

Northwood Alliance, Inc.
6063 Baker Lake Rd.
Conover, WI 54519

Kimberly D Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

October 21, 2008

RE: Comments protesting the Environmental Assessment dated 09/28/08
Bond Falls reservoir Hydroelectric Project No 1864

Dear Ms Bose:

As a citizens' group concerned with the environment and quality of life of the north woods region, the Northwood Alliance (NWA) soundly rejects the recent Environmental Assessment (EA) finding of "no-significant impact" on the quality of the human environment. We never advocated the Shoreline Management Plan (SMP) initiative, as we believed from the beginning that creation of the Plan would preclude development. The eagerness of FERC and development interests to alter the existing license, which in itself stood as a worthy plan to protect the project land shorelines, is reflected in the conclusion that proposed development will not detrimentally affect this region.

We have, perhaps naively, placed great faith in a license that was developed with extensive public input over a lengthy period of time and at great expense to the taxpayers. At that time, nowhere was any indication of development encroaching on the project lands ever discussed. It now appears that the license is not a solid document, but can be altered to suit the misguided wishes of a developer, with little regard to resource and public values. Should all faith in old license requirements be moot over a perverted development scheme?

In most resource sections of the EA, FERC makes statements to indicate that the full extent of impacts to that resource is not really known, because UPPCO has not provided any details regarding the planned development on the adjacent non-project lands. If that is true, it is not possible for FERC to comply with NEPA and prepare an adequate EA or EIS, since there is no way to judge environmental effects. Further, the finding of "no significant impact" is not justifiable, since there is no way the significance of impacts can be measured without this information.

FERC states that there will be negative impacts as a result of implementing the sought-after actions. The authors acknowledge that implementing the SMP will result in the gradual degradation of the flowage. That being the case, it is illogical for FERC to determine that environmental impacts would not be significant. Once again the Standard Land Use Article in the Bond FERC license states that any proposed use and occupancy of project lands must be "consistent with the purpose of protecting and enhancing the scenic, recreational, and environmental values of the project". This language is clear. FERC's own statements in the EA concerning potential impacts of the SMP make it very apparent that this standard cannot be achieved. In fact, there is nothing in the SMP to indicate that the SMP would do anything to improve or enhance the natural resources; the

overwhelming evidence is that the proposal will cause every aspect of the natural resources at the project to degrade. The NEPA process requires that the FERC either reject the SMP as inconsistent with the license, or begin preparation of an Environmental Impact Statement (EIS) to more thoroughly examine potential negative effects from implementation. NWA suggests an outright rejection as a realistic measure to save the American people any further expense.

The EA allows excessive unwarranted authority to UPPCO in determining appropriate use of FERC-project lands. The EA states: “Any such determination (as to what uses are appropriate) lies with the sole and uncontestable discretion of UPPCO”. FERC must live up to its role as regulator and maintain tight oversight of activities proposed on project lands, as UPPCO is in no position to properly protect the values of this project for the public. FERC is entrusted by the American people to be their watchdog in these matters. Unimpeded public access, old growth buffer zones and pristine shorelines are a very meager trade off to a wild river being dammed for profit.

The EA states that there are Wild and Scenic River segments below the Bond Falls Reservoir, but is silent about potential negative impacts to these rivers and their resources as a result of implementing the SMP. The Wild and Scenic Rivers Act requires that a Section 7 determination be made for any federal permit or action that could potentially degrade a designated Wild and Scenic River. The FERC must coordinate with the agency that administers these river segments (the Ottawa National Forest) to complete such a determination, or they fail to comply with federal law. The quality of the resource waters in these Wild and Scenic segments is of the utmost concern, and nothing in this EA stands in the way of wanton abuse by a poorly regulated community of backland owners desiring special perks within the public project lands.

