market Rules.

- Link market-based rate authority to continued presence of balanced market conditions.
- Rely on international best practices to develop comprehensive market protocols/rules.
- Establish robust programs for customer demand-side participation in energy markets.
- Encourage standardized business rules and practices to maximize market efficiency, ease market entry and reduce transaction costs.

Goal 3: Protect Customers and Market Participants through Vigilant and Fair Oversight of the Transitioning Energy Markets.

Objective 3.1: Promote Understanding of Energy Market Operations and Technologies.

- Develop and maintain an expert market-operation oversight and investigation capability.
- Keep abreast of industry and market trends and technological innovations to inform and guide market oversight.
- Enhance the Commission's deliberations and public discussion by developing market information and disseminating findings.

Objective 3.2: Assure Pro-Competitive Market Structure and Operations.

- Assess market conditions and infrastructure adequacy using objective benchmarks.
- Integrate the Commission's market oversight and the work of market monitoring units.
- Identify and remedy problems with market structure and operations, and periodically review market rules for consistency with long-term market development.
- Ensure that mergers and consolidations are consistent with pro-competitive goals.

Objective 3.3: Remedy Individual Market Participant Behavior as Needed to Ensure Just and Reasonable Market Outcomes.

- Investigate market dysfunctions, exercises of market power and rule violations, and remedy problems through Commission authority.
- Use expedited dispute resolution to accelerate processes and minimize customer expense.
- Act swiftly on third-party complaints, using litigation before Administrative Law Judges as needed to determine factual issues.

Goal 4: Strategically Manage Agency Resources.

Objective 4.1: Manage Human Capital to Fulfill the Strategic Plan.

- Apply workforce planning to help meet the challenges of new Commission roles and changing workforce demographics.
- Get the job done flexibly and efficiently with the right mix of internal workforce and contracted services from the private sector.

Objective 4.2: Manage Information Technology to Best Serve the Public and Streamline Work Processes.

- Expedite interactions with customers through secure and efficient e-government initiatives.
- Build effective electronic workload/time-management and case-processing systems to enable getting the work done right and on time.

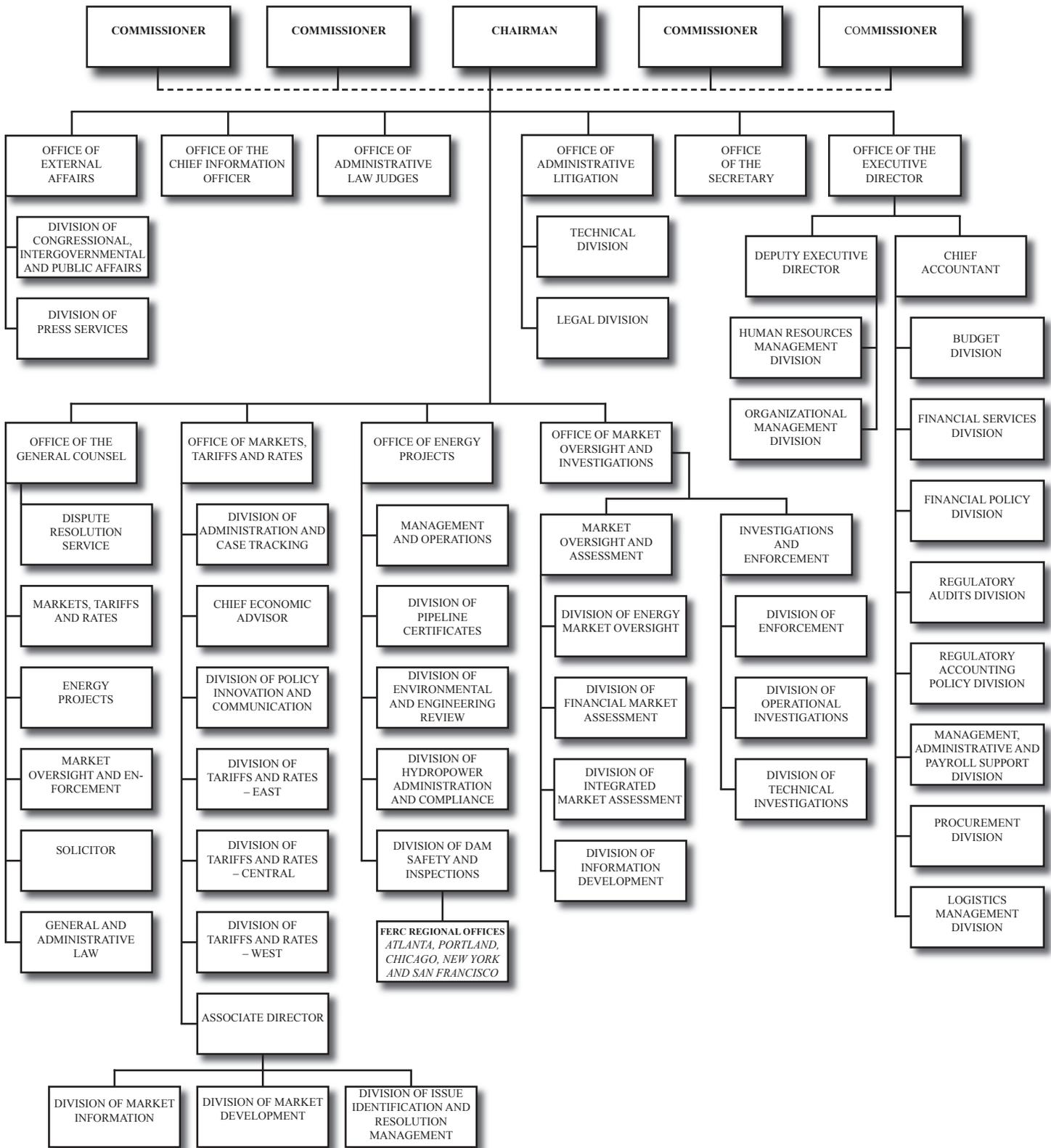
Objective 4.3: Clearly Communicate and Build Strong Partnerships with all Stakeholders.

- Proactively reach out to groups affected by agency actions for advance input.
- Build strong partnerships with all stakeholders, especially with states.

Objective 4.4: Strategically Manage Financial and Logistical Resources.

- Integrate budget, business plan, and performance measurement to improve performance and accountability.
- Generate accurate and timely financial information to support operating, budget, and policy decisions.

2002 FERC ORGANIZATIONAL CHART



In January 2002, the Commission announced creation of a new Office of Market Oversight and Investigations (OMOI) to oversee the operations of electric and natural gas markets. The Chairman intended OMOI to bring together all of the Commission staff devoted to energy market oversight and enforcement, and receive the resources needed to restore and maintain the integrity of the nation's energy markets. Beginning operations on August 12, 2002, OMOI fulfilled the Chairman's promise that the new organization would be up and running in August 2002.

OMOI's first challenge was to staff itself with highly qualified people. This was accomplished through a combination of internal transfers and external recruitment. A total of 186 applications were received from within the Commission, 62 of whom were transferred to the office. Externally, the Commission engaged in an aggressive recruitment campaign, with advertisements in major newspapers and the trade press. It received 952 external applications. In all, OMOI staffing exceeded 80 positions by the end of fiscal 2002, well on the way to its FY 2003 staffing target of 110 employees.

OMOI reports directly to the Chairman and all of the Commissioners on market oversight and enforcement matters. As a result, market oversight and enforcement now has equal weight with more traditional forms of regulation in the Commission's deliberations.

A DESIGN FOR MARKET OVERSIGHT

The Commission revised its strategic plan to reflect more precisely how it intends to oversee markets. Based on the revised strategic plan, it developed a business plan that describes the activities OMOI will undertake, the products those activities will generate and the resources it plans to spend on each activity. Together the revised strategic plan and the business plan are the best blueprint the agency has had for how it will oversee markets.

MARKET OVERSIGHT AND ASSESSMENT

Despite having begun operations late in the fiscal year, OMOI completed several significant oversight-oriented tasks in FY 2002:

OMOI initiated biweekly surveillance reports, modeled on the Commodity Futures Trading Commission's (CFTC) practice of briefing Commissioners directly on market developments. OMOI presents the reports at regularly scheduled closed meetings of the Commission to encourage candid discussion of overall market conditions. OMOI has produced surveillance reports regularly since June 2002.

It completed its first seasonal assessment in July. The assessment focused on electric markets, highlighted important successes (such as market fundamentals and institutional development in the Northeast and Midwest), as well as potential problems (including transmission access in the Southeast and overall financial problems that may impair market liquidity).

OMOI addressed the need for financial analysis by creating the Division of Financial Market Assessment and by hiring key financial experts, working with other entities.

