

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Penobscot River Restoration Trust

**Project No. 2403
(Veazie)**

**DRAFT APPLICATION FOR SURRENDER OF LICENSE FOR MAJOR PROJECT
AND REMOVAL OF PROJECT WORKS, IN COORDINATION WITH
JOINT APPLICATION FOR TRANSFER OF PROJECT LICENSE**

Introduction

- (1) The Penobscot River Restoration Trust ("Trust" or "Applicant") files this application for surrender of the license for the Veazie Project, FERC No. 2403 (issued April 20, 1998, 83 FERC ¶ 61,040), and removal of project works, to be acted on by the Commission no sooner than the effective date of the grant of the concurrently applied-for transfer of the Veazie Project license from PPL Maine, LLC to the Trust.

PPL Maine, LLC currently owns and operates several other hydroelectric projects in central Maine's Penobscot River basin, including the Howland Project (FERC No. 2721). PPL Great Works, a wholly-owned subsidiary of PPL Maine, owns and operates the Great Works Project (FERC No. 2312). Concurrent with the filing of the Veazie surrender application, the Trust is filing applications to surrender the licenses for the Great Works and Howland Projects; both applications also to be acted on by the Commission no sooner than the effective dates of the grant of the simultaneously filed joint applications to transfer the Howland and Great Works Projects from the existing licensees to the Trust.

This application to surrender the Veazie Project license, as well as the surrender applications for the Howland and Great Works Projects, is made pursuant to a comprehensive multi-party settlement agreement ("Agreement"), which was filed with the Commission on June 25, 2004, for informational purposes. Fulfillment of the terms of the Agreement will lead to restoration of native sea-run fish and 1,000 miles of their historic habitat while also accommodating the continued generation of hydroelectric power at specified locations. The Agreement gives the

Trust the option to purchase the Veazie, Great Works, and Howland Projects for the purpose of surrendering their licenses subject to stipulated conditions. In exchange, PPL Maine may, if it chooses, apply to increase generation at six other existing dams, providing PPL Maine with the opportunity to maintain more than 90% of its current hydroelectric generation. PPL has already applied and received approval for changes at four projects that would result in an increase of approximately 25,750 MWh of annual energy production. PPL Maine has also agreed to improve fish passage at four additional dams.

Under the terms of the Agreement, the applications for transfer and surrender of the Veazie, Howland, and Great Works Project licenses constitute an indivisible element of the Agreement: all of these applications must be granted, or the Agreement may be undone. The three surrender applications constitute a single, indivisible proposed action. If any element of the proposed action is substantially altered or removed by the Commission's action on the three surrender applications, the terms of the MPA provide that any party prejudiced thereby may ultimately terminate the MPA as to its uncompleted items.

The Agreement was signed by PPL Maine and PPL Great Works, LLC (hereinafter collectively "PPL"), the U.S. Department of the Interior (acting through its Fish and Wildlife Service, Bureau of Indian Affairs, and the National Park Service), four State of Maine natural resource agencies (the State Planning Office, Department of Marine Resources, Department of Inland Fisheries and Wildlife, and Atlantic Salmon Commission), the Penobscot Nation, American Rivers, the Atlantic Salmon Federation, Maine Audubon, the Natural Resources Council of Maine, Trout Unlimited, and the Trust.

In addition to this application with the Commission, appropriate applications for dam removal are also being filed with other regulatory agencies, including the Maine Department of Environmental Protection and the U.S. Army Corps of Engineers.

(2) The location of the project is:

State:	Maine
County:	Penobscot
Nearby Towns:	Veazie, Eddington, Bradley and Orono
Stream:	Penobscot River

(3) The exact name and business address of the applicant are:

Penobscot River Restoration Trust
P. O. Box 5695
Augusta, ME 04332
Attn: Laura Rose Day
(207) 622-3101
laura@penobscotriver.org

Copies of all correspondence should also be served on:

Ms. Kristina Nygaard
Winston and Strawn, LLP
1700 K Street, NW
Washington, DC 20006
(202) 282-5828
knygaard@winston.com

Mr. Andrew E. Sims
Kleinschmidt Associates
PO Box 650
Pittsfield, ME 04967
(207) 487-3328
Andy.Sims@KleinschmidtUSA.com

- (4) The applicant is a domestic non-profit organized in the State of Maine and is not claiming preference under Section 7(a) of the Federal Power Act.
- (5) (i) The statutory or regulatory requirements of the state in which the project is located that affect the project as proposed, with respect to bed and banks and the appropriation, diversion and use of water for power purposes, and with respect to the right to engage in the business developing, transmitting and distributing power and in any other business necessary to accomplish the purposes of the proposal under the Federal Power Act, are:

(A) Maine Waterway Development and Conservation Act

The Maine Waterway Development and Conservation Act (MWDCA) requires that a permit be issued for the construction, reconstruction, or structural alteration (including maintenance and repair) of powered electrical and mechanical generating projects and water storage projects. The MWDCA sets up a comprehensive, one-stop state permitting process that is administered by Maine Department of Environmental Protection ("MDEP") for projects in organized municipalities and by the Land Use Regulation Commission in unorganized

territories. The law requires consideration of the full range of economic, environmental, and energy benefits and adverse impacts of a hydropower project.

(B) Maine Water Quality Law

Pursuant to Section 401 of the Clean Water Act, 33 U.S.C. § 1341, the construction or operation of hydropower projects subject to federal licensing requires state certification that such activities meet state water quality standards. Federal hydropower licenses are issued for terms of up to 50 years. MDEP is the water quality certification agency for Maine. The Maine Water Quality Law, 38 M.R.S.A. § 361-A *et seq.*, provides MDEP with regulatory authority over water quality, including the authority to issue water quality certification pursuant to Section 401 of the Clean Water Act.

(C) Mandatory Shoreland Zoning Law

The Mandatory Shoreland Zoning Act, as amended, requires municipalities to establish land use controls for all land areas within 250 feet of ponds and non-forested freshwater wetlands that are 10 acres or larger; rivers with watersheds of at least 25 square miles in drainage area; coastal wetlands and tidal waters; and all land areas within 75 feet of certain streams. The law's purpose is to protect water quality, wildlife habitat, wetlands, archaeological sites and historic resources, and commercial fishing and maritime industries; and to conserve shore cover, public access, natural beauty, and open space. It does this by controlling land uses and placement of structures within the shoreland area.

(ii) The steps which the applicant has taken or will take to comply with each of the laws cited above are:

(A) The Trust will apply to MDEP for water quality certification under the Clean Water Act with respect to its plan to remove the Veazie dam; and will apply to MDEP for a permit under the Maine Waterway Development and Conservation Act, subject to its obligations under federal laws.

(B) The Trust will, subject to its obligations under federal laws, work with the Towns of Veazie, Eddington, Bradley, and Orono to determine what, if any, approvals under the Mandatory Shoreland Zoning Law or other local laws are necessary for removal of the dam.

(6) The Commission has concluded that there are no lands of the United States within the project boundary. Consistent with the requirements of Section IV(h)(2) of the Agreement, DOI withdrew, without prejudice to its position, its asserted conditions/requests under Sections 4(e) and 10(e) of the FPA that it had submitted for Milford, and, pursuant to Section IV(h)(3) of the MPA, such withdrawal rendered moot all issues related to DOI's authority under Sections 4(e) and 10(e) of the FPA as to Milford.

(7) The name and address of the project owner as of the filing of this application is:

PPL Maine, LLC
P.O. Box 276
Milford, ME 04461-0276

(8) Proposed Project Decommissioning and Dam Removal

The Trust has developed preliminary plans for dam removal activities at the Veazie Project, as described in Exhibit H of this application.

PENOBSCOT RIVER RESTORATION TRUST
VEAZIE PROJECT
FERC NO. 2403

DRAFT APPLICATION FOR SURRENDER OF LICENSE FOR MAJOR PROJECT

Statement Pursuant to 18 C.F.R. § 4.32

- (1) Entity that has or intends to obtain and will maintain any proprietary right necessary to operate or decommission and remove the Project:

The Penobscot River Restoration Trust, upon the effectiveness of the transfer to it of the Veazie Project license, as concurrently applied for by PPL Maine, LLC and the Trust.

- (2) (i) Every county in which any part of the Project is located:

Penobscot County

- (ii) Every city, town, or similar local political subdivision:

- (A) In which any part of the Project is located:

Veazie, Maine
Bradley, Maine
Eddington, Maine
Orono, Maine

- (B) That has a population of 5,000 or more people and is located within 15 miles of the Project dam:

Bangor, Maine
Brewer, Maine
Old Town, Maine
Orono, Maine

- (iii) Every irrigation district, drainage district, or similar special-purpose political subdivision:

- (A) In which any part of the Project would be located:

None

(B) That owns, operates, maintains, or uses any Project facilities used by the Project:
None

(iv) Every other political subdivision in the general area of the Project that there is reason to believe would likely be interested in, or affected by, the application:

Orono-Veazie Water District
P.O. Box 40
Orono, ME 04473

Old Town Water District
P.O. Box 525
Old Town, ME 04468-0525

Brewer Water Department
223 Green Point Road
Brewer, Maine 04412

Bangor Water District
614 State St
Bangor, ME 04401

(v) All Indian tribes that may be affected by the Project:

Penobscot Nation

PENOBSCOT RIVER RESTORATION TRUST
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DRAFT APPLICATION FOR SURRENDER OF LICENSE FOR MAJOR PROJECT

Subscription and Verification Under Oath

This application for Surrender of License for the Veazie Project (Application) is executed in the:

State of Maine
County of Kennebec

By: Laura Rose Day
Executive Director
PENOBSCOT RIVER RESTORATION TRUST
PO Box 5695
AUGUSTA, ME 04332

Being duly sworn, deposes and says that the contents of this Application are true to the best of (his/her) knowledge or belief. The undersigned applicant has signed the Application this ____ day of _____, 2008.

PENOBSCOT RIVER RESTORATION TRUST

BY: _____
Laura Rose Day

Subscribed and sworn to before me, a Notary Public of the State of Maine, this ____ day of _____, 2008.

SEAL

Notary Public

PENOBSCOT RIVER RESTORATION TRUST
VEAZIE PROJECT
FERC NO. 2403

DRAFT APPLICATION FOR SURRENDER OF LICENSE FOR MAJOR PROJECT

EXHIBIT A
PROJECT DESCRIPTION

1.0 INTRODUCTION

The Penobscot River Restoration Trust applies to the Federal Energy Regulatory Commission to surrender the license for the Veazie Project (FERC No. 2403) as described in the attached exhibits. The project license was issued to Bangor Hydro-Electric Company on April 20, 1998 (83 FERC ¶ 61,040), and was transferred to Penobscot Hydro, LLC on April 1, 1999 (87 FERC ¶ 62,001). By order of October 31, 2000, FERC amended the project license to reflect Penobscot Hydro, LLC's change of name to PPL Maine, LLC (93 FERC ¶ 62,076).

2.0 CURRENT PROJECT FACILITIES

The Veazie Project spillway consists of a 64-foot-long gravity concrete segment near its left abutment and a main 487-foot-long concrete buttress segment with a maximum height of 32 feet. The spillway is constructed directly on bedrock, which is visible at the left abutment and downstream channel. The spillway replaced a timber crib dam, built in 1886 for sawmill operations, and an earlier, 1830 dam. The dam has a 230-foot-long masonry forebay wall, fishways, and a 65-foot-long radial gate structure. The main spillway is an Ambursen-type design built in 1913 and impounds 390 surface acres at a full pond elevation of 34.8 feet at mean sea level (Milone & MacBroom, 2004b).

The site has two powerhouse buildings, an electrical substation, a river-crossing cable car structure, and two additional supporting structures. The average annual generation from the project is 57,338 MWh.

Station A, which is the original powerhouse, is a wood and masonry structure that was constructed in 1886. The Station A powerhouse measures 239 feet long by 113 feet wide. The plant contains 15 turbine-generator units with a total installed capacity of 5.4 MW.

The Station B powerhouse, built in 1938, is constructed of brick and concrete and is located immediately south of Station A. The Station B measures 60 feet long by 76 feet wide. The total installed capacity of the two turbine-generator powerhouse is 3.0 MW (Milone & MacBroom, 2004b).