The No Action alternative in this EA is seriously flawed, and is not a No Action alternative in any form. The alternative in the EA assumes that future development of the non-project lands would continue, as permitted by UPPCO on a case-by-case basis. The No Action Alternative should have been based on the assumption that no action would occur (no non-project use of project lands), not continued development. Bond Falls flowage currently has an undeveloped, relatively pristine shoreline, with no docks (except at the public boat landing) or other shoreline developments. A true No Action should be based upon no development of the project lands; the only actions that would occur would involve continued adherence to the existing FERC license as it currently is written. Failure to consider such a true No Action alternative is a violation of NEPA, and yet FERC has not considered it.

The EA wrongly assumes that development of the Bond shoreline is “inevitable”, and that shoreline development is causing the demand for amenities such as docks. This is not true. It is very clear from reading the SMP that the amenities such as docks are causing the demand for shoreline development (not the reverse). Naterra, the developer who has purchased non-project lands from UPPCO at this location, with the intent of marketing lots for residential developments, has stated in a lawsuit against UPPCO that they cannot sell retail lots adjacent to the project lands, unless there are docks on the project lands. So, the assumption in the EA that development is inevitable and that such development will lead to a demand for docks is not at all accurate.

The EA states “the addition of boat slips/docks is the only component of the SMP that would have the potential to affect water quality”. It is inconceivable that the FERC

dismisses other activities that could easily lead to water quality degradation, such as erosion and sedimentation due to construction of trails and view corridors, use of motorized vehicles within the project Buffer Zone, and motorized boating activity itself, especially the disturbance around the docks and leakage and discharge of petroleum-based products into the water, which is unavoidable with the use of outboard motors.

The EA dismisses these concerns by saying that “boating may take some years to become fully established on the reservoir”. This statement allows one to believe that FERC feels degradation of water quality is copasetic, so long as it is a gradual process. This line of reasoning is unacceptable, and represents a violation of the law. FERC has no way of determining at what rate boating may become established, because UPPCO has not provided any details to FERC on their development plans!

UPPCO does not currently permit use of motorized vehicles within the Buffer Zone adjacent to the shoreline. The SMP appears to open up much of this area to motorized use. This increased use of motor vehicles within the Buffer Zone will lead to resource degradation, is inconsistent with the purpose of establishing this zone in the current license, and should NOT be permitted. FERC should have regulatory authority to prohibit this, and save legal expense from citizens groups and the public, who are bound to challenge a loose ruling.

This EA simply accepts UPPCO’s twisted reasoning for determining the percentage of the project shoreline that is in a given zoning class. UPPCO, by their own admission, measured not only the shoreline distance when creating these percentages, they measured “every location where the reservoir’s surface water came into contact with project land” as shoreline. This means that all coves, oxbows, islands and similar areas were counted as shoreline. This is highly inaccurate and a seriously flawed approach, since these areas are quite different from the main shoreline of the reservoir, and cannot be managed in the same way. The result of using this twisted line of reasoning is to greatly exaggerate the percentage of shoreline UPPCO claims is in the “Conservation” zones, and decrease the amount in the other two zones. As a result, we are presented with a distorted view of what is really being proposed for the project shoreline.

Further, the entire zoning system used by UPPCO is misleading, because all of the zoning classifications (including the two so-called Conservation zones) would allow for MORE development than is currently allowed on any part of the shoreline, under the existing FERC license. In essence there is no real conservation areas proposed. In order to protect sensitive wildlife and plant species and their habitats, project lands must be set aside for conservation purposes. True conservation areas would allow no use of the project lands.

FERC cites increasing demand for water-based recreational activity as a reason to allow the development of these non-project lands. FERC completely ignores the fact that many recreational activities require lakes with undeveloped shorelines, such as is Bond’s current status. If this SMP is approved, it will simply lead to the degradation of one of the remaining few undeveloped flowages in our area, making it increasingly difficult for recreationists to obtain a quality experience. Many people we converse with expected no less for at least the term of the current license.

