Top Hydro Industry Award Honors Work of DE&S VP

John Devine, experienced veteran of hydro project management, received the lifetime-achievement Kenneth Henwood Award from the National Hydropower Association. Devine is Vice President of Hydropower and Water Resources in the DE&S engineering unit recently acquired by Framatome ANP, Inc.

Devine has over 26 years of diverse experience in the planning, licensing, design and construction of small and large civil engineering projects. His primary emphasis has been the engineering and environmental aspects of hydroelectric and water resource facilities. In addition to his many engineering and environmental achievements, Devine also served on the NHA Board of Directors and as its president.

The Kenneth Henwood Award was established in memory of Dr. Kenneth Henwood, an engineer and project developer whose life was tragically cut short in 1990. To earn the distinction an honoree must, among other things, show persistence in the face of institutional obstacles, exhibit fair dealing and plain speaking, and depict an appreciation of the relationships between project engineering, the environment and economics.

Hydro Achievement Awards

In 1994, NHA established the Hydro Achievement Awards to recognize members of the hydro industry for their extraordinary work in three areas: Public Education, Recreation, and Technological Solutions.

In Public Education, Tacoma Power earned the top award for its Penstock Pals program that teaches elementary and middle school children about hydro’s benefits. Also in the category of Public Education, Grant County PUD received an Honorable Mention for its video project, “Two Dams: A Story of Achievement.” For Recreational Stewardship, Hydro-Quebec was recognized for its 12-year effort to develop the immense recreational potential of the 521-kilometer St. Maurice River. Also, PPL Montana received an Honorable Mention in this category for its Comprehensive Recreation Management Program on the Missouri and Madison rivers. The Bureau of Reclamation’s Shasta Temperature Control Device took the Technological Solutions category for developing a shutter-type structure designed to draw water from the deepest levels of Shasta Lake through the turbines, maximizing power generation while also providing life-producing cold water for threatened Chinook salmon. Lastly, the U.S. Army Corps of Engineers received an Honorable Mention for developing the Second Powerhouse Juvenile Fish Bypass System Improvement at the Bonneville Dam.

Eight Hydro Projects Cited for Environmental Excellence

In April 2002, NHA released its fourth annual list of hydroelectric projects that achieved great environmental river stewardship, while providing clean, renewable energy and meeting regional electrical needs. The 2002 Outstanding Stewardship of America’s Rivers report featured eight projects, three of which were new to the esteemed list. These projects improved water quality, enhanced aquatic habitat, restored fisheries, protected endangered species and/or instituted conservation plans for the protection of the environment and wildlife, while improving or creating recreational opportunities.

- Clark Fork River, Cabinet Gorge and Noxon Rapids Projects, Avista Corporation
- Columbia River, Priest Rapids Hydroelectric Project, Grant County PUD
- Connecticut River, Northfield Mountain Pumped Storage Project and Turners Falls Project, Northeast Generation Company
- Kennebec River, Harris Station, FPL Energy
- Madawaska River, Madawaska River Hydroelectric Projects, Ontario Power Generation
- Madison-Missouri Rivers, Madison-Missouri River Projects, PPL Montana
- Savannah River, Jocassee and Bad Creek Pumped Storage Projects, Duke Energy
- Skagit River, Skagit River Hydroelectric Project, Seattle City Light
When I stood before this association humbled by the opportunity to serve as your President, I promised that I would continue the good work of my predecessor and to challenge the industry to work together to shape the future. I stated I wanted to focus on three areas:

- Licensing Reform
- Recognition of hydro as a renewable
- Building more hydro

I pledged to do my damnedest to pursue policies that would expand the opportunities for hydro’s growth. Now, nearly a year later, I have never been more convinced of the need to push further, to expand NHA’s involvement in things beyond relicensing reform, and in particular, I have never been more sure of the need for responsible new development and of the importance of expanding this great resource beyond where it is today.

We made tremendous progress over this last year. Just look at our accomplishments. After years of effort, we have a FERC hydro licensing rulemaking and we are in the forefront with our proposals being seriously considered. This rulemaking will not fix all of the problems with licensing, but it is a significant step. For member companies currently relicensing existing projects, the fruits of our labor will make a difference in terms of costs, time, and licensing outcomes. But even more importantly, our efforts will ensure that new projects can be built in a timely manner, with cost considerations and fewer risks. The improvements we gain in the relicensing process will most likely set the stage in licensing new hydro facilities.