It began establishing strong, standard market metrics by holding an all-day conference along with individual and joint meetings with regional market monitoring units for independent system operator (ISO) and regional transmission organization (RTO) markets across the country.

OMOI addressed the need for greater transparency in energy markets by collaborating with entities such as the New York Mercantile Exchange and the Intercontinental Exchange to create transparent, creditworthy electricity trading platforms.

OMOI also continued the tradition of providing the Commission with daily reports on market developments and occasional incident reports on urgent developments.

INVESTIGATION AND ENFORCEMENT

One objective of the Commission's strategic plan is to remedy individual market participant behavior to ensure just and reasonable market outcomes. To that end, OMOI had several accomplishments.

OMOI began an aggressive program of outreach to a wide variety of entities. It focused strongly on anti-competitive behavior. Key cases included New York gas price anomalies, Enron trading practices, and alleged capacity withholding by El Paso Natural Gas Company.

The New York gas price anomaly case illustrates how OMOI operates. Analytic staff detected the price anomalies early, so that when enforcement staff received a complaint, OMOI was ready to act. In the wake of OMOI's investigative activities, the companies announced the results of their own internal investigation implicating several traders in false reporting and removing them from further trading.

OMOI cooperated closely with CFTC, the Department of Justice (DOJ), and the Securities and Exchange Commission (SEC) on specific investigations, including Enron trading practices and the New York price anomalies. Each agency brings a somewhat different focus to bear on the issues. For example, in the gas price case, FERC was concerned with whether prices were just and reasonable; CFTC was concerned with whether companies manipulated commodity prices (a potential felony under its statute); and DOJ brings experience in negotiating with potential witnesses and determining jurisdictional issues for fraudulent reporting to the government.

The Commission resolved key market issues, including a possible generation shortage in southwest Connecticut. In this case, OMOI intervention helped keep generating plants on line and may have prevented blackouts or brownouts in the region. It is investigating transmission access issues in the Southeast and will do so nationwide.

OMOI managed the Hotline, a dedicated phone number for the public and market participants to report potential energy market discrepancies or manipulations. Part of this focused on a publicity campaign to ensure that those who are aware of potential market problems know how to get their information to the Commission as expeditiously as possible.



*Distribution substation in Broward County, Florida.
Photo courtesy of Florida Power & Light Company.*



Oil pipeline construction photo courtesy of Enbridge Energy Company, Inc.

GOALS

In the energy markets area, the Commission's primary duty is to make wholesale natural gas and electric power markets work well and thereby support a strong, stable national economy. To this end, the Commission's focus over the next few years will be to continue developing fully functioning, nationwide wholesale electricity markets. The Commission hopes to gain the benefits of competition as soon as practical and to minimize transition difficulties.

The best sustainable path to competitive power markets is to establish independent transmission providers (ITPs) such as RTOs to implement fair, standardized market rules across the nation's regional bulk power markets. ITPs must operate the transmission system and competitive markets independent of all market participants. The most immediate task facing the Commission is to complete development of independent electric wholesale markets across the country.

The Commission will also work to ensure that cost-effective rules for regional electricity markets balance the interests of all market participants while being as self-enforcing as possible. Since a market can only be as good as the rules that govern it, the Commission will continue to establish rules that are fair and equitable, prevent market power abuse, and maintain the confidence of customers and investors in the integrity of the marketplace.

In regulating the transportation of natural gas in interstate commerce, the Commission will continue to seek ways to enhance pipeline transportation services, while safeguarding against the exercise of market power. Further, the Commission plans to continue its dialogue with industry members and the public about policy issues facing the natural gas industry and the Commission's regulation of the industry for the future.

ACHIEVEMENTS

REGIONAL TRANSMISSION ORGANIZATIONS (RTOs)

Much has been accomplished in establishing RTOs, but much remains to be done; there are still vast areas of the country where transmission is controlled by vertically integrated utilities.

The Midwest Independent System Operator, Inc. (Midwest ISO) was approved by the Commission as an RTO in December 2001 and commenced operations in February 2002 in all or parts of several Midwestern states and one Canadian province. The Southwest Power Pool (SPP) proposed to join the Midwest ISO. The Pennsylvania-New Jersey-Maryland Interconnection (PJM), which received conditional RTO status in FY 2002, was working with the Midwest ISO and SPP to create a joint and common market.

Likewise, the California Independent System Operator (Cal ISO), New York ISO and ISO-New England were each making progress. Progress was also made in the Southeast, Pacific Northwest and Desert Southwest.

Standard Market Design (SMD)

On July 31, 2002, the Commission proposed for public comment a new rule which, if implemented in its current form, will require all areas of the country to adopt a standard design for electric power markets using the best practices from around the country and the world. SMD is a comprehensive proposal for shaping electric markets throughout the country in order to:

- Eliminate undue discrimination by creating uniform rules for transmission service across the interstate grid with regional flexibility as appropriate;
- Ensure transmission grid and short-term markets will be operated by a fair, independent organization (RTO or ITP);
- Establish procedures to monitor market operations and to mitigate market power and manipulation; and
- Preserve and expand the roles of states in regional planning, resource adequacy, and cost allocation for new resources and facilities.

The Commission expects the proposal to save customers money by achieving more efficient use of the current electric system and providing the platform on which to improve the reliability and security of the nation's infrastructure.

When SMD is implemented, electric markets will have a strong long-term basis for providing customers with the very real and significant benefits that come from competition. For these reasons, the Commission is committed to properly formulating the rule in order to support reliable competitive markets in all regions across the country. The Commission anticipates adopting a final tariff incorporating the standard market design in 2003, but recognizes that additional time may be necessary to ensure that the markets are established in a way that work most effectively in each region of the country. The intent of the standard market design proposal is to build on existing RTO formation efforts and to allow for regional variation in certain aspects of market design. In the Southeast and the West, for example, the Commission reaffirmed the importance of recognizing regional differences.

STANDARDIZATION OF GENERATOR INTERCONNECTION AGREEMENTS AND PROCEDURES

In April 2002, the Commission issued a proposed rule to develop and adopt national standard electric interconnection agreements and procedures between transmission providers and generators. In August 2002, the Commission established a separate rulemaking proceeding to set up standardized interconnection agreements and procedures applicable to small generators. Final rules are anticipated to be issued in FY 2003. Good interconnection standards and procedures will ease entry for competitors while ensuring efficient siting decisions.

INVESTIGATIONS INTO POTENTIAL PRICE MANIPULATIONS

In February 2002 the Commission initiated a fact-finding investigation into whether any entity, including Enron, manipulated short-term prices in electric or natural gas markets in the West or unduly influenced wholesale prices since January 1, 2000. In response to an August 2002 interim staff report, the Commission initiated three separate investigations into possible violations of FERC regulations against Enron and several of its affiliates, El Paso Electric Company, and Avista Corporation and Avista Energy.

If companies are found to have violated federal law, the Commission can revoke their market-based rate authority. If found to have violated a FERC rule, regulation, tariff or order, they may be ordered to disgorge any profits obtained while engaging in the prohibited activities.

ORDER NO. 637 IMPLEMENTATION COMPLIANCE PROCESS

During FY 2002 the Commission issued over 80 initial orders on pending Order No. 637 compliance filings that addressed the Commission's requirements relating to scheduling procedures, capacity segmentation, imbalance services, pipeline penalties and operational flow orders. These orders improve the competitiveness and efficiency of the pipeline grid, and benefit customers by enhancing pipeline transportation services. The compliance process for initial Order No. 637 filings was substantially complete.

NATURAL GAS WELLHEAD DETERMINATIONS

The Commission has received 2,600 jurisdictional agency determinations under the NGPA since the Commission issued Order No. 616, which reinstated the procedures under NGPA section 503 that authorize jurisdictional agencies to make such determinations and the Commission to review them. Producers need these determinations to provide required documentary support for their non-conventional fuel tax credit claims under Section 29 of the Internal Revenue Code.



Natural gas pipeline welding photo courtesy of Enbridge Energy Company, Inc., and Vector Pipeline.

GOALS

The Commission's challenge is to promote a secure, high-quality, environmentally-responsible energy infrastructure through consistent policies. The objectives for meeting these challenges include:

- Removing roadblocks impeding market investment; and
- Proactively addressing landowner, safety, and environmental concerns.

NATURAL GAS PIPELINE INFRASTRUCTURE

The expeditious processing of certificate applications, while ensuring due process for those affected by natural gas projects, remains an ongoing goal for the Commission. Early stakeholder involvement in project development is important in accomplishing this goal. For that reason, the Commission encourages applicants to identify and address stakeholder concerns before the certification process formally begins. The Commission fosters early involvement by using such tools as the new pre-filing process and its gas outreach program.