The dam is also equipped with two fishways. An abandoned concrete fishway was built in 1936 and is located at the eastern end of the dam. The active vertical slot fishway and trap facility constructed in 1968 is located in the middle of the river between the overflow sections of the dam. In 1997, the main spillway was modified to carry an Obermeyer inflatable flashboard system designed to raise and lower the impoundment level, to enable ice and flood flows to pass in the lower position and for power generation in the upper position (Milone & MacBroom, 2004b).

3.0 CURRENT PROJECT OPERATIONS

The Veazie Project is a run-of-river facility. The inflow to the impoundment is equal to the outflow from the dam and powerhouse. The dam is not used for flood control or water supply. When inflows are less than 7,500 cubic feet per second (cfs), the Station A and B powerhouses are operated based on available flows, fish passage considerations, and maintenance requirements. At inflows of less than 7,500 cfs, all water passes through the powerhouse, and the spillway crest and adjacent channel run dry. When inflows are more than 7,500 cfs, all units are on line, and water in excess of the total turbine capacity passes over the spillway (Milone & MacBroom, 2004b).

4.0 DAM DECOMMISSIONING PROPOSAL

A complete Dam Decommissioning Proposal is included in Exhibit H.

5.0 LANDS OF THE UNITED STATES

The Commission has concluded that there are no lands of the United States within the project boundary. Consistent with the requirements of Section IV(h)(2) of the Agreement, DOI withdrew, without prejudice to its position, its asserted conditions/requests under Sections 4(e) and 10(e) of the FPA that it had submitted for Milford, and, pursuant to Section IV(h)(3) of the MPA, such withdrawal rendered moot all issues related to DOI's authority under Sections 4(e) and 10(e) of the FPA as to Milford.

PENOBSCOT RIVER RESTORATION TRUST
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EXHIBIT E
ENVIRONMENTAL REPORT

The attached Multi-Project Environmental Assessment is being submitted in lieu of an Exhibit E.

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VEAZIE PROJECT
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DRAFT APPLICATION FOR SURRENDER OF LICENSE FOR MAJOR PROJECT

EXHIBIT H
DESCRIPTION OF PROJECT DECOMMISSIONING AND MANAGEMENT PLANS

1.0 CONSULTATION AFFECTING DECOMMISSIONING PLANS

During the preparation of the surrender application, there were several opportunities for resource agencies, Indian tribes, NGOs, and the public to provide input. These opportunities occurred:

- During the public scoping process;
- During the draft surrender application review period

In addition to written comments solicited by the Scoping document, the Trust has provided opportunities for verbal comments at three public scoping meetings it conducted in the project vicinity. A daytime and two evening meetings were held. The Trust provided public notice of the meetings and invited all interested agencies, Tribal representatives, NGOs and individuals to attend these meetings to assist it in identifying potential issues that it should analyze in the surrender applications.

A court reporter recorded the scoping meetings. All statements (verbal and written) became part of the Trust's public records for the project. The Trust asked before each meeting that all individuals who attended, especially those who made statements, sign in and clearly identify themselves for the record. Interested parties who chose not to speak or who were unable to attend the scoping meetings were given the opportunity to provide written comments and information to the Trust by December 18, 2007.

2.0 ENVIRONMENTAL CONSIDERATIONS AFFECTING PLANS

The attached Multi-Project Environmental Analysis provides an analysis of both long-term and short-term environmental considerations associated with the proposed removal of the Veazie Project facilities.

3.0 DISPOSITION OF PROJECT FACILITIES

The first dam at Veazie is believed to have been constructed in about 1830. It was used to catch, trap, store, and sort timber from logging drives. Water-powered saw mills were constructed along the crest of the dam. A drawing provided by PPL, dated April 24, 1984, shows the location and layout of an early dam that predates the present structure. This undated structure shows a straight dam across the river 1,900 feet upstream of the present powerhouse, as well as a longitudinal (wing) dam parallel to the flow between the cross-river dam and the east side of the powerhouse forebay. A large sawmill was located on the wing dam.

The June 2004 riverbed probes by Milone & MacBroom (MMI) found remnants of the described circa 1830 dam and wing dam, in agreement with the old dam drawing and aerial photographs. Field work found the remnants of an “L” shape timber and rock structure, up to 20 feet high, usually submerged under five to nine feet of water. Its longest element is parallel to the flow, 250 to 300 feet east of the west bank, and extending from 800 to 1,900 feet upstream of the present dam. There appears to be an 800-foot gap at its south end, and a 300-foot gap to the east bank. Water 15 to 25 feet deep extends along both sides.

Based upon the limited available data, it appears that this structure will not be a future blockage to fish migration, due to the wide gaps that appear to exist. Most of this structure will be exposed if the Veazie Dam is removed.

The status and disposition of sediment deposits in the pool upstream of the dam is a key element when considering dam removal. Specific concerns include potential mobilization of pollutants, creation of downstream-suspended sediment loads and turbidity, downstream sediment deposition that buries the native substrate, and unstable incised channels in the pool area.

However, the analytical work and field inspections done by MMI found that there is little sediment in the Veazie Dam pool and no evidence of unusual contamination. This was confirmed by field sampling and analysis conducted by CR Environmental in 2007. Consequently, significant sediment management is not anticipated to be required

4.0 *DAM REMOVAL PLANS*

The following information is described in greater detail in Appendix D of the Environmental Report, Technical Memorandum Penobscot River Restoration Project – Veazie Dam Removal Conceptual Design.

The Veazie Dam spillway is a composite structure consisting of a 64-foot long gravity concrete segment near the left abutment, and a 487-foot long concrete buttress segment. The main spillway is believed to be constructed directly on bedrock. Prominent site features at the Veazie Dam include the spillway and its abutments, two powerhouses (identified as Power Stations A and B) on the right bank, an upstream forebay and downstream tailrace, minor underwater and above water structures upstream of the dam believed to be remnants of former mill dams, a additional significant upstream former mill dam structure, an overhead aerial cableway system, and two fishways.

The main spillway at the Veazie dam will be removed. In addition, the cableway system and both fishways are to be removed. The following structures may be removed, pending further review: the forebay, powerhouse B, two upstream piers adjacent to the west bank. The upstream former mill dam structure will be partially or fully removed to support upstream fish migration.

Powerhouse A will remain, although not as an active hydroelectric facility. The internal hydro-electric works will be removed. It is assumed that the building will be retrofitted for an alternate purpose.

5.0 *POST-REMOVAL MANAGEMENT PLANS*

After removal of the Veazie Dam, the river channel will function as a restored riparian area, supporting fish passage and improved riparian habitat. The powerhouse building will require on-going operation and maintenance.

APPENDIX A – LICENSE INSTRUMENTS

83 FERC 61,040
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
Vicky A. Bailey, William L. Massey,
Linda Breathitt, and Curt H, bert, Jr.

Bangor Hydro-Electric Company) Project No. 2403-006
) Project No. 10981-000

ORDER ISSUING NEW LICENSE

(Issued April 20, 1998)

Pursuant to Part I of the Federal Power Act (FPA), Bangor Hydro-Electric Company (Bangor Hydro) filed an application to continue to operate and maintain the Veazie Project as part of an application for an original license for the Basin Mills Project No. 10981. 1/ The Veazie Project is located on the Penobscot River, which is a navigable water of the United States. 2/ In its application, Bangor Hydro proposed to include the Veazie Project as a development of the Basin Mills Project No. 10981 and terminate Project No. 2403. Since we are denying Bangor Hydro's application as to the Basin Mills development and the Veazie Project has existing inspection and compliance records under Project No. 2403, we will continue to license this project as the Veazie Project No. 2403. For the reasons stated below, we are issuing a new license for the Veazie Project.

BACKGROUND

Public notice of the application for the Basin Mills Project was issued on February 6, 1991. Timely motions to intervene were

filed by the Town of Bradley, Maine, the State of Maine, the Penobscot Indian Nation (Penobscot Nation), the U.S. Department of the Interior, and the U. S. Environmental Protection Agency. The National Marine Fisheries Service (NMFS), Record Quest Guides, the Two Rivers Atlantic Salmon Club, the Town of Veazie, Maine and the Town of Eddington, Maine filed motions to intervene out of time, all of which were granted.

The Commission's staff determined that issuance of these licenses would constitute a major federal action that would

- 1/ The proposed Basin Mills Project No. 10981 would consist of the new Basin Mills development and the existing Veazie (Project No. 2403) and Orono developments (Project No. 2710).
- 2/ See 33 FPC 278 (1965) and 1 FERC 61,104 (1977).

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significantly affect the human environment, and prepared a Draft Environmental Impact Statement (draft EIS) in November, 1994 and a Final Environmental Impact Statement (EIS) in October 1997.

Concurrently with this order, we are issuing an Order on Applications for New and Original Licenses, which discusses issues common to three projects on the Penobscot and Stillwater Rivers. The discussion in that order is incorporated by reference herein.

PROJECT DESCRIPTION

The Veazie Project consists of a 902-foot-long, 25-foot-high, concrete gravity dam with 4.5-foot-high hinged flashboards, a reservoir with a surface area of about 390 acres and a storage capacity of 4,800 acre-feet, and two powerhouses on the Veazie (west) side of the river (Plant A with an installed capacity of 5.4 MW and Plant B with an installed capacity of 3 MW). Bangor Hydro proposes to construct a new powerhouse on the Eddington (east) side of the river with an installed capacity of 8 MW (Plant C).

WATER QUALITY CERTIFICATION

Under Section 401(a)(1) of the Clean Water Act, 3/ the Commission may not issue a license for a hydroelectric project unless the certifying agency has either issued water quality certification for the project or has waived certification by failing to act on a request for certification within a reasonable period of time, not to exceed one year. Section 401(d) of the Clean Water Act provides that the state certification shall become a condition on any federal license or permit that is

issued. 4/ On November 19, 1993, the Maine Department of Environmental Protection granted water quality certification for the project, subject to certain conditions. The water quality certification contains 15 conditions that apply to the Veazie Project, which are attached in full as Appendix A to this order. 5/

3/ 33 U.S.C. 1341(a)(1).

4/ 33 U.S.C. 1341(d).

5/ The Water Quality Certification issued by the Maine Department of Environmental Protection was for the Basin Mills Project, which included the Basin Mills and Veazie Developments. The Department identified those conditions which applied to both developments and those which applied
(continued...)

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APPLICANT'S PLANS AND CAPABILITIES

In accordance with Sections 10(a)(2)(C) and 15(a) of the FPA, we have evaluated Bangor Hydro's record as a Licensee for the Veazie Project with respect to the following: (1) consumption improvement program; (2) compliance history and ability to comply with the new license; (3) safe management, operation, and maintenance of the project; (4) ability to provide efficient and reliable electric service; (5) need for power; (6) transmission services; (7) cost effectiveness of plans; and (8) actions affecting the public.

1. Consumption Improvement Program

Section 10(a)(2)(C) of the FPA, 16 U.S.C. 803(a)(2)(C), requires the Commission, in acting on a license application, to consider the extent of electricity consumption efficiency improvement programs in the case of license applicants primarily engaged in the generation or sale of electric power. Bangor Hydro submitted a comprehensive and detailed report, entitled "1988 Annual Narrative - Energy Management Services," that covers programs designed to improve consumption efficiency and to reduce peak demands of metered customers.

We have reviewed the report cited and conclude that Bangor Hydro has made in good faith a satisfactory effort to establish and maintain efficiency improvement and load management programs that comply with Section 10(a)(2)(C) of the FPA and to support the objectives of the Electric Consumers Protection Act of 1986.

2. Compliance History and Ability to Comply with the New License

We have reviewed Bangor Hydro's license application for a new project at Basin Mills and its record of compliance with the existing licenses for the Veazie and Orono Projects in an effort to judge its ability to comply with the articles, terms, and conditions of any license issued, and with other applicable provisions of this part of the FPA.

Our review of Bangor Hydro's compliance record indicates that it has complied in good faith with all articles, terms, and

5/ (...continued)

only to the Veazie development or only to the Basin Mills development. We have included in Appendix A only those conditions which apply to the Veazie Project. The condition numbers are not consecutive because we have not changed the numbering from the certification issued by the Department.

