

ATTACHMENT 2

CONSULTING AGENCIES AND TRIBES
COMMENTS AND RECOMMENDATIONS

US Fish & Wildlife Service – Comments enclosed

National Marine Fisheries Service – Comments enclosed

South Carolina Department of Natural Resources – Comments enclosed

South Carolina Parks, Recreation and Tourism – Comments enclosed

South Carolina Department of Archives & History – Comments enclosed

Catawba Indian Nation – Comments enclosed

South Carolina Department of Health and Environmental Control
– No comments received

Eastern Band of the Cherokee – No comments received



United States Department of the Interior



FISH AND WILDLIFE SERVICE

176 Croghan Spur Road, Suite 200
Charleston, South Carolina 29407

February 2, 2009

Mr. Michael C. Summer
South Carolina Electric and Gas Company
111 Research Drive
Columbia, SC 29203

Re: COMMENTS on Deficiencies and Request for Additional Information, Saluda
Hydroelectric Project, FERC No. 516-459

Dear Mr. Summer:

The U.S. Fish and Wildlife Service (Service) has reviewed the request for additional information issued by the Federal Energy Regulatory Commission (FERC) on November 24, 2008. We submit the following comments and recommendations in accordance with the provisions of the Fish and Wildlife Coordination Act, as amended (16 U.S.C. §§ 661-667e); Section 7 of the Endangered Species Act of 1973, as amended (16 U.S.C. §§ 1531-1543); the Federal Power Act (16 U.S.C. § 791 *et seq.*); the Migratory Bird Treaty Act (16 U.S.C. §§ 1536, 1538); the National Environmental Policy Act (42 U.S.C. § 4321 *et seq.*); the Clean Water Act (33 U.S.C. § 1251 *et seq.*); the Electric Consumers Protection Act of 1986 (Pub. L. No. 99-495, 100 Stat. 1243); and the Energy Policy Act of 2005 (Pub. L. No 109-58).

General Comments

The U.S. Fish and Wildlife Service has been an active participant in the enhanced traditional relicensing process for the Saluda Hydroelectric Project. The Service continues to participate on several Technical Working Committees and Resource Conservation Groups. The Service remains committed to working with South Carolina Electric & Gas Company (SCE&G) and its stakeholders toward a comprehensive relicensing settlement agreement.

The Service is aware that many elements in the license application are not complete because negotiations among the agencies, SCE&G, and stakeholders are not yet finalized. We believe these negotiations are near completion and anticipate reviewing a settlement



agreement in the next several months. We concur with SCE&G's requests for additional time to finalize the license application. To assist in responding to the requested additional information we provide the following comments and recommendations.

1. Fish Passage Options. In our Initial Consultation Document comments, we requested SCE&G conduct an out-migration and downstream fish passage study at the Saluda spillway. After further evaluation, the Service has determined that a study of downstream passage at the Saluda spillway is not warranted at this time. We therefore formally remove this request.
 2. Macro-invertebrate Monitoring and Enhancement Program. The Service has reviewed Appendix 4 –Macro-invertebrate Monitoring and Enhancement Program and finds the proposed plan satisfactory to address our concerns. We recommend this monitoring be conducted to evaluate the affects to the macro-benthos from an enhanced flow regime in the Lower Saluda River, which is to be included in the new license for the project.
 3. Freshwater Mussel Program. The Service concurs with the Freshwater Mussel Program for Lake Murray and its tributaries as described in the *Freshwater Mussel Adaptive Management Program*. In addition to the measures proposed in the Program we recommend development of a monitoring program for freshwater mussels in the confluence of the Saluda and Broad Rivers and downstream in the Congaree River, as described in our letter to SCE&G dated January 28, 2009. Monitoring in the Congaree River should occur throughout the temperature mixing zone as described in SCE&G's *Downstream Temperature Study*.
 4. Fish Mitigation Plan. We recommend hydroacoustic transducers continue to be utilized at the intake of Unit 5 to determine the presence of blueback herring. Unit 5 should not be operated unless there is an emergency situation when blueback herring are present.
 5. R, T & E Species Management Program. We concur with the SCE&G's request for additional time to finalize the Rare, Threatened, and Endangered Species Management Program.
 6. Santee River Basin Accord. The Service is a signatory to the Santee River Basin Accord which is a cooperative agreement among utilities, and Federal and state natural agencies, to enhance and restore diadromous fish in the Santee River Basin. The Service commends SCE&G for their commitment to protect and enhance fisheries resources in the Santee River Basin.
 7. Shoreline Management. The Service along with many stakeholders have participated in a rigorous process to develop and finalize the Lake Murray Shoreline Management Permitting Handbook and Permitting Guidelines. It appears this process is nearly complete. We concur with the request for additional time to complete this effort.
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We appreciate the opportunity to comment on the Additional Information Requests. If you have any questions or need additional information please contact Ms. Amanda Hill of my staff at 843-727-4707 ext. 303.

Sincerely,

A handwritten signature in blue ink, appearing to read "Timothy N. Hall".