In FY2002, Greenbrier Pipeline Company became the first pipeline company to use the Commission's new formal pre-filing process. Staff participated in numerous discussions with landowners, state and local government officials and other interested and affected parties to ensure that to the greatest extent practicable, issues would be resolved prior to filing of an application to construct and operate the Greenbrier project.

The gas pipeline industry continues to pursue serving new markets aggressively. In this competitive environment, pipelines are proposing to serve markets already served by other pipelines. Competing pipelines, and landowners who question the need for the new projects, vigorously contest many of these proposals. Others, with environmental concerns, also question the need. Processing these contested proposals requires significant resources, and the Commission remains fully committed to ensuring that multiple competing interests and timeliness issues are not only addressed, but that any decision authorizing the construction and operation of facilities reflects a balancing of these concerns. To that end, the Commission ensures that reasonable but effective environmental conditions are placed in certificate authorizations.

Increasing availability of Canadian offshore supplies, new deep-water production in the Gulf of Mexico, and the growing market for natural gas in the Northeast will continue to result in large construction projects. The Commission also expects that Canadian gas and oil suppliers will seek additional markets for their products in the U.S., and that producers will explore options to export gas to Canadian and Mexican markets, which may require pipeline construction. Pre-filing conferences and meetings are taking place to explore the utilization of Alaskan gas reserves for the lower 48 states. Increased competition in markets and customers and desires for multiple, competing sources of supply will generate more filings and related requests for permits for importing and exporting gas and oil. The Commission expects to continue to see projects related to the extensive exploration effort on the offshore outer continental shelf and construction of pipelines to reach significant new gas supplies.

The Commission also expects to continue receiving applications for storage development for peaking capacity and supply flexibility since customers will continue to be responsible for their own gas supply acquisition. Anticipated storage facilities include depleted gas fields, new leached-salt caverns, and liquefied natural gas (LNG) tanks. Commission review and approval of these projects, many of which will be located near market areas, is likely to generate significant public interest regarding

competition, need, and environmental impact. Additionally, as storage fields age, more applications are expected for new wells and additional acreage for buffer zones.

The replacement and upgrading of pipeline facilities remains an area in which the Commission expects an increase.

OPTIMIZING HYDROELECTRIC PROJECTS

Over the next eight years, more than 180 project licenses will expire. Many of these projects significantly affect regionally important environmental resources, and as such, have a high potential for conflicts. The Commission mitigates this potential by promoting the use of more collaborative alternative licensing processes (ALPs). The ALP lays the groundwork for: (1) having every interested stakeholder in the licensing/relicensing process (local citizen groups, power users, Native Americans, environmental organizations, fish and wildlife agencies, and the hydropower companies) at the table early in the process; and (2) promoting better communication among stakeholders. By encouraging participation in early collaborative processes, the Commission's authorizations more thoroughly address the needs of the stakeholders.

ACHIEVEMENTS

NATURAL GAS PIPELINES

CERTIFICATION

The Commission continued to review its pipeline certification program for ways to improve on an already expeditious process. New approaches, such as enhanced pre-filing cooperation with applicants, such as with the Greenbrier Pipeline Company, have allowed the Commission to respond to urgent energy needs in a timely manner. Adequacy of sufficient pipeline infrastructure remains key to ensuring working markets, and the Commission remains committed to making timely decisions on certificate applications so that necessary pipeline facilities can be constructed and put into operation as expeditiously as possible. One of the major projects certificated involves the significant expansion of the Kern River Gas Transmission System, a natural gas pipeline which extends from southwestern Wyoming to key markets in Nevada and southern California. The \$1.2 billion project, which effectively will double the capacity of the system, includes 716 miles of new pipeline, construction of three new compressor stations and modifications to six other existing stations and will add 885,600 Mcf per day of capacity to Kern River. The expansion will be used to serve growing markets in Nevada and California, particularly new gas fired electric generation plants which will aid in increasing needed supplies of electricity in this region. The case was notable since it represented the first major gas project to be processed using the Commission's new NEPA pre-filing process. The Commission's final order approving the project was issued less than one year from the initial filing date of the application.

In addition to the Kern River project, the Commission certificated a significant amount of natural gas infrastructure. Data from FY2002 demonstrates the Commission's commitment to ensuring

infrastructure adequacy; the Commission certificated 28 major pipeline projects, resulting in 7.8 Bcf per day of additional capacity and 2,144 miles of new pipeline. With regard to storage facilities, the Commission authorized:

- 29.5 Bcf of capacity and 300 MMcf per day of deliverability from traditional storage fields; and
- 2.8 Bcf of storage capacity and 1 Bcf per day of deliverability from LNG storage facilities.

SECURITY AND SAFETY OF NATURAL GAS INFRASTRUCTURE

As a result of the events of September 11, 2001, the Commission has emphasized the importance of the safety and security of the nation's infrastructure. In response to increased public concern over LNG plant security, Commission staff had principle roles in an interagency technical conference on the reactivation of the Cove Point LNG import terminal in Maryland; and in providing technical support for the resumption of LNG deliveries to an import terminal in Everett, MA. Staff coordinated participation by representatives with all agencies having a role in safety/security matters including the U.S. Coast Guard, the Department of Transportation (DOT), the Federal Bureau of Investigation (FBI), the Nuclear Regulatory Commission (NRC), and state and local law enforcement. In addition, as part of its continuing inspection program, Commission staff conducted eleven biennial inspections of jurisdictional LNG peak-shaving and import facilities, placing increased emphasis on plant security measures and improvements.

In addition, in FY2002, representatives from the Commission actively participated in, and provided direction for, the following security/safety-related conferences:

- security of river crossing facilities;
- emergency reconstruction of interstate natural gas facilities; and
- emergency reallocation of natural gas.

INFRASTRUCTURE POLICY GROUP

In FY2002, the Commission brought together a cadre of senior technical experts from different organizational units to form an infrastructure policy group for the express purpose of identifying present infrastructure conditions, needs, investment and other barriers to expansion, and environmental and landowner concerns. Three conferences were held in different parts of the country.

COMMUNICATION AND PARTNERS

One important goal of the Commission's partnership efforts is ensuring that energy matters spanning the North America continent are addressed in concert. In FY2002, the Commission again demonstrated its commitment to this effort by:

- championing, organizing and participating in the semi-annual partnering effort with the Canadian National Energy Board (NEB) to discuss regulatory issues of mutual concern;
- initiating efforts to implement a partnership with the Mexican Comision Reguladora de Energia, using the NEB effort as a model.

The Commission also participated in:

- National Energy Plan (NEP) group for energy projects streamlining;
- NEP taskforce to provide efficient federal response to a pipeline from Alaska;
- Department of Energy (DOE)/Canada Energy Consultative Mechanism to discuss

cross-border gas and electric issues;

- NEP North American Energy Working Group to foster communication and cooperation among the governments and energy sectors of America, Canada and Mexico;
- Connecticut State Task Force reviewing siting and need for natural gas and electric projects; and,
- Interstate Oil and Gas Compact Commission.

The Commission and nine other federal agencies have committed to coordinate their efforts to bring about a more efficient use of time and resources in an interagency agreement issued by the Council on Environmental Quality. The agreement states that FERC will be the lead agency for NEPA review of interstate natural gas pipeline projects and will work closely with the other agencies to identify and resolve issues early in the review process and attempt to build consensus among all stakeholders.

In a memorandum of understanding (MOU), the agencies also endorsed FERC's pre-filing procedures established for natural gas pipeline proposals before formal applications are filed. The agreement and the pre-filing procedures emphasize the importance of early communication with all stakeholders, including applicants, landowners, and other state, federal and local agencies.

IMPROVED INFORMATION AVAILABILITY AND OUTREACH

The Commission has hosted a series of public outreach meetings around the country for the purpose of exploring and enhancing strategies for constructive public participation in early pre-filing stages of natural gas facility planning. One outcome of the first phase of the outreach effort was the report entitled "Ideas for Better Stakeholder Involvement in the Interstate Natural Gas Pipeline Planning Pre-filing Process." The report provides information to the industry, agencies, and citizens on the value of public involvement and suggests methods to enhance participation.

The report suggested that by beginning the NEPA review for pipeline projects before the filing of the application at the Commission, environmental issues could be identified and resolved efficiently as the project develops. This NEPA pre-filing environmental review process offers a number of potentially significant benefits to companies choosing to implement it. Among other things, these activities, when started early, enhance the NEPA process by facilitating issue identification, study needs, and issue resolution. For companies that provide a detailed route and the related resource reports substantially before the filing of the application, a draft environmental impact statement may be released within two to three months after a complete application is filed, with a final environmental impact statement issued possibly six months earlier than average for a major project. Therefore, a final certificate could be issued seven to nine months earlier than possible for the traditional certificate application process.