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conditions of its current licenses. As a result of our review, we believe Bangor Hydro can satisfy the conditions of a new license.

3. Safe Management, Operation, and Maintenance of the Project

Bangor Hydro ensures safe management, operation and management by holding periodic meetings for maintenance and management personnel to review and update safety procedures and maintain a comprehensive safety policy. This includes displaying warning signs and bouys and installing and maintaining safety equipment.

The Veazie project dam and appurtenant facilities are subject to Part 12 of the Commission's Regulations concerning project safety. We have reviewed Bangor Hydro's management, operation, and maintenance of the project pursuant to the requirements of Part 12 and the associated Engineering Guidelines, including all applicable safety requirements such as warning signs and boat barriers, Emergency Action Plan, and Independent Consultant's Safety Inspection Report.

As a result of our review of Bangor Hydro's plans, we conclude that it will be able to manage, operate, and maintain the Veazie Project in a safe manner.

4. Ability to Provide Efficient and Reliable Electric Service

We reviewed Bangor Hydro's plans and its ability to operate and maintain the project in a manner most likely to provide efficient and reliable electric service.

Bangor Hydro has operated the Veazie plant for 74 of the 107 years the plant has been in service. The availability of any one unit never dropped below 94 percent between 1978 and 1990.

Bangor Hydro is conducting a detailed turbine/generator study at the Veazie Project to determine if the equipment will be serviceable for another 30 to 50 years. Bangor Hydro does not plan any further expansion at the Plant C or at Plant B; however, it does expect to replace or upgrade Plant A as part of ongoing maintenance and life-extension programs.

Based on our review of the information, we conclude that Bangor Hydro has been operating the project efficiently within the constraints of the existing license and that it will continue to provide efficient and reliable electric service in the future.

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Project No. 10981-000

5. Need for Power

Bangor Hydro is an investor-owned electric utility serving more than 110,000 customers in the central and southern counties of Maine. As licensed herein, the Veazie Project will generate an average of 87.1 gigawatthours (GWh) of energy annually for Bangor Hydro.

To assess the need for power, we reviewed not only Bangor Hydro's use and need for the project power, but also the needs in the operating region in which the project is located. The Veazie Project is located in the New England Power Pool (NEPOOL) area of the Northeast Power Coordinating Council region of the North American Electric Reliability Council (NERC). NERC annually forecasts electrical supply and demand in the nation and the region for a ten-year period. NERC's most recent report 6/ on annual supply and demand projections indicates that, for the period 1995-2004, loads in the NEPOOL area will grow faster than planned capacity additions. The project displaces nonrenewable fossil-fired generation and contributes to diversification of the generation mix in the NEPOOL area. We conclude that the project's power, its low cost, its displacement of nonrenewable fossil-fired generation, and its contribution to a diversified generation mix will help meet a need for power in the NEPOOL area.

6. Transmission Service

The increased generation of power will have no effect on the existing transmission system. The existing transmission system, which is part of the NEPOOL network, has more than adequate capacity to transmit the additional 8 MW proposed in project

redevelopment.

7. Cost Effectiveness of Plans

As noted above, Bangor Hydro proposes to construct a new powerhouse at the Veazie Project. This new powerhouse will allow Bangor Hydro to generate power over a broader range of flows and will be more efficient than the older units in Plants A and B. Bangor Hydro will also provide upstream and downstream fish passage facilities. We conclude, based on the license application and past practice, that Bangor Hydro's plans for constructing the fish passage facilities and the new powerhouse, as well as its continued operation and maintenance of the project, will be achieved in a cost-effective manner.

6/ NERC's Electricity Supply and Demand Database, Data set 1995-2004.

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Project No. 10981-000

8. Actions Affecting the Public

The EIS concluded that the Veazie Project as proposed by Bangor Hydro would have a wide range of potential effects on the public, most of which would be fully mitigated with implementation of the enhancement and mitigation measures we are adopting. These effects are addressed in the EIS and summarized in Table 5-1 of that document. The EIS estimates that the salmon run size with the project as it is licensed here will be slightly higher than that which would occur under existing conditions because of the fisheries enhancement and mitigation measures we stipulate, if trapping and trucking measures are implemented by fisheries agencies. The EIS also projects that the growth of the shad and alewife populations will be greater than under existing conditions. These increases in anadromous fish populations will result in enhanced recreational and commercial fisheries and increases in the abundance of fish available for harvest by the Penobscot Nation. The salmon run will consist completely of wild fish if agencies chose not to employ trapping and trucking for salmon. In that case, the run will be about the same size as under existing conditions. Expansion of the Veazie Project will result in an increase of more than \$250,000 in annual local tax revenue, an increase of 114 person-years in local employment during project construction, and an injection of \$16 million into the local economy during project construction.

FISH PASSAGE

Bangor Hydro contends that prescriptions filed by Interior and Commerce should not be given mandatory status, because they were filed after the deadline established in the public notice that the project was ready for environmental analysis. 7/

Interior and Commerce both filed requests that the Commission include in the license a reservation of their authority to prescribe fishways. 8/ Interior subsequently submitted a fishway prescription on February 17, 1995, and revised the prescription on June 22, 1995, and May 20, 1997; and Commerce submitted a prescription on February 16, 1995. A

7/ See 18 C.F.R. 4.43(b). As discussed in the lead order issued today in this proceeding, 83 FERC 61,039 (1998), we decline to address Bangor's arguments with respect to whether Interior is authorized to prescribe a fishway for the fish species at issue in this proceeding.

8/ The notice that the Veazie application was ready for environmental analysis set March 29, 1993, as the deadline for submitting Section 18 prescriptions.

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request for a reservation of prescription authority is not itself a prescription. 9/ And since the request is that a reservation of authority be included in the license, the reservation request cannot be invoked before the license is issued, and thus cannot make an untimely pre-license prescription timely. 10/

In any event, the agencies' late prescriptions were analyzed in the EIS as recommendations pursuant to FPA Section 10(a) and, as is described below, we adopt most of the agencies' fishway recommendations.

Article 406 requires Bangor Hydro to construct fish passage facilities for the design populations of the species specified by Interior and to provide personnel of the U.S. Fish and Wildlife Service access to the project site and pertinent project records for the purpose of inspecting the fishways to determine compliance with the fishway conditions of the license. 11/

Article 407 requires Bangor Hydro to construct, operate and maintain downstream fishways at the project. This article specifies the downstream facilities which must be constructed and the migration periods during which the downstream facilities must be operated. Article 407 also requires Bangor Hydro to file and implement fishway maintenance and operational plans and to modify the fishways if the effectiveness studies required by Article 409 indicate that modifications are needed.

9/ See Niagara Mohawk Power Corp., 83 FERC 61,036 (1998).

10/ This result is of limited import, as there remain the agencies' requests for reservation of their prescription authority, which we grant, pursuant to our policy. See Niagara Mohawk, *supra*.

11/ We have not included Interior's recommendation that all fishways be operational within three years as a condition of the license. Construction schedules are an element which must be included in the final design plans which Bangor Hydro must file with the Commission. Bangor Hydro must consult with Interior in preparing the design plans; however, the authority to determine the timing of the construction of project works, including fishways, rests exclusively with the Commission. See Niagara Mohawk Power Corporation, 67 FERC 61,300 at p. 62,039 (1994).

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Article 408 requires Bangor Hydro to construct, operate and maintain upstream fish passage facilities at the project. 12/ The article specifies the migrations periods during which the upstream fishways must be operated and requires Bangor Hydro to file and implement fishway maintenance and operational plans. The article also specifies the river flow level at which the fishways must be operational. Article 408 requires modification of the existing fishway at Plant A and establishes design criteria for the new fishway at Plant C. 13/

Article 409 requires Bangor Hydro to file and implement a plan to study the effectiveness of the fishways required by Articles 407 and 408. If the study indicates that changes in the project's structures or operations, including flow releases, are necessary, Article 409 requires Bangor Hydro to file and implement a plan to improve the effectiveness of the fishways.

Article 410 contains a reservation of authority for the prescription of fishways under Section 18 of the Federal Power Act by the Secretary of the Interior or the Secretary of Commerce.

RECOMMENDATIONS OF FEDERAL AND STATE FISH AND WILDLIFE AGENCIES

Section 10(j) of the FPA 14/ requires the Commission, when issuing a license, to include conditions based upon recommendations of federal and state fish and wildlife agencies submitted pursuant to the Fish and Wildlife Coordination Act, 15/ to "adequately and equitably protect, mitigate damages to, and

12/ We have not adopted Commerce's recommendation prohibiting

trapping and trucking as a permanent means of fish passage. We have also not adopted Commerce's recommendation to prohibit the inclusion of fish pumps in fish passage design. Commerce's objections to these measures can be addressed during consultation, if they are proposed. We do not believe it is appropriate to categorically exclude either of these measures from consideration.

13/ Interior and Commerce recommended several alternative design types for the new fishways. Their preferences for the type of fishways to be constructed can be addressed during the consultation required during the design process or through the exercise of their reservation of prescription authority contained in Article 410.

14/ 16 U.S.C. 803(j)(1).

15/ 16 U.S.C. 661 et seq.

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enhance fish and wildlife (including related spawning grounds and habitat)" affected by the project. 16/

This license includes conditions consistent with the recommendations made by Interior that are within the scope of Section 10(j). Pursuant to Section 10(j), Interior recommended that the project be operated run-of-river or with a minimum flow of 3,882 cfs, or inflow, whichever is less, with a minimization of fluctuations of the impoundment levels. Interior recommended that Bangor Hydro prepare a plan for meeting the run-of-river or minimum flow requirements. These recommendations are within the scope of Section 10(j), and Article 402 contains conditions consistent with the recommendations.

Interior also recommended that no construction activities take place during the period from March 15 through June 15 in order to avoid adverse impacts on bald eagles. By letter dated April 28, 1995, the Commission staff notified Interior that this recommendation appeared to be inconsistent with the comprehensive planning and public interest standards of Sections 4(e) and 10(a) of the FPA. On February 9, 1996, the staff met with Interior to attempt to resolve this inconsistency. At the time of the meeting the consultation between the Commission and Interior required by the Endangered Species Act was still being conducted and Interior agreed to defer this issue pending completion of the consultation. On March 14, 1996, Interior filed a Biological Opinion which concluded that construction of the Plant C powerhouse and the operation of the project would not adversely affect bald eagles. Given the Biological Opinion, the EIS concluded that there was no substantial evidence to support Interior's recommended restriction on construction activities. We conclude that this recommendation is inconsistent with the

comprehensive planning and public interest standards of Sections 4(e) and 10(a). Accordingly, we will not impose the restrictions on construction activities requested by Interior.

16/ If the Commission believes that any such recommendation may be inconsistent with the purposes and requirements of Part I of the FPA or other applicable law, Section 10(j)(2) requires the Commission and the agencies to attempt to resolve any such inconsistency, giving due weight to the recommendations, expertise, and statutory responsibilities of such agencies. If the Commission then does not adopt a recommendation, it must explain how the recommendation is inconsistent with applicable law and how the conditions selected by the Commission adequately and equitably protect, mitigate damage to and enhance fish and wildlife.

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Interior submitted a recommendation for monitoring recreational use of the project. Although this recommendation is not within the scope of Section 10(j), because it is not a recommendation for a specific measure to protect fish and wildlife, the recommendation was considered under Section 10(a)(1), and Article 412 of the license contains a condition consistent with it.

Maine's recommendations pertaining to fish and wildlife, by executive order of the Governor, are contained in the conditions of the water quality certification. We addressed those conditions in our discussion, above, of the water quality certification.

RECREATIONAL ATLANTIC SALMON FISHING

The Penobscot River from the Atlantic Ocean to Veazie dam is considered the nation's largest recreational Atlantic salmon fishery. 17/ There are eighteen boat lies and 22 shore lies capable of supporting 38 boat rods and 22 shore rods in the half-mile reach of river below the Veazie dam which could be affected by changes in the Veazie Project. 18/ Conservation Intervenors and Interior express concern that the construction of the Plant C powerhouse will adversely affect recreational fishing for Atlantic salmon below the Veazie dam.