UPPCO has proposed twenty nine (29) recreation enhancements for the project lands at Bond. Most of these recreational developments are not within the approved Recreation Plan for Bond Falls reservoir. It is difficult to envision the construction and

use of these new shoreline developments could possibly be harmonious with other approved license plans (Wildlife and Land Management Plan, Threatened and Endangered Species Protection and Enhancement Plan, Buffer Zone Plan, Nuisance Plant Control Plan). It seems to disregard the license itself which includes protection of wildlife habitat, protection of scenic quality of the shoreline, and protection of water quality. This EA presents absolutely no information which would indicate that this massive increase in activity near the shoreline is compatible with other license objectives, and especially not with the spirit of the license so perceived by the public.

It is absurd that the FERC concludes the addition of 355 boat slips to a reservoir that has had no boat slips and docks around its shoreline, would result in only "...a minor, long-term visual impact on the shoreline" (p. 60). This amazing conclusion comes after the FERC admits (p. 59) that the addition of these boat slips would "...alter the existing landscape at the reservoir. The FERC goes on to say (also p. 59) that "...over time, the scenic character of the reservoir, as viewed from the water, would change from a rural, wilderness nature to a more developed landscape, consisting primarily of residential boating facilities that serve single- and multi-family dwellings." That is of course the destiny, so it is not logical to conclude that the visual impact on the shoreline would be "minor"? This conclusion is illogical, is not grounded in fact and has no basis. The fact is, the visual impact on the shoreline from 355 boat slips would be detrimental and IRREVERSIBLE, and INCONSISTENT with the base-line in the project license, and should be soundly rejected.

The section in the EA on Socioeconomics (p. 70-72) is without merit. After irrelevant discussion of the current employment mix in the area and the need for a stronger local economy, the FERC concludes "...no project-specific economic analysis has been prepared to conclusively demonstrate whether the increased tax revenue would more than offset the additional costs to the communities for providing services to those properties and residents". That said, there is no basis for the point of the proposed residential development (and associated developments on project land) providing any economic benefits, and in fact they very well may have a NEGATIVE economic effect over time. With the economic turmoil we now face it will take many years for lots to sell at a capacity that offsets the additional costs faced by local communities.

We wonder where these parties who purport economic returns from development were just a few short years ago when this license, as set for renewal, was scrutinized by many of us at FERC sponsored meetings. At that time absolutely NO mention was made of any development on any of these lands. No where in the license or related documents do we find any hint of development. It is incongruous for anyone to achieve any factual conclusion that these developments will offer any relief to the ailing school systems in the rural Upper Peninsula. Economically challenged school systems are a fact of life in today's environment of fiscal controversy, with priorities at the federal level being bombs not books. Milwaukee, Wisconsin's largest city, experiences the same dearth of funding for the school system. Our area of Vilas County WI, with a similar rural character to the UP, but with very extensive development on the lakes, faces the same financial difficulty in the public school system; second homes and "economic development" have failed to revitalize the education system of the Northwoods.

The statements that the SMP is necessary to insure that development of the shorelines occur in an "orderly manner", and that the SMP would also provide for "full

consideration” of the effects of the development on environmental resources, has no merit. Once again we remind FERC that, with or without a SMP, any proposed non-project uses of project lands MUST be “consistent with the purpose of protecting the environmental, scenic, and recreational values” of the license. We remain certain that approval of this SMP would in fact RESULT in degradation of the resources that the license is obliged to protect. FERC is to fulfill the expectation by the public of protecting our resources, but we have little assurance of this resonating as we read this EA. This conclusion is reached by the many statements in the EA where FERC admits that resources will in fact be negatively impacted by the proposed activities in this SMP.

In closing, we are deeply disappointed in the quality of this EA. The members of Northwood Alliance Inc. as well as the general public deserve better. FERC has ignored the wishes of many excellent comments thus far in the public process, and the agency must regroup and consider its obligation to the general public. In fact, FERC admits in several sections that it is not possible to adequately assess the significance of effects, as they do not have any information about the proposed development from the licensee, which reasonably concludes that effects are uncertain, and may be significant. This would lead to the preparation of an EIS, which is the next appropriate step to comply with the NEPA process when environmental effects are uncertain. This development project has a massive footprint that threatens to impact both human and ecological environments and absolutely demands appropriate scientific studies through due NEPA process before impending impacts may be assessed.

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