



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
Denver, CO 80202-1129
Phone 800-227-8917
www.epa.gov/region08

AUG 06 2015

Ref: 8EPR-N

Matt Buhyoff, Aquatic Biologist
Federal Energy Regulatory Commission
Office of Energy Projects
888 First Street, NE
Washington, DC 20426

E-filed at FERC Online

Re: Proposed Study Plan for the Peabody Trout Creek Reservoir Project;
FERC No. P-14446-000

Dear Mr. Buhyoff:

The U.S. Environmental Protection Agency Region 8 (EPA) recently received notification of the filing of a June 11, 2015 Second Study Report (Report) with the Federal Energy Regulatory Commission (FERC) for the Peabody Trout Creek Reservoir (PTCR) Project. The project includes a proposed dam and reservoir on Trout Creek, a tributary to the Yampa River near Steamboat Springs, Colorado. In addition to hydropower generation, water stored in the reservoir would be used to support lakeside residential development offering recreational fishing and boating opportunities, as well as provide a long-term water supply source to support PTCR's mining operations in northwest Colorado. There are no significant study variances from the Revised Study Plan that was approved by FERC in June 2013; rather, additional information has been provided regarding the schedule delays. Regretfully due to scheduling conflicts, the EPA staff were unable to participate in the June 25, 2015 meeting held at AECOM (previously URS Corporation) regarding the Report.

As stated in our April 18, 2013 letter regarding the Proposed Study Plan for this project, we continue to encourage integration of planning requirements associated with the National Environmental Policy Act (NEPA) and Clean Water Act (CWA) Section 404 within the FERC process for evaluating hydropower projects. Because this is a multi-purpose project with an emphasis on long-term industrial water supply, it is important for project feasibility studies to be prepared in a manner that will be useful in the CWA Section 404 permit process for both the U.S. Army Corps of Engineers (Corps) and the EPA. Our concern remains that the use of a narrow project purpose to determine the scope of studies for the FERC permit application has the potential to result in the need to prepare additional NEPA documentation. We anticipate that additional information will be needed to develop a reasonable range of project alternatives for the dam and reservoir to meet NEPA and CWA Section 404 requirements. In particular, sufficient information will be necessary to develop alternatives which could potentially lead to the identification of the Least Environmentally Damaging Practicable Alternative (LEDPA) under the 404 permit process.

We understand that the PTCR Project is in the pre-application stage. However, due to the complexity of this multifaceted project, we continue to encourage and welcome coordination efforts as early as

possible in the process in order to address multiple regulatory requirements. Before you move further through the FERC licensing and NEPA processes, please let us know if you would be interested in the EPA coordinating a conference call with you and potentially the project proponent to discuss concerns regarding this proposal. If we may provide assistance during this phase of project planning, management may contact Phil Strobel at 303-312-6704, or staff may contact Melanie Wasco, Lead NEPA Reviewer, at 303-312-6540 or wasco.melanie@epa.gov, or Sarah Fowler in the Aquatic Resource Protection and Accountability Unit at 303-312-6192 or fowler.sarah@epa.gov for questions regarding CWA Section 404 requirements.

Sincerely,



Karen Hamilton, Chief
Aquatic Resource Protection and
Accountability Unit
Office of Ecosystems Protection and Remediation



for

Philip S. Strobel, Director
NEPA Compliance and
Review Program
Office of Ecosystems Protection and Remediation

cc via email:

Matthew Montgomery
Corps, Grand Junction

Ann Timberman
USFWS, Grand Junction

John Hranac
CDPHE, Denver