The cofferdam, access road and construction traffic will displace anglers from five rods downstream of the Veazie dam during construction of Plant C. Anglers would either have to wait longer to fish other locations downstream or find new angling locations on the Penobscot River or other rivers in Maine. Temporary elimination of the five angling locations could

reduce the number of user days for Atlantic salmon fishing downstream of Veazie dam by as many as 2,000 during the eighteen-month construction period.

Operation of the expanded Veazie Project would eliminate one rod of Atlantic salmon angling opportunity in Eddington due to the downstream encroachment of the new Plant C tailrace and the

17/ In 1994, there were an estimated 18,000 user-days of Atlantic salmon fishing below the Veazie dam.

18/ EIS at 3-58. A lie is a location within a river where upstream migrating salmon will rest or hold and will be inclined to strike at a fly. A rod is part of a lie that can accommodate either a single boat with two anglers or a single shore-based fly angler without interfering with the fishing activity of other anglers.

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resulting relocation of the state-imposed 150-foot-long no-fishing zone below the tailrace. Operation of Plant C would also eliminate two rods of angling opportunity due to reduced operation of Plant B during low-flow conditions.

The EIS concluded that construction of a deep, high-velocity tailrace area below the proposed Plant C would provide new resting and holding habitat for salmon. Bangor Hydro also proposed to mitigate the effects of the proposed Plant C by creating new salmon lies by placing physical structures, such as tetrapods, in the new tailrace area. We conclude that, with the mitigation measures proposed by Bangor Hydro, the construction and operation of the proposed Plant C will not have significant, long-term adverse effects on salmon angling below the project. We are including Article 403 in the license, which requires Bangor Hydro to conduct a hydraulic modeling study and to design the Veazie Plant C tailrace to minimize the effect of Plant C discharges on existing angling opportunity. Article 403 also requires Bangor Hydro to operate the Veazie Project to maximize salmon angling below the project, without impairing fish passage at the site.

COMPREHENSIVE PLANS

Section 10(a)(2) of the FPA requires the Commission to consider the extent to which a project is consistent with federal or state comprehensive plans for improving, developing, or conserving a waterway or waterways affected by the project. Under Section 10(a)(2), federal and state agencies filed a total of 18 plans. Of these we identified eight as relevant to the project. 19/ No conflicts were found.

19/ Strategic Plan for Management of Atlantic Salmon in the State of Maine, 1984, Atlantic Sea-Run Salmon Commission; Maine Rivers Study, 1982, Maine Department of Conservation and National Park Service; State Comprehensive River Management Plan, 1987, Maine State Planning Office; State Comprehensive Outdoor Recreation Plan, 1988, Maine State Planning Office; Penobscot River Alewife and American Shad Restoration Plan, 1984, Maine Department of Marine Resources; Inland Fisheries River Management Plan, 1982, Maine Department of Inland Fisheries and Wildlife; Species Assessments and Strategic Plans, 1991, Maine Department of Inland Fisheries and Wildlife; Gulf of Maine Rivers Ecosystem Plan, 1994, U.S. Fish and Wildlife Service.

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COMPREHENSIVE DEVELOPMENT

Sections 4(e) and 10(a)(1) of the FPA require the Commission, in acting on applications for license, to give equal consideration to the power and development purposes and to the purposes of energy conservation, the protection, mitigation, and enhancement of fish and wildlife, the protection of recreation opportunities, and the preservation of other aspects of environmental quality. Any license issued shall be such as in the Commission's judgement will be best adapted to a comprehensive plan for improving or developing a waterway or waterways for all beneficial public uses. The decision to license this project, and the terms and conditions included herein, reflect such consideration.

The EIS analyzed the effects associated with the issuance of the new license for the Veazie Project. It recommends a number of measures to protect and enhance environmental resources, which we adopt, as discussed herein. These measures will provide improved fish passage at the dam, protect fish and wildlife resources by requiring run-of-river operation, enhance recreational resources in the project area and protect cultural resources affected by the project.

In determining whether a proposed project will be best adapted to a comprehensive plan for developing a waterway for beneficial public purposes, pursuant to Section 10(a)(1) of the FPA, the Commission considers several public interest factors, including the economic benefits of project power.

Under the Commission's approach to evaluating the economics of hydropower projects, as articulated in Mead Corporation,

Publishing Paper Division, 20/ the Commission employs an analysis that uses current costs to compare the costs of the project and likely alternative power with no forecasts concerning potential future inflation, escalation, or deflation beyond the license issuance date. The basic purpose of the Commission's economic analysis is to provide a general estimate of the potential power benefits and the costs of a project, and reasonable alternatives to project power. The estimate helps to support an informed decision concerning what is in the public interest with respect to a proposed license. In making its decision, the Commission considers the project power benefits both with the applicant's proposed mitigation and enhancement measures and with the Commission's proposed modifications and additions to the applicant's proposal.

20/ 72 FERC 61,027 (1995).

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In addition, certain economic factors related to project decommissioning impinge on the decision to issue a new license that are not present in the licensing of new projects. If an existing project is not issued a new license, or if the Licensee declines to accept the new license, the project probably will have to be retired in one form or another. This could range from simply removing the generator at the project to major environmental restoration varying from minor measures to dam removal.

As licensed by the Commission, the Veazie project will produce an average of about 87.1 GWh of energy, at an annual cost of about \$7,039,800 (80.8 mills/kWh). The current annual value of the project's power would be \$2,521,500 (28.9 mills/kWh). We base this value on the cost of alternative resources, which in this case is the cost of a new combined cycle combustion turbine plant and the regional cost of natural gas. 21/ To determine whether the proposed project is currently economically beneficial, we subtract the project's cost from the value of the project's power. Thus based on current costs, the project, as licensed by the Commission would cost about \$4,518,300 (about 51.9 mills/kWh) more than the current cost of alternative power.

As described above, our evaluation of the economics of the project shows that the power it generates costs more than alternative power. However, as explained in Mead, the economic analysis is by necessity inexact, and project economics is only one of many public interest factors considered in determining whether or not, and under what conditions, to issue a license. 22/ Bangor Hydro is ultimately responsible and best able to determine whether continued operation of the existing project, with the conditions adopted herein, is a reasonable

decision in these circumstances.

Based on our review of the comments on this project filed by agencies and the public, our review of the staff's evaluation of the environmental and economic effects of the proposed project and its alternatives, and our analysis pursuant to Sections 4(e)

21/ Our estimate of the value of power is more completely described in the EIS.

22/ In analyzing public interest factors, we consider the fact that hydroelectric projects offer unique electric utility system operational benefits and that proposed projects may provide substantial benefits not directly related to utility operations, benefits that would be lost if a license were denied solely on economic grounds. See *City of Augusta, et al.*, 72 FERC 61,114, at p. 61,599, n. 57 (1995).

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and 10(a)(1), we find that the Veazie Project, with our mitigative and enhancement measures, will be best adapted to the comprehensive development of the Penobscot River for beneficial public uses.

LICENSE TERM

Section 15(e) of the FPA specifies that any new license issued shall be for a term that we determine to be in the public interest, but the term may not be less than 30 years no more than 50 years. Our policy established 30-year terms for projects that propose little or no redevelopment, new construction, new capacity, or enhancement; 40-year terms for projects that propose moderate redevelopment, new construction, new capacity, or enhancement; and 50-year terms for projects that propose extensive redevelopment; new construction, new capacity, or enhancement.

Bangor Hydro proposes a moderate increase in the project's capacity and we are including conditions in the new license which require moderate expenditures for environmental enhancements. Accordingly, we will issue a new license for a term of 40 years.

SUMMARY OF FINDINGS

The EIS includes background information, analysis of impacts, discussion of enhancement measures, and support for related license articles. The project will not result in any major, long-term adverse environmental impacts.

The design of this project is consistent with the engineering standards governing dam safety. The project will be

safe if operated and maintained in accordance with the requirements of this license.

We conclude that issuing a license for the Veazie Project, with our required enhancement measures, will not conflict with any planned or authorized development, and will be best adapted to a plan for comprehensive development of the waterway for beneficial public use.

The Commission orders:

(A) This license is issued to the Bangor Hydro-Electric Company (licensee), for a period of 40 years, effective the first day of the month in which this order is issued, to operate and maintain the Veazie Hydroelectric Project No. 2403. This license is subject to the terms and conditions of the Federal Power Act, which is incorporated by reference as part of this license, and

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subject to the regulations the Commission issues under provisions of the Federal Power Act.

(B) The project consists of:

(1) All lands, to the extent of the licensee's interest in those lands, enclosed by the project boundary shown by Exhibit G:

Exhibit	FERC Drawing No.	Description
G-1	2403-1001	Project Map, Sheet 1 of 3
G-2	2403-1002	Project Map, Sheet 2 of 3
G-3	2403-1003	Project Map, Sheet 3 of 3

(2) Project works consisting of: (1) an existing 25-foot-high, 902-foot-long concrete gravity dam; (2) an existing reservoir with a surface area of 390 acres, a storage capacity of 4,800 acre-feet, and a normal water surface elevation of 34.8 feet NGVD; (3) existing 6.5-foot-high hinged flashboards; (4) an existing concrete forebay; (5) two existing powerhouses on the Veazie side of the river, one (Plant A) with 15 units and the other (Plant B) with two units; (6) a proposed new powerhouse (Plant C) on the Eddington side of the river with one unit; (7) an existing tailrace; (8) an existing 200-foot-long transmission line; and (9) appurtenant facilities.

The project works generally described above are more specifically shown and described by those portions of Exhibits A and F shown below.

Exhibit A: The following sections of Exhibit A filed July, 1990:

Pages A-1 through A-43, including Tables A-1 and A-2 describing the existing and proposed mechanical, electrical and transmission equipment for the Veazie Project.

Exhibit	FERC Drawing No.	Description
F-2	2403-1004	Existing Site Plan Veazie Development
F-3	2403-1005	Existing Fishway and Dam Sections Veazie Development
F-4	2403-1006	Existing Powerhouse Plan Veazie Development

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- F-5 2403-1007 Existing Powerhouse Section -
 Plant "A"
 Veazie Development
- F-6 2403-1008 Existing Powerhouse Sections -
 Plants "A" & "B"
 Veazie Development
- F-7 2403-1009 Existing Site Plan - Plant "C"
 Veazie Development
- F-8 2403-1010 Proposed Site Plan - Plant "C"
 Veazie Development
- F-9 2403-1011 Proposed Powerhouse Plan
 Plant "C"
 Veazie Development
- F-10 2403-1012 Proposed Powerhose Section
 Plant "C"
 Veazie Development

(3) All of the structures, fixtures, equipment, or facilities used to operate or maintain the project and located within the project boundary; all portable property that may be employed in connection with the project and located within or outside the project boundary; and all riparian or other rights that are necessary or appropriate in the operation or maintenance of the project.

(C) The Exhibits A, F, and G described above are approved and made a part of the license.

(D) This license is subject to articles set forth in Form L-3 (October 1975), entitled "Terms and Conditions of License for Constructed Major Project Affecting Navigable Waters" and the following additional articles:

Article 201. The licensee shall pay the United States the following annual charges, effective as of the first day of the month in which this license is issued:

For the purposes of reimbursing the United States for the costs of administering Part 1 of the Federal Power Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized installed capacity for that purpose is 8,056 kW. This annual charge shall be effective as of the first day of the month in which the license is issued.

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In addition to the above charge a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized proposed additional capacity for that purpose is 16,066 kW. This annual charge shall be effective as of the date of commencement of construction of the new capacity.

Article 202. Within 45 days of the date of issuance of the license, the licensee shall file an original set and two duplicate sets of aperture cards of the approved drawings. The set of originals must be reproduced on silver or gelatin 35mm microfilm. The duplicate sets are copies of the originals made on diazo-type microfilm. All microfilm must be mounted on type D (3-1/4 x 7-3/8") aperture cards.

Prior to microfilming, the FERC Drawing Number (2403-1001 through 2403-1012) shall be shown in the margin below the title block of the approved drawing. After mounting, the FERC Drawing Number must be typed on the upper right corner of each aperture card. Additionally, the Project Number, FERC Exhibit (e.g., F-1, G-1, etc.), Drawing Title, and date of this license must be typed on the upper left corner of each aperture card.