We also made significant strides on the legislative front. Unfortunately, our legislative progress was slowed when world events took center stage in Congress, but we are building on last year’s progress. These are important building blocks for long term change that is crucial to our industry.

On the renewable front, we made tremendous headway on incentive programs and began a new relationship with the DOE. Today, hydro sits poised for inclusion in tax incentive legislation to spur new renewables growth, in a federally enacted portfolio standard, and is recognized in newly enacted state incentive programs. We have begun discussions about hydro’s role in emissions trading schemes and are talking about ways in which we can incentivize small hydro in federal policies. I am still frustrated by the fact existing hydropower is not universally accepted as a renewable source of energy, but clearly that is another long term project.

Our R&D program has been greatly expanded with the finalization of industry’s agenda focusing on promoting hydropower development, protecting fish resources, optimizing water resources for multiple uses and integrating hydro with other renewable technologies.

We presented our recommendations to DOE in June of last year and held a series of meetings to build support. Given the intense competition for funds, hydro held its own in FY 2003 funding, while its sister renewables suffered serious cuts. While holding our own seems to be nothing more than treading water, we have captured the attention of the DOE, and educated Congress about the importance of the hydro R&D program. So there is hope and opportunity on which to build in the coming years.

We have made progress, but we have not finished our work. For all those who have struggled to find the time to be engaged in our many initiatives over this last year, for all of your hard work on NHA’s committees and board, I extend my most heartfelt appreciation. I urge industry members to stay engaged and to keep up the good work! As I end my year, I thank you for giving me this opportunity and I pledge my continued commitment toward building a stronger industry premised on new growth and opportunity.

Sincerely yours,

John J. Suloway
NHA President
In March of 2003, NHA celebrates 20 years of service to this industry. As I review our many achievements, I remember the story of NHAs small but certainly not insignificant beginnings and wonder if those few industry leaders envisioned NHA to be the strong, credible and politically influential organization it is today.

We owe much to our founding members’ leadership and willingness to take action. NHA is indebted to them, and to all of the dedicated leaders that followed — the Presidents, officers, board members, general counsels, committee leaders and executive directors. We have a rich history of committed, caring industry members dedicated to the betterment of hydropower.

While it is good to remember the past, it is far more important to look to the future and build upon what our founders started. We need to ask ‘what should NHA become over the next 20 years?’ Given the diversity of our industry, I am sure that there are many differences of opinion on issues, tone, and organization. However, I am equally convinced that there is singularity in thought about the need to strengthen this industry, expand opportunities, and build a stronger NHA. The question then becomes one of when and how.

The when is simple; it’s now! There has never been a more important time for industry. Much is at stake as the electric industry struggles with a new economic reality. On the question of ‘how,’ that too is simple. It is through industry’s continued commitment to belong to NHA, to support its programs, to take an active role in our advocacy work, and take action — much like our predecessors did twenty years ago.

So what do we work on? That answer is simple as well. We focus on growth. By responsibly growing hydro, we strengthen both industry and NHA. We expand our resources and build a better tomorrow not just for our industry, but for future generations as well.

It is out of this need for growth that NHA has focused on improved regulatory structures and incentives. It is why we place so much emphasis on communications and our research and development advancements. They are all part of a comprehensive program to secure new, responsible development for the future.

So, like those few independent power companies who formed an organization centered on tax incentives, we have come full circle. While it is the same, it is also very different. We are in a different era, under different rules and within an environment that rightfully balances protection of environmental values alongside those of energy. These last twenty years, particularly the last 10, have not been easy. But we have been sustained by our belief in the hydro resource, by our singular purpose to improve upon it, and by our commitment to NHA as a unifying industry force.

We’ve come a long way, baby! Many thanks to all those involved, and many more thanks to all industry members who will drive, sustain and support us over the next twenty years!

Linda Church Ciocci
Executive Director

NHA welcomes new members for 2002.
They include:
Generators, representing companies with hydroelectric generation capacity.
• Hetch Hetchy

Service Industry, representing companies supplying services and equipment to the hydroelectric industry.
• Preston Gates & Ellis, LLP
• Davis Wright Tremaine, LLP
• E A Engineering Science & Technology
• Woodlot Alternatives, Inc.
• GE Hydro
• Kinectrics
• Mavel

Individual and Supporting, representing small companies and hydro generators less than 1 MW as well as individual consultants and other hydro advocates.
• H&M Engineering
• Janet Audunson, Consultant
• Lukas Consulting
The Year in Review

Hydropower, America’s Energy of Choice

Americans strongly support hydropower, clear and simple. This was the message that began 2002 and jump-started a year of achievement. In January, NHA initiated its plan to undertake a national poll — our goal: to take America’s pulse on hydro. From the get go, we knew Americans were generally supportive of hydro, but we could not have been more pleased with the results: 93% of Americans support hydropower as an energy source for America’s future. In fact, hydro rated higher than its sister renewables of wind and solar.