Timothy N. Hall
Field Supervisor

TNH/AKH

cc: Mr. Bob Perry, S.C. Department of Natural Resources, Columbia, SC



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE

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February 5, 2009

F/SER4:PB/pw

Mr. Michael C. Summer
General Manager, Fossil/Hydro Technical Services
South Carolina Electric & Gas Company
111 Research Drive
Columbia, South Carolina 29203

Re: Saluda Hydroelectric Project (FERC No. 516-459), Draft SCE&G Response to FERC Additional Information Request, NMFS Comments

Dear Mr. Summer:

NOAA's National Marine Fisheries Service (NMFS) reviewed your draft response, dated January 7, 2009, to FERC's Schedule B Additional Information Request (AIR). The following comments are provided to assist in completing the response to FERC that is requested by February 24, 2009.

Section 5: Shortnose Sturgeon Management Program: FERC requests a program schedule, an outline of additional measures that would be included, and cost estimates. Your response acknowledges the Shortnose Sturgeon Monitoring and Adaptive Recovery Program proposed by NMFS and the South Carolina Department of Natural Resources and provides a copy of the program for FERC to review. NMFS concurs with your proposed response to FERC and with setting July 31, 2009, as the target date for finalizing the program in coordination with NMFS and other resource agencies.

Thank you for the opportunity to provide comments on the draft AIR response. Please direct related questions or correspondence to me at our Atlantic Branch Office, 219 Fort Johnson Road, Charleston, South Carolina 29412, by telephone (843) 953-7204, or by email (Prescott.Brownell@noaa.gov).

Sincerely,

Prescott H. Brownell
Hydropower Coordinator
Habitat Conservation Division

cc:

SCE&G, bargentieri@scana.com
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USFWS, Amanda_Hill@fws.gov



South Carolina Department of Natural Resources



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John E. Frampton
Director
Don Winslow
Chief-of-Staff

February 9, 2009

Mr. Michael C. Summer, General Manager
Fossil/Hydro Technical Services
South Carolina Electric & Gas Company
111 Research Drive
Columbia, South Carolina 29203

ATTENTION: Mr. William Argentieri

REFERENCE: Saluda Dam Hydroelectric Project (FERC Project No. 516) – Response to Deficiencies and Request for Additional Information

Dear Mr. Summer:

By letter dated January 7, 2009, South Carolina Electric & Gas Company (SCE&G) submitted to the South Carolina Department of Natural Resources (DNR) a request to review and comment on SCE&G responses to the Federal Energy Regulatory Commission (FERC) regarding their Request for Additional Information (AIR). In that correspondence, it was requested DNR provide you with any comments on the matter by February 9, 2009.

DNR appreciates the opportunity to review SCE&G comments. They have provided DNR with the first opportunity to review the details of the proposed Protection, Mitigation and Enhancement (PM&E) measures for the project, which were not provided in either of the draft or final license applications. DNR looks forward to working with you and your staff to finalize these measures prior to the end of July, 2009.

Our comments follow:

FERC AIR: Fish Kills - On page 2-31 of Exhibit E, comments from the Lake Murray Association suggest that a fish kill occurred at the project in 2007. There is no record of this fish kill in the Commission's files, or that any such kill was reported. Please verify whether a fish kill occurred in 2007, and if so, please provide a report on the species killed; approximate

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numbers, time, and date of occurrence; probable cause of the kill; and location within Lake Murray where the fish kill occurred.

SCE&G Response: SCDNR is responsible for the investigation of fish die-offs in state waters. SCE&G respectfully requests that SCDNR provide the results of any investigation into the 2007 fish die-offs, including dates, numbers, and potential causes, in their response to this AIR so that SCE&G may file it with the Commission.

SCE&G has typically implemented a “last on, first off” scenario for Unit 5 to aid in reducing fish kills in the reservoir and as noted in Section 2.5 on Page 2-43 of our FLA for preservation of coolwater refuge habitat for striped bass in the reservoir during summer months when the lake is stratified. During consultation efforts results of a water quality model indicate it might be better to operate Unit 5 in the mode of “first on, last off” during most of the year, in Section 2.5 on Page 2-43 of our FLA the Applicant proposes to operate Unit 5 preferentially as “first on, last off” from November 1 through July 31 of each year and the bottom-oriented units preferentially as “first on, last off” during the months of August through October. This protection measure of operating Unit 5 in a “last on, first off” scenario is proposed to reduce the potential for extensive striped bass die-offs within Lake Murray. Any costs associated with either of these measures will be included in Exhibit D as part of the Applicant’s response to Schedule A.

DNR Comments: Minimizing or elimination project related fish kills is one of the DNR objectives in relicensing. DNR offers the following comments to assist the FERC in distinguishing between the different types of fish kills that occur occasionally in the Saluda project and to specifically address their AIR. Historically, DNR has documented 2 types of large scale fish kills in the Saluda project: 1) entrainment events and 2) summer die-offs.

The entrainment of forage fish into the Saluda River was first observed in the mid 1990s, and the most recent event occurred in the spring of 2002. Numbers of entrained fish, predominantly blueback herring, ranged from several hundred to several thousand. Blueback herring are an introduced forage species which gather near the dam in large numbers in late spring. It became apparent the entrainment events that occurred in the mid-1990s were correlated with operation of the Number 5 turbine. To minimize risk of large entrainment events, SCE&G installed a hydroacoustic system that would alert them to the presence of large numbers of fish in the vicinity of the Number 5 intake, and they adopted the *last on, first off* operations scenario for the Number 5 unit described in their response. With the exception of the entrainment event in 2002, we are unaware of any significant entrainment events since SCE&G implemented those operational changes.