The original and one duplicate set of aperture cards must be filed with the Secretary of the Commission, ATTN: DPCA/ERB. The remaining duplicate set of aperture cards shall be filed with the Commission's New York Regional Office.

Article 203. Pursuant to Section 10(d) of the FPA, a specified reasonable rate of return upon the net investment in the project shall be used for determining surplus earnings of the project for the establishment and maintenance of amortization

reserves. The licensee shall set aside in a project amortization reserve account at the end of each fiscal year one half of the project surplus earnings, if any, in excess of the specified rate of return per annum on the net investment.

To the extent that there is a deficiency of project earnings below the specified rate of return per annum for any fiscal year, the licensee shall deduct the amount of that deficiency from the amount of any surplus earnings subsequently accumulated, until absorbed. The licensee shall set aside one-half of the remaining surplus earnings, if any, cumulatively computed, in the project amortization reserve account. The licensee shall maintain the amounts established in the project amortization reserve account until further order of the Commission.

The specified reasonable rate of return used in computing amortization reserves shall be calculated annually based on current capital ratios developed from an average of 13 monthly

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balances of amounts properly included in the licensee's long-term debt and proprietary capital accounts as listed in the Commission's Uniform System of Accounts. The cost rate for such ratios shall be the weighted average cost of long-term debt and preferred stock for the year, and the cost of common equity shall be the interest rate on 10-year government bonds (reported as the Treasury Department's 10 year constant maturity series) computed on the monthly average for the year in question plus four percentage points (400 basis points).

Article 203. Portions of the state of Maine's Standard Conditions of Approval apply, except for Conditions 1, 3, 5, and 10, for the construction, reconstruction or structural alteration of a hydropower project (06-096 CMR Chapter 450.9(C), effective date September 31, 1987).

Article 204. Prior to the commencement of project construction, the applicant shall submit evidence of the availability and commitment of funds sufficient to construct and operate the project as conditioned by this license. This evidence shall include a total project cost estimate in current dollars and any plans to convert short-term construction borrowing to long-term financial securities or to third-party lease/joint venture arrangements. This evidence must be reviewed by the Maine Department of Environmental Protection Bureau of Land Quality Control and approved by the Commission prior to commencement of project construction.

Article 301. Before starting construction, the licensee shall review and approve the design of contractor-designed cofferdams and deep excavations and shall make sure construction of cofferdams and deep excavations is consistent with the

approved design. At least 30 days before starting construction of the cofferdam, the licensee shall submit one copy to the Commission's Regional Director and two copies to the Commission, of the approved cofferdam construction drawings and specifications and the letters of approval.

Article 302. The licensee shall, at least 60 days prior to start of construction, submit one copy to the Commission's Regional Director and two copies to the Director, Division of Dam Safety and Inspections, of the final contract drawings and specifications for pertinent features of the project, such as water retention structures, powerhouse, and water conveyance structures. The Director, Division of Dam Safety and Inspections, may require changes in the plans and specifications to ensure a safe and adequate project.

Article 303. Before starting construction, the licensee shall retain a board of three or more qualified independent

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consultants experienced in critical disciplines such as geotechnical, mechanical and civil engineering, to review the design, specifications, and construction of the project for safety and adequacy. The licensee shall submit two copies of a letter with the names of qualifications of board members for the Commission's approval of the board and one copy shall be sent to the Commission's New York Regional Director. Among other things, the board shall assess the following: (1) the geology of the project site and surroundings; (2) the design, specifications, and construction of the dike(s), dam(s), spillway(s), powerhouses(s), electrical and mechanical equipment, and emergency power supply; (3) instrumentation; and (4) construction procedures and progress. Before each meeting, the licensee shall furnish members of the board of consultants the following: (1) a statement of the specific level of review the board is expected to provide; (2) an agenda for the meeting; (3) a list of the items to be discussed with the board; (4) a discussion of significant events in the design and construction that have occurred since the last board meeting; (5) drawings of the design and construction features; and (6) documentation for the details and analyses of the design and construction features to be discussed. The licensee shall ensure that the board of consultants has sufficient time to review these items before each meeting. At the same time as a copy of these items is provided to the board of consultants, the licensee shall also send two copies to the Commission and one copy to the Director of the Commission's New York Regional Office. Within 30 days after each board of consultants meeting, the licensee shall submit to the Commission copies of the board's report, and a statement of intent to comply with the board's recommendations or a statement of a plan to resolve the issue(s). The licensee must provide detailed reasons for any recommendation of the board not

implemented. The licensee shall send two copies of this submission to the Commission and one copy to the Director of the Commission's New York Regional Office. The board's review comments shall be submitted prior to or simultaneously with the submission of the final contract drawings and specifications accompanied by a supporting design report required to be filed with the Commission. Within one year after completion of construction, the licensee shall file two copies with the Commission of the Board's final report, which shall contain a statement indicating the Board's opinion with respect to the construction, safety, and adequacy of the project structures.

Article 304. The licensee shall, at least 60 days prior to start of construction, file for approval by the Director, Office of Hydropower Licensing, revised Exhibit F drawings showing the final design of the powerhouse and fishway. A final supporting design report shall be filed simultaneously with the Exhibit F

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drawings. Construction shall not commence until the revised Exhibit F drawings are approved.

Article 305. The licensee shall, within 90 days of completion of construction, file for approval by the Commission, revised Exhibits A, F, and G, to describe and show the project as-built, including all facilities determined, by the Commission, to be necessary and convenient for transmission of all of the project power to the interconnected transmission system.

Article 306. The design and construction of those permanent and temporary facilities, including the fishways, impounding cofferdams, and deep excavations, that would be an integral part of, or that could affect the structural integrity or operation of the project, shall be done in consultation with and subject to the review and approval of the Commission's New York Regional Office. Within 90 days from the effective date of the license, the licensee shall furnish the Commission's Regional Director, for his review, a schedule for submission of design documents and plans and specification for the project. If the schedule does not afford sufficient review and approval time, the licensee, upon request of the Commission shall meet with the Commission staff to revise the schedule accordingly.

Article 307. The licensee shall, after notice and opportunity for hearing, install additional capacity or make other changes in the project as directed by the Commission, to the extent that it is economically sound and in the public interest to do so.

Article 401. At least 90 days before the start of any land-disturbing or land-clearing activities, the licensee shall file

with the Commission, for approval, a plan to control erosion, to control slope instability, and to minimize the quantity of sediment resulting from project construction and operation.

The plan shall be based on actual-site geological, soil, and groundwater conditions and on project design, and shall include, at a minimum, the following four items:

- (1) a description of the actual site conditions;
- (2) measures proposed to control erosion, to prevent slope instability, to minimize the quantity of sediment resulting from project construction and operation, and to dispose of excavation spoils offsite;

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- (3) detailed descriptions, functional design drawings, and specific topographic locations of all control measures; and
- (4) a specific implementation schedule and details for monitoring and maintenance programs for project construction and operation.

The licensee shall prepare the plan after consultation with the Natural Resources Conservation Service, the Maine Department of Environmental Protection, the Maine Department of Inland Fisheries and Wildlife, and the Maine State Historic Preservation Commission. The licensee shall include with the plan documentation of consultation, copies of comments and recommendations on the completed plan after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the plan with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on geological, soil, and groundwater conditions at the site.

The Commission reserves the right to require changes to the plan. No land-disturbing or land-clearing activities shall begin until the licensee is notified by the Commission that the plan is approved. Upon Commission approval, the licensee shall implement the plan, including any changes required by the Commission.

Article 402. The licensee shall operate the Veazie Project in a run-of-river mode for the protection of fisheries resources and recreational opportunities in the Penobscot River.

The licensee shall at all times act to minimize the fluctuation of the reservoir surface elevation by maintaining a discharge from the project so that, at any point in time, flows, as measured immediately downstream from the project tailrace, approximate the sum of inflows to the project reservoir.

Run-of-river operation may be temporarily modified if required by operating emergencies beyond the control of the licensee, and for short periods upon mutual agreement between the licensee and the Maine Department of Environmental Protection. If the flow is so modified, the licensee shall notify the Commission as soon as possible, but no later than 10 days after each such incident.

Article 403. The licensee shall conduct a hydraulic modeling study and shall design and construct the Veazie Plant C tailrace to minimize the effect of Plant C discharges on existing

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angling opportunity. The licensee shall submit the results of the modeling and design plans for the Plant C tailrace as required above. The modeling shall be conducted and the design plans prepared in consultation with the U.S. Fish and Wildlife Service, and must be reviewed by the Maine Department of Environmental Protection Bureau of Land Quality Control (BLQC) and approved by the Commission prior to Plant C construction.

The Veazie Project shall be operated to maximize salmon angling below the Veazie Project without unacceptably impairing fish passage at the site. The licensee shall submit a plan to operate the Veazie development as required above. The plan shall be prepared in consultation with the Atlantic Sea Run Salmon Commission, the Department of Marine Resources, and the Penobscot Indian Nation, and must be reviewed by the BLQC and approved by the Commission, prior to Plant C operation.

The licensee shall include with the plan documentation of consultation, copies of comments and recommendations on the completed plan after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the plan with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The Commission reserves the right to require changes to the Plant C design and operation plans. Activities shall not begin until the licensee is notified by the Commission that these plans are approved. Upon Commission approval, the licensee shall

implement the plans, including any changes required by the Commission.

Article 404. The licensee shall implement all flood control measures as proposed and as described below from section 24 of the State of Maine Water Quality Certification for the Basin Mills Project: during construction of Veazie Plant C, design all temporary cofferdams to overtop at specific flow events (10-year or 25-year flood flows).

The proposed Veazie expansion will result in an increase in the existing flood levels, which have been used by the Federal Emergency Management Agency (FEMA) as the basis for flood plain mapping under the National Flood Insurance Program. Therefore, the licensee shall prepare and submit for approval by FEMA and the Commission revised flood profiles and floodplain maps for the Penobscot River from the Veazie dam to the confluence of the Stillwater and Penobscot Rivers, based on final project design.

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The licensee shall submit a copy of the required FEMA approvals to the Maine Department of Environmental Protection Bureau of Land Quality Control.

The licensee shall include with the flood control program documentation of consultation, copies of comments and recommendations on the completed program after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the program with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The Commission reserves the right to require changes to the flood profiles and floodplain maps. Construction activities shall not begin until the licensee is notified by the Commission that the flood control program is approved. Upon Commission approval, the licensee shall implement the program, including any changes required by the Commission.

Article 405. With the exception of limited amounts of concrete used where necessary to seal the interface between steel cofferdams and the underlying bedrock surface, uncured concrete shall not be placed in direct contact with surface waters. Concrete shall be precast and cured at least three weeks before being placed in the water, or where necessary, shall be placed in forms and shall cure at least one week prior to form removal. No washing of tools, forms, etc. shall occur in or adjacent to any waterway or wetland.

Article 406. Fishways shall be constructed, operated, and maintained to provide effective (safe, timely, and convenient) passage for the mainstem Penobscot River design populations of Atlantic salmon, American shad, alewives, and unquantified numbers of blueback herring and American eels at the Licensee's expense. The quantified design populations for each target species is 12,000 Atlantic salmon, 250,000 American shad, and up to 2.1 million alewife.

The licensee shall provide personnel of the U.S. Fish and Wildlife Service, and other Service designated representatives, access to the project site and to pertinent project records for the purpose of inspecting the fishways to determine compliance with the fishway prescriptions.

Article 407. The licensee shall install and operate permanent downstream fish passage facilities at the Veazie Project. Fishways shall be maintained and operated to maximize

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fish passage effectiveness throughout fish migration period(s) as defined below. The downstream migration period shall be defined as April 1 to June 30 for Atlantic salmon, July 1 to December 31 for American shad and alewife, August to December 31 for blueback herring, and August 15 to November 15 (or other time periods determined when adequate information is available, and during any spring run that may occur) for American eel. Downstream facilities are to operate whenever generation occurs during the downstream migration period. The licensee shall keep the fishways in proper order and shall keep fishway areas clear of trash, logs, and material that would hinder passage. Anticipated maintenance shall be performed in sufficient time before a migratory period such that fishways can be tested and inspected and will operate effectively prior to and during the migratory periods.

