PRELIMINARY DECISION
Copper Valley Electric Association

Application for Surface Lease
ADL 231706
AS 38.05.810(e)

Application for Private Non-Exclusive Easement
ADL 231698
AS 38.05.850

The Preliminary Decision is the initial determination on a proposed disposal of an interest in State-owned land, and is subject to comments received during the Public Notice period. The public is invited to comment on this Preliminary Decision. The deadline for commenting is 5:00 PM on September 6, 2013. Please see the Comments section on Page 31 and 32 of this Decision for details on how and where to send your comments for consideration. Only the applicant and those who comment have the right to appeal the Final Finding and Decision.

Project Overview:

The Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), Southcentral Region Office (SCRO) is considering the issuance of a 30-year surface lease and associated private non-exclusive utility easement, to be issued under separate authorizations, to Copper Valley Electric Association (CVEA) for the Allison Creek Hydroelectric project located in Valdez, Alaska. The site for which the applicant has applied affects Sections 19-23, 29 and 30 of Township 009 South, Range 006 West, Copper River Meridian. The proposed project will consist of the installation of a 6.5 megawatt (MW) hydroelectric generation plant located on the south side of Port Valdez near Ayleska’s Valdez Marine Terminal for the Trans-Alaska Pipeline and an overhead electric transmission line that will deliver produced electricity to CVEA customers.

The purpose of the Allison Creek Hydroelectric project is to provide electrical services to customers of CVEA. Per the application filed by CVEA, the Valdez District and Copper Basin District have limited power-generating resources to serve a small and dispersed population that requires extensive infrastructure improvements. The Allison Creek Hydroelectric project is expected to contribute a net average of 16 Gigawatt hours (GWh) of energy per year and will positively contribute to the region’s quality of life and public safety by increasing the region’s supply of clean renewable power resources, improving the overall reliability of CVEA’s system of transmission lines and generation plants, and allowing CVEA to transmit power in the most efficient manner.
This preliminary decision addresses only those authorizations required for the use of SCRO-managed lands: the proposed Surface Lease for the diversion structure, penstock area, powerhouse and adjacent substation (ADL 231706) and the associated Private Non-Exclusive Utility Easement for an overhead electric transmission line (ADL 231698).

Surface Lease ADL 231706 is proposed to consist of the following improvements:

- 16-foot high diversion structure spanning approximately 90 feet across Allison Creek. The structure will include a 56-foot-wide spillway and sluicing channel.
- Intake structure fitting with two 5-ft tall by 8-ft long trashracks, sluicing gate, and penstock intake.
- 15 foot by 15 foot control building
- Gravel helicopter landing pad to access diversion structure
- Penstock approximately 7,000 feet long, and decreasing in diameter from 40 inches at the intake to 36 inches at the powerhouse. An additional 100 feet (50 feet each side of center line) will be included in the lease to allow for construction and routine maintenance.
- 900-foot-long tunnel housing the 36-inch diameter penstock.
- 66-foot by 60-foot powerhouse with a cast-in-place concrete foundation, pre-engineered metal building, and a concrete tailrace channel extending from the powerhouse back to Allison Creek.
- Single 6.5 MW Pelton turbine/generator package.
- 70 foot-long concrete tailrace channel extending from the powerhouse to Allison Creek.
- Substation located adjacent to the powerhouse.
- Permanent access road approximately 650 feet in length and 24 feet in width to the powerhouse (not on State-land).

Private Non-Exclusive Utility Easement ADL 231698 is proposed to consist of the following improvements:

- 3.8 mile-long, 25 kV electric transmission line to the existing CVEA switching station near the Petro Star facility along Dayville Road. Corridor will be 100 feet in width with additional space allowed at six locations for guy anchor placement.

Temporary Construction Easements to be authorized under ADL 231698 during the Early Entry Authorization (EEA) phase only:

- Additional 100 foot width (50 feet each side of centerline) on the penstock area to allow for construction, maintenance and survey activities during the construction phase of the project. 200 feet total will be authorized temporarily during the terms of the EEA. 100 feet in width will be authorized permanently as part of Surface Lease ADL 231706 after construction is complete to allow for routine maintenance and upkeep of the penstock.
- Temporary access trail between the existing permanent road on Alyeska Pipeline Service Company (APSC) land and approximate Station 71+50 of the penstock alignment (See Figure 7). The proposed temporary area is approximately 200 feet wide and 1,550 feet long). The actual trail within the easement will be approximately 16 feet wide and 2,400 feet long (additional 850 feet will be on APSC land). Total area encompassed by this easement is approximately 7 acres.
- Temporary access trail between approximate Station 48+25 and Station 30+25 of the penstock alignment (see Figure 8). The proposed trail will be approximately 200 feet wide and 2,000 feet long. This trail is adjacent to a steep portion of the penstock alignment and will allow tracked equipment to access the diversion structure site. This trail will also provide ATV evacuations
related to emergency responses during construction. Total area encompassed by this easement is approximately 9 acres.

Temporary construction trails will be restored and vegetated post construction based on the Vegetation Management Plan discussed in Exhibit B.

The improvements to be authorized under the proposed Surface Lease ADL 231706 include the diversion structure, penstock area, and powerhouse components encompassing approximately 20 acres of DMLW-managed, State-owned land. Improvements to be authorized under the associated Private, Non-Exclusive Easement ADL 231698 will include a 25kV overhead electric transmission line approximately 3.8 miles in length (Figure 1). A Temporary Construction easement which adds 100 feet of additional width to the penstock alignment will be authorized for the construction and survey portions of the project. Two additional temporary construction easements for access trails to construction sites will also be authorized for the construction and survey portions of the project. These temporary easements will not be authorized as part of the final Private Non-Exclusive Easement ADL 231698, but will be authorized under the Early Entry Authorization/Land Use Permit.

![Figure 1: CVEA Project Overview](image)

The application provided a fairly detailed description of the project to better illustrate how the above State-authorized uses of State land fit into the project plan overall.
Project Description and Construction Proposal:

- **Diversion Structure, associated intake works, control building, and helicopter landing pad to be authorized under ADL 231706 (Figures 2-4 below):**

**Diversion Structure:**

The purpose of the diversion structure is to direct stream flow into the intake works. It will be located on Allison Creek and will divert water into the connecting penstock. The diversion structure will be located approximately 10,000 feet upstream from the mouth of Allison Creek and 2,350 feet downstream from the outlet of Allison Lake. The proposed structure consists of the main diversion structure, intake structure, and control building.