The other type of fish kill that has occurred in the project is the summer die-off of large striped bass. That is the type of fish kill that occurred in 2007. According to DNR records, regional fisheries staff first observed several dead striped bass in the lower portion of Lake Murray during the last week of August, 2007, and dead or moribund striped bass were observed weekly through October 3, 2007. A total of 1,252 fish ranging in size from 14-28 inches in length were counted. DNR concluded the fish had succumbed to low dissolved oxygen (DO) levels brought on by

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thermal stratification. United States Geological Survey (USGS) gauging data supported this by showing pronounced lake stratification and very low DO levels below 12 m within the area where the die-off occurred.

DNR records document the occurrence of summer die-offs of striped bass in Lake Murray as far back as the mid 1970s. At least 10 events, occurring in different years, were recorded by DNR fisheries staff from 1989 thru 2008. All of these kills appeared to be confined to the forebay area of Lake Murray extending from the dam to the vicinity of the Spence Island/Wessinger Island gap. The die-offs occurred during the mid to late summer months (mid-July to early September), and in most cases, lasted from several weeks to more than a month in duration. While striped bass have represented the vast majority of the mortalities associated with these events, mortalities of other species such as white catfish, gizzard shad, and white perch also have been documented in the same area, at the same time. Records indicated the actual number of dead fish observed during monitoring of any particular die-off ranged from 39 to over 3,000, which can be a significant component of the population.

DNR concurs with SCE&G that the water quality modeling conducted during relicensing shows that a change in project operations might benefit striped bass summer habitat, and the agency supports the proposed changes. None-the-less, DNR is concerned problems associated with low DO will not be corrected by the proposed operational changes. Due to the uncertainty of any benefits, DNR believes it is reasonable to implement the proposed changes and to monitor them for a period of at least 5 years. If the proposed changes do not reduce or eliminate these mortality events, DNR recommends that other measures be considered.

FERC AIR: Macroinvertebrate, Mussel, and Trout Programs - On pages 3-19, 3-20, and 3-46 of Exhibit E, you propose to implement a macroinvertebrate community monitoring program, a freshwater mussel restoration program, and a trout adaptive management program. You further state that these programs are currently being developed and would be filed as part of a comprehensive settlement agreement for the project. We will need to assess the environmental effects and costs of your proposed programs now, as opposed to waiting for an uncertain settlement agreement for the project to be filed. Your filing for each of these proposed programs must include a detailed description of any proposed measures, a proposed implementation schedule, and the estimated costs for the proposed measures.

SCE&G Response: The proposed Macroinvertebrate Monitoring and Enhancement Program for the Saluda Hydroelectric Project is included as Appendix 4 of this response. The proposed Fresh Water Mussel Program for the Saluda Hydroelectric Project is included as Appendix 5 of this response. The proposed Trout Adaptive Management Program for the Saluda Hydroelectric Project is included as Appendix 6 of this response. As noted in your request, these programs have not been finalized by the Fish and Wildlife Resource Conservation Group or our management. Also enclosed is Appendix 7 which includes minutes from the October 17, 2008 meeting that provides a record of our continued stakeholder and agency consultation. Estimated costs for all of these proposed programs are shown in Exhibit D as part of the Applicant's

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response to Schedule A. The Applicant respectfully requests a time extension until July 31, 2009 to consult further with interested stakeholders and agencies to finalize the programs.

DNR Comments: DNR has reviewed the proposed Macroinvertebrate Monitoring and Enhancement Program presented in Appendix 4 of their response. Previous macroinvertebrate sampling conducted by SCE&G and its consultants has demonstrated biotic conditions improved as distance from the Saluda Hydro dam increased. NCBI scores were generally *poor* immediately downstream of the Project dam. These results could be caused by the scouring associated with hydro power operations or periodic problems with low DO. Instream flows proposed by the licensee may not benefit downstream aquatic life if the low biodiversity observed below the dam is due to low DO rather than scour. DNR recommends the sampling program proposed by the licensee include some effort to distinguish the cause of the low biodiversity immediately below the dam and to include an adaptive management approach to correct or mitigate for any problems identified. DNR concurs with the SCE&G request for additional time to finalize this program.

DNR also has reviewed the proposed Freshwater Mussel Program presented in Appendix 5 of your response, and DNR concurs with the US Fish & Wildlife Service (FWS) that a long-term monitoring program should be developed to evaluate effects of the new flows on specific mussel aggregations. Specifically, the monitoring plan should include: 1) the establishment of monitoring sites extending from the Broad River downstream to the water temperature mixing area in the Congaree River before the new flow regime is implemented, 2) the potential impacts of altered temperatures on timing and frequency of mussel reproduction should be evaluated using caged mussels taken from the Broad or Congaree rivers and 3) temperature and dissolved oxygen should be monitored at each site. DNR plans to continue its involvement in the development of reasonable mitigation to address agency concerns, and DNR recommends SCE&G be given additional time to complete their management plans.