Fishway maintenance and operational plans (including schedules) for all fish passage facilities shall be developed by the licensee in consultation and cooperation with the U.S. Fish and Wildlife Service (FWS), the Penobscot Indian Nation (Penobscot Nation), and other fishery agencies (including the Maine Department of Inland Fisheries and Wildlife, Maine Department of Marine Resources, and the National Marine Fisheries Service). Functional design and final design plans for all fishways shall be developed in consultation and cooperation with the FWS, Penobscot Nation, and other fishery agencies.

Downstream fishways shall consist of:

Plant A: Trashracks with a 1" clear opening at the Plant A powerhouse and the units operated to guide downstream migrants to the bypasses at Plant B. Plant B: Trashracks with a 1" clear

opening and both a surface and bottom bypass at the Plant B powerhouse; a bypass flow of up to 200 cfs provided during the downstream migration period. Plant C: Downstream fishways; the location and size of the gated bypasses (discharging up to 240 cfs during the downstream migration period) and fish screening facilities (including extent of intake area coverage) will be determined by the FWS based on hydraulic model studies of the powerhouse forebay to be undertaken by the Licensee in cooperation with the FWS, the Penobscot Nation, and the other fishery agencies, as required under Article 403.

Plant B: Angled trashracks with 1" clear opening at the Plant B intake to guide downstream migrants to the bypass installed under Stage 1, if effectiveness studies conducted after Stage 1 facilities are constructed indicate the need.

Within 180 days after the date of license issuance, the licensee shall file, for Commission approval, detailed design

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drawings of the Licensee's proposed permanent downstream fish passage facilities. This filing shall include but not be limited to: (1) the location and design specifications of the passage facilities; (2) a schedule for installing the facilities; and (3) procedures for operating and maintaining the facilities.

The licensee shall include with the filing documentation of consultation, copies of agency comments and recommendations on the drawings, plans, and schedule after they have been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the licensee's facilities. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the drawings, plans, and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The Commission reserves the right to require changes to the proposed facilities and schedule. No construction of downstream fish passage facilities shall begin until the licensee is notified by the Commission that the plan is approved. Upon Commission approval, the licensee shall implement the proposal, including any changes required by the Commission.

Article 408. The licensee shall install and operate permanent upstream fish passage facilities at the Veazie Project. Fishways shall be maintained and operated to maximize fish passage effectiveness throughout fish migration period(s) as defined below. The upstream migration period shall be defined as April 15 to November for Atlantic salmon, May 1 to June 30 for American shad and alewife, June 1 to July 31 for blueback

herring, and April 1 to November 30 for American eel. The licensee shall keep the fishways in proper order and shall keep fishway areas clear of trash, logs, and material that would hinder passage. Anticipated maintenance shall be performed in sufficient time before a migratory period such that fishways can be tested and inspected and will operate effectively prior to and during the migratory periods.

Fishway design, maintenance and operational plans (including schedules) for all fish passage facilities shall be developed by the licensee in consultation and cooperation with the U.S. Fish and Wildlife Service (FWS), the Penobscot Indian Nation (Penobscot Nation), and other fishery agencies (including the Maine Department of Inland Fisheries and Wildlife, Maine Department of Marine Resources, and the National Marine Fisheries Service). Functional design and final design plans for all fishways shall be developed in consultation and cooperation with the FWS, Penobscot Nation, and other fishery agencies. Upstream

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fishways must be designed to operate at mainstem Penobscot River flows up to 40,000 cfs (as measured for the Penobscot River at the U.S. Geological Survey gaging station at Eddington) during any upstream migration period designated herein.

Upstream fishways shall consist of:

Plant A. Modification of the existing vertical slot fishway pools and baffles to enhance the passage of anadromous fish and minimize injury to American shad. Modifications shall include rounding the exposed edges of the baffle slots and adding aluminum baffle slot plates as designated by the FWS. Addition of a new gated spillway entrance on the east side of the fishway and a downward opening gate at the existing fishway entrance. Up to 100 cfs attraction flow shall be provided at each of the Plant A fishway entrances (200 cfs total). Addition of fish counting facilities at the upstream end of the fishway. The Plant A fishway shall be operational at river flows up to 40,000 cfs as measured at the Eddington gaging station. A separate eel fishway shall be constructed at the existing Plant A upstream fish passage facility, or other suitable location.

Plant C. Construction of a fishway at the powerhouse with a fish collection gallery, trapping and trucking facilities, and a fish counting station in the exit channel. The powerhouse fish collection gallery is to have three or four gated entrances as determined by the FWS based on hydraulic model studies of the Plant C tailrace to be undertaken in cooperation with the FWS, the Penobscot Nation, and the other fishery agencies as specified in Article 403. The entrances shall discharge up to 280 cfs total attraction flow. Plant C fish facilities shall be operational at river flows up to 40,000 cfs as measured at the

Eddington gaging station. Plant C shall be the first on line and last off line during the upstream migration period.

Within 180 days after the date of license issuance, the licensee shall file, for Commission approval, detailed design drawings for permanent upstream fish passage facilities. This filing shall include but not be limited to: (1) the location and design specifications of the passage facilities; (2) a schedule for installing the facilities; and (3) procedures for operating and maintaining the facilities.

The licensee shall include with the plan documentation of consultation, copies of comments and recommendations on the completed plan after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the plan with the Commission. If

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the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The Commission reserves the right to require changes to the proposed facilities and schedule. No land-disturbing or land-clearing activities related to upstream fish passage shall begin until the licensee is notified by the Commission that the plan is approved. Upon Commission approval, the licensee shall implement the proposal, including any changes required by the Commission.

Article 409. Within 18 months after license issuance, the licensee shall file with the Commission, for approval, a plan to monitor the effectiveness of all the facilities and flows provided pursuant to Articles 407 and 408 of this license that will enable the efficient and safe passage of anadromous fish migrating upstream and downstream. The results of these monitoring studies shall be submitted to the agencies listed below and shall provide a basis for recommending future structural or operational changes at the project.

The monitoring plan shall include a schedule for: (1) implementation of the plan; (2) consultation with the appropriate federal and state agencies concerning the results of the monitoring; and (3) filing the results, agency comments, and licensee's response to agency comments with the Commission. The licensee shall prepare the monitoring plan after consultation with the U.S. Fish and Wildlife Service, Maine Department of Marine Resources, the Maine Department of Environmental Protection, the Penobscot Indian Nation, and the National Marine Fisheries Service.

The licensee shall include with the plan documentation of agency consultation, copies of agency comments and recommendations on the plan after it has been prepared and provided to them, and specific descriptions of how the agencies' comments are accommodated by the licensee's plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the plan with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The Commission reserves the right to require changes to the proposed plan. Upon Commission approval, the licensee shall implement the plan, including any changes required by the Commission.

If the results of the monitoring indicate that changes in project structures or operations, including alternative flow

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releases, are necessary to protect fish resources, the licensee shall first consult with the agencies listed above to develop recommended measures for amelioration and then file its proposal with the Commission, for approval. The Commission reserves its authority to require the licensee to modify project structures or operations to protect and enhance aquatic resources.

Article 410. Authority is reserved by the Commission to require the licensee to construct, operate, and maintain, or to provide for the construction, operation, and maintenance of, such fishways as may be prescribed by the Secretary of the Interior or the Secretary of Commerce under Section 18 of the Federal Power Act.

Article 411. At least 90 days before the start of any land-disturbing or land clearing activities, the licensee shall file with the Commission, for approval, a plan to avoid or minimize disturbances to the quality of the existing visual resources of the project area.

The plan, at a minimum, shall include the licensee's specific proposals for:

- (1) blending the project works into the existing landscape character, describing the materials, colors, and orientation of all new and modified structures;
- (2) revegetating, stabilizing, and landscaping new construction areas, borrow and fill areas, and areas adjacent to the project site disturbed during staging and construction

activities or that presently impact the
visual resources of the surrounding area;

- (3) removal of the abandoned fishway and cable tower
at the Veazie Project;
- (4) installation of alternative shoreline protection
measures (including bioengineered solutions) to
minimize the use of stone riprap on the riverbanks
upstream of the proposed Veazie Plant C; and
- (5) grading, planting grasses, repairing slopes
damaged by erosion, and preventing future
erosion.

The plan also shall include: (1) an implementation schedule; (2)
monitoring and maintenance programs for project construction and

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operation; and (3) provisions for the plan's periodic review and revision.

The licensee shall prepare the plan after consultation with a qualified Landscape Architect and the Maine Department of Environmental Protection. The licensee shall include with the plan documentation of consultation, copies of comments and recommendations on the completed plan after it has been prepared and provided to the agency, and specific descriptions of how the agency's comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agency to comment and to make recommendations before filing the plan with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on visual and landscape conditions at the site.

The Commission reserves the right to require changes to the plan. No land-clearing or land-disturbing activities shall begin until the licensee is notified by the Commission that the plan is approved. Upon Commission approval, the licensee shall implement the plan, including any changes required by the Commission.

Article 412. At least 90 days before the start of any land-disturbing or land-clearing activities, the licensee shall file with the Commission, for approval, a plan to minimize project impacts on vehicular movement in the affected communities.

After consulting with the Maine Department of Transportation and any local, state or federal entity having managerial authority over roadways to be utilized during construction of the proposed facility, the licensee shall develop

a detailed traffic management plan to distribute the timing and routing of construction traffic so as to minimize traffic related impacts (noise, dust, congestion) in the affected communities. The plan, at a minimum, shall include:

- (1) a description of affected intersections and provisions for temporary traffic control measures at all access points (flaggers, signals, etc.) during the construction period;
- (2) provision for scheduling truck traffic to limit trips during peak hours (7:00 to 9:00 A.M. and 3:00 to 5:00 pm); and
- (3) development of a "park and ride" system to transport workers from a remote location.

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The licensee shall include with the plan documentation of consultation, copies of comments and recommendations on the completed plan after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the plan with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The Commission reserves the right to require changes to the plan. No construction-related activities shall begin until the licensee is notified by the Commission that the plan is approved. Upon Commission approval, the licensee shall implement the plan, including any changes required by the Commission.

Article 413. Within 180 days after the license is issued, the licensee shall file with the Commission, for approval, and, upon approval, implement a revised final recreation plan relevant to the Veazie Project that includes but is not limited to, facilities described in Exhibit E pages E.7-1 to E.7-25 of the application for license, filed in July 1990 and which satisfies Condition 13 of the Water Quality Certification for the Basin Mills Project.

The final recreation plan shall include, but is not limited to, new recreation facilities:

(1) parking, restrooms, and waste disposal facilities on the west bank downstream of Veazie dam adjacent to the 7,000-foot-long section of river

shoreline BHE has proposed to designate for salmon angling access;

(2) an upgraded and maintained portage facility around the west side of the Veazie impoundment, including several benches 100 yards upstream of Veazie Plants A and B, and signs directing canoeists to the trail;

(3) a park on the east side of the Penobscot River, adjacent to the proposed Veazie Plant C with parking for 50 cars and 4 buses, a picnic area and overlook of the river, restroom facilities, a nature trail with signs explaining the natural and archeological history of the area, and a fish ladder viewing facility;

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(4) a parking area for 11 vehicles and an angler access trail on the east bank leading to fishing areas below the Veazie dam;

(5) a memorandum of understanding with the towns of Eddington, Orono, and Veazie regarding the proposed recreation facilities and continue to meet with the town representatives to discuss recreation needs and facilities.

The licensee shall construct these facilities after consultation with the Maine Department of Conservation and the Maine Department of Environmental Protection Bureau Land Quality Control. These facilities shall be shown on the as-built drawings filed pursuant to this license.

The licensee shall file a report with the as-built drawings, which shall include the entity responsible for operation and maintenance of the facilities, documentation of consultation, copies of comments and recommendations on the report after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the report. The licensee shall allow a minimum of 30 days for the agencies to comment before filing the report with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

Article 414. The licensee, after consultation with the Towns of Eddington and Orono, National Park Service, Penobscot Indian Nation, Maine Department of Environmental Protection, and Maine Department of Conservation, shall monitor recreation and

Indian cultural use of the project area to determine whether existing recreation facilities are meeting recreation and Indian cultural use needs. Monitoring studies shall begin within six years of the issuance date of this license. Monitoring studies, at a minimum, shall include collection of annual recreation use data.