The NEPA pre-filing environmental review process has been used for two major cases and has shown that there are benefits.

Another area in which the Commission has actively promoted outreach is industry training. Commission staff conducted five sessions of its Environmental Report Preparation (ERP) Seminars and Post-Certificate Environmental Compliance Seminars. The training seminars were delivered by FERC staff and consultants with significant industry experience.

HYDROPOWER LICENSING, ADMINISTRATION, COMPLIANCE AND SAFETY

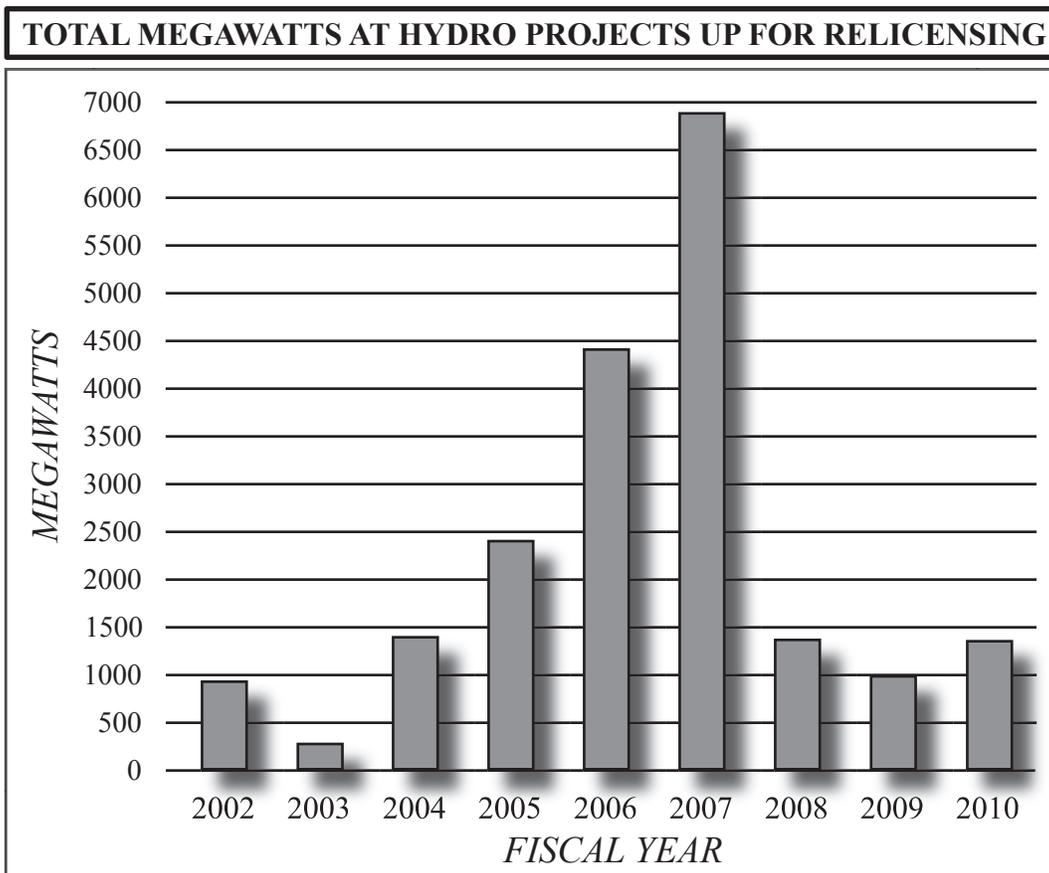
LICENSING

INCREASED COLLABORATIVE EFFORTS

The Commission continues to promote collaborative efforts by encouraging participation in the ALP. The process is flexible and tailored to the facts and circumstances of the particular project. Other efforts to promote collaboration include interagency hydropower workshops, stakeholder consultation meetings, and outreach meetings.

One of the main aspects of an ALP is the preparation (by the applicant, its contractor, or consultant) of a preliminary draft environmental assessment (EA). The Commission produced an EA guidance document for those preparing to submit an environmental document as part of their application. Use of the guidelines, which are available on the Commission’s website, is helping to expedite the post-filing environmental review process by minimizing staff revisions to applicant- and contractor-prepared environmental assessments.

As an example, the Commission issued a new license for the Rock Creek-Cresta Project No. 1962. The project is located on the North Fork Feather River in California. Many streamflow-related relicensing issues were resolved by using a collaborative approach, facilitated by a Commission staff member, that resulted in a settlement agreement signed by 12 of the 13 collaborating entities. The new



ENERGY PROJECTS

license approves the settlement agreement, and authorizes increasing the project's installed capacity from 185 MW to 196 MW.

Also, Avista Utilities' request to use the Commission's alternative licensing process for its 137-MW Spokane River Project in Spokane, Washington, was approved.

SETTLEMENTS

The Commission encourages stakeholders, particularly when using the ALP, to resolve issues in the form of settlement agreements. The following are examples of licenses issued pursuant to settlement agreements in FY 2002.

In November 2001 the Commission issued the final environmental impact statement (FEIS) for the 462-megawatt Cowlitz River Hydroelectric Project No. 2016 located in Washington State on the Cowlitz River. A comprehensive settlement agreement was developed by the applicant, Tacoma Power, through the use of the Commission's alternative licensing process. The license was issued less than 2.5 years from the filing date of the application.

The Commission issued an order approving a settlement offer and issued new licenses to Erie Boulevard Hydropower, L.P. for the 161.46-megawatt Lower, Middle, and Upper Raquette Projects Nos. 2330, 2320, and 2084, respectively, and the Carry Falls Project No. 2060 located on the Raquette River in New York. Erie reached a settlement with seventeen participants in a collaborative proceeding. The settlement agreement includes conditions for various interests and river uses, including power production and natural resources.

The Commission issued a subsequent license to Duke Power, a division of Duke Energy Corporation, Nantahala Area, for the 1,440-kilowatt Queens Creek Project, No. 2694. The license incorporates the terms of a settlement between Duke Power, North Carolina Department of Environment and Natural Resources, and North Carolina Wildlife Resources Commission. The settlement agreement includes conditions for limits on reservoir levels, minimum flows in the bypassed reach, a low inflow operating protocol, and public recreational facility improvements.

The Commission issued a new license to Pacific Gas & Electric Company for the 206-megawatt Mokelumne Project located in California. The license order also approved a settlement agreement among most of the parties to the proceeding resolving numerous issues pertaining to minimum flow releases and project operations. Included in the settlement conditions are provisions to establish an adaptive management program to monitor and, if needed, modify, within a specified range, certain protection, mitigation and enhancement measures.

The Commission issued a new license for the Rock Creek-Cresta Project No. 1962. The project is located on the North Fork Feather River in California. Many streamflow-related relicensing issues were resolved by using a collaborative approach, facilitated by a Commission staff member, that resulted in a settlement agreement signed by 12 of the 13 collaborating entities. The new license approves the settlement agreement, and authorizes increasing the project's installed capacity from 185 MW to 196 MW.

The Commission issued an original license to Erie Boulevard, L.P., for the 6.8-MW West Branch St. Regis River Project No. 10461. The license combines the existing unlicensed 2.4-MW Parishville Hydroelectric Project and the 4.4 MW Allens Falls Project, located on the West Branch St. Regis River in St. Lawrence County in northern New York. Issuance of the license resulted from the filing of a settlement among the applicant and various federal and state agencies and non-governmental organiza-

tions. The significant issues included minimum flows, limits on reservoir fluctuations, and recreational and fishery enhancements.

PacifiCorp has reached a settlement agreement with stakeholders for the relicensing of the Bear River Projects (Soda P-20, Grace-Cove P-2401, and Oneida P-472). The three projects are located on the Bear River in Caribou and Franklin counties, Idaho, and have a combined installed capacity of 84.5 MW. The settlement agreement provides for various interests and river uses, including power production, irrigation, and natural resources. Measures benefitting natural resources include improvements to aquatic and riparian habitats, increased minimum flows, whitewater boating flows, improved recreational fishing, and other recreation improvements.

Madison Paper Industries, Inc., filed a settlement agreement reached with 16 other entities, including federal and state agencies, local governments and non-governmental organizations (NGOs). This filing marked the successful completion of a three-year collaborative effort for the relicensing of the Anson and Abenaki Hydroelectric Projects (Nos. 2365 and 2364, respectively) located on the Kennebec River in Maine. Signatories included the Maine Department of Environmental Protection and U.S. Fish and Wildlife Service, agencies with mandatory conditioning or prescription authority. Commission staff participated in the collaborative discussions. Together, the projects generate 25 MW.