DNR has reviewed the proposed Trout Adaptive Management Program presented in Appendix 6. While DNR agrees in principle with the need for the program, the program as proposed does not fully meet the management concerns of the agency. DNR is very concerned with the high summer mortality observed in agency sampling efforts. This mortality appears to be correlated with the low DO levels that occur each summer in the forebay of Lake Murray. Although the trout appear to be experiencing high growth rates between the time they are stocked in the winter/spring and June or July, DNR data indicate they are virtually non-existent in September. One management objective of the DNR is to increase the abundance of trout aged 2+ and higher in the Lower Saluda River. DNR indicates that a better understanding of mortality is essential to enhance management of trout in the Lower Saluda River. DNR concurs with the licensee's request for additional time to allow the technical working committee and DNR to finalize this program.

FERC AIR: Low Inflow Protocol - On page 3-38 of Exhibit E, you discuss a Low Inflow Protocol (LIP), stating that a final LIP would be filed as part of the settlement agreement. We will need to assess the environmental effects and costs of any proposed LIP now, as opposed to

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waiting for an uncertain settlement agreement for the project to be filed. Therefore, please provide the details of any proposed LIP for the project, which must include a detailed description of the proposed protocol, a proposed implementation schedule, and the estimated costs for the proposed protocol.

SCE&G Response: The Maintenance, Emergency, and Low Inflow Protocol (MELIP) document has not been finalized at this time. A draft of the proposed MELIP is enclosed as Appendix 8. You will notice that there are several highlighted items that have not been resolved and therefore, neither the environmental effects nor a cost of the MELIP on operations can be assessed at this time. Also enclosed is Appendix 9 which includes minutes from the August 5, 2008, August 19, 2008, September 19, 2008, and November 12, 2008 meetings that provides a record of our continued stakeholder and agency consultation. The Applicant respectfully requests a time extension until July 31, 2009 in order to finish the necessary negotiations to finalize the Project MELIP.

DNR Comments: Developing a low inflow protocol (LIP) that fairly allocates and conserves the water resource during periods of drought is an important objective of the DNR as addressed in the South Carolina Water Plan. While DNR recognizes the LIP has not been finalized, we are concerned that the proposed LIP is: 1) too aggressive in conserving useable storage, 2) will be implemented too frequently and will unfairly limit flows to downstream users, 3) will be implemented due to conditions other than drought, and 4) does not share the burden with all users during period of low inflow.

The purpose of the LIP as described in the License Application is to conserve the remaining water stored in Lake Murray during periods of low inflow, in order to delay or prevent depletion of the usable storage in the reservoir. SCE&G defined useable storage as the volume of water above the proposed minimum operating level of 345' (all elevations referenced herein correspond to SCE&G plant datum). It should be noted that according to Exhibit B-16, useable storage is not exhausted until reservoir elevation of 300'. The Applicant is proposing to implement the LIP when reservoir levels drop 1' below the guide curve. The guide curve ranges from a low of 354' on January 1 to 358' during March through August, and is at 356' or higher for 10 of the 12 months of each calendar year. Therefore, the applicant is proposing to initiate the LIP when reservoir elevations range from 353' to 357'. Exhibit B-16 in the License Application provides the elevation to storage relationship, and calculations using the data provided in that table reveal that useable storage ranges annually from 58% to 91% at elevations 353' and 357' respectively (Table 1). Since the guide curve is at elevation 356' or higher for most of the year, the LIP would be implemented at 355', or when there is still about 74% of the useable storage remaining in the reservoir over 80% of the year. While DNR agrees with the need to conserve useable storage during periods of drought, DNR asserts that the proposed LIP is much too aggressive in conserving water in the reservoir at the expense of downstream flows, particularly when the total useable storage down to elevation 300' is considered.

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Table 1. The relationship of reservoir level in feet (PD), acre-feet, and percent of useable storage at reservoir elevation 358’.

Reservoir elevation	Acre-feet	Percent of useable storage
360	1,613,981	118
359	1,563,981	109
358	1,515,174	100
357	1,467,585	91
356	1,421,189	82
355	1,375,987	74
353	1,331,887	66
353	1,288,774	58

DNR indicates the proposed LIP will be implemented much too frequently. Based on modeling conducted by the DNR over a 28-year period of record, the proposed LIP would have been implemented in 17 of the past 28 years. A proposal by the DNR to use a 2’ trigger resulted in the LIP being implemented in 10 of the 28 years. The SCE&G proposal would reduce flows to downstream users on 1,472 days, while the DNR proposal would reduce downstream flows on 889 days. The SCE&G proposal would result in flow reductions to downstream users on 583 additional days over the DNR proposal.

Using a 1’ trigger will allow conditions other than drought to initiate the LIP. DNR understands that full capacity hydropower operations will lower the reservoir 6” from full pool in 24 hours. Considering that the reservoir will at times be lower than the guide curve, it is feasible that hydro operations could lower reservoir levels enough to trigger the LIP.

DNR maintains the burden associated with drought conservation should be shared by all users. Based on a DNR analysis of the 28-year data set that included 10 years of extreme drought (1981-2008), the proposed LIP would have resulted in reservoir elevations that were within 2’ of the guide curve 92% of the time. Downstream flows would have been reduced about 14% of the time, and the reductions in volume would have been 28% in the summer months and as much as 63% in the spring. While water conservation measures have been identified for reservoir and downstream uses, no such measures have been identified for the Applicant. In fact the Applicant proposes that the plant will remain available for operations at any pool level consistent with the original design of the project structures (300’).