Conducted by Bisconti Research, Inc., it was the first major national poll on hydropower in more than a decade. While 93% of Americans believe hydropower should play an important role in meeting future electricity needs, nearly two-thirds said it should play a very important role; and 95% agree that we should maintain existing hydropower projects. Of those who support tax cuts to spur energy production, 75% approve of tax incentives to increase hydroelectric generation at existing hydro facilities.

For years, Washington policymakers have heard the negative spins and have tread lightly on hydro issues. Without American support, hydropower simply was not a priority. But our national poll told a different story and NHA took this message to Washington policymakers and the press in an aggressive public affairs campaign. Our goal was simply to educate policymakers, in Washington DC and state capitals alike. Americans support hydropower. They also believe that it deserves policies that support and nurture its future development.

Court ing the Press

This new face of American support for hydro was carried on the front page of USA Today when it covered the poll results. A positive hydro story finally made front-page news! The paper ran a graphic showing the results of the poll with overwhelming public support (89% favorable, 6% opposed) for the use of hydroelectric energy. Appearing in the “Snapshots” section on the front page of “America’s number 1 newspaper” was a major coup for NHA.

And the poll was not the only positive coverage for hydro through the year. A full court press had been in the works in the Pacific Northwest to earn media placements in support of licensing reform. The Seattle PI carried an editorial by former head of the FERC Office of Energy Projects, Dan Adamson of Davis, Wright and Tremaine, supporting reform language under consideration in the Senate. Other NW papers carried articles or editorials as well, including the Oregonian. National trade press covered the saga of our licensing reform efforts in Congress, our campaign to secure incentives for incremental hydropower, and covered activities within the agencies, including FERC’s notice to undertake a major administrative reform effort. Throughout the year, NHA worked to ensure strong and fair coverage of hydropower, its benefits, and recognition of a newly articulated support for hydro as an important energy resource.

Expanding Opportunities for Hydro’s Growth

Our vision of a stronger, more vibrant and growing hydro industry is closer to fruition this year as the poll’s reaffirmation of the public’s strong support for hydro took hold in federal policy. Congress considered hydro reform legislation and incentives for development, while FERC initiated a major action for administrative reforms on licensing. Our efforts to secure appropriations for our advanced hydro turbine program made headway as the House and the Senate voted record levels.

2002 saw many exciting accomplishments. All have their roots in our vision to strengthen and grow the hydroelectric industry. Promoting the opportunity for growth has been the cornerstone of our policy work. To make growth a reality, industry requires:

• A reasonable and environmentally responsible regulatory framework;
• Incentives that help to offset both regulatory costs and the extraordinary capital cost of enhancements, upgrades and responsible development;
• Recognition of hydro’s benefits by the public and policymakers, including the role hydropower plays in green power and emission trading markets; and
• Federal support for, and the
sharing of technological and scientific improvements. These goals drove our policy work in 2002.

On Capitol Hill

The highlight of the year from a legislative standpoint was without question the Senate’s adoption of a floor amendment on licensing reform. The amendment, sponsored by Senators Ben Nelson (D-NE), Larry Craig (R-ID) and Gordon Smith (R-OR), quickly passed by a voice vote despite an effort by Chairman Jeff Bingaman (D-NM) to preclude consideration. Nine Democrats joined Nelson, including Senators Conrad (ND), Miller (GA), Breaux (LA), Hollings (SC), Cleland (GA), Lincoln (AR), Carper (DE), Dodd (CT) and Landrieu (LA). All voted to reject Chairman Bingaman’s proposal to continue studying the licensing process instead of adopting actual reform language. Once again, incentives for hydro proved to be a bipartisan issue and, while contentious, a policy action timely to today’s realities.

While incremental hydropower is not everything NHA wanted with regard to an RPS incentive for hydropower, it is a significant step in the right direction and is the result of over a year’s worth of diligent work with the Chairman’s staff and others in the renewable community. Additionally, the exemption of all existing hydropower generation from the RPS is noteworthy. On more than one occasion, there was serious consideration of proposals that would exclude existing hydro from recognition. NHA was successful in defeating those efforts and ensuring that hydropower would be fully recognized as a renewable resource.

