

February 12, 2004

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

**RE: Taum Sauk Pumped Storage Project (FERC Project No. 2277)**

Dear Ms. Bose:

American Rivers submits the following comments in response to the Commission's Draft Environmental Assessment (DEA) for rebuilding the Taum Sauk pumped storage project's upper reservoir, issued on June 7, 2007.

In the DEA, Commission staff writes that it has "carefully considered and addressed the stakeholders comments and questions that are within the scope of the current proceeding," including among the relevant issues "process-oriented questions related to rebuilding the upper reservoir now rather than after it has been addressed during the relicensing process."<sup>1</sup> We appreciate the staff's willingness to consider this issue. However, as we cannot find any meaningful discussion of this issue within the DEA, we request that the Commission modify the document to include discussion and serious analysis of these issues.

The Taum Sauk project has been inoperable since its upper reservoir suffered a catastrophic breach on December 14, 2005. The license for this project is due to expire on June 30, 2010. Given the circumstances behind the reservoir's collapse and the profound public safety and environmental questions that are raised by allowing the current licensee to rebuild and re-operate the project, it would seem more appropriate for the Commission to address the question of whether or not the project should be rebuilt at the same time that the Commission addresses the question of whether or not it should reissue an operating license for the project, especially given that the Taum Sauk pumped storage project and its licensee represent one of the most spectacular dam safety failures in recent memory.

The Commission's decision, however, to separate these two fundamentally-related questions and address the rebuilding question in isolation amounts to a de facto relicensing of the project. No reasonable observer could seriously expect the Commission to have the bureaucratic fortitude to deny – or even consider denying – an operating license for a hydropower project when it had just finished giving the licensee permission to construct said project. Such a decision would effectively preclude the Commission from giving serious consideration to a number of alternatives (including decommissioning,

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<sup>1</sup> Draft Environmental Assessment, p. 18.

the current “no action” alternative given the project’s current status) that should properly be part of its NEPA review of the decision to relicense the project.

Even though the Commission’s decision in this proceeding would clearly prejudice the outcome of the ongoing relicensing proceeding, staff insists that its current Environmental Analysis “does not evaluate future operation of the pumped storage facility,”<sup>2</sup> and repeatedly defers those issues to the ongoing relicensing process. This is clearly an artificial distinction: the decision before the Commission in this proceeding will determine whether or not that facility operates at all in a future that will clearly extend far beyond the length of the project’s nearly-expired license.

Interestingly, staff does not apply this distinction between project operations and project construction when analyzing the power and economic value of the project. Under the licensee’s proposed action, reconstruction of the upper reservoir would be complete in June, 2009 – one year before the project’s license is due to expire. However, when discussing the need for power and its decision to not adopt the no-action alternative, staff simply assumes that the project will continue to generate energy well into the future, even though the Commission has yet to authorize that future generation with a relicensing order:

The rebuilding of the Taum Sauk Project would allow power from the project to again be available in meeting part of the regional need for on-peak power. The project would also continue to provide a clean and renewable source of energy and to serve to displace nonrenewable fossil-fueled generation.<sup>3</sup>

Without an upper reservoir, the hydroelectric facility would not be functional; therefore, no electrical generation would be produced at the Taum Sauk Project. The region’s growing energy demand would need to be supplied by an alternative source, possibly fossil fuels, rather than the peaking power produced by the pumped storage project. The pump storage facility allows Ameren to generate electrical power as necessary when residential and industrial demands are high. Additionally, without the Taum Sauk Project, the local community would be negatively impacted due to the loss of tax revenue garnered from the facility.<sup>4</sup>

This analysis conveniently leaves out the fact that under current proceeding, the power and economic values of this project would only be realized for (at best, assuming that there are no construction delays at all and that the project will begin generating as soon as construction is complete) *one year*, at which time the current license would expire. When the environmental costs of project reconstruction are weighed against a single year of power and economic values, it becomes rather more likely that the decision to rebuild the project would not actually be in the public interest.

Section 4(e) of the Federal Power Act states that “In deciding whether to issue any license under this subchapter for any project, the Commission, in addition to the power and development purposes for which licenses are issued, shall give equal consideration to the purposes of energy

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<sup>2</sup> Draft Environmental Assessment, p. 16

<sup>3</sup> Draft Environmental Assessment, p. 4

<sup>4</sup> Draft Environmental Assessment, p. 15

conservation, the protection, mitigation of, damage to, and enhancement of, fish and wildlife (including related spawning grounds and habitat), the protection of recreational opportunities, and the preservation of other aspects of environmental quality.”<sup>5</sup> By attempting to balance the long-term benefits of a project for which there is no long-term license while declining to consider the long-term environmental costs that would result from this future operation, the Commission’s DEA for the rebuilding of the Taum Sauk pumped storage project fails to meet this standard.

This lack of balance could prejudice the outcome of the ongoing relicensing proceeding for the Taum Sauk project. To resolve this discrepancy, the Commission must either:

- Perform a combined NEPA analysis that considers both the decision to rebuild the project and the decision to relicense it, along with the power and non-power costs and benefits of each, or;
- Revise the current DEA so that, in weighing the power and non-power costs and benefits of each, it considers only the power and economic benefits that will actually result from the current decision to allow the project to be rebuild under its *current* license, which expires in June of 2009.

Thank you for this opportunity to comment. If you have any questions, please feel free to contact me at (202) 347-7550 ext. 3055 or at [jseebach@amrivers.org](mailto:jseebach@amrivers.org).

Sincerely,



John Seebach  
Director, Hydropower Reform Campaign  
American Rivers

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<sup>5</sup> 16 U.S.C § 797(e)