FERC AIR: Wood Stork Management Program - On page 4-17 of Exhibit E of your license application, you state that you plan to provide the details of a wood stork management program with the Commission when you file a comprehensive settlement agreement. We will need to assess the environmental effects and costs of any proposed wood stork management program now, as opposed to waiting for an uncertain settlement agreement for the project to be filed. So that we may assess the project’s potential effects on the wood stork, please submit a final wood stork management program, which should include: (1) details of any ongoing wood stork monitoring or surveys; (2) details of any public wood stork awareness or education programs; (3) any consultation with FWS and South Carolina DNR related to this wood stork management

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program; (4) a proposed schedule for implementing the program; and (5) the estimated costs for any proposed measures.

SCE&G Response: The RT&E Species Management Program for the Saluda Hydroelectric Project is included as Appendix 11 of this response. This proposed RT&E Species Management Program which includes the proposed wood stork management plan and a proposed schedule for implementing the program. As noted in your request, this program has not been finalized by the Fish and Wildlife Resource Conservation Group. Also enclosed is Appendix 7 which includes minutes from the October 17, 2008 meeting that provides a record of our continued stakeholder and agency consultation. A proposed draft educational brochure for all RT&E species is included as Appendix 3 as part of the mitigation measures associated with this license application. Estimated costs of this proposed program are included in Exhibit D as part of the Applicant's response to Schedule A. The Applicant respectfully requests a time extension until July 31, 2009 to consult further with interested stakeholders and agencies to finalize this program.

DNR Comments: DNR concurs with the Licensee's request for additional time to finalize the Wood Stork Management Program.

FERC AIR: Waterfowl Mitigation Measures - On pages 4-18 and 4-19 of Exhibit E of your license application, you indicate you are working with the FWS and the South Carolina DNR to develop a proposal for a new waterfowl management and hunting area to replace or offset waterfowl areas that have been lost as a result of land sales. You also indicate that waterfowl use of the project area has declined, potentially as a result of project operations and management. You indicate that you plan to provide the details of a waterfowl enhancement plan when you file a comprehensive settlement agreement. We will need to assess the environmental effects and costs of any proposed waterfowl enhancement plan now, as opposed to waiting for an uncertain settlement agreement for the project to be filed. If you would like this proposed waterfowl enhancement plan to be considered as part of this relicensing, you should file the details of the waterfowl enhancement plan, including: (1) the location of the new waterfowl area in relation to the project boundary; (2) details of the management of the proposed area; (3) any consultation with FWS and South Carolina DNR related to this measure; (4) a proposed schedule for implementing the provisions of the plan; and (5) the estimated costs for any proposed measures included in the plan.

SCE&G Response: We would like this proposed waterfowl enhancement measure to be considered as part of SCE&G's FLA. In an effort to provide you with as much information as possible for your evaluation at this time, the proposed waterfowl area is shown on the revised Exhibit G drawings identifying its relation to the project boundary. These revised Exhibit G drawings are being filed as part of our response to Schedule A. Enclosed as Appendices 14, 15, and 16 are updates filed previously with the Commission that describe our consultation efforts with the agencies. The property currently under consideration is not owned by the Applicant but the Applicant is currently in negotiations with the property owner at this time. Until there is an agreement on the procurement of the property details of the management of this specific

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proposed area, a proposed schedule for implementing the provisions of the plan or the estimated costs for the purchase and implementation of the proposed measures cannot be determined at this time. The Applicant respectfully requests a time extension until July 31, 2009 in order to finish the necessary negotiations to finalize the waterfowl management area and program.

DNR Comments: A June 23, 2004 Order from the FERC required SCE&G to consult with DNR and FWS and designate new waterfowl hunting areas to replace those lost to land sales and development. Since the loss of waterfowl hunting areas is associated with shoreline development, and since over 60% of the 691 miles of shoreline has been developed, DNR is seeking a significant enhancement effort from the Licensee. Due to the magnitude of the enhancement measure, and the timing of current relicensing, it seems reasonable to pursue the Order as part of relicensing with the intent of including the enhancement measure in a settlement agreement for the new license.

DNR is pleased with the effort SCE&G has taken to address the FERC Order to develop a plan to mitigate for lost waterfowl habitat and public waterfowl hunting opportunity. The current plan includes purchase of property that will be developed into a waterfowl area. DNR understands the delays that can be associated with the purchase of real estate. SCE&G has made a good faith effort to expedite this process.

In March of 2008, DNR recommended, in comments speaking to the draft license application, that SCE&G acquire, develop and fund an area to support the management of waterfowl. DNR indicates it is appropriate to mitigate for the magnitude of lost waterfowl habitat and hunting opportunity. As much as 10% of the statewide total waterfowl harvest appears to have occurred on or in association with Lake Murray prior to widespread shoreline development. A corresponding level of habitat and opportunity no longer occurs in the midlands of South Carolina. DNR further indicates it is reasonable to request the Licensee to acquire and fund the development and operations of a waterfowl area, and we request that such measures be included in the new License. In the event that the acquisition of a waterfowl area is not successful, DNR will continue to work with SCE&G to identify and develop an alternative plan to identify waterfowl habitat and enhance waterfowl habitat management and quality public waterfowl hunting. DNR concurs with the request of the Licensee for additional time to work out the details of this enhancement measure.