Every six years during the term of the license, the licensee shall file a report with the Commission on the monitoring results. This report shall include:

- (1) annual recreation and Indian cultural use figures;
- (2) a discussion of the adequacy of the licensee s recreation facilities at the project site to meet recreation demand;

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- (3) a description of the methodology used to collect all study data;
- (4) if there is need for additional facilities, the licensee's design of recreational facilities and how such design takes into account the national standards established by the Architectural and Transportation Barriers Compliance Board pursuant to the Americans with Disabilities Act of 1990;
- (5) documentation of agency consultation and agency comments on the report after it has been prepared and provided to the agencies; and
- (6) specific descriptions of how the agency comments are accommodated by the report.

The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations prior to filing the report with the Commission.

Article 415. The licensee shall create artificial salmon lies in the Veazie Plant C tailrace to compensate for project impacts on angling opportunity. In addition, the licensee shall submit a report on the effectiveness and permanence of all artificial salmon lies along with recommendations for additional actions to maintain fishing opportunity.

At least 90 days prior to the start of Plant C operation, the licensee shall file with the Commission, for approval, the plan required above. The plan shall include a schedule for: (1) implementation of the plan; (2) consultation

with the appropriate federal and state agencies concerning the schedule and location of stocking activities; and (3) filing the results, agency comments, and Licensee's response to agency comments with the Commission.

The licensee shall prepare the plan after consultation with the Atlantic Sea Run Salmon Commission, the U.S. Fish and Wildlife Service, the Penobscot Indian Nation, and local salmon clubs. The licensee shall include with the plan documentation of consultation, copies of comments and recommendations on the completed plan after it has been prepared and provided to the agencies, and specific descriptions of how the agencies' comments are accommodated by the plan. The licensee shall allow a minimum of 30 days for the agencies to comment and to make recommendations before filing the plan with the Commission. If the licensee does not adopt a recommendation, the filing shall include the Licensee's reasons, based on project-specific information.

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The Commission reserves the right to require changes to the plan. Plant C operation shall not begin until the licensee is notified by the Commission that the plan is approved. Upon Commission approval, the licensee shall implement the plan, including any changes required by the Commission.

Article 416. The licensee shall implement the "Programmatic Agreement Among the Federal Energy Regulatory Commission, the Advisory Council on Historic Preservation, and the Maine State Historic Preservation Officer, for Managing Historic Properties That May Be Affected By A License Issuing To Bangor Hydro-Electric Company, To Operate or Continue Operating The Basin Mills Hydroelectric Project In Maine", executed on September 18, 1997, including but not limited to the Cultural Resources Management Plan for the Project. In the event that the Programmatic Agreement is terminated, the licensee shall implement the provisions of its approved Cultural Resources Management Plan. The Commission reserves the authority to require changes to the Cultural Resources Management Plan at any time during the term of the license. If the Programmatic Agreement is terminated prior to Commission approval of the Cultural Resources Management Plan, the licensee shall obtain Commission approval before engaging in any ground disturbing activities or taking any other action that may affect any historic properties within the Project's area of potential effect.

Article 417. (a) In accordance with the provisions of this article, the licensee shall have the authority to grant permission for certain types of use and occupancy of project lands and waters and to convey certain interests in project lands and waters for certain types of use and occupancy, without prior

Commission approval. The licensee may exercise the authority only if the proposed use and occupancy is consistent with the purposes of protecting and enhancing the scenic, recreational, and other environmental values of the project. For those purposes, the licensee shall also have continuing responsibility to supervise and control the use and occupancies for which it grants permission, and to monitor the use of, and ensure compliance with the covenants of the instrument of conveyance for, any interests that it has conveyed, under this article. If a permitted use and occupancy violates any condition of this article or any other condition imposed by the licensee for protection and enhancement of the project's scenic, recreational, or other environmental values, or if a covenant of a conveyance made under the authority of this article is violated, the licensee shall take any lawful action necessary to correct the violation. For a permitted use or occupancy, that action includes, if necessary, canceling the permission to use and

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occupy the project lands and waters and requiring the removal of any non-complying structures and facilities.

(b) The type of use and occupancy of project lands and water for which the licensee may grant permission without prior Commission approval are:

- (1) landscape plantings;
- (2) non-commercial piers, landings, boat docks, or similar structures and facilities that can accommodate no more than 10 watercraft at a time and where said facility is intended to serve single-family type dwellings;
- (3) embankments, bulkheads, retaining walls, or similar structures for erosion control to protect the existing shoreline; and
- (4) food plots and other wildlife enhancement.

To the extent feasible and desirable to protect and enhance the project's scenic, recreational, and other environmental values, the licensee shall require multiple use and occupancy of facilities for access to project lands or waters. The licensee shall also ensure, to the satisfaction of the Commission's authorized representative, that the use and occupancies for which it grants permission are maintained in good repair and comply with applicable state and local health and safety requirements. Before granting permission for construction of bulkheads or retaining walls, the licensee shall:

- (1) inspect the site of the proposed construction;
- (2) consider whether the planting of vegetation or the use of riprap would be adequate to control erosion at the site; and
- (3) determine that the proposed construction is needed and would not change the basic contour of the reservoir shoreline.

To implement this paragraph (b), the licensee may, among other things, establish a program for issuing permits for the specified types of use and occupancy of project lands and waters, which may be subject to the payment of a reasonable fee to cover the licensee's costs of administering the permit program. The Commission reserves the right to require the licensee to file a description of its standards, guidelines, and procedures for

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implementing this paragraph (b) and to require modification of those standards, guidelines, or procedures.

(c) The licensee may convey easements or rights-of-way across, or leases of, project lands for:

- (1) replacement, expansion, realignment, or maintenance of bridges or roads where all necessary state and federal approvals have been obtained;
- (2) storm drains and water mains;
- (3) sewers that do not discharge into project waters;
- (4) minor access roads;
- (5) telephone, gas, and electric utility distribution lines;
- (6) non-project overhead electric transmission lines that do not require erection of support structures within the project boundary;
- (7) submarine, overhead, or underground major telephone distribution cables or major electric distribution lines (69-kV or less);
and
- (8) water intake or pumping facilities that do not extract more than one million gallons per

day from a project reservoir.

No later than January 31 of each year, the licensee shall file three copies of a report briefly describing for each conveyance made under this paragraph (c) during the prior calendar year, the type of interest conveyed, the location of the lands subject to the conveyance, and the nature of the use for which the interest was conveyed.

(d) The licensee may convey fee title to, easements or rights-of-way across, or leases of project lands for:

- (1) construction of new bridges or roads for which all necessary state and federal approvals have been obtained;
- (2) sewer or effluent lines that discharge into project waters, for which all necessary

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federal and state water quality certification
or permits have been obtained;

- (3) other pipelines that cross project lands or waters but do not discharge into project waters;
- (4) non-project overhead electric transmission lines that require erection of support structures within the project boundary, for which all necessary federal and state approvals have been obtained;
- (5) private or public marinas that can accommodate no more than 10 watercraft at a time and are located at least one-half mile (measured over project waters) from any other private or public marina;
- (6) recreational development consistent with an approved Exhibit R or approved report on recreational resources of an Exhibit E; and
- (7) other uses, if: (i) the amount of land conveyed for a particular use is five acres or less; (ii) all of the land conveyed is located at least 75 feet, measured horizontally, from project waters at normal surface elevation; and (iii) no more than 50 total acres of project lands for each project development are conveyed under this clause (d)(7) in any calendar year.

At least 60 days before conveying any interest in project lands under this paragraph (d), the Licensee must submit a letter to the Director, Office of Hydropower Licensing, stating its intent to convey the interest and briefly describing the type of interest and location of the lands to be conveyed (a marked exhibit G or K map may be used), the nature of the proposed use, the identity of any federal or state agency official consulted, and any federal or state approvals required for the proposed use. Unless the Director, within 45 days from the filing date, requires the licensee to file an application for prior approval, the licensee may convey the intended interest at the end of that period.

(e) The following additional conditions apply to any intended conveyance under paragraph (c) or (d) of this article:

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(1) Before conveying the interest, the licensee shall consult with federal and state fish and wildlife or recreation agencies, as appropriate, and the State Historic Preservation Officer.

(2) Before conveying the interest, the licensee shall determine that the proposed use of the lands to be conveyed is not inconsistent with any approved exhibit R or approved report on recreational resources of an exhibit E; or, if the project does not have an approved exhibit R or approved report on recreational resources, that the lands to be conveyed do not have recreational value.

(3) The instrument of conveyance must include the following covenants running with the land: (i) the use of the lands conveyed shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use; (ii) the grantee shall take all reasonable precautions to insure that the construction, operation, and maintenance of structures or facilities on the conveyed lands will occur in a manner that will protect the scenic, recreational, and environmental values of the project; and (iii) the grantee shall not unduly restrict public access to project waters.

(4) The Commission reserves the right to require the Licensee to take reasonable remedial action to correct any violation of the terms and conditions of this article, for the protection and enhancement of the project's scenic, recreational, and other environmental values.

(f) The conveyance of an interest in project lands under this article does not in itself change the project boundaries.

The project boundaries may be changed to exclude land conveyed under this article only upon approval of revised exhibit G or K drawings (project boundary maps) reflecting exclusion of that land. Lands conveyed under this article will be excluded from the project only upon a determination that the lands are not necessary for project purposes, such as operation and maintenance, flowage, recreation, public access, protection of environmental resources, and shoreline control, including shoreline aesthetic values. Absent extraordinary circumstances, proposals to exclude lands conveyed under this article from the project shall be consolidated for consideration when revised exhibit G or K drawings would be filed for approval for other purposes.

(g) The authority granted to the licensee under this article shall not apply to any part of the public lands and reservations of the United States included within the project boundary.

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(E) The licensee shall serve copies of any Commission filing required by this order on any entity specified in this order to be consulted on matters related to that filing. Proof of service on these entities must accompany the filing with the Commission.

(F) This order is final unless a request for rehearing by the Commission is filed within 30 days of the date of its issuance, as provided in Section 313 of the FPA. The filing of a request for rehearing does not operate as a stay of the effective date of this order or of any other date specified in this order, except as specifically ordered by the Commission. The licensee's failure to file a request for rehearing shall constitute acceptance of this order.

By the Commission.

(S E A L)

Linwood A. Watson, Jr.,
Acting Secretary.

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APPENDIX A

THEREFORE the Board APPROVES the application of BANGOR HYDRO-ELECTRIC COMPANY to construct and operate the BASIN MILLS HYDRO PROJECT, as described above, and GRANTS certification that there is a reasonable assurance that the construction and operation of the BASIN MILLS HYDRO PROJECT, as describe above, will not violate applicable water quality standards, SUBJECT TO THE FOLLOWING CONDITIONS:

1. STANDARD CONDITIONS

The Standard Conditions of Approval apply, except for Condition 5, for the construction, reconstruction or structural alteration of a hydropower project (06-096 CMR Chapter 450.9(C), effective date September 31, 1987)(sic), copy attached.

2. FINANCIAL CAPACITY

Prior to the commencement of project construction, the applicant shall submit evidence of the availability and commitment of funds sufficient to construct and operate the project as conditioned by this approval. This evidence shall include a total project cost estimate in current dollars and any plans to convert short-term construction borrowing to long-term financial securities or to third-party lease/joint venture arrangements(sic). This evidence must be reviewed by and receive approval of the DEP Bureau of Land Quality Control prior to commencement of project construction.

3. CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Prior to the commencement of project construction, the applicant shall obtain and shall submit to the DEP a certificate of public convenience and necessity from the Maine Public Utilities Commission for the Veazie Development and the Basin Mills Development.

4. TRAFFIC CONTROL

- A. The applicant shall implement all temporary traffic control measures as recommended by the Maine Department of Transportation to alleviate traffic congestion during project construction.
- B. The applicant shall develop, implement and promote an Advance Transportation Route Plan and a Park and Ride or mass transit system to distribute the timing and

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routing of construction traffic and to minimize the additional traffic created by construction workers.

- C. The applicant shall submit a Transportation Route Plan and a plan for a Park and Ride or mass transit system as required by Part B of this condition. These plans shall be submitted prior to the commencement of project construction or upon such schedule as may be established by FERC. These plans shall be prepared in consultation with MDOT, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to commencement of project construction.