The diversion structure will consist of a reinforced concrete gravity structure with a width of the main structure of approximately 90 feet across Allison Creek. The structure will consist of a spillway section 56 feet in width designed to pass a 100-year flood event. The spillway will be designed as a conventional ogee crest and a conventional stilling basin. The total length of the spillway and stilling basin will be approximately 40 feet from upstream to downstream. The spillway crest will be set at Elevation 1310 feet, which will create an inundated area of approximately 0.6 acres upstream of the diversion structure during normal operation. The floodwalls on both sides of the spillway will be set with a minimum of two feet of freeboard at the 100-year design flood event. As part of the final design development, the floodwall height will be reviewed and optimized to provide effective protection against excessive height. Riprap protection will be provided downstream from the stilling basin as well as tied into the stream bank.

The weight of the reinforced concrete gravity structure will be designed to overcome sliding and overturning load conditions. The structure will be located between a large boulder on the East abutment and a boulder patch on the West abutment. The large boulder on the east abutment will be used to anchor the structure. Closure walls will be required on both abutments to extend and tie the structure into higher topography at approximately Elevation 1316 feet.

Seepage cutoff barriers below the foundation of the diversion structure will be used to minimize seepage exit gradients at the downstream end of the structure. Seepage barriers will be constructed in trench excavations that will be excavated below the structure foundation to approximately Elevation 1289 feet. The barrier is anticipated to consist of the trench filled with concrete or controlled density fill, or sheetpiles that are backfilled in the trench excavation with the top encased in the diversion structure concrete.

**Intake:**

On the east abutment of the diversion structure, an intake channel will be provided. The channel will serve the dual purpose of supplying water to the intake chamber as well as allowing sluicing of bedload material past the structure. The intake channel will be approximately 8 feet wide with an intake sill elevation of 1300 feet and top of wall elevation of 1316 feet. A 4 feet by 4 feet sluice gate will be located on the downstream end of the channel to transport sediment. Two 8 feet wide by 5 feet high intake trashracks will be provided on the east wall of the intake channel. The bottoms of the trashracks will be set two feet above the channel floor to prevent sediment from passing into the intake chamber. The top of the trashracks will be set at Elevation 1307 feet to provide a minimum of 3 feet of submergence during icing conditions.
The intake structure will be designed to smoothly transition flow into the penstock. The chamber will be approximately 30 feet long by 15 feet wide with a floor elevation of 1298 feet and a top of structure elevation of 1316 feet. The 3 foot square sluice gate will be provided to support flushing as well as dewatering for annual maintenance and inspection. The floor will be sloped from the south end to the north drain location.

**Control Building:**

A control building will be located on top of the penstock intake chamber. The building will be approximately 15 feet by 15 feet in size with a standard wall height of 9 feet. The building will be used to house the electrical, control, and fiber optics panels serving the diversion structure. Power and fiber optics will be routed from the powerhouse up to the diversion structure via conduits buried in the same trench as the penstock. Pressure transducers will be located on the structure to monitor the pool elevation as well as head differential across the trashrack.

**Helicopter Landing Pad:**

A gravel helicopter landing pad will be provided on the east abutment of the diversion structure. The pad will be constructed of native material graded on site to provide a suitable fill section.

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Figure 2: Exhibit F-2 – Diversion and Intake Structure
Figure 3: Exhibit F-3 - Closer look at Diversion and Intake Structure

Figure 4: Exhibit F-4 - Diversion and Intake Structure Details
• **Steel Penstock to be authorized under ADL 231706 (Figures 5 and 6 below):**

The penstock will extend from the intake to the powerhouse and will be approximately 7,000 feet in length. It will be of steel pipe construction and will be buried for its entire length. A 900-foot section of the penstock will be tunneled through bedrock near the downstream end of the alignment (end closest to the powerhouse). The upper section of the penstock will be 40 inches in diameter, while the lower section will be 36 inches in diameter. The penstock will be equipped with manholes, air release valves, air and vacuum valves, and thrust blocks. An additional 100 feet in width (50 feet each side of centerline) will be authorized under the lease to provide for routine maintenance and improvements post construction. An additional 100-foot-wide Temporary Construction Easement (200 feet total width) will be authorized for the duration of construction activities.

The majority of the penstock will be in a cut-and-cover trench. Trench depths will be approximately 6 inches below the grade of the outside bottom of the penstock to provide a uniform bedding support for the entire length of the penstock. A minimum soil cover of 3 feet will be provided. Trenches will include conduits for power and communication cables, and trench cutoffs will be installed at regular intervals to handle trench drainage.

For penstock slopes of 35 degrees or more, the penstock will require some supplemental support to hold the system in place. In these areas, penstock support foundations consisting of approximately 8 inch diameter, drilled micropile foundations are anticipated where the alignment crosses glacial soils. One or two micropile support stations will also likely be provided on the final steep section of the penstock from the lower tunnel portion to just before the penstock meets the powerhouse.

The alignment traverses very steep slopes over a bedrock knob near the location where the penstock connect with the powerhouse. To avoid issues associated with trenching in this area near the powerhouse, a conventional tunnel is being considered. Conventional tunneling will likely involve drill and blast excavation of a minimum 12-foot-diameter wide by 12-foot-high horseshoe-shaped open excavation. The tunneled portion will be approximately 700 feet and will encompass the final portion of the penstock where it meets the powerhouse.

A 16 foot by 16 foot conventional tunnel will provide access from the exit tunnel portal to the entry tunnel portal. This tunnel will be within the permanent 100 foot proposed lease area. From the entry tunnel portal to the diversion structure, a 16 foot wide by 5,500 foot long access trail will be utilized. This trail will be within the proposed 100 foot temporary construction easement surrounding the penstock alignment.

Conventional tunneling would likely involve drill and blast excavation. Spoils (soil and ¾-minus rock) from the tunnel excavation will be placed at the powerhouse site and permanently stabilized. Large stockpiles of material will not be allowed to accumulate at the tunnel’s entrance. The downslope entrance will be accessed via a temporary construction access road and will require the construction of a temporary construction workpad. Per AS 38.05.565, a material sales contract may be required if drill spoils and excess rock are deposited on land not owned and managed by the State of Alaska.
Figure 5: Exhibit F-6 – Penstock Plan and Profile

Figure 6: Penstock Sections and Details
Two temporary access trails will be constructed to access the penstock during the construction and survey phase of the project only. This first trail will be located between the existing permanent road on Alyeska Pipeline Service Company (APSC) land and approximate Station 71+50 of the penstock alignment (See Figure 7). The proposed temporary area is approximately 200 feet wide and 1,550 feet long. The actual trail within the easement will be approximately 16 feet wide and 2,400 feet long (additional 850 feet will be on APSC land). Total area encompassed by this easement is approximately 7 acres. The second trail will be located between approximate Station 48+25 and Station 30+25 of the penstock alignment (see Figure 8). The proposed trail will be approximately 200 feet wide and 2,000 feet long. This trail is adjacent to a steep portion of the penstock alignment and will allow tracked equipment to access the diversion structure site. This trail will also provide ATV evacuations.