The third leg of our stool for continued growth and development rests in the passage of appropriations to continue the hydropower R&D program in the DOE. For the most part, DOE’s hydropower program has focused on the advanced hydro turbine system program (AHTS). This program has resulted in testing of turbines to address environmental issues associated with hydropower and fish passage, as well as improve efficiency. Improved technologies can help hydropower address some of the critical issues facing it in terms of environmental performance and decreased flows. In addition, increased appropriations could fund programs addressing the integration of hydropower with other renewables, optimization of plants, and so much more.

While NHA was successful in securing significantly improved appropriations in both the House and the Senate, Congress had a difficult time getting an appropriations bill out before the end of the session, opting to pass continuing resolutions to fund the government. The 2003 appropriations were left to the 108th Congress. Facing budget shortfalls, competing concerns and the impending war, the 108th did not see fit to enact the higher numbers, but did hold the hydro level while it gutted many of the other renewable programs. Increasing appropriations for hydropower will continue to be a major priority for us in the 108th.

Securing Regulators’ Attention

While licensing reform served as the foundation for much of our work with FERC and the agencies over the last year, our efforts were grounded in our belief that NHA must expand its regulatory efforts far beyond relicensing reform issues and work to improve the overall regulatory framework for hydropower. To that end, NHA’s Regulatory Program continues to grow and expand, addressing the myriad of administrative issues affecting the
hydropower industry. Relicensing reform remains the first priority; however, the Association continues to push the levers. These issues include fishways, mandatory conditioning appeals processes, TMDL issues, federal land use rents, and other agency rulemakings. NHA also continued to work hard to raise industry’s profile by meeting with senior officials and policy staff throughout the government.

After several years of prodding by NHA and continued meetings with FERC Chairman Pat Wood III and Commissioner Nora Mead Brownell, the Commission announced in September 2002 that it would undertake a rulemaking to address issues with the relicensing process. Heralded as one of the most open rulemakings FERC has undertaken to date, all stakeholders, including the NGO community and federal and state resource agencies have been actively engaged in it. To ensure that industry stepped up to the challenge of participating in a highly ambitious process, NHA played a leadership role by organizing the membership to attend regional and DC forums, by participating in FERC sponsored stakeholder drafting sessions, and by filing a comprehensive set of comments on FERC’s proposal.

NHA also played a major role in galvanizing the industry as a whole. The Association drafted and distributed a letter to every licensee across the country encouraging their active involvement in the rulemaking process. Working with the other trade associations, NHA was able to help coordinate industry’s response, working to provide a united front before FERC. We also took the lead in setting up joint meetings with key officials in the resource agencies to begin a dialogue on industry reform needs.

NHA held productive meetings on administrative reforms with the Department of Interior’s Lynn Scarlett, Assistant Secretary of Policy, Management and Budget, and with the Department of Commerce’s Sloan Rappport, Special Assistant to the Secretary. Our discussions focused on the need for reform and actions the agencies could take outside of the FERC rulemaking, including withdrawing the December 2000 Interagency Fishways Policy and adoption of a mandatory conditions appeals process. With these meetings, a solid foundation has been laid for major agency policy changes.

In addition, NHA met with policy staff from FERC, NMFS, and the Forest Service, including FERC’s Mark Robinson, Richard Hoffman and Ann Miles, NMFS’ Rolland Schmitten, Director of the Office Habitat Conservation, and Forest Service’s Jack Craven, Director of Lands. These meetings provided industry with opportunities to address the FERC rulemaking and a host of other important issues.

NHA continued to work with the Government Accounting Office (GAO) on its report on federal land use fees. We met with representatives of the GAO to receive a briefing on the report’s findings and to provide feedback. Written comments are currently being drafted for the final report.

On homeland security, NHA took a more active role. In particular, NHA responded to FERC’s NOPR on critical energy infrastructure information by submitting comments drafted by members of the Regulatory Affairs and Hydropower Committee.

Expanding and Sharing Technical Knowledge

Sharing of technical information plays an important role in NHA’s service to its members. Through the work of both the Hydraulic Power and the Research and Development Committees, NHA is able to share information on new technology improvements, benchmarking, and emerging operation issues. These initiatives ensure that our hydro work force is well informed and has the latest cutting-edge technologies and practices that improve performance, reduce costs and optimize the hydro resource.