FERC AIR: Rocky Shoals Spider Lily Enhancement Program - On page 5-20 of Exhibit E of your license application, you indicate that you plan to provide details of a rocky shoals spider lily enhancement program when you file a comprehensive settlement agreement. We will need to assess the environmental effects and costs of any proposed rocky shoals spider lily enhancement program now, as opposed to waiting for an uncertain settlement agreement for the project to be filed. To facilitate our assessment of the project's potential effects on the rocky shoals spider lily, please include in the final rocky shoals spider lily enhancement program: (1) a description of any on-going monitoring; (2) a description of any protection or enhancement measures proposed for known or newly identified populations; (3) a description of any public awareness or education measures for the rocky shoals spider lily; (4) any consultation with the FWS and the

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South Carolina DNR related to this program; (5) a proposed schedule for implementing the program; and (6) the estimated costs for any proposed measures that are part of the program.

SCE&G Response: The proposed RT&E Species Management Program for the Saluda Hydroelectric Project is included as Appendix 11 of this response. This proposed RT&E Species Management Program which includes the proposed rocky shoals spider lily management plan and a proposed schedule for implementing the program has not been finalized by the Fish & Wildlife Resource Conservation Group or our management. Also enclosed is Appendix 7 which includes minutes from the October 17, 2008 meeting that provides a record of our continued stakeholder and agency consultation. A draft proposed educational brochure for all RT&E species is included as Appendix 3 as part of the mitigation measures associated with this license application. Estimated costs of this proposed program are included in Exhibit D as part of the Applicant's response to Schedule A. The Applicant respectfully requests a time extension until July 31, 2009 to consult further with interested stakeholders and agencies to finalize this program.

DNR Comments: DNR reviewed the RT&E Species Management Plan and generally concurs with the recommendations therein. DNR concurs with the SCE&G request for additional time to finalize this management program.

FERC AIR: Aquatic Plant Management Council Memorandum of Understanding (MOU). On page 5-21 of Exhibit E of your license application, you indicate that you are consulting with the Aquatic Plant Management Council (Council) to develop a MOU to formalize your cooperation with the Council in managing aquatic plants within the project area. You state that you would file this MOU when you file a comprehensive settlement agreement.

We will need to assess the environmental effects and costs of your proposed management activities for aquatic plants now, as opposed to waiting for an uncertain settlement agreement for the project to be filed. To facilitate our assessment of the project's potential effects on aquatic plants, please provide details of any proposed measures you would implement to manage aquatic invasive plants, including: (1) a description of any proposed monitoring of aquatic invasive plant populations; (2) a description of any proposed aquatic invasive management techniques; (3) identification of the entities responsible for implementing any aquatic invasive management techniques; (4) a description of any public awareness or education measures to prevent the spread of aquatic invasive plants; (5) copies of any additional consultation with the Council and other stakeholders with regard to aquatic invasive plant management; (6) a proposed schedule for implementing any aquatic invasive plant management measures; and (7) the costs for any proposed measures. You also should file a copy of the MOU, either separately or along with any settlement agreement filed in this proceeding.

SCE&G Response: The Applicant is working on a draft of the MOU at this time. Any draft MOU filed with the Commission as part of this AIR package will be submitted to the consulting agencies for their review prior to finalizing as part of a Settlement Agreement. Once finalized, the Applicant will provide descriptions to sub-items 1-7 as requested by the Commission. The

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February 9, 2009

Applicant will file the information under separate cover and respectfully requests a time extension until July 31, 2009 to completely finalize this information request.

DNR Comments: DNR agrees with the Licensee that they should develop an Aquatic Plant Management Plan. DNR recommends a management plan that clearly describes the obligations of the Licensee should be included as a License Article.

FERC AIR: Recreation Plan - In Exhibit E, page 7-47, of your license application, you state that a draft Saluda Recreation Plan is being developed by the Recreational Technical Working Committee (TWC), and is scheduled to be finalized in the winter of 2008. You provide a preliminary list of proposed enhancement measures in section 7.9 of Exhibit E, including measures for enhancing existing recreation facilities and new recreation facilities. We will need to assess the environmental effects and costs of any proposed measures and activities outlined in your recreation plan. Therefore, please file the recreation plan. You should include, in the plan, the following information, at a minimum: (1) a description of the proposed enhancement measures for existing recreation sites; (2) a description of proposed new recreational facilities (be sure to include recreational facilities in a revised Exhibit G map and to distinguish existing recreational facilities from proposed); (3) a description of the entity responsible for implementing the proposed measures, who would own the recreation facilities, and who would operate and maintain the recreation facilities; (4) a schedule for implementing the provisions of the proposed plan; (5) the estimated costs for the individual measures included in the plan; (6) a description of whether the existing and proposed facilities are within or outside of the project boundary, including a map denoting the location of all the proposed measures along with the existing project boundary; (7) a description of any consultation conducted in the development of the recreation plan and an explanation if you do not agree with any of the comments and recommendations that you received; (8) a description any future monitoring of recreational facilities and use at the project and for the update of the Recreation Plan; (9) the location of the commercial and private recreation sites; and (10) the accessibility of public, commercial, and private boat ramps at existing and proposed boat levels.