Figure 7: Temporary Construction Easement for Access Trail between APSC Land and Approximate Station 71+50 of the Penstock Alignment
Figure 8: Temporary Construction Easement for Access Trail Between Approximate Station 48+25 and Station 30+25 of the penstock alignment

- **Powerhouse, Tailrace Channel and Substation/Switchyard to be Authorized Under ADL 231706 (Figures 9 and 10 below):

  **Powerhouse:**

  The powerhouse will be constructed near Allison Creek and will contain one 6.5 MW Pelton turbine and synchronous generator, as well as the auxiliary equipment such as lube oil pumps, governor, exciter, hydraulic systems, and cooling system. A stand-by diesel generator will also be installed in a small building approximately 10 feet by 18 feet adjacent to the powerhouse that can provide power for lighting and heat in the event of temporary loss of the main transmission line. A control room will be constructed in the powerhouse that will contain the turbine and generator control panel.

  The powerhouse will include a concrete/rock filled foundation and a steel moment frame prefabricated metal building with either steel framed or precast concrete wall panels. The powerhouse and foundation will be approximately 65 feet wide and 65 feet long with a floor slab to peak roof height of 48 feet. The roof will be pitched to guide snow away from the parking area and entrance to the building.
The powerhouse will contain one Pelton-type, horizontal turbine that will be directly coupled to a generator with two needle valves and an isolation valve on the bifurcated penstock. The turbine will have a rated capacity of 6.5 MW at a flow rate of 80 cfs. Power output from the powerhouse units will be transmitted via buried cables to a 7.5 MVA transformer located in the switchyard adjacent to the parking area. The proposed switchyard will include a fenced area containing the 7.5 MVA transformer, circuit breakers, and disconnect switches.

Tailrace Channel:

A tailrace channel for returning water to Allison Creek will extend from the north side of the powerhouse to the creek via a concrete channel and the existing creek rockbed. The tailrace will be located approximately 2,000 feet upstream of the mouth of Allison Creek. Total length of the tailrace will be approximately 70 feet with a termination at Allison Creek at approximate Elevation 114 feet.

At the end of the channel, a bar grate fish barrier with two-inch bar spacing will be constructed across the tailrace channel near its mouth to prevent fish from swimming up the tailrace to the turbine. Impacts on anadromous fish will be kept to a minimum and mitigation measures are discussed in the Allison Creek Fish Exclusion Plan submitted as part of CVEA’s FERC license process.

Substation/Switchyard:

The substation and switchyard will include the generator step-up transformer, prefabricated-enclosure outdoor switchgear, and standby generator building. The substation and switchyard will be enclosed by a chain link fence with gates. The generator step up transformer will be provided with oil containment and rain water pump-out facilities. The outgoing transmission line will be installed underground and stubbed up at the first overhead riser pole adjacent to the switchyard for interconnection to the overhead line.

The powerhouse will be accessed by a proposed 650 long, 24-foot wide road across privately-owned lands that will be covered under a separate authorization by Alyeska Trans-Alaska Pipeline.

Permanent Access Road:

A 650 foot long by 24 foot wide access road will be needed to provide access to the powerhouse from the existing gravel road to the east side of the powerhouse site. CVEA will access the existing gravel road via the Alaska Pipeline Service Company and DOT rights-of-way. CVEA has agreed to obtain letters of non-objection and access agreements from these land users prior to use of the access road.
Figure 9: Powerhouse Site Plan

Figure 10: Powerhouse General Arrangement
Overhead Electric Transmission Line to be Authorized Under ADL 231698, Private Non-Exclusive Utility Easement (Figures 11-16 below):

CVEA proposes to install a 3.8 mile-long, 25 kV overhead electric transmission line to transmit power from the switchyard to the CVEA switching station located near the Petro Star facility located approximately 2.5 miles up Dayville Road. The corridor will be 100 feet in width for the majority of the transmission line alignment, but will be expanded to approximately 120 feet at four areas along the alignment to allow for guy anchor spacing. The easement will also be expanded at Pole 120 and Pole 123 due to extra space needed for guy anchors stubs in those locations (See Figure 13). The final dimensions of the guy anchor areas will be delineated by an as-built survey.

The alignment for the transmission line will be a cleared path, generally located south and uphill from the existing Alyeska TAPS right-of-way. Wood poles will range from 45 feet to 65 feet in height and will be spaced approximately 250 feet apart. Conductor spacing will be designed to maximize raptor protection. In areas where sufficient conductor spacing is not feasible, additional shielding will be added. The alignment will be installed in accordance with National Electric Safety Code (NESC) standards.

A fiber optic cable will be installed on poles from the substation/switchyard to the existing fiber optic infrastructure located at Salmon Gulch (see Figure 10). The fiber optics will be used to operate the project after construction.

Due to the rugged terrain, it is anticipated that clearing will be done mostly by hand. Poles will be installed in holes drilled by a truck-mounted auger. Each hole will be approximately 18 to 24 inches wide and 6.5 to 8.5 feet deep. Rock anchors will be used in areas where a sufficiently deep hole cannot be drilled due to soil conditions. Given the proximity of the alignment to TAPS, no blasting will be used within 1,000 feet of the pipeline. Helicopters may be required to lift and place poles into holes. After installation of the poles, construction personnel will climb the poles to string the conductors.

Figure 11: Length of Electric Transmission Line
The width of the private, non-exclusive easement corridor will be 100 feet. Additional square footage will be authorized at six locations along the corridor to allow for guy anchor stub placement. These locations are described as follows (Figures 13-):

- East of Pole 38: 1,707 additional square feet
- East of pole 70: 300 additional square feet
- North of pole 76: 1,565 additional square feet
- West of Pole 86: 300 additional square feet
- East of pole 120: 1,532 additional square feet
- North of pole 123: 300 additional square feet

Square footage is estimated and will be confirmed upon the completion and DMLW-approval of an as-built survey.
Figure 13: Location of Pole 38

Figure 14: Location of Pole 70
For full details on the project components and diagrams, please see the attached development plan submitted by CVEA.
Legal Description and Location:

DLMW-managed, State-owned land affected by the proposed surface lease ADL 231706 and associated private, non-exclusive utility easement ADL 231698 are described below and as shown in the following Figures 10-13:

Within Sections 19-23, 29, and 30 of Township 009 South, Range 006 West, Copper River Meridian.

