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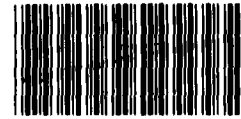
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

B-200490

MAY 28 1985

The Honorable Edward J. Markey
Chairman, Subcommittee on Energy
Conservation and Power
Committee on Energy and Commerce
House of Representatives



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Dear Mr. Chairman:

Subject: Update on Nine Hydropower Relicensing Cases
at the Federal Energy Regulatory Commission
(GAO/RCED-85-131)

Your May 16, 1985, letter requested that we update the status of nine hydropower relicensing cases with competition that we had discussed in our May 15, 1984, report to the Chairman, Subcommittee on Energy Conservation and Power, House Committee on Energy and Commerce (GAO/RCED-84-116). A listing of the nine cases is contained in enclosure I. Specifically, you asked (1) whether any additional amendments to license applications had been submitted, (2) what such amendments called for, (3) whether any licenses had been issued in the nine cases, and (4) for one particular case, whether the original licensee had amended its application. We also obtained information on a tenth case that has competing applications for a license.

The Federal Energy Regulatory Commission is authorized to issue licenses to nonfederal entities for building and operating hydroelectric facilities for the development of the nation's water resources. The licenses, issued for a period up to 50 years, require that any hydroelectric project be adapted to a comprehensive plan (prepared by the applicant) for developing and using water resources, not only for power development, but also for other purposes such as recreation, water quality, irrigation, fish and wildlife enhancement, and overall environmental effect. The Commission is required to give preference to states and municipalities, over a privately owned utility, whenever the two entities file equally well-adapted plans for the same project.

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At the expiration of a license, the Commission is authorized to grant a new license. To obtain a new license, the existing licensee must file an application for relicense no later than 3 years before its existing license expires. A new license is not automatic and is subject to competition. Many of the licenses originally issued to privately owned utilities have expired, and the utilities have applied for relicenses. In some instances, public agencies have also filed competing applications for the license.

In our past report, we discussed the status of nine relicensing cases involving competing applications for a license. In our current work, we found that no additional amendments to the applications have been submitted for all nine cases. In one of these cases, however, the Commission rejected the license applications submitted by both applicants. At the present time, only the original licensee has resubmitted a new application in this case. The Commission has not issued licenses in any of the nine cases. In addition to these nine cases, Commission officials told us that another case is pending that involves competition between the original licensee and a municipality. Enclosure II provides more detailed responses to your specific questions.

In order to provide you with a response by May 28, 1985, we agreed with your office to limit our review to (1) discussions with appropriate officials at the Commission concerning the status of the nine cases, (2) a review of the two most recent case files to verify that no additional amendments had been received, and (3) an examination of the applications pending in the new relicensing case involving competition. We did not obtain official agency comments on this report because of its informational nature. We did, however, discuss the report's contents with the Deputy Director, Office of Hydropower Licensing at the Commission, and he agreed with the information presented.

As arranged with your office, we will make copies available to interested parties upon request.

Sincerely yours,


J. Dexter Peach
Director

Enclosures

COMPETING LICENSE APPLICATIONS DISCUSSED IN GAO/RCED-84-116

<u>Project/applicant^a</u>	<u>Project no.</u>	<u>Date filed</u>
Weber		
(2,500 kw, Weber River, Utah)		
Utah Power & Light Co.	P-1744	6/69
City of Bountiful, Utah	P-2747	7/74
Mokelumne		
(190,800 kw, Mokelumne River, Calif.)		
Pacific Gas & Electric Co.	P-137	12/72
City of Santa Clara	P-2745	4/74
Olmsted		
(12,700 kw, Provo River, Utah)		
Utah Power & Light Co.	P-596	4/75
City of Bountiful, Utah	P-4040	1/81
Utah Municipal Power Agency	P-4029	1/81
Shawano		
(640 kw, Wolf River, Wisc.)		
Wisconsin Power & Light Co.	P-710	11/76
City of Shawano	P-2865	8/78
Rock Creek-Cresta		
(182,000 kw, North Fork Feather River, Calif.)		
Pacific Gas & Electric Co.	P-1962	9/79
Northern California Power Agency	P-3223	6/80
Sacramento Municipal Utility District	P-3177	12/80
Phoenix		
(1,600 kw, Stanislaus River, Calif.)		
Pacific Gas & Electric Co.	P-1061	12/79
Tuolumne Water District	P-4039	3/81
Rush Creek		
(8,400 kw, Rush Creek, Calif.)		
Southern California Edison Co.	P-1389	12/81
June Lake Public Utility District	P-6930	12/82
Poole		
(10,000 kw, Lee Vining Creek, Calif.)		
Southern California Edison Co.	P-1388	12/81
City of Vernon, Calif.	P-7263	5/83
Haas-Kings River		
(179,100 kw, Kings River, Calif.)		
Pacific Gas & Electric Co.	P-1988	3/82
Sacramento Municipal Utility District	P-6729	9/82

^aOriginal licensee is listed first; competing applicant follows.

RESPONSES TO SPECIFIC QUESTIONS RAISED
BY THE CHAIRMAN, SUBCOMMITTEE ON ENERGY CONSERVATION
AND POWER, HOUSE ENERGY AND COMMERCE COMMITTEE

Question 1. Have any additional amendments been submitted to either original or competing applications?

In the nine cases, no additional amendments have been made to license applications submitted by either the original licensee or the competitor. However, in one case involving the applications for a license at the Haas-Kings River Project in California, the Federal Energy Regulatory Commission notified both applicants that their applications were being rejected on June 29, 1984. While reviewing these applications, the Commission noted certain deficiencies and requested that the applicants correct those deficiencies within 90 days. Because neither applicant corrected the deficiencies within the allowed time period, both applications were rejected in accordance with the Commission's regulations. On March 4, 1985, the original licensee reapplied for a license at this project by submitting a new application. As of May 20, 1985, the Commission had not received any competing applications for the project.

Question 2. What was the substance of the additional amendments?

As noted above, no additional amendments have been submitted in the nine cases.

Question 3. Have any licenses been issued in these nine cases and, if so, were they issued to the original licensee or the competitor?

As of May 20, 1985, the Commission had not issued a new license for any of the nine projects.

Question 4. With respect to one case, we previously noted in its original relicense application, a private utility had stated that since no significant changes were to be made in the project's operation, there would be no changes in the fish, wildlife, or botanical resources in the project area. However, a public entity submitted a competing license application laying out ways to enhance the project's recreational and fisheries facilities where possible.

Did the original licensee upgrade its application?

In the case referred to, the original licensee had not submitted any additional amendments to its application.

INFORMATION ON THE NEW RELICENSING
CASE INVOLVING COMPETITION

On March 30, 1984, the Commission received an application from the Wisconsin Public Power Incorporated SYSTEM for a license for the Grandfather Falls Hydro Project, an existing hydropower project on the Wisconsin River. On December 20, 1984, the Wisconsin Public Service Corporation (the original licensee) submitted an application for a new license for this project. In their applications, both applicants stated that they did not have any plans to change the existing operations of the facility. As of May 20, 1985, no amendments to either application had been submitted to the Commission, and no license has been issued.