STATE OF ALASKA
DEPARTMENT OF FISH AND GAME
COMMISSIONER'S OFFICE

Bill Sheffield, Governor

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February 7, 1983

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

The Alaska Department of Fish and Game (DFG) has reviewed the Special Report on the Department of Fish and Game Susitna River Hydroelectric Project for the fiscal years ending June 30, 1982, 1981 and 1980 prepared by the Division of Legislative Audit. Our comments follow.

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PLAN OF STUDY - Department of Fish and Game (DFG)

It is correctly stated that the DFG proposed that the aquatic research studies be conducted through five years in November 1979. However, it should also be added that the concept of phasing written into our November 1979 proposal was based on the approach which had been established by the APA for the engineering feasibility studies prior to our November 1979 Plan of Study (POS) development. It should also be noted that the five-year approach was originally submitted to the APA by the DFG in December 1977.

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CONTRACT AND PLAN OF STUDY - Acres American, Inc.

First paragraph, last line

It should be stated that even with the accelerated purchase warning by DFG in their POS of 1979, critical equipment and personnel needs required by DFG could not be acquired in time to meet 1980 implementation of the Anadromous Adult Project. It was for this reason that DFG in their June 1980 RSA program statement had planned on implementation of that project in 1981.

It should also be noted that studies on wild biological populations can only be accomplished when the species are present. The Acres Plan of Study, February 1980 schedule for the DFG program was out of place with biological reality. For example, six Side Scan Sonar units ordered by Acres did not arrive on

site until late August 1980, well past the time they could have been put to effective use (See Enclosure A, November 18, 1982).

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POSTPONEMENT OF FERC LICENSE SUBMISSION

We fully agree with the APA that the Federal Energy Regulation Commission (FERC) license submission would be more acceptable with two complete years of data to report but more importantly we believe the FERC will want an analysis of that data. After our FY 83 negotiations, APA agreed that DFG should begin analysis of pre-project baseline conditions related to fish and their habitats commencing with the 1982 data. Two other contractors were also assigned to this task, the Arctic Information and Data Center (AEIDC) and Woodward-Clyde. The AEIDC is responsible for the 1974-81 pre-project and 1982 post-project impact assessment and analysis and Woodward-Clyde Consultants, Inc. is responsible for Exhibit E preparation which includes evaluation of mitigation alternatives and their feasibility. The combined analyses will provide an assessment of post-project fisheries and habitat impacts, and provide for the mitigation alternatives necessary for the required submission to FERC.

We are concerned that APA has altered their recognition of the complexity of the various steps and time required by the various Aquatic Study contractors, including DFG, to provide data analysis. The reality is that the analysis of fisheries and habitat data must proceed in a time frame well beyond the FERC license submittal date. This was specifically agreed to by the APA, its prime contractor Acres, AEIDC, and other state and federal agencies monitoring the feasibility process. Please refer to my November 18, 1982, comments to your agency on this topic and the October 19, 1982, letter (Enclosure B) to Kent Wohl of the U.S. Fish and Wildlife Service from my staff.

A copy of our report schedule in the FY 1983 DFG - APA Aquatic Studies RSA is also included for your reference (Enclosure C). As you will note our late January submission to APA and the other Aquatic Study contractors is a draft internal review and a data transmittal document. The analysis of pre-project conditions from DFG will be submitted on June 30, 1983.

We also question your statement that APA had to delay their license application submittal because of insufficient fisheries data. Please note pages two through six of our November 18, 1982, letter to the Division of Legislative Audit where we previously addressed this issue. The DFG in fact has not delayed submittal of the FERC license application. Rather it is the time frame artificially established by the APA that they knew

contradicted the advice of the DFG and other agencies which makes it appear as though the studies were the cause for delay.

APA's EVALUATION OF ENVIRONMENTAL STUDIES

Information must be collected, analyzed, and transmitted in a timely fashion to insure that potential project impacts are adequately identified. When this project is determined economically feasible, we must insure that mitigation of impacts on fish, wildlife and their habitats will be incorporated as a part of the project design, construction, operation, and management as required by federal law. It is our contention that the study issues and licensing schedule problems APA is experiencing would have been minimized today if this Department's advice and attempts at coordination had received adequate consideration.

Enclosure D identifies a source of delay other than the scheduling and study implementation constraints we have experienced, this Department has been extremely sensitive to the fact that any delay, regardless of the project's technical feasibility, could affect its economic feasibility.

We emphasize that DFG's February reports are review and data transfer documents. Their submission to APA by that date will not enable AEIDC to perform an analysis and for Woodward-Clyde Consultants to incorporate the material in the Exhibit E being submitted to FERC in mid-February. FERC has given an accommodation to the APA which will allow supplemental submittals of data and analysis documents to September of 1983. DFG expects to meet the schedule outlined in our RSA with APA through June 30.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The comments on Parts 1 through 3 of this recommendation follow:

1. Accurately identify in advance the objectives and scope for each year's program.

   The objectives of the DFG November 1979 POS are as viable today as when they were originally proposed in 1977. The minimum five-year time frame we recommended in the 1979 POS to accomplish these objectives is still valid. However, it should be pointed out that of the six objectives in the DFG November 1979 POS, only three were funded by APA. The remaining three objectives have had little attention and tasks related to these objectives were not assigned to DFG by APA for further resolution. The first three objectives

on page 13 of the DFG November 1979 POS, (Enclosure E) are the ones the DFG is pursuing.