Figure 17: Allison Creek Project Site Overview: Sections 19-23, 29 and 30 of Township 009 South, Range 006 West, Copper River Meridian
Figure 18: Diversion Structure, Penstock, and Powerhouse (ADL 231706) - Sections 19, 20, 29 and 30, Township 009 South, Range 006 West, Copper River Meridian
Figure 19: Beginning of Electric Transmission Line (ADL 231698) – Sections 20 and 21 of Township 009 South, Range 006 West, Copper River Meridian
Acreage and width:

The width and acreage of the lease and easement areas:

Surface Lease ADL 231706: Total area encompassed by the lease is approximately 36 acres.

- CVEA is requesting a lease for the area outlined in blue on the attached Permanent Lease Exhibit (Figure 15). This area will include the diversion structure and its components, penstock, and powerhouse. The area is approximately 908,500 total square feet, or 20.86 total acres. CVEA is also requesting an additional 100 feet of space along the penstock alignment (662,500 additional square feet or 15.21 acres).

Temporary Construction Easements to be authorized under the Early Entry Authorization/Land Use Permit only: Total area encompassed by the temporary easements is approximately 34 acres.

- CVEA has requested an additional 100 feet of space along the penstock alignment totaling approximately 15.21 additional acres for the duration of construction activities only. This authorization will be issued as a Temporary Construction Easement during the term of the Early Entry Authorization/Land Use Permit. (A total of 200 feet in width will be authorized around the penstock alignment for construction and survey activities. 100 feet in width will be authorized under the final Surface Lease ADL 231706.)

- CVEA has also requested two temporary access trails to be authorized as Temporary Construction Easements as part of the Early Entry Authorization/Land Use Permit, but not as part of the final easement for ADL 231698. These trails, as mentioned previously in this document, will encompass approximately 19 additional acres of DMLW-managed, State-owned land.

Private, Non-Exclusive Utility Easement ADL 231698: Total area encompassed by the easement is approximately 43 acres.

- CVEA is requesting an easement for the areas shown on the attached Permanent Easement Exhibit (Figure 11). The area is 3.8 miles in length and 100 feet in width for a total of approximately 40.9 acres.

Immediately adjacent to the east of the powerhouse and substation/switchyard is an irregularly shaped area of approximately 1.84 acres.

For the remainder of the transmission line, CVEA is requesting an area of approximately 534,800 square feet (17,825 feet long by 100 feet wide) or 40.9 acres. The width of the easement will be 100 feet. In addition, additional square footage will also be authorized at Poles 38, 70, 76, 86, 120 and 123 to allow for guy anchor stubs as previously described. Final width and acreage will be delineated by an as-built survey after construction activities have been completed.

Exact final acreages of the lease and associated easement will be calculated upon construction and as-built survey completion. Site restoration plans upon termination of temporary easement activities have been provided by CVEA and can be viewed in Exhibit B.
Legal Authority:

DNR is authorized to execute surface leases on state land under the provisions of AS 38.05.810(e). DNR is authorized to execute easements on state land under the provisions of AS 38.05.850. Other Statues and Alaska Administrative Codes referred to in this decision are: AS 38.05.020, AS 38.05.085, AS 38.05.130, AS 38.05.840, AS 38.05.035, AS 38.05.285, AS 38.05.103-105, AS 38.05.300, AS 38.05.945, 11 AAC 53, 11 AAC 96, 11 AAC 55, 11 AAC 58, 11 AAC 05.010(e)(9), 11 AAC 05.010(e)(11)(C), 11 AAC 53(a)13(A), 11 AAC 58.410, AS 38.05.035(a)(2), AS 38.05.145, 11 AAC 96.060, and 11 AAC 83.160, 11 AAC 96.060, 11 AAC 96.065.

Administrative Record:

The administrative record for the surface lease proposal is ADL 231706. The administrative record for the private, non-exclusive utility easement proposal is ADL 231698. Both portions of the proposed project will be authorized concurrently.

Title:

According to a DNR Title Reported received on March 12, 2013, ownership of the lands impacted by the proposed project was transferred from the United States Bureau of Land Management to the State of Alaska via Patent 50-80-0146 on September 10, 1980, GS 1163. A portion of the powerhouse, the switchyard and tailrace, will be constructed on the Alyeska Pipeline Service Company, Valdez Marine Terminal property (State of Alaska Patent Number 2205 issued for the land estate of ASLS 74-83 on February 4, 1975, USS 3328), and the easterly terminus of the 25kV transmission line will be on Pipeline Partners property (USS 630 and USS 632).

Area Plan and Classification:

The lands affected by the surface lease and private non-exclusive utility easement for the proposed authorizations under ADL 231706 and ADL 231698 are included in the Prince William Sound Area Plan, Surface Classification 88-004, Management Subunit 21b- Sugarloaf. Land in this unit is mountainous and above treeline. The primary surface use of lands affected by the proposed project is low-value resource management. The unit includes Solomon Lake, the reservoir, and the right-of-way for Solomon Gulch Power Project and the water supply for the Solomon Gulch Hatchery. The area will be retained in state ownership and managed for multiple uses with appropriate protection for mountain goat habitat and the hatchery water supply.

Sugarloaf Mountain and mountainous land near Canyon Slough have been identified as potential sites for developed downhill ski areas. According to the current area plan, uses that might foreclose such development should not be authorized without prior consultation with the City of Valdez.

The TAGS and TAPS rights-of-way traverse this subunit. Management will be consistent with the needs of the TAPS and TAGS transportation corridors.

Issuance of the surface lease and associated private non-exclusive utility easement is compatible with the management intent for the affected area as described by the Prince William Sound Area Plan. CVEA should contact ADF&G to coordinate on mitigation measures for mountain goat and fish habitat and to obtain the appropriate ADF&G and DEC permits prior to commencing project construction.
Other DNR Authorizations:

LAS 27334 – Land Use Permit issued to CVEA for 6 standpipes and 2 stream gauges for the Allison Creek Project (Sections 19 and 29). Permit issued on September 1, 2009 and will expire on August 31, 2009.

LAS 28393 – Pending application by CVEA for water rights certificate related to the Allison Creek Project (Section 19).

Third Party Interests:

- ADL 63574 - Lease to Alyeska Pipeline Service Company (PSC) for TAPS (Sections 20, 21, and 23). The transmission line for the project will cross this lease area. In the location where the lease area crosses the section line easement at the border of Sections 14 and 15, Township 009 South, Range 006 West, Copper River Meridian. Per the development plan submitted with CVEA’s application, the project will not interfere with Alyeska PSC’s use of the lease area. CVEA shall obtain a letter of non-objection and access agreement from Alyeska Pipeline Service Company prior to commencing operations to their privately-owned land.