Erie Boulevard Hydro, L.L.P., reached a settlement agreement with stakeholders for the relicensing of the Hoosic River Project No. 2616. The project is located on the Hoosic River in Rensselaer and Washington Counties, New York, and has an installed capacity of 18.5 MW. The settlement agreement signed by 12 federal, state, and non-governmental organizations includes conditions for various interests and river uses, including power production and natural resources. These conditions, when implemented, will enhance fish and wildlife resources by providing minimum flows and fish protection measures, improving recreational fishing, and increasing whitewater boating opportunities.

The City of Sturgis, Michigan, reached a settlement for the Sturgis Hydroelectric Project (P-2964). The 2.6-megawatt project is located on the St. Joseph River in St. Joseph County, Michigan. The settling parties agreed on previously contested measures including impoundment water levels, compliance monitoring, downstream fish protection and passage, and fish entrainment. The stakeholders agreed to set up an escrow account that would provide funds to be used for the installation of fish protection devices at such time that an effective device is available, or, at the discretion of the Michigan Department of Natural Resources and the U.S. Fish and Wildlife Service, the funds may be used for fishery enhancement projects within the watershed.

CAPACITY DEVELOPMENT AT RELICENSING

When applicants apply for a new or subsequent license, the Commission staff examines the viability of installing additional capacity at the project site. The examinations include such factors as streamflow records, turbine hydraulic capacity, potential to improve generating efficiency, regional need for power, and ways to avoid adverse impacts on environmental resources and economics.

For example, the Commission issued a new license to Finch, Pruyn and Company, Inc. (FPC) for the 12.1- megawatt Glen Falls Project No. 2385 located on the Hudson River in New York. The license authorizes FPC to increase project capacity an additional 600 kilowatts. The license includes conditions for various river uses, including enhancements to fisheries, cultural, and recreational resources in the project area.

Also, the Commission issued five licenses for the E.J. West Project No. 2318, Great Sacandaga Lake Project No. 12252, Hudson River Project No. 2482, Stewarts Bridge Project No. 2047, and Feeder Dam Project No. 2554 located on the Sacandaga and Hudson Rivers, New York. The licenses represented a culmination of many years of work involving a comprehensive settlement agreement between the two licensees (Erie Boulevard Hydropower, L.P. and the Hudson River-Black River Regulating District) and 27 other parties. The projects will provide 135.6 megawatts (MW) of power which includes an additional 6.42 MW gained as a result of modifications made during relicensing.

INTERAGENCY COOPERATION

The Commission continues to participate in the Interagency Hydropower Committee (IHC). In addition to Commission representatives, the IHC is made up of representatives of the Department of the Interior, the Department of Commerce, and the Forest Service. Most notably, the IHC completed a proposal for a new licensing process that coordinates NEPA scoping, study development and execution, and agency comment and recommendations, so multiple agency steps in the hydro licensing process occur simultaneously rather than sequentially.

ADVISORY INTERACTION WITH NON-AGENCY HYDROPOWER PARTICIPANTS

NATIONAL REVIEW GROUP

Commission staff continued its advisory role in the National Review Group (NRG), which is made up of representatives from the hydropower industry, NGOs and Native Americans. The purpose of the group is to share experiences in the hydropower licensing process in order to recommend improvements to the existing licensing process. The NRG decided to develop and recommend regulatory changes for a coordinated application and environmental review process. This dynamic process, which promoted the sharing of ideas, information and constituency perspectives, resulted in NRG filing its coordinated environmental review and application development process. The work of the NRG will now be carried out by industry and NGO participants, but not within the context of the formal NRG organization.

NEW LICENSING PROCESS

The Commission issued a public notice to provide interested entities an opportunity to enter into discussions and make comments concerning adoption of a new licensing process to cut the time and cost without jeopardizing the environment. Attached to the notice for public comment were two proposals for a new licensing process; one by the IHC, and one by the NRG. The notice also included a schedule for a series of six public forums throughout the country, co-sponsored with the Departments of Commerce and the Interior and the Forest Service to discuss issues and proposals for a new licensing process. A draft notice of proposed rulemaking will be prepared for consideration by the Commission.

OUTREACH

The Commission staff conducted six regional hydroelectric workshops on integrating states processes. The purposes of the workshops were to: (1) familiarize Commission staff with the participating states' Water Quality Certification (WQC) and Coastal Zone Management Act (CZMA) processes and programs; (2) familiarize states with the Commission's hydroelectric licensing process; and (3) increase

efficiency of the processes by (a) identifying common attributes and (b) developing potential ways to integrate the processes. State officials representing the bulk of hydropower licensing activity attended the workshops in their region. Based on these meetings staff developed several recommendations for improving the hydroelectric licensing process through better integration of state WQC processes and CZM consistency determinations. These recommendations will be taken into account in the development of any new hydroelectric process or regulations that the Commission may promulgate.

HYDRO LICENSING STATUS WORKSHOP

The Commission held a two-day, public workshop at the Commission's offices in Washington, D.C to discuss 51 pending hydropower license applications that had been on file with the Commission longer than five years. Representatives from state and federal agencies as well as licensees and NGOs attended. The workshop concentrated on identifying the unresolved issues associated with each project and determining the best course of action to resolve or remove obstacles to final action on each pending license application.

ADMINISTRATION AND COMPLIANCE

AUTHORIZING FEASIBILITY STUDIES FOR NEW HYDROPOWER PROJECTS

For FY 2002, approximately 230 preliminary permit applications were filed. The purpose of a preliminary permit is to maintain priority of application for a license during the three-year term of the permit, while the permittee conducts investigations and secures data necessary to determine the feasibility of the proposed project and prepares a developmental application. During FY2002, the Commission authorized the feasibility studies of 52 hydropower projects, with a combined capacity of over three GW.

LICENSEE ASSISTANCE PROGRAM

The Commission visited several projects in Vermont to address erosion and pollution issues. Staff also traveled to New Hampshire to meet with the licensee of the Lower Great Falls Project, the adjacent land owner and other parties to successfully fashion an agreement to allow the repair of the project penstock while at the same time providing for safe tenant access to apartments, and improving landowner/licensee communication. Also, staff traveled to New Jersey to meet with the exemptee of the Dundee Project to outline the steps needed to prepare a surrender application while ensuring the safety of the project dam.

The Commission held shoreline management workshops in South Carolina and Georgia, each attended by over 50 licensee representatives, to allow staff and licensees to meet face to face and discuss shoreline management issues. As a result of the success of these workshops, shoreline managers have asked that the Commission hold a similar workshop in the Northwest during FY 2003.

Drought conditions were experienced in several areas of the country. The Commission collaborated with licensees and state and federal agencies concerning the effect of projects' operations on reservoir and river conditions. As a result, staff participated in technical meetings in North Carolina and Montana to discuss ways in which hydropower projects could be best operated during these prolonged drought periods.

ENERGY PROJECTS

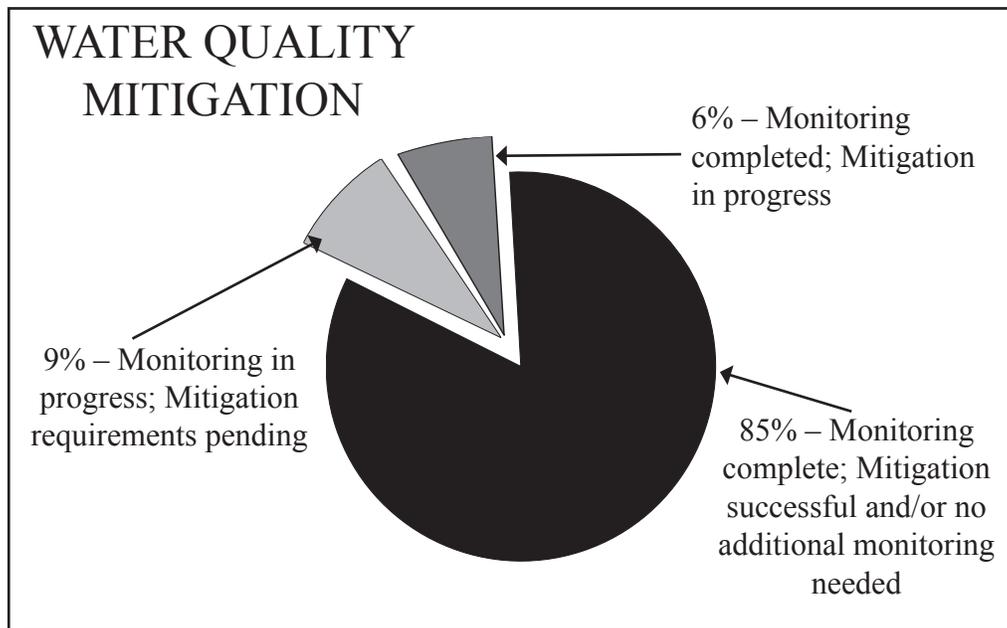
Staff traveled several times to West Virginia to meet with the licensee of Dam No. 4 Project regarding the surrounding neighbors' concerns about unauthorized activities in the project's recreation area. The Commission was able to bring the concerned parties together and negotiate an agreement that includes cooperation of not only the licensee, but that of the neighbors, the local police, the resource agencies, and the public.