5. WATER LEVELS AND FLOWS

- A. Except as temporarily modified by approved maintenance activities or by operating emergencies beyond the applicant's control, as described below, water levels and flows shall be maintained at the Veazie, Basin Mills, and Orono Dams as proposed and described in Section 8 of this approval.
- B. The applicant shall submit a plan to monitor and maintain water levels and flows as required by Part A of this condition. This plan shall be submitted prior to the commencement of project operation or upon such schedule as may be established by FERC. This plan shall be prepared in consultation with state and federal fisheries agencies, the Penobscot Indian Nation, and the U.S. Geological Survey, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to commencement of project operation.

- C. Operating emergencies beyond the applicant's control include, but are not limited to, equipment failure or other temporary abnormal operating conditions, flashboard failure, generating unit operation or interruption under power supply emergencies, and orders from local, state or federal law enforcement or public safety officials.

6. FISH PASSAGE

- A. The applicant shall take all necessary measures to ensure that adequate upstream and downstream fish passage is provided during project construction at the Veazie and Basin Mills Dams. These measures shall include, but may not be limited to, maintaining operation of the existing Veazie Dam fishway, installing a steep pass Denil fishway at the Basin Mills

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Dam, and maintaining spill or free-flowing conditions at each of the dams.

- B. The applicant shall undertake improvements to the existing Veazie fishway and shall install, maintain and operate permanent upstream and downstream fish passage facilities at the Veazie and Basin Mills Dams as proposed and as described in Section 16(e) of this approval, as modified to include installation of either a vertical slot fishway or a fishlift at both the Basin Mills Dam powerhouse and spillway.
- C. The applicant shall submit function design drawings, construction schedules, and operating and maintenance plans for all fish passage facilities required by Part B of this condition. These filings shall be submitted prior to the commencement of project construction or upon such schedule as may be established by FERC. These filings shall be prepared in consultation with state and federal fisheries agencies and the Penobscot Indian Nation and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to construction of the fish passage facilities.

7. FISH PASSAGE FACILITIES

- A. The applicant shall, in consultation with state and federal fisheries agencies and the Penobscot Indian Nation, conduct post-construction studies to determine the need for (a) an additional fishway at Veazie Plant B and (2) a fishway at the Orono Dam.

- B. The applicant shall submit a plan and schedule to study fishway needs as required by Part A of this condition. These filings shall be submitted prior to the commencement of project operation or upon such schedule as may be established by FERC. These filings shall be prepared in consultation with state and federal fisheries agencies and the Penobscot Indian Nation, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to commencement of project construction.
- C. The applicant shall submit the results of the fishway studies required by Part A of this condition, along with any recommendations for additional fishways at Veazie Plant B and/or the Orono Dam, to the DEP and to all consulting agencies. These results shall be submitted following a schedule agreed to by the DEP or as may be established by FERC. The Department reserves

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the right, after notice and opportunity for hearing, and after reviewing the comments of the consulting agencies, to require such additional fishways as are deemed necessary to effectively and efficiently pass anadromous fish upstream through the Veazie and Orono Dams.

13. RECREATIONAL ACCESS

- A. The applicant shall construct and maintain recreational access facilities in the project area as proposed and as described in Section 17(b) of this order, shall take all necessary actions to preserve and provide public access facilities to the shoreline on the west side of the river below the Veazie Dam for shore angling, and shall construct and maintain a canoe portage trail around the Veazie Dam.
- B. The applicant shall submit a plan and schedule to construct and maintain the recreational facilities required by Part A of this condition. The plan shall be submitted prior to the commencement of project operation or upon such schedule as may be established by FERC. The plan shall include final design drawings, a description of all construction activities, and facilities maintenance plans. These submittal shall be prepared in consultation with the Department of Conservation, the Maine Historic Preservation commission and all affected municipalities, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to construction of the recreational facilities.

14. RECREATIONAL ACCESS EVALUATION

- A. The applicant shall, in consultation with the Department of conservation and the affected municipalities, conduct a periodic evaluation of the adequacy of recreational access to the project area for the full term of the FERC license. This evaluation shall be conducted in conjunction with the requirements of FERC Form 80.
- B. The applicant shall submit a plan to periodically evaluate the adequacy of recreational access as required by Part A of this condition. This plan shall be submitted within 6 months following construction of all required recreational access facilities. This plan shall be prepared in consultation with DOC and the

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affected municipalities, and must be reviewed and approved by the DEP Bureau of Land Quality Control.

- C. The applicant shall submit the results of the periodic evaluations of recreational access required by Part A of this condition, along with any recommendations for additional or expanded recreational access facilities, to the DEP and all consulting agencies and municipalities. These results shall be submitted following a schedule agreed to by the DEP or as may be established by FERC. The Department reserves the right, after notice and opportunity for hearing, and after reviewing the comments of the consulting agencies and municipalities, to require such additional or expanded recreational access facilities as are deemed necessary to meet identified access needs.

15. ANGLING OPPORTUNITY

- A. The applicant shall create artificial salmon lies in the Veazie Plant C tailrace and in the Basin Mills tailrace to mitigate for project impacts on angling opportunity.
- B. The applicant shall submit a plan detailing the creation of salmon lies as required by Part A of this condition. This plan shall be submitted prior to project operation or upon such schedule as may be established by FERC. This plan shall be prepared in consultation with the Atlantic Sea Run Salmon Commission, the U.S. Fish & Wildlife Service and the Penobscot Indian Nation, and must be reviewed and

approved by the DEP Bureau of Land Quality Control
prior to creation of the salmon lies.

- C. The applicant shall, in consultation with the ASRSC, USF&WS, PIN, and local salmon clubs, monitor the effectiveness and permanence of the salmon lies created as required by this condition.
- D. The applicant shall, prior to creation of salmon lies, submit a plan to monitor the effectiveness and permanence of the lies. This plan shall be prepared in consultation with the ASRSC, USF&WS, PIN, and local salmon clubs, and must be reviewed and approved by the DEP Bureau of Land Quality Control.
- E. The applicant shall submit a report on the effectiveness and permanence of all artificial salmon lies, along with any recommendations for additional

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actions to maintain fishing opportunity, to the DEP and all consulting agencies and fishing clubs. This report shall be submitted following a schedule agreed to by the DEP or as may be established by FERC. The Department reserves the right, after notice and opportunity for hearing, and after reviewing the comments of all consulting agencies and fishing clubs, to require additional actions as are deemed necessary to fully mitigate for project impacts on salmon angling opportunity.

16. VEAZIE DESIGN AND OPERATION

- A. The applicant shall conduct a hydraulic modeling study and shall design and construct the Veazie Plant C tailrace to minimize the effect of Plant C discharges on existing angling opportunity.
- B. The applicant shall submit the results of the modeling and design plans for the Plant C tailrace as required by Part A of this condition. The modeling shall be conducted and the design plans prepared in consultation with the U.S. Fish & Wildlife Service, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to Plant C construction.
- C. The Veazie Development shall be operated to maximize salmon angling below Veazie Dam without unacceptably impairing fish passage at the site.
- D. The applicant shall submit a plan to operate the Veazie Development as required by Part C of this condition.

This plan shall be prepared in consultation with the Atlantic Sea Run Salmon Commission, the Department of Marine Resources, and the Penobscot Indian Nation, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to Plant C operation.

19. ARCHAEOLOGICAL MITIGATION

The applicant shall implement the archaeological mitigation plan proposed, as described in Section 24 of this order. All archaeological mitigation activities shall be undertaken to the satisfaction of the Maine Historical Preservation Officer.

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20. FLOOD CONTROL

- A. The applicant shall implement all flood control measures as proposed and as described in Section 25 of this order.
- B. The applicant shall prepare and submit for approval by the Federal Emergency Management Agency revised flood profiles and floodplain maps for the Penobscot River from the Veazie Dam to the Great Works Dam, based on final project design. The applicant shall submit a copy of the required FEMA approvals to the DEP Bureau of Land Quality Control.

22. EROSION AND SEDIMENTATION CONTROL

- A. The applicant shall take all measures proposed, and any other measures necessary, to minimize erosion and sedimentation during and following the approved construction activity.
- B. The applicant shall hold a pre-construction conference with the DEP, the project consulting engineer, the project general contractor, and any appropriate project sub-contractors to review site-specific erosion and sedimentation control plans.
- C. Cofferdam fill placed in a waterway or within the 10-year floodway boundaries of a waterway shall consist of gravel, rock or sand of hard durable particles free from vegetative matter, lumps or balls of clay, and other deleterious substances. That portion passing a

3-inch (No. 200) sieve shall not exceed 10% fines.

Those portions of a cofferdam or access road in contact with moving water shall be protected by filter fabric and/or riprap.

- D. The applicant shall prepare and implement site-specific plans for the off-site disposal and stabilization of all excess excavation spoils. These plans shall be in conformance with the Maine Solid Waste Management Rules, and must be reviewed and approved by the DEP Bureau of Land Quality Control prior to spoils disposal at any off-site location.

26. CONCRETE LIMITATIONS

With the exception of limited amounts of concrete used where necessary to seal the interface between steel cofferdams and the underlying bedrock surface, uncured concrete shall not

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be placed in direct contact with surface waters. Concrete shall be precast and cured at least three weeks before being placed in the water, or where necessary shall be placed in forms and shall cure at least one week prior to form removal. No washing of tools, forms, etc. shall occur in or adjacent to any waterway or wetland.

28. EFFECTIVE DATE

This permit and certification shall be effective on the date of issuance of a new hydropower project license by the Federal Energy Regulatory Commission, and shall expire with the expiration of this FERC license.

STANDARD CONDITIONS OF APPROVAL--HYDROPOWER PROJECTS

THE FOLLOWING STANDARD CONDITIONS OF APPROVAL SHALL APPLY TO ALL HYDROPOWER PROJECT PERMITS GRANTED UNDER THE MAINE WATERWAY DEVELOPMENT AND CONSERVATION ACT, TITLE 38, MRSA, SECTION 630 ET SEQ, UNLESS OTHERWISE SPECIFICALLY STATED IN THE PERMIT.

1. Limits of Approval. This approval is limited to and includes the proposals and plans contained in the application and supporting documents submitted and affirmed to by the applicant. All variances from the plans and proposals contained in said documents are subject to review and approval of DEP or LURC (as appropriate) prior to implementation.
2. Noncompliance. Should the project be found, at any time, not to be in compliance with any of the conditions of this

approval, or should the permittee construct or operate this project in any way other than specified in the application or supporting documents, as modified by the conditions of this approval, then the terms of this approval shall be considered to have been violated.

3. Compliance With All Applicable Laws. The permittee shall secure and appropriately comply with all applicable federal, state and local licenses, permits, authorizations, conditions, agreements, and orders prior to or during construction and operation.
4. Inspection and Compliance. Authorized representatives (sic) of the DEP, LURC or the Attorney General shall be granted access to the premises of the permittee at any reasonable time for the purpose of inspecting the construction or operation of the project and assuring

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compliance by the permittee with the conditions of this approval.

5. Initiation and Completion of Construction. If construction is not commenced within 3 years and completed within 7 years from (sic) the date of issuance of this permit, this approval shall lapse, unless a request for an extension of these deadlines has been approved by the DEP or LURC (as appropriate).
6. Construction Schedule. Prior to construction, the permittee shall submit a final construction schedule for the project to DEP or LURC (as appropriate).
7. Approval Included in Contract Bids. A copy of this approval must be included in or attached to contract bid specifications for the project.
8. Approval Shown to Contractor. Work done by a contractor pursuant to this approval shall not begin before a copy of this approval has been shown to the contractor by the permittee.
9. Notification of Project Operation. The permittee shall notify the DEP or LURC (as appropriate) of the commencement of commercial operation of the project within 10 days prior to such commencement.
10. Assignment or Transfer of Approval. This approval shall expire upon the assignment or transfer of the property covered by this approval unless written consent to transfer this approval is obtained from DEP or LURC (as appropriate).

A 'transfer' is defined as the sale or lease of property which is the subject of this approval, or the sale of 50% or more of the stock of or interest in a corporation or a change in the general partner of a partnership which owns the property subject to this approval.