To that end, the Hydraulic Power Committee (HPC) had another productive year in 2002. The highlight of the year was the highly successful fall retreat in Saratoga Springs, New York. Hosted by Reliant Energy, this was the HPC’s largest meeting to date with close to 40 industry members participating. The committee shared information on security issues, dam safety, project optimization following licensing and settlements, and new turbine technologies.

Working closely with FERC on dam safety and security issues, the Committee kicked off its three day meeting with FERC’s Director of the Division of Dam Safety and Inspections, Gus Tjoumas, who spoke about ongoing efforts to address seismic issues with hydro projects around the country.

HPC’s traditional roundtable on hot topics covered a host of issues, including the impact of the drought on reservoir management plans, recreation planning, turbine replacement and upgrades, as well as penstock replacements, governor upgrades and human capital succession. Security issues, relicensing, spillway rehabilitations and fish passage also topped the list.

With regard to R&D, NHA surveyed member companies to ascertain industry’s vested interest. The result: from 1994 to 2002, industry invested nearly $270 million on R&D. Of that amount, $63 million was spent on fish passage; three times that of the federal government. Industry projects spending $28 million annually over the next ten years. While companies have multiple R&D needs, including operations and management, habitat improvement and water quality, some suggest the need for a nationwide collaboration between industry and federal government.
Armed with the survey information, NHA can paint a far better picture of industry's interest in R&D, the results achieved to date and the importance R&D carries for industry as a whole. Through it, NHA was able to further fine-tune its industry agenda and last June NHA released its issue brief, *Hydropower Research and Development Recommendations for DOE 2004 and beyond*. In that brief, NHA identifies four major areas for DOE investment: promote hydro development; protect fish resources; optimize water resources for multiple uses; and integrate hydropower with other renewables. Included within those broad topic areas were several proposed projects for DOE consideration, such as methods for valuing hydropower’s energy, environmental and societal benefits, and identifying the barriers to adding generation to existing, non-powered dams.

NHA's 2002 Conference, *Powering Ahead: Meeting Today's Energy Challenges*, served as a forum for one of the largest NHA conference gatherings to date. From Senator Ben Nelson’s enthusiastic opening remarks to the acceptance of the Legislator of the Year Award by Senator Larry Craig, there was a real sense of an industry on the move. NHA had earned much deserved respect and political credibility. More than 400 participants spent three days sharing information on topics ranging from legislative proposals to dam safety, the NGO’s perspective, and integrating hydro with other renewables. FERC Chairman Pat Wood met with the NHA board to informally discuss his goals as the new chair, and Dave Garman, Assistant Secretary at the DOE, pointed to hydro as a sustainable technology for the future. Garman challenged industry to identify its R&D goals and articulate them clearly. The expanded program content, breadth of speakers, and the opportunities to network offered something for everyone and brought value to all those who participated.

A Year of Progress

NHA made substantial progress over 2002. Caught up in a difficult political year, our major legislative initiatives fell to a crowded agenda and the inability of Congress to secure final enactment of comprehensive energy legislation. However, our year was not one of failure, but rather one of triumph and success. From the success of the poll, our efforts on the regulatory front, and our work in the R&D area, to the impressive positioning of our legislative agenda in the 108th Congress, 2002 can easily be called a watershed year for hydro.

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**NHA UNVEILS NEW WEBSITE**

Over the Thanksgiving holiday, NHA launched a new website. What began as a minor facelift, ended with a complete overhaul of design and functionality. The site now allows both the public and NHA members to quickly find the information they seek. NHA was able to incorporate more photos into the site while also decreasing the load time of each page. Visit [www.hydro.org](http://www.hydro.org) often as enhancements and updates are made regularly.
2002-2003 NATIONAL HYDROPOWER ASSOCIATION LEADERSHIP

Executive Committee
President    John J. Suloway, New York Power Authority
Vice President   Angela Risdon, Pacific Gas & Electric Company
Treasurer   Jeremiah L. “Jay” Maher, Central Nebraska Public Power & Irrigation District
Secretary   T. Jeff McPheeters, Southern California Edison Company (4/02-9/02)
Terry Flores, Pacificorp 9/02 — present

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Janet Audunson  EPRO Engineering & Environmental Consulting, LLC  TE: 2003
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Nancy Skancke  Law Offices of GKRSE  TE: 2005
John J. Suloway  New York Power Authority  TE: 2004
Michael A. Swiger  Van Ness Feldman, P.C.  Advisory
James H. Weldon  Denver Water Board  TE: 2003
Al Wiley  Florida Power & Light  Advisory

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