COMPLIANCE WORKLOAD PROJECTION

The Commission is in the third year of an 11-year cycle during which 218 applications for hydropower relicenses are due to be filed. The issuance of 218 new licenses will add about 2,200 more license articles, requiring numerous compliance filings and amendment applications. The annual workload receipts in this area have become increasing complex as agencies and the public participate more fully in setting license requirements. As a result, average annual workload receipts are expected to increase by about 15 percent.

COMPLIANCE PLANS AND REPORTS

Licenses include conditions that will protect and enhance environmental resources. These conditions require licensees to prepare and file plans or reports with the Commission. These plans and reports may deal with project operation, development of recreational resources, improvements to fishery habitat, water quality protection, wildlife benefits, wetlands and vegetation improvements, and cultural resources protection. Prepared after the license is issued, the licensees typically develop the plans and reports in consultation with identified agencies and groups, and file them as post-license compliance applications with the Commission. In FY 2002, the Commission reviewed and approved over 850 of these applications.



ENVIRONMENTAL COMPLIANCE REVIEWS

To ensure that licensees comply with the terms and conditions of their licenses, the Commission will continue to aggressively pursue reported incidences of environmental non-compliance. If an incident is reported, the Commission directs the licensee to explain the circumstances surrounding the incident and, if necessary, provide additional explanatory information. In FY 2002, the Commission completed over 225 reviews of reports of non-compliance incidents related to environmental requirements and conducted over 200 environmental inspections.

EFFECTIVENESS OF ENVIRONMENTAL MEASURES

In FY 2002 the Commission continued to review the results of monitoring efforts to evaluate whether the environmental measures were providing appropriate levels of protection, mitigation, and enhancement for environmental resources. The Commission conducted a workshop to discuss the results of a draft report entitled “Mitigation Effectiveness Studies at the Federal Energy Regulatory Commission: Water Quality.” The report analyzed 81 hydropower projects and found that the water quality monitoring and mitigation plans of the projects reviewed were well designed for their intended purpose to assess compliance with state standards and to identify water quality problems. The evaluations resulting from the review and analysis of these monitoring results will allow for improvements to the environmental measures included in future licenses and, consequently, to the hydropower program objective of improving the environmental performance of hydropower projects.

FEDERAL LANDS

When federal lands are reserved for waterpower purposes, the Commission must review any applications for other uses of those lands. Other uses may include mining claims, oil and gas leases, mineral leases, rights-of-way, and revocations under the FPA. The review allows the Commission and the Bureau of Land Management (BLM) to protect existing licensed projects from adverse impacts by outside parties. It also allows for federal lands not affected by a project to be opened for other beneficial public uses. The Commission completed 46 reviews for federal lands applications from BLM. It also met with BLM to discuss improvements to the quality of exhibit drawings filed for proposed hydropower projects to provide clear directions to preliminary permit applicants to improve and expedite application reviews.

JURISDICTIONAL REVIEW

The Commission’s jurisdictional review program entails evaluating the jurisdictional status of all licensed projects with license expiration dates within five years. This review is conducted to determine if the project continues to meet the jurisdictional criteria defined in the FPA. The Commission’s review consists of historical research of a river system to determine if interstate commerce took place. To determine jurisdiction, staff conducts a detailed navigation study of the river. The Commission completed nine historical reviews and three detailed navigation studies. In addition, it evaluates the jurisdictional status of proposed projects, as well as licensed and unlicensed operating hydropower projects. It completed declarations of intention reviews for four proposed projects, and one licensed project.

ENERGY PROJECTS

SAFETY

The Commission's dam safety program, through its many components, helps ensure dam safety, public safety, environmental resource protection, and reliability in the electric industry.

PROJECT INSPECTIONS

Inspections verify the structural integrity of dams and compliance with engineering, environmental, and public safety conditions and regulations. They also identify necessary maintenance and remedial modifications. The Commission is responsible for inspecting about 2,600 dams and related water retention structures. It conducts periodic inspections starting from the receipt of an application for a proposed jurisdictional project, throughout the term of a license. Types of inspections are prelicense, construction, operation, instrumentation, exemption, safety, and special. The Commission's Division of Dam Safety and Inspections with its five regional offices conducts the inspections.

PERFORMANCE MONITORING

Applying instrumentation to dams and related water-retaining structures, to monitor otherwise-undetectable changes in these structures, is a critical component of the Commission's dam safety program. By applying the correct technology and instrumentation to each unique situation for early detection and evaluation of deficiencies, serious problems are identified, evaluated, and corrected before they fully develop. In FY 2002, the Commission completed the development of an important aspect of its performance monitoring program—potential failure modes analysis. A team of Commission staff, licensees, and consultants worked together through the year to develop the program. A pilot program tested the new procedures on actual projects. Using information from the pilot, the program is being further refined.

ACTIONS TAKEN TO IMPROVE STATES' DAM SAFETY PROGRAMS

Congress established the National Dam Safety Program Review Board (NDSPRB) to advise the Director of the Federal Emergency Management Agency (FEMA) on implementation of the National Dam Safety Program. The Commission's dam safety expertise was influential in the board's accomplishments in FY 2002. Accomplishments included grant distribution to all 50 states, and dam safety program improvements being made in every state. Also during FY 2002, the National Dam Safety Program Training Subcommittee, which includes a Commission staff member, facilitated several training opportunities for state programs. Commission staff held a training course in New York State on the testing of emergency action plans for state-regulated dam owners and Commission-regulated licensees. Commission staff also provided assistance in security issues at dams.

EMERGENCY ACTION PLANNING

During FY 2002, the "International Workshop for Emergency Preparedness at Dams" was held in Niagara Falls, New York. The workshop provided detailed emergency action planning information, including dam security issues, for the international audience. Commission staff emphasizes the importance of emergency management personnel working closely with the dam owner to complete the emergency action plan test. The presence of emergency management personnel provides valuable information and insight to dam owners on how the emergency response and recovery system operates. Commission staff continues to hold training courses and informational meetings with state emergency

managers to search for ways to further: (1) improve the relationship between dam owners and emergency management personnel to improve any potential response to an emergency; and (2) encourage an exchange of emergency action plan information among dam owners for the benefit of all.

SECURITY AT DAMS

The Commission developed and implemented the FERC Hydropower Security Program, including coordination with the FBI and the Office of Homeland Security, participation in interagency security workgroups, categorization of FERC dams by risk, establishment of a rapid communication method, and implementation of additional security measures at projects to protect water retaining structures from sabotage. Staff worked closely with dam owners to develop the security program requirements, including vulnerability and security assessments of dams.