SCE&G Response: The proposed Recreation Plan for the Saluda Hydroelectric Project is included as Appendix 22 of this response. This proposed Recreation Plan, which has not been finalized by the Recreation Management Technical Working Committee, the Recreation Resource Conservation Group or our management, provides answers to sub-items 1, 2, 3, 4, 6, 7, 8, and 9 of Item 18 of your AIR. Sub-item 5, estimated costs of the proposed measures included in the proposed Recreation Plan are provided in Exhibit D as part of the Applicant's response to Schedule A. Although the proposed Recreation Plan is nearing completion, SCE&G would like to point out the enclosed version is incomplete as it is missing Appendix F - As-Built and Concept Design Drawings. SCE&G anticipates these drawings, including each site's relation to the existing and proposed project boundary, will be contained in the final version and submitted with the Comprehensive Settlement Agreement. In response to sub-item 10, all but one of the public (SCE&G owned) boat ramps were extended to the 345' PD elevation during the Saluda Dam Remediation Project in 2003. During this same period, most of the commercial and private boat ramps were extended to the 345' PD to 347' PD elevation. Based on permits issued during

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the low water period associated with the dam remediation, at a minimum 90% of all the commercial and private marinas and public parks will be accessible for lake access under the new guide curve. Under the current guide curve, the majority of the ramps are useable because of the extensions performed during the dam remediation drawdown period. Since the proposed new guide curve will maintain a higher lake elevation throughout the year, accessibility to all boat ramps will be better using the proposed new guide curve than the current license guide curve. This information is also provided in the proposed Recreation Plan in Appendix C as a response to Question 19 of the Standard Process Form. The Applicant respectfully requests a time extension until July 31, 2009 to consult further with interested stakeholders and agencies to finalize this plan.

DNR Comments: DNR has reviewed the proposed recreation plan. Section 7.5 states:

The Recreation RCG is recommending SCE&G continue to cooperate with the SCDNR in the marking of hazards in Lake Murray. This includes support for public communication regarding locations of unmarked hazards and a system whereby the SCDNR can be made aware of these areas.

With due respect to the Recreation RCG, the current funding crisis in South Carolina state government is forcing DNR to prioritize boating safety programs. DNR will be required to terminate the shoal hazards marking program in many State waters including Lake Murray. The DNR approach to shoal marking will be consistently applied to all State waters and all FERC projects.

FERC AIR: Recreation Flows - You indicate on page 7-46 of Exhibit E of your license application, that as a part of the Recreation TWC's issue resolution agreements for recreational flows, a preliminary agreement has been reached on a set of recreation flows and a total yearly amount of flow (quantified in acre-feet) that would be provided. You indicate that this agreement would be filed with the Commission with the settlement agreement for consideration and inclusion in the new license. We will need to assess the environmental effects and costs of any proposed set of recreational flows now, as opposed to waiting for an uncertain settlement agreement for the project to be filed. In Exhibit E, page 7-51, you state that South Carolina Company is also working with the Recreation Resource Conservation Group (RCG) to establish recreational flow releases on the Lower Saluda River to support on-water activities, such as wade angling and whitewater boating. You indicate that the target flow releases of between 700 cubic feet per second (cfs) and 1,000 cfs would be scheduled and provided for 5 to 9 hours per day, for a total of 32 days over the course of a year, to support wade angling activities. You state that these flows are sufficiently low to also provide opportunities for swimming, tubing, and rock hopping. In addition, you indicate that flow releases for whitewater activities, including kayaking events and rafting, are scheduled for 3 to 9 hours per day, for a total of 19 days annually, and would range from just over 2,000 cfs to 10,000 cfs for Canoeing for Kids events. Additional flow releases between 8,000 cfs and 15,000 cfs, which are tentatively scheduled for 11 days annually, are being evaluated for swift water rescue training. For us to accurately assess your proposal, please confirm if the flows described above are the recreational flows you plan to

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include in any settlement agreement, or if you plan to propose alternative flows. Either way, please provide a description of your proposed recreation flows, including the amount (cfs), timing (month/weekday/weekend), and duration (hours) of the flows, as well as the estimated costs (capital and O&M costs) associated with providing your proposed recreational flows.

SCE&G Response: The proposed referenced flows are included in Appendix E of the proposed Recreation Plan for the Saluda Hydroelectric Project, which is included as Appendix 22 of this response. This proposed Recreation Plan, which has not been finalized by the Downstream Flow Technical Working Committee or the Recreation Resource Conservation Group, provides proposed recreation flow releases, timing, and durations. Estimated costs associated with this proposal are included in Exhibit D as part of the Applicant's response to Schedule A. The Applicant respectfully requests a time extension until July 31, 2009 to consult further with interested stakeholders and agencies to finalize this plan.

DNR Comments: DNR concurs with the applicant's request for additional time to complete the stakeholder review of the proposed recreational flows. DNR requests the recreation plan, which includes the proposed flow schedule, should be an Article in the FERC license.

FERC AIR: Shoreline Management Plan - On page 8-88 of Exhibit E of your license application, you describe various proposed changes to your Shoreline Management Plan and Shoreline Permitting Policies. In Appendix E- 7, you state that the Lake Murray Shoreline Management Handbook and Permitting Guidelines and the Lake Murray Shoreline Management Plan would be filed once public review has been completed. To date, your proposed Shoreline Management Plan and Permitting Guidelines have not been filed with the Commission. To assist us in evaluating the merits of the proposed changes to the Shoreline Management Plan and Permitting Guidelines, please file these items.