- USS 632 and 630 – Pipeline Partners, Petro Star Facility. Purchase agreement from Robert Bannon to Pipeline Partners, LP, Petro Star Valdez Inc. signed on August 20, 1991 and recorded in the Valdez Recording Office on September 10, 1991. Per the development plan submitted with CVEA’s application, the project will not interfere with Alyeska PSC’s use of the lease area. CVEA shall obtain a letter of non-objection and access agreement from Alyeska Pipeline Service Company prior to commencing operations to their privately-owned land.

CVEA shall obtain necessary entry authorizations, access agreements, and letters of non-objection from third-party interests prior to commencing construction activities.

Management Issues:

- ADL 63574 – Lease to Alyeska PSC for TAPS (Sections 20, 21, and 23). The transmission line for the project will cross this lease area. In the location where the lease area crosses the section line easement at the border of Sections 14 and 15, Township 009 South, Range 006 West, Copper River Meridian. The project is not expected to interfere with Alyeska PSC’s current use of the lease area.

- ADL 415791 – Interim authorization to GCI for a private non-exclusive easement for a fiber optic line along TAPS route (Sections 20, 21, and 23). The transmission line for the project will cross this easement area in the location where the easement area crosses the section line easement at the border of Sections 14 and 19, Township 009 South, Range 006 West, Copper River Meridian. The project is not expected to interfere with GCI’s current use of the easement area. CVEA shall obtain a letter of non-objection from GCI for where the project crosses their easement.

- LAS 27929 – Land use Permit to Valdez Trails Association for snowcat grooming on Sugarloaf Mountain (Sections 20, 21 and 22). CVEA’s development plan has stated that the project is not expected to interfere with this land use authorization.
• LAS 29006 – Application for permit received from Alyeska PSC for TAPS to conduct integrity investigations at pumps 515.44, 783.61, 794.64, and 798.97 along TAPS. CVEA’s development plan has stated that the project is not expected to interfere with this land use authorization.

• LAS 26403 – Land Use Permit to USDA NRCS for Snowtel weather data site (Section 21). CVEA’s project development plan states that the project is not expected to interfere with this land use authorization.

• ADL 67279 – Lease to Southeast Alaska Power Agency for Solomon Gulch (Section 21). The project is intended to complement the Solomon Gulch hydroelectric facilities and is not expected to interfere with this land use authorization.

• ADL 67279 – Water rights certificate to CVEA for Solomon Gulch (Section 21). CVEA’s development plan states that the project is not expected to interfere with this land use authorization.

• ADL 80113 – Public easement to Southeast Alaska Power Agency for Solomon Gulch transmission line (Section 23). The project is intended to complement the Solomon Gulch hydroelectric facilities and is not expected to interfere with this land use authorization. CVEA shall obtain a letter of non-objection where the project abuts with the easement.

• Per AS 38.05.565, a material sales contract filed with the State of Alaska, DNR will be required if excess rock and drill spoils from the tunnel excavation are deposited on land not owned and managed by the State of Alaska. The final lease and associated easement may stipulate the applicant apply for the materials contract if necessary. The applicant shall apply for the Material Sale Contract if the project advances with plans to deposit spoils and excess rock from the drilled tunnel onto lands not owned and managed the State of Alaska. CVEA shall contact Christina Bohner, Material/Sales Contract Representative for the State of Alaska, DNR at (907) 269-8560 if a materials contract is needed.

Access:

Access to this project will be via a permanent access road currently planned to be constructed on lands owned by Alyeska Pipeline. CVEA will access the Alyeska Pipeline Road from the nearest DOT right-of-way. These authorizations are not on DMLW-managed, State-owned land; however, a letter of non-objection from Alyeska and DOT will be required as part of this authorization. A copy of the access agreement established between Alyeska and CVEA will also be required.

• Construction Access to powerhouse, per CVEA’s Public Safety and Access Plan Draft: According to CVEA, an access route from Dayville Road will be used by CVEA personnel and construction management staff, contractors, subcontractors, vendors, and material suppliers for construction access. The access point will be inside the VMT property south of the security checkpoint where the existing gravel Pipeline Road extends from the VMT contractor parking area to the powerhouse and lower project facilities.

The powerhouse location can only be accessed by crossing Alyeska property. Access to the powerhouse shall follow all Alyeska protocols, and CVEA shall obtain a written access agreement prior to entry onto Alyeska land.
A formal site security protocol will be established between CVEA and Alyeska prior to mobilization of construction activities. The protocol will include establishing security clearance measures for all contractors and CVEA personnel. These measures will include issuing security badges to individuals and vehicle access permits. A roster will be developed and actively maintained that will contain a comprehensive list of the contractor’s site staff, subcontractors, vendors, and material suppliers.

- Access to Transmission Line Route, per CVEA’s Public Safety and Access Plan Draft: The transmission line will be constructed mostly by helicopter; however, signs at critical access points will be posted. These access points include the area closest to the powerhouse, the intersection between the Solomon Gulch road/trail and proposed transmission line route, and the end point of the transmission line that crosses the TAPS right-of-way and terminates at the Petro Star Facility off Dayville Road.

**Applicant Compliance:**

DNR Land Administration System records indicate that CVEA is not in a state of non-compliance with the terms of any other DNR authorizations.

**Environmental Risks:**

There are several environmental risks and impacts associated with this project. These risks were taken into consideration when determining mitigating measures, stipulations, insurance, and bonding requirements. Please see the associated environmental impact response plans: Allison Creek Environmental Response Plan, Allison Creek-Biotic Monitoring Plan, Compliance Monitoring Plan, Allison Creek Exclusion Plan, Fire Prevention Plan, Spill Prevention Plan, and Erosion and Sediment Control Plan. The draft plans were submitted to the Federal Energy Regulatory Commission (FERC) in response to agency comments they received during their authorization process and have not been finalized as of the date of this Preliminary Decision. Final plans will be sited in the subsequent Final Finding and Decision. These plans can be viewed by visiting the FERC website and searching for CVEA’s application number (FERC No. 13124). CVEA shall obtain all final FERC authorizations prior to final surface lease and private, non-exclusive easement issuances.

**Economic Benefit and Development of the State’s Resources:**

In accordance with AS 38.05.850, the SCRO considered three criteria to determine if this project provided the greatest economic benefit to the State of Alaska and the development of its natural resources. These included direct economic benefit to the state, indirect economic benefit to the state, and encouragement of the development of the state’s resources.

Collection of annual fees for the surface lease issued under AS 38.05.810(e) and the private, non-exclusive utility easement issued under AS 38.05.850 represent the direct economic benefits realized by the State of Alaska. In the event that the fees are waived for this proposal, this project will still be an indirect benefit to the State of Alaska.