HYDROELECTRIC POWER TABLE

(PROJECTS FOR WHICH LICENSES WILL EXPIRE BETWEEN JANUARY 1, 2002 AND DECEMBER 31, 2008)

LICENSE EXPIRATION DATE	LICENSEE	FERC PROJECT			RIVER	INSTALLATION {KW}	PERIOD OF YEARS	FACILITIES		SUBJ. FED.
		NO.	STATE	COUNTY				UNDER LICENSE		
20020131	PEND OREILLE COUNTY PUBLIC UTILITY	2042	ID	PEND OREILLE	PEND OREILLE R	60000	50	DM PH	N	
20020223	EL DORADO IRRIGATION DISTRICT	184	CA	EL DORADO	S FK AMERICAN R	20000	22	DM PH	Y	
20020331	FORT JAMES OPERATING COMPANY	2312	ME	PENOBSCOT	PENOBSCOT R	7655	39	DM PH	N	
20020831	PACIFICORP	2652	MT	FLATHEAD	SWAN R	4150	26	DM PH	N	
20020903	CITY OF SPRINGVILLE UTAH	2031	UT	UTAH	BARTHOLOMEW CR	2000	50	DM PH	N	
20020930	CITY OF HART MICHIGAN	3516	MI	OCEANA	S BR PENTWATER R	352	20	DM PH	N	
20021012	RELIANT ENERGY MID-ATLANTIC POWER	309	PA	CLARION	CLARION R	28800	23	DM PH	Y	
20021031	HYDRO DEVELOPMENT GROUP INC.	6059	NY	ST LAWRENCE	OSWEGATCHIE R	900	20	DM PH	N	
20021101	NEW YORK STATE ELECTRIC & GAS	2835	NY	ESSEX	BLACK BR	2640	20	DM PH	N	
20021101	TRINITY CONSERVANCY INC.	719	WA	CHELAN	PHELPS CR	240	23	DM PH	Y	
20021231	HYDRO DEVELOPMENT GROUP INC.	6058	NY	ST LAWRENCE	OSWEGATCHIE R	1490	19	DM PH	N	
20030131	WOODS LAKE ASSOCIATION	3410	CO	EAGLE	LIME CR	45	20	DM PH	N	
20030228	NEW YORK STATE ELECTRIC & GAS	2852	NY	STEUBEN	KEUKA LK	2000	20	DM PH	N	
20030228	ENTERGY SERVICES INC.	271	AR	HOT SPRING	OUACHITA R	65300	23	DM PH	Y	
20030331	AVONDALE MILLS INC.	5044	GA	RICHMOND	AUGUSTA	2475	20	DM PH	N	
20030426	SOUTHERN CALIF EDISON CO	344	CA	RIVERSIDE	SAN GORGONIO CR	2626	20	DM PH	Y	
20030430	PAROWAN CITY CORPORATION	2782	UT	IRON	RED CR	500	25	DM PH	Y	
20030606	FORD MOTOR COMPANY	362	MN	HENNEPIN	MISSISSIPPI R	17920	23	DM PH	Y	
20030630	TENNECO PACKAGING INC.	2180	WI	LINCOLN	WISCONSIN R	3000	26	DM PH	Y	
20030731	JUDITH A. BURFORD	6418	CO	EAGLE	E BRUSH CR	11	20	PH	N	
20030824	MINNESOTA POWER INC.	346	MN	MORRISON	MISSISSIPPI R	18000	23	DM PH	Y	
20030831	SOUTHERN CALIFORNIA EDISON COMPANY	2086	CA	FRESNO	MONO CR	0	50	DM PH	N	
20030918	INDIANA MICHIGAN POWER COMPANY	401	MI	ST JOSEPH	ST JOSEPH R	1750	25	DM PH	Y	
20030930	CHARTER TOWNSHIP OF YPSILANTI	5334	MI	WASHTENAW	HURON R	3413	20	DM PH	N	
20030930	PACIFIC GAS AND ELECTRIC COMPANY	2107	CA	PLUMAS	N FK FEATHER R	142830	50	DM PH	Y	
20031031	NEW YORK POWER AUTHORITY	2000	NY	ST LAWRENCE	ST LAWRENCE R	912000	50	DM PH	N	
20031031	PACIFIC GAS AND ELECTRIC COMPANY	233	CA	SHASTA	PIT R	317000	22	DM PH	Y	
20031031	MINNESOTA POWER	469	MN	LAKE	KAWISHIWI R	4000	22	DM PH	Y	
20031231	POTOMAC EDISON COMPANY	2516	WV	BERKELEY	POTOMAC R	1900	27	PH	Y	
20031231	POTOMAC EDISON COMPANY	2517	WV	BERKELEY	POTOMAC R	1200	27	PH	Y	
20040131	ORION POWER NEW YORK GP INC.	7000	NY	ST LAWRENCE	E BR OSWEGATCHIE R	2220	20	DM PH	N	
20040331	S. D. WARREN COMPANY	2984	ME	CUMBERLAND	PRESUMPSCOT R	1800	20	DM PH	N	
20040331	PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN	637	WA	CHELAN	CHELAN R	48000	23	DM PH	N	
20040410	HYDRO-OP ONE ASSOC.	287	IL	LA SALLE	FOX R	3680	25	DM PH	Y	
20040430	UNITED WTR CONS DIST	2153	CA	VENTURA	PIRU CR	1420	50	DM PH	N	
20040430	MADISON PAPER INDUSTRIES	2364	ME	SOMERSET	KENNEBEC R	16977	40	DM PH	N	
20040430	MERIMIL LIMITED PARTNERSHIP	2574	ME	KENNEBEC	KENNEBEC R	6915	35	DM PH	N	
20040430	MADISON PAPER INDUSTRIES	2365	ME	SOMERSET	KENNEBEC R	9000	40	DM PH	N	
20040630	WISCONSIN PUBLIC SERVICE CORP	1979	WI	LINCOLN	WISCONSIN R	4200	19	DM PH	Y	
20040731	IDAHO POWER CO	2726	ID	GOODING	MALAD R	21770	25	DM PH	N	
20040731	NORWAY CITY OF	2720	MI	MARINETTE	MENOMINEE R	5636	20	DM PH	N	
20040930	PPL HOLTWOOD LLC	487	PA	PIKE	WALLENPAUPACK CR	40000	24	DM PH	Y	
20040930	BARTON VILLAGE INC	7725	VT	ORLEANS	CLYDE R	1300	20	DM PH	N	
20041031	FALL RIVER RURAL ELECTRIC COOP INC.	1413	ID	FREMONT	BUFFALO R	250	24	DM PH	N	
20041031	PACIFIC GAS & ELECTRIC CO	2105	CA	PLUMAS	N FK FEATHER R	342628	49	DM PH	N	
20041112	PETERSBURG CITY OF	201	AK	WRANGELL	CRYSTAL CR	2000	24	DM PH	N	
20041116	PORTLAND GENERAL ELEC CO	477	OR	CLACKAMAS	BULL RUN R	21000	24	DM PH	Y	
20041130	INTERNATIONAL PAPER CO	4914	WI	BROWN	FOX R	1078	20	DM PH	N	
20041230	CITY OF PAROWAN	1273	UT	IRON	PAROWAN CR	600	27	DM PH	Y	
20041231	OAKDALE & S SAN JOAQUIN I D	2067	CA	CALAVERAS	STANISLAUS R	17100	53	DM PH	N	
20041231	MOSINEE PAPER MILLS CO	2207	WI	MARATHON	WISCONSIN R	3050	22	DM PH	Y	
20041231	PACIFIC GAS & ELECTRIC CO	2130	CA	TUOLUMNE	M FK STANISLAUS R	87900	49	DM PH	N	
20041231	GEORGIA POWER CO	2177	GA	HARRIS	CHATTAHOOCHEE R	115600	45	DM PH	N	
20041231	OAKDALE & S SAN JOAQUIN I D	2005	CA	TUOLUMNE	M FK STANISLAUS R	63990	49	DM PH	N	
20041231	PORTLAND GENERAL ELECTRIC BLUE HERON	2233	OR	CLACKAMAS	WILLAMETTE R	16800	44	DM PH	N	
20050228	SOUTHERN CALIF EDISON CO	382	CA	KERN	KERN R	12000	26	DM PH	Y	
20050228	TAPOCO INC	2169	NC	BLOUNT	LITTLE TENNESSEE	326500	50	DM PH	Y	