An example of our recognition of the required scope of study is found in our proposed studies on access and transmission corridors in the FY 83 program related to fisheries. These studies were not funded by APA. Subsequently, in the list of Deficiencies in the Draft Exhibit E Application prepared by the FERC dated November 21, 1982, they identified the lack of information on access and transmission corridors as one of two general deficiencies in the Draft Exhibit E. This aspect of needed studies was also treated in our November 1979 POS.

DFG has identified the aquatic study program objectives including the general and specific scope of studies which should be executed prior to submitting the license application to the FERC. However, neither Acres' February 1980 POS, nor subsequent State budget appropriations for the project have been funded based on DFG's expected program recommendations. Budget levels were established by the APA without our input and our program was negotiated subsequent to the funding appropriation received by APA. This process leads to inadequate funding to conduct needed programs regardless of whether the objectives and scoping proposed by DFG are accurate. This deficiency in operations falls outside the authorities of this Department.

The cycle has been established on reporting procedures and time duration for studies. Until this year the process has been for schedules to be drafted by the APA for completion of work on the assumption that the DFG can accommodate them regardless of the time requirements associated with the biological timing of data collection and analysis. Prior and not after-the-fact consulation on schedules is required. Every effort has been made to expedite early transmittals of provisional data to Woodward-Clyde [refer to August 19, 1982, letter (Enclosure F) and (Enclosure G)].

2. <u>Identify the administrative realities which can delay the Aquatic Research Study's progress and aggressively work to resolve them</u>.

The DFG has continually identified administrative realities and constraints from the inception of the Su-Hydro Project. However, many of the constraints we have identified have at times been ignored. Where APA and DFG have direct control over administrative constraints problems have been resolved to our mutual satisfaction.

The matter of timely creation of positions through the State personnel process is a constraint which can, and does go beyond the direct control of the APA and DFG. Resolution of this problem may require prioritization by the State Administration and Legislature for the APA and DFG to receive favored treatment in position classification and staffing if project objectives are to be met. During the FY 83 field season, DFG/Su-Hydro made short term borrows of several positions available within the Department as well as using college students under the Western Interstate Commission for Higher Education (WICHE) program to initiate field work until Su-Hydro positions were processed. However, several positions in specialist categories could not be accommodated in this manner.

3. Develop plans to ensure that the biological data collected by the Aquatic Research Study during the summer of 1982 is submitted with the FERC license application in February 1983.

As stated previously, the data which is being reported in the late January and February time frame will be, in accordance with the APA-DFG RSA; a draft form product for internal review to be used to initiate an integrated analysis process by the DFG, AEIDC, and Woodward-Clyde Consultants. It should be stressed that having the field data in a form where it is reduced and useable for analysis does not mean it is useful for inclusion in the FERC license submittal. The meaningful information is the analysis which identifies the feasible mitigation alternatives to offset undiversable project impacts. However, the decisions on the ultimate disposition and release of data in any form from the DFG study products is the APA's to make. However, we hope that the constraints on its use is an area where the APA will consult with DFG. Misuse or misinterpretation of our data due to haste in its transmittal could create problems at a later date which can cause further delays.

DFG is also contributing a substantial amount of data on the physical processes and conditions in the Susitna River. The data is required by other study groups evaluating water quality, stream hydrology impacts, and project operational flow scenarios. Therefore, in September we began transferring several early drafts of biological and physical parameters as provisional data summarized in non-report form to other contractors for their use.

The last paragraph of this section states that DFG early in the program suggested that: the "biology of all potential impact areas be researched in depth." This is not the case as our program has always emphasized the need to first

assess baseline physical habitat conditions in areas potentially impacted by the project. A knowledge of these conditions is essential to the understanding of the impacts of the proposed Su-Hydro Project on fish and their habitats. We must understand the relationships between the biological, physical, and chemical components of the environment. To conduct studies of biological and physical factors out of the same temporal sequence would not provide the data to support analysis of project impacts on fish and their habitats. These studies must be concurrent to be meaningful. Our study plans to date have given balance to the study of both the biological and physical components of the Susitna River aquatic environment. Indeed, the view in this paragraph attributed to APA, that the "APA believed that the Aquatic Research Study should first identify potential physical changes caused by the project" is contradictory to what we have observed in program scoping discussions. The Instream Flow and Aquatic Habitat (AH) Project which is charged with the collection of data to formulate such observations has consistently been the project element which APA has shown the most reluctance to fund. In the FY 83 program we had substantial growth in this program element and basically doubled our staff levels as APA came to realize the importance of collecting physical habitat information.

With regard to the statements on page 10, last paragraph, we refer you to our comments on this matter shown on page six of our November 18, 1982, letter to the Division of Legislative Audit.

Thank you for the opportunity to comment on the preliminary audit report. If there are any further questions we will be pleased to respond.

Sincerely,

Don W. Collinsworth
Acting Commissioner

Enclosures