The purpose of the Allison Creek Hydroelectric project is to provide electrical services to customers of CVEA. Per the application filed by CVEA, the Valdez District and Copper Basin District have limited power-generating resources to serve a small and dispersed population that requires extensive infrastructure improvements. The Allison Creek Hydroelectric project is expected to contribute a net average of 16 GWh of energy per year and will positively contribute to the region’s quality of life and public safety by increasing the region’s supply of clean renewable power resources, improving the overall
reliability of CVEA’s transmission system and generation plants, and allowing CVEA to transmit power in the most efficient manner.

There are currently no known competing projects for the use of these same lands. The SCRO finds that granting the surface lease and associated easement provides for direct and indirect benefits, hence providing the greatest economic benefit to the State of Alaska. The use of State-owned lands as described in ADL 231706 and ADL 231698 are considered consistent with the legislative intent of AS 38.05.810(e) and AS 38.05.850.

Management Analysis and Discussions:

The DNR, DMLW, SCRO has been charged with the task of managing State-owned land in trust for the people of Alaska. DNR’s mission is to responsibly develop Alaska’s resources by making them available for maximum use and benefit consistent with the public interest. Before issuing an authorization, SCRO reviews various land management documents and programs, Alaska Statutes and Administrative Codes, current and future needs of an area, risk management issues, and the applicants’ ability to operate their project and their compliance history, and conducts a public notice and agency review process. From this information, SCRO determines whether or not the project is in the best interest of the State of Alaska.

SCRO is proposing to issue Surface Land Lease ADL 231706 under AS 38.05.810(e) and associated Private Non-Exclusive Utility Easement ADL 231698 under AS 38.05.850 to CVEA for the proposed hydroelectric project which CVEA states will stabilize and guarantee deliverable amounts of electricity to the Valdez area.

The applicant is required to comply with all stipulations and conditions listed in the terms of any Early Entry Authorization (Land Use Permit) and final Easement issued by the DMLW in association with this decision document. In addition, the applicant must obtain and comply with all required local, state, and federal permits and authorizations which may be required for proper implementation of the overall development plan associated with the activities described in ADL 231706 and ADL 231698. Therefore, after a review of information provided by the applicant and relevant statutes, regulations, plans, and policies pertaining to this application; and so long as the applicant conforms to the provisions of required permits, the Region has determined that the activities described in ADL 231706 and ADL 231698 are consistent with DNR’s mission.

Lease Authorization – ADL 231709:

Under the provisions of AS 38.05.810(e), the lease, sale, or other disposal of State land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license. Notwithstanding AS 38.05.550 – 38.05.565, the sale of materials necessary for construction, use, or maintenance of property leased, sold, or disposed of under this section may be negotiated by the director. A lease with a licensed public utility that is an electric utility entered into under this subsection may not include, as part of the rent or other fee that is negotiated or charged, an amount that is based on or determined by a percentage of gross revenue for renewable energy produced by the electric utility. As a public utility cooperative, CVEA qualifies under this statute.

Early Entry Authorization:

SCRO is proposing to authorize CVEA initial entry onto DMLW-managed, State-owned land through the issuance of an Early Entry Authorization (EEA)/Land Use Permit (LUP) while they are completing the required construction, survey, and appraisal requirements for the proposed lease and easement. The Preliminary Decision
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EEA/LUP will be issued under AS 38.05.810(e) for the surface lease and AS 38.05.850 for the private, non-exclusive utility easement after the Final Finding and Decision has been approved.

The EEA will allow for the construction, use, and maintenance of the diversion structure, penstock, powerhouse, and electric transmission line on the proposed site while the required surveys and appraisal are completed. The EEA/LUP will authorize improvements and survey activities on State-owned land only, and it is the responsibility of CVEA to obtain the necessary authorizations from adjoining land owners for improvements on their land.

For construction purposes, Temporary Construction Easements estimated to be approximately 34 acres around the penstock alignment will be granted under the terms of the EEA. These easements will include an additional 100 feet of space surrounding the 100-foot permanent penstock alignment area as well as two temporary construction access trails. The final lease width will be 100 feet, and the additional 100 feet and trail acreage will be reduced post-construction and will be reflected in the final lease agreement upon review and approval of an ASLS Survey. CVEA will be required to restore and re-vegetate the sites upon termination of temporary construction easement activities. Site restoration and re-vegetation plans can be viewed in the attached Exhibit B.

**Easement Authorization – ADL 231698:**

The associated Private, Non-Exclusive Utility easement will be authorized under AS 38.05.850 upon completion of all terms and conditions of the Early Entry Authorization/Land Use Permit.

**Term Length:**

- **Surface Lease ADL 231706:**
  SCRO is proposing a term of 30 years for the surface lease.

- **Private, Non-Exclusive Utility Easement ADL 231698:**
  The SCRO has determined that the authorization for the proposed easement (25 kV electric transmission line portion of the project) is functionally irrevocable but may be terminated upon abandonment of the associated surface lease. The DMLW reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. Authorized concurrent users of State land, their agents, employees, contractors, subcontractors, and licensees shall not interfere with the operation or maintenance activities of each user. The DMLW may require authorized concurrent users of State land to enter into an equitable agreement regarding concurrent use. The associated easement will be authorized for a 30-year term which is consistent with the surface lease authorization. Although deemed functionally irrevocable, DNR reserves the right to terminate the easement when it is no longer used for the purpose intended.

- **Early Entry Authorization/Land Use Permit and Temporary Construction Easements** will be issued for at term of five years that may be extended at the written request of CVEA.

**Surveys:**

As the proposed surface lease is bordered by existing infrastructure, as-built surveys will be required to properly locate the proposed lease site and the associated private, non-exclusive utility easement.

- **Surface Lease ADL 231706:**

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Alaska State Land Survey (ASLS) – As required by AS 38.04.045, CVEA will be required to complete an Alaskan State Land Survey (ASLS) for the proposed surface lease ADL 231706, according to the requirements and standards of the DMLW Survey Section prior to lease issuance. The draft ASLS must be submitted to the DMLW Survey Section for review within one year of issuance of the survey instructions. If the submitted ASLS is accepted by the DMLW, the measurements identified will be used to accurately calculate the total acreage. CVEA should contact Survey Section at the DMLW at (907) 269-8523 to obtain survey instructions prior to commencing survey activities.

