

JAN 10 2001

To Whom It May Concern:

We are pleased to report that the Interagency Task Force (ITF) on Improving Hydroelectric Licensing Processes, a coordinated effort by the Federal Energy Regulatory Commission, the Department of the Interior, the Department of Commerce, the Department of Agriculture, the Department of Energy, the Environmental Protection Agency, and the Council on Environmental Quality, has successfully completed its work. After extensive collaboration, the ITF has agreed on recommendations to make hydropower licensing decisions more timely and well-supported by reducing redundancy, improving communications, finding efficiencies, and streamlining the licensing process, while maintaining the balance between developmental and non-developmental values mandated by Congress.

We are proud of our accomplishments. The key documents developed by the ITF, which are summarized in an attachment to this letter, provide recommendations concerning: the National Environmental Policy Act (NEPA) process; environmental studies performed in connection with hydropower licensing; consultation under the Endangered Species Act; mandatory license conditions provided by fish and wildlife resource agencies; procedures for providing public notice of hydropower licensing actions; guidelines regarding the Commission's streamlined Alternative Licensing Procedures; and, methods for drafting enforceable and trackable license conditions. The ITF's working groups also provided input to the reform of the Commission's off-the-record communications rule, reviewed the economic techniques used by various federal agencies as they participate in the licensing process, and examined adaptive management principles. Other projects have arisen as a direct result of the ITF, including the proposal by the Departments of the Interior and Commerce to establish notice and comment procedures with respect to their preparation of mandatory license conditions, and Commission staff's work to clearly articulate policy regarding enforcement of settlement provisions. Overall, the entire ITF effort was fruitful and produced concrete reforms that can make a real difference. These reports are available on the Commission's web site, www.ferc.fed.us.

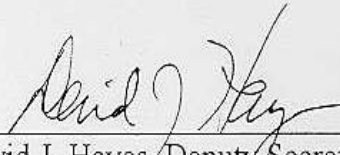
The next step is to fully implement the improvements recommended by the ITF. We are doing this already by devoting senior staff to continue the interagency dialogue with the regional offices, and we will soon be providing public education outreach on the ITF's efforts to the field offices, with ongoing monitoring of the implementation process. There were also some issues that were not addressed or resolved during the life of the ITF. An Interagency Hydropower Committee (IHC) has been created and will meet quarterly to pursue solutions to these remaining issues and address new ones that may

arise. The IHC will not only provide a forum for resolution but will help continue this constructive exchange of ideas.

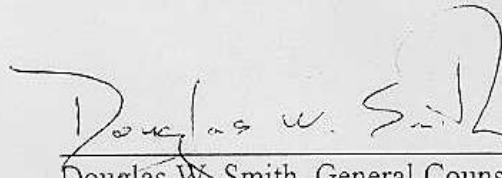
As important as the ITF's substantive achievements was the rapport, increased understanding, and spirit of collaboration it fostered among the staffs of the Federal agencies involved, as well as representatives of state agencies who participated in the ITF working groups. Moreover, representatives of licensees, Indian Tribes, state and county governments, and non-governmental organizations provided valuable input to the ITF through the ITF advisory committee. We gratefully acknowledge the invaluable contributions of these dedicated people. We suggest that the next Administration consider the benefits of using an advisory committee or other structured outreach as a mechanism for continued stakeholder input.

The ITF itself is coming to an end but its work will continue with the implementation of the recommended reforms. We are confident that this effort will continue to bear fruit, resulting in important improvements in the hydropower licensing process.

Signed,



David J. Hayes, Deputy Secretary
Department of the Interior



Douglas W. Smith, General Counsel
Federal Energy Regulatory Commission

December 2000

SUMMARY OF REPORTS DEVELOPED BY
THE INTERAGENCY TASK FORCE
ON IMPROVING HYDROELECTRIC LICENSING PROCESSES

National Environmental Policy Act (NEPA) Process. This report identifies several methods to better assess the environmental impacts of proposed hydroelectric projects. Using this approach, the Commission will (1) provide and seek clarification of comments early in the process; (2) discuss with resource agencies the full range of alternatives, possible settlement options, and the extent to which recommendations and mandatory conditions can be included; (3) coordinate state and federal resource agency recommendations; (4) ensure identification of NEPA alternative effects during the scoping process; and, (5) encourage collaboration during pre-filing between resource agencies and license applicants of project impacts on resource objectives and tribal interests. These recommendations will facilitate better coordination among federal agencies and enable all interested parties to understand and more efficiently work within the NEPA process.

Studies. This report helps to determine which environmental studies should be performed and focuses on dispute resolution and post-filing studies. With respect to pre-filing studies, the report encourages resource agencies to explain their objectives, suggest methodologies, data collection and analysis techniques for conducting such studies, and identify those which would support their conditions. For post-filing studies, it recommends that study requests be discussed during NEPA scoping meetings and progress monitored. If uncertainty exists, adaptive management may be appropriate but the report proposes that such a plan include measurable objectives, monitoring, and dual consultation between licensees and resource agencies on interim measures and final adjustments. These new procedures should help make the licensing process more efficient and eliminate or help resolve disputes early on in the process.

Endangered Species Act (ESA) Consultation. This paper recommends improved coordination of ESA consultations when measures are proposed to protect threatened and endangered species. During the pre-filing stage, the report suggests early discussions between resource agencies and licensees, early consideration of ESA issues when requesting studies, and the filing by the licensee of a biological assessment along with the application. After filing of an application, discussions of ESA issues should occur when NEPA meetings are held, separate sections in the NEPA document should be devoted to ESA issues, if any, and the accompanying biological assessment, with references, and the Commission should identify and earmark ESA issues when initiating formal consultation. After licensing, when new species are listed or critical habitat designated, new information will be continuously monitored to determine project effects. A biological evaluation will be developed to identify measures needed to protect new

species. If changes to project operation are needed as a result, the licensee must apply for a license amendment with the Commission. This improved ESA coordination will facilitate timely licensing actions.

Federal Power Act (FPA) Mandatory Conditions. This paper deals with (1) Section 4(e) of the FPA, which authorizes the Departments of Agriculture and the Interior to impose mandatory conditions on projects located on Federal reservations they supervise; (2) Section 18 of the FPA, which authorizes the Departments of Commerce and the Interior to impose mandatory fishway prescriptions; and, (3) Section 10(j) of the FPA, which authorizes federal and state resource agencies to propose conditions to protect fish and wildlife. It recommends that during the pre-filing stage, the resource agencies provide license applicants with their resource objectives, and encourages them to consider the least expensive response and to coordinate conditions and recommendations among agencies. Under Section 10(j), resource agencies are urged to provide specific, detailed, and timely recommendations. These recommendations can lead to better coordination, an improved exchange of information, and, consequently more timely, better-informed decision making.

Noticing Procedures. This report reforms noticing procedures to facilitate accurate resource agency responses. These reforms will expedite issuance and receipt of notices and improve overall communication among federal agencies

Alternative Licensing Procedures (ALP). This document proposes guidelines for use by all stakeholders involved in the Commission's ALP, or collaborative process. The guidelines supplement the Commission's ALP regulations and are designed to, among other things, assist stakeholders in identifying resource management goals early in the process, establish clear ground rules for participating in an ALP, and help resolve disputes as they arise.

Enforceable and Trackable License Conditions. This paper provides guidance to state and federal agencies on how to draft clear and enforceable license conditions. The recommendations will help ensure that conditions meet the goals of the drafters, and that the Commission is able to enforce them.