SCE&G Response: The proposed Lake Murray Shoreline Management Handbook and Permitting Guidelines and the Lake Murray Shoreline Management Plan (SMP) are included as Appendix 25 and Appendix 26 of this response. Also included as part of the SMP, the Applicant is providing the proposed land classification maps as Appendix 27. Re-classification of all land within the Project boundary that is owned by the Applicant was required by the Commission by the June 23, 2004 Order, 107 FERC ¶ 62,273. The proposed Lake Murray Shoreline Management Permitting Handbook (Permitting Handbook) and Permitting Guidelines, Lake Murray SMP, and the land re-classification maps have not been finalized by the Lake and Land Management Technical Working Committee, the Lake and Land Management Resource Conservation Group, or SCE&G management. Also enclosed is Appendix 28 which includes minutes from the September 30, 2008, and October 15, 2008 meetings that provides a record of our continued stakeholder and agency consultation to finalize the SMP and Handbook. Estimated costs associated with these proposed documents are included in Exhibit D as part of the Applicant's response to Schedule A. The Applicant respectfully requests a time extension until July 31, 2009 to consult further with interested stakeholders and agencies to finalize the SMP and Permitting Handbook.

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DNR comments: SCE&G has expended considerable effort to solicit stakeholder input and to edit and update the Lake Murray Shoreline Management Permitting Handbook and permitting Guidelines. This has been a significant effort on their part and the process is nearly complete. DNR concurs with their request for additional time to complete this effort.

Mr. Summer, please be assured DNR appreciates the opportunity to review your response to these additional information requests. Further, it is trusted DNR comments will be considered constructive. Please do not hesitate to contact Dick Christie (803)289-7022 or myself if you have any questions regarding our comments.

Sincerely,

Robert D. Perry

Robert D. Perry
Director, Office of Environmental Programs

c: Don Winslow
Dick Christie
Vivianne Vejdani
Scott Harder
Bud Badr
Bill Marshall

South Carolina

Department of Parks, Recreation & Tourism

Mark Sanford
Governor

Chad Prosser
Director

February 9, 2009

Mr. Michael C. Summer, General Manager
Fossil/Hydro Technical Services
South Carolina Electric & Gas Company
111 Research Drive
Columbia, SC 29203

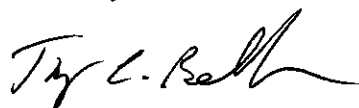
RE: Saluda Hydroelectric Project, FERC # 516-459, Response to Deficiencies and Request for Additional Information dated November 24, 2008

Dear Mr. Summer:

Thank you for sharing your proposed response on the above Additional Information Request. As noted in the response, there are still some items to finalize in the Recreation Plan, Shoreline Management Plan, and other portions of the stakeholder process. The South Carolina Department of Parks, Recreation & Tourism (SCPRT) looks forward to continuing the process to reach a mutually beneficial agreement on these matters within the requested time extension. We hope this extension is satisfactory to the Federal Energy Regulatory Commission (FERC) and others involved in the process.

If there are any questions, please contact me at 803-734-0189 or tbebber@scprt.com. Thank you.

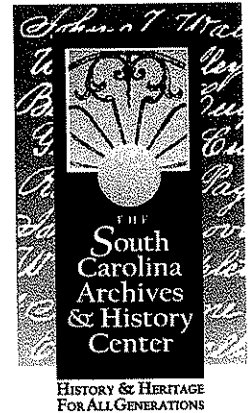
Sincerely,



Tony L. Bebber, AICP
Planning Manager

Cc: Bill Argentieri





February 6, 2009

Mr. Michael Summer
SCE&G
Fossil/Hydro Technical Services
111 Research Drive
Columbia, SC 29203

RE: Response to Deficiencies and Request for Additional Information dated Nov. 24, 2008.

Dear Mr. Summer:

We have received your cover letter dated January 7, 2009 and a CD entitled *South Carolina Electric & Gas Company Saluda Hydroelectric Project FERC Project No. 516 FERC AIR Schedule B Response January 7, 2009* as supporting documentation. Upon review of this documentation, the SHPO has no additional comments or recommendations.

If you have any further questions, please contact me at (803) 896-6181.

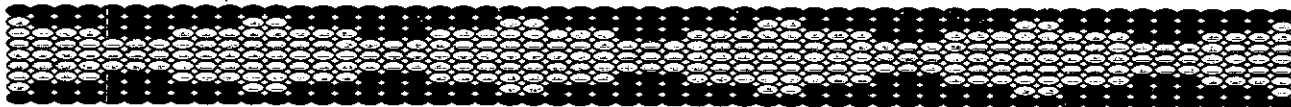
Sincerely,

Chuck Cantley, MA, RPA
Staff Archaeologist/GIS Coordinator
State Historic Preservation Office

cc: William Argentieri, SCE&G

Catawba Indian Nation
Tribal Historic Preservation Office
1536 Tom Steven Road
Rock Hill, South Carolina 29730

Office 803-328-2427
Fax 803-328-5791



12 February 2009

Attention: Michael C. Summer
SCE&G
111 Research Drive
Columbia, South Carolina 29203

Re. THPO #	TCNS #	Project Description
2009-127-1	Project No. 516-459	Saluda Hydroelectric Project Response to Deficiencies and Request for Additional