- **Private Non-Exclusive Utility Easement ADL 231698:**
  As-built Survey - A DNR-approved as-built survey is required for ADL 231698 to determine the proper location and compute accurate acreage of improvements proposed for installation on DMLW-managed, State-owned lands. CVEA will be required to submit a DNR Cadastral Survey Unit Application for Survey Instructions which may be subject to a Survey Instruction fee of $225, per 11 AAC 53(a)13(A). Survey instructions will be provided to CVEA upon receipt of the application and fee. CVEA may contact the Survey Section of the DMLW at (907) 269-8523 to obtain the as-built survey instructions, and shall do so prior to commencing survey activities on DMLW-managed, State-owned lands. DNR highly recommends obtaining as-built survey instructions prior to or during the design phase of the project to save money and time and most effectively produce acceptable as-built surveys. The final easement for ADL 231698 will not be issued until the as-built survey has been approved by the Survey Section of the DMLW.

**Appraisal:**

In accordance with AS 38.05.840, state-owned land can only be leased if it has been appraised within two years before lease issuance. A fair market appraisal is used to establish the minimum annual fee that can be assessed for the leased parcels. A Minimum Rent Determination for the proposed lease ADL 231706 will be completed by DNR’s Appraisal Unit in order to determine if an appraisal would be required. This reported stated that the estimated minimum annual fee for this site would be more than the minimum fee required by 11 AAC 58.410; therefore, a formal appraisal is required. CVEA will be required to provide SCRO with a DNR approved appraisal to establish the Fair Market Value (FMV) of the land, the cost of which is to be born solely by CVEA.

Appraisal requirements do not apply to the easement portions of this decision unless the electric transmission line includes fiber optics or bundled services, upon which an appraisal of fair market value may be required to determine annual easement fees.

**Fees:**

- **Surface Lease Annual Fee:** To be determined consistent with the information stated below:

  SCRO has the responsibility under statute to negotiate a lease compensation method which will maximize the amount of return to the State for the use of State land. Taking into account the type of use to be conducted on the leased parcel and the benefit to the local communities, SCRO may consider a combination of one or more of the following, though in no event shall the annual fee be less than the Fair Market Value (FMV) or $1,000, whichever is greater, as required through 11 AAC 58.410(b).

  o A percentage of the annual gross receipts as reported to the U.S. Internal Revenue Service.
  o A guaranteed annual minimum rent or a percentage of gross receipts, whichever is greater.
• The fair market rental value.
• A fixed annual rent that is not less than the fair market value of the land.
• Other compensation acceptable to the Commissioner.

• Early Entry Authorization Fee: To be determined consistent with the information stated below:

  The lease portion will be charged an annual fee consistent with 11 AAC 05.010(e)(6). The easement portion will be charged an annual fee consistent with 11 AAC 05.010(e)(9) for the term of the Early Entry Authorization which states an annual fee of $50 per acre with a $100 minimum. This will include the Temporary Construction Easements requested by CVEA.

• Private Non-Exclusive Easement Fee: The estimated annual fee for the Private Non-Exclusive Utility Easement is $4300, in accordance with the information stated below:

  The final Private, Non-Exclusive Utility Easement will be issued consistent with 11 AAC 05.010(e)(11)(A), which states an required annual fee of $100.00 per acre for a total of approximately $4300. CVEA has stated that the use of fiber optics will be minimal and only used for routine maintenance; therefore, it was deemed suitable to charge a fee for private, non-exclusive use without the fiber optic fee requirement stated in 11 AAC 05.010(e)(11)(C). In the event of a change in usage of the fiber optics, the SCRO reserves the right to enforce the appropriate fee for fiber optics usage consistent with 11 AAC 05.010(e)(11)(C).

CVEA has applied as a non-profit organization and has requested fee waivers. The fees mentioned above are estimated and are for information purposes, and they may be waived upon permission from the DNR DMLW Regional Manager and/or DNR Commissioner. Final fee requirements will be reported in the Final Finding and Decision upon completion of the public notice and agency review process.

Sub-Leases:

Subleasing will be allowed on this site through AS 38.05.095 for the portions of the project that will be included under the surface lease. All potential sub-leases affecting the surface lease footprint must first be approved in writing by the SCRO.

Any possible sub-lease must be compatible with the finalized classification of the site currently proposed by CVEA and its affiliates. As a condition for permission to sub-lease, SCRO reserves the right to negotiate an annual fee for each sub-lease. The fee for commercial activities will not be less than 25% of the sub-lessee’s annual rent paid to the lessee.

Sub-leasing will not be authorized under the terms of the Early Entry Authorization/Land Use Permit.

Performance Bonds:

Under AS 38.05.035(a)(2), AS 38.05.145, 11 AAC 96.060, CVEA will be required to submit to DNR a project-wide performance guaranty bond which will remain in existence for the life of all of the proposed leases and easements. Bond amounts are based upon the level of development, amounts of hazardous material/substances which are detailed within the project’s development plan, and perceived liability to the State.

This project-wide bond will be used to ensure CVEA’s compliance with the terms and conditions of all authorizations issued for this project. The bond amount will be subject to periodic adjustments and may be adjusted upon approval of any amendments, assignments, re-appraisals, changes in the development Preliminary Decision

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plan, changes in the activities conducted, or changes in the performance of operations conducted on any of the authorized premises, and as a result of any violations to any one or more of the authorizations associated with this project.

A finalized bond amount was not available at the time of this publication; however, it will be addressed in the Final Finding and Decision. The bonds listed below are estimated based on the initial development plan submitted by CVEA. Final Bond amounts may be subject to change pending any amendments to the development plan or project description.

- **Early Entry Authorization (EEA):**

  Prior to the issuance of the proposed EEA, SCRO will require a cash bond in the amount of $80,000 to be used as follows:

  $50,000 Survey Cash Deposit to insure completion of the required surveys and appraisal within the timeframe established under the EEA. In assessing a penalty, the SCRO shall, at its discretion, make allowance for circumstances which are beyond the ability of CVEA or CVEA’s agents or contractors to control. This cash bond, or portion thereof, shall be released upon DNR’s final approval of all required surveys and appraisals.

  $30,000 Site Performance Guaranty Bond shall remain in place throughout the life of the permit and the subsequent lease and easement to assure CVEA’s compliance with the terms and conditions of both authorizations. Should CVEA fail to abide by the terms of the EEA, this bond may be used by the Authorized Officer (AO) to pay for corrective actions.

- **Insurance:**

  Under the provisions of AS 38.05.035(a)(2) and 11 AAC 96.065, CVEA will be required to submit proof of liability insurance with the State of Alaska listed as additionally-named insured. CVEA will be responsible for maintaining such insurance throughout the term of all authorizations issued through DNR. This proof of insurance will be submitted to and managed by SCRO. The State requires that within the notes section of the Certificate of Insurance, the following DNR casefiles be referenced: ADL 231706 Surface Lease, ADL 231698 Private, Non-Exclusive Utility Easement, and LAS 28393 Water Rights.

  CVEA shall also submit proof of insurance for all contractors involved in the project in order to protect the State of Alaska and its employees from all risks associated with the planned activities. Certificates of Insurance shall be submitted to the DMLW prior to entry onto State-owned land for usages which are not generally allowed under 11 AAC 96.020.

- **Interagency Review and Public Notice:**

  A mandatory 30-Day Interagency Review and 30-Day Public Notice (pursuant to AS 38.05.945) applies to the Surface Lease portion of this Preliminary Decision. The Public Notice will be advertised starting on **August 7, 2013 and will run for a period of 30 days to terminate on September 6, 2013.** The public notice will be advertised in the Anchorage Daily News and Valdez Star newspapers on August 7, 2013. The notice will also be mailed to adjacent property owners, permit/lease holders, and other interested parties located within a quarter mile radius of the entire project on August 7, 2013. The Interagency Review and Public Notice will be circulated to the following agencies and interested parties:
In addition, the post offices located in Valdez, Chitina, Tatatlek and Glennallen, and will be requested to post the notice per AS 38.05.945(b)(3)(B). This notice will also be posted on the Department’s website located at https://aws.state.ak.us/OnlinePublicNotices/Default.aspx.

Due to the irrevocable nature of the private, non-exclusive utility easement portion of the project, a public notice is also required under AS 38.05.850. The SCRO will conduct a joint agency and public notice of the proposed easement beginning August 7, 2013. The comment period will last for a period of 30 days and will terminate on September 6, 2013. The notice will be distributed to the same parties listed above.

Comments:

This Decision is subject to both public and agency comments, and all comments received by the comment deadline will be addressed in the Final Finding and Decision. Written comments or additional project proposals must be submitted to the following address no later than 5:00PM on September 6, 2013 to be considered.
Recommendation of Issuance of Early Entry Authorization:

SCRO recommends the issuance of an Early Entry Authorization (EEA)/Land Use Permit to CVEA for a term of five years for the purpose of constructing and surveying the Allison Creek Hydroelectric project. A finalized surface lease and associated private, non-exclusive utility easement will not be granted until after CVEA has conformed to all terms and conditions listed in the EEA. An extension may be granted at the request of CVEA and if granting the extension is deemed appropriate by the Southcentral Region Authorized Officer (AO). If an extension is required, the applicant shall contact DNR, DMLW no later than 30 days prior to expiration of the EEA and submit a non-refundable filing fee per 11 AAC 05.010(a)(5)(D).

For construction purposes, Early Entry Authorization/Land Use Permits will be issued for ADLs 231706 and 231698 as described below:

- Diversion Structure, Penstock and Powerhouse/Switchyard (Surface Lease ADL 231706):
  - Diversion Structure: Approximately 140,000 total square feet (approximately 400 feet x 350 feet) for a total of 3.21 acres.
  - Penstock: Approximately 1,390,782 square feet (approximately 7,000 feet long x 200 feet wide) for a total of approximately 31 acres. The final surface lease width and area will be reduced post construction and will be reflected in the final lease agreement upon review and approval of an ASLS survey.
  - Powerhouse and Switchyard: 105,980 square feet (approximately 65 feet x 65 feet x 48 feet) for a total of 2.43 acres.
  - Total acreage encompassed by the surface lease EEA: Approximately 36 acres.

- 25 kV Overhead Electric Transmission Line (Private Non-Exclusive Utility Easement ADL 231698):
  - Total acreage encompassed by the Private Non-Exclusive Utility Easement EEA: 43 acres.
    - Immediately adjacent to the powerhouse and switchyard, the applicant is requesting an area of approximately 80,165 square feet, or 1.84 acres.
    - For the remainder of the transmission line, the applicant is requesting an area of approximately 530,841 square feet (approximately 17,694.7 feet long x 100 feet wide) for a total of approximately 40.9 acres:
      - Additional square footage will be authorized at poles 38, 70, 76, 86, 120 and 123. Final square footage will be determined via as-built survey upon project completion.

- Temporary Construction Easements:
Additional 100 feet of space surrounding entire penstock alignment. 200 foot wide total space to be authorized for construction purposes only. Area will be reduced to 100 feet post construction. Total acreage encompassed by the temporary construction easement will be approximately 15.21 acres.

Two temporary trails for the purpose of accessing the penstock area during construction activities. Trail 1 will be approximately 200 feet in width and 1,550 feet in length (actual trail width will be approximately 16 feet in width within that corridor). Total acreage encompassed by this easement will be approximately 7 acres. Trail 2 will be approximately 200 feet in width and 2,000 feet in length and will encompass approximately 9 acres of DMLW-managed, State-owned land. Trail 2 will provide access for tracked equipment and ATV’s to the penstock construction area.

**Recommendation of Issuance of Surface Lease and associated Private, Non-Exclusive Utility Easement:**

In consideration of all events and criteria listed above, it is SCRO’s determination that this project is consistent with the overall classification and management intent for this land and would be a benefit to the State of Alaska. Therefore, SCRO recommends issuance of a finalized Surface Lease per AS 38.05.810(e) and associated Private, Non-Exclusive Utility Easement per AS 38.05.850 to CVEA upon satisfactory completion of construction of the project in accordance with the stipulations and conditions listed in the above described EEA. The Surface Lease will be issued for a term of 30 years, and the associated easement will be issued for an indefinite period that may be terminated when no longer used for the intended purpose.

ADL 231706 will authorize the operation and maintenance of the surface lease which will include the project’s diversion structure, penstock, and powerhouse. ADL 231698 will authorize the operation and maintenance of the associated, adjacent overhead electrical transmission line.

Once operational, the hydroelectric system will no longer require in-water work except for routine inspections. Normal and routine maintenance will include, but not be limited to, ditch cleaning, pothole patching, and snow and ice control. CVEA will notify DNR and other land owners prior to commencing any major maintenance and repairs to confirm if any additional permits will be required.

The lease and easement granted by DNR will not authorize any activities outside the scope of the applied-for lands which are managed by the DMLW and owned by the State of Alaska as described in this document. If issued, the surface lease and private, non-exclusive easement will be subject to the General and Special stipulations described in Attachment A of the Early Entry Authorization and all requirements of other state, local, and federal agencies affected by this easement.

**Signature Page Follows:**
Regional Signatures:

Jessica Easler, Natural Resource Specialist II  
7/16/13  
Date

Renee Romsland, Natural Resource Specialist III  
7/17/13  
Date

I find all the applicable statutes and regulations have been met and it is in the best interest of the state to proceed with the adjudication of this project.

Richard B. Thompson, Regional Manager  
7/29/2013  
Date

Southcentral Region Land Office, Division of Mining, Land and Water
Exhibit A: Project Development Plan (enclosed)
Exhibit B: Temporary Easement Site Restoration/Vegetation Management Plan (enclosed)