HYDROELECTRIC POWER TABLE

LICENSE EXPIRATION DATE	LICENSEE	FERC PROJECT NO.	STATE	COUNTY	RIVER	INSTALLATION {KW}	PERIOD OF YEARS	FACILITIES UNDER LICENSE	SUBJ. FED.
20050331	WISCONSIN ELECTRIC POWER COMPANY	2697	WI	DUNN	RED CEDAR R	6000	24	DM PH	N
20050331	WISCONSIN ELECTRIC POWER COMPANY	2181	WI	DUNN	RED CEDAR R	5400	49	DM PH	N
20050331	SOUTHERN CALIF EDISON CO	2174	CA	FRESNO	RANCHERIA CR	10800	50	DM PH	Y
20050430	PACIFIC GAS & ELECTRIC CO	178	CA	KERN	KERN R	11500	26	DM PH	Y
20050430	ALABAMA ELECTRIC COOP INC	2586	AL	COVINGTON	CONECUH R	8250	25	DM PH	N
20050531	GRAND RIVER DAM AUTH	2183	OK	MAYES	NEOSHO R	100000	50	DM PH	N
20050531	CITY OF MARSHALL MICHIGAN	6514	MI	CALHOUN	KALAMAZOO R	319	20	DM PH	N
20050630	N. E. W. HYDRO INC ET AL	7264	WI	OUTAGAMIE	FOX R	1390	20	DM PH	N
20050630	FPL ENERGY MAINE HYDRO LLC	2194	ME	YORK	SACO R	4000	49	DM PH	N
20050701	PACIFICORP	2630	OR	JACKSON	N FK ROGUE R	36760	25	DM PH	N
20050731	DUKE ENERGY CORPORATION	2603	NC	MACON	LITTLE TENNESSEE	1040	25	DM PH	N
20050731	IDAHO POWER CO	1971	ID	ADAMS	SNAKE R	1166900	50	DM PH	Y
20050731	DUKE ENERGY CORPORATION	2601	NC	SWAIN	OCONALUFTEE R	980	25	DM PH	N
20050731	DUKE ENERGY CORPORATION	2602	NC	JACKSON	TUCKASEGEE R	225	25	DM PH	N
20050801	DUKE ENERGY CORPORATION	2619	NC	CHEROKEE	HIWASSEE R	1800	25	DM PH	N
20051004	NORQUEST SEAFOODS INC.	620	AK	ALEUTIAN ISLANDS	INDIAN CR	60	26	DM PH	N
20051031	ERIE BOULEVARD HYDROPOWER LP	7387	NY	ST LAWRENCE	RAQUETTE R	2700	20	DM PH	N
20051031	GRANT CO PUD 2	2114	WA	GRANT	COLUMBIA R	1755000	50	DM PH	N
20051110	LOUISVILLE GAS AND EL CO	289	KY	JEFFERSON	OHIO R	80320	24	DM PH	Y
20051231	PUBLIC SERVICE CO OF NH	1893	NH	MERRIMACK	MERRIMACK R	29700	25	DM PH	Y
20060131	DUKE ENERGY CORPORATION	2686	NC	JACKSON	W FK TUCKASEGEE R	24600	25	DM PH	N
20060131	DUKE POWER	2698	NC	JACKSON	E FK TUCKASEGEE	26175	25	DM PH	N
20060214	MONROE CITY CORPORATION	632	UT	SEVIER	MONROE CR	250	28	DM PH	Y
20060228	PACIFICORP	2082	OR	KLAMATH	KLAMATH R	151000	52	DM PH	N
20060228	DUKE ENERGY CORPORATION	2692	NC	MACON	NANTHALA R	43200	25	DM PH	N
20060228	UNION ELECTRIC CO	459	MO	MILLER	OSAGE R	176200	25	DM PH	Y
20060331	SOUTH CAROLINA PUBLIC SERVICE AUTH	199	SC	BERKELEY	SANTEE R	134520	27	DM PH	N
20060412	N Y ST ELEC & GAS CORP	2738	NY	CLINTON	SARANAC R	38950	26	DM PH	N
20060430	PACIFICORP	935	WA	CLARK	LEWIS R	136000	23	DM PH	N
20060430	COWLITZ CO PUD NO 1	2213	WA	SKAMANIA	LEWIS R	70000	50	DM PH	N
20060430	PUGET SOUND PWR AND LT CO	2150	WA	WHATCOM	BAKER R	162400	50	DM PH	Y
20060430	PACIFICORP	2111	WA	SKAMANIA	LEWIS R	240000	50	DM PH	N
20060630	CHELAN CO PUD 1	2145	WA	DOUGLAS	COLUMBIA R	1237400	49	DM PH	N
20060831	PORTLAND GENERAL ELEC CO	135	OR	CLACKAMAS	CLACKAMAS R	40825	26	DM PH	Y
20060831	PORTLAND GENERAL ELEC CO	2195	OR	CLACKAMAS	CLACKAMAS R	91900	49	DM PH	N
20061130	ERIE BOULEVARD HYDROPOWER LP	7321	NY	FRANKLIN	SALMON R	1000	20	DM PH	N
20061231	CITY & COUNTY OF DENVER	2204	CO	GRAND	WILLIAMS FK R	3000	43	DM PH	N
20070131	CA DEPT OF WATER RESOURCES	2100	CA	BUTTE	FEATHER R	762850	50	DM PH	N
20070228	HOLYOKE CITY OF	7758	MA	HAMPDEN	HOLYOKE CNL(CONN	760	20	PH	N
20070327	PACIFIC GAS & ELECTRIC CO	606	CA	SHASTA	S COW CR	4440	27	DM PH	N
20070331	FLAMBEAU HYDRO LLC	9185	WI	BURNETT	CLAM R	1200	20	DM PH	N
20070430	GARKANE POWER ASSOCIATION INC.	2219	UT	GARFIELD	W FK BOULDER CR	4300	50	DM PH	N
20070430	CHUGACH ELEC ASSN INC	2170	AK	SEWARD DIVISION	COOPER CR	15000	50	DM PH	N
20070609	FLAMBEAU HYDRO LLC	9184	WI	BURNETT	YELLOW R	1076	20	DM PH	N
20070731	ALABAMA POWER CO	2146	AL	ELMORE	COOSA R	690900	50	DM PH	N
20070731	PACIFIC GAS & ELECTRIC CO	2155	CA	EL DORADO	S FK AMERICAN R	7000	45	DM PH	N
20070731	ALABAMA POWER CO	82	AL	CHILTON	COOSA R	170000	32	DM PH	Y
20070731	ALABAMA POWER CO	618	AL	ELMORE	COOSA R	100000	27	DM PH	Y
20070731	SACRAMENTO M U D	2101	CA	PLACER	GERLE CR	640950	50	DM PH	N
20070801	RESOURCES WEST ENERGY CORP.	2545	ID	SPOKAN	SPOKANE R	1366000	35	DM PH	N
20070829	ALASKA POWER & TEL CO	1051	AK	SKAGWAY-YAKUTAT	DEWEY CR	943	27	DM PH	N
20070831	SOUTH CAROLINA ELEC & GAS CO	516	SC	NEWBERRY	SALUDA R	207300	23	DM PH	Y
20070831	ALABAMA POWER CO	2165	AL	TUSCALOOSA	BLACK WARRIOR R	203250	50	DM PH	N
20070831	NEW YORK POWER AUTHORITY	2216	NY	NIAGARA	NIAGARA R	2755500	49	DM PH	N
20071130	SOUTHERN CALIF EDISON CO	2085	CA	FRESNO	SAN JOAQUIN R	180937	50	DM PH	N
20071130	WOLVERINE HYDROELECTRIC CORP	2785	MI	MIDLAND	TITABAWASSEE R	3300	20	DM PH	N
20071231	MONTANA POWER LLC	2543	MT	MISSOULA	CLARK FK R	3200	39	DM PH	N

HYDROELECTRIC POWER TABLE

LICENSE EXPIRATION DATE	LICENSEE	FERC PROJECT NO.	STATE	COUNTY	RIVER	INSTALLATION {KW}	PERIOD OF YEARS	FACILITIES UNDER LICENSE	SUBJ. FED.
20080331	SITKA CITY OF & BOROUGH OF	2230	AK	SITKA DIVISION	MEDVETCHA R	7540	50	DM PH	N
20080430	OTTUMWA CITY OF	925	IA	WAPELLO	DES MOINES R	3250	26	DM PH	N
20080430	HYRUM CITY CORP	946	UT	CACHE	BLACKSMITH FK	400	27	DM PH	N
20080430	CAROLINA POWER AND LT CO	2206	NC	STANLY	PEE DEE R	108600	50	DM PH	N
20080430	YADKIN INC	2197	NC	DAVIDSON	YADKIN R	209520	50	DM PH	N
20080615	VIRGINIA ELEC & PWR CO	906	VA	AMHERST	JAMES R	7500	28	DM PH	N
20080809	CRISP COUNTY POWER COMM	659	GA	WORTH	FLINT R	15200	28	DM PH	N
20080831	DUKE POWER CO	2232	NC	ALEXANDER	CATAWBA R	804940	50	DM PH	Y
20080930	PEND OREILLE CO PUD 1	2225	WA	PEND OREILLE	SULLIVAN CR	0	50	DM PH	N
20081130	EUGENE CITY OF OR	2242	OR	LINN	MCKENZIE R	124500	49	DM PH	N

*INCLUDES TYPES OF FACILITIES AT EACH PROJECT, BUT NOT TOTAL NUMBER OF EACH TYPE (E.G. A PROJECT MAY CONSIST OF MULTIPLE POWERHOUSES OF DAMS). DM DAM, RS RESERVOIR, CL CANAL, TU TUNNEL, FM FLUME, PL PIPELINE, PK PENSTOCK, PH POWERHOUSE, TR TURBINE, GN GENERATOR(S), TC TAILRACE, TL TRANSMISSION LINE OR CONNECTION THERETO.

For Additional Information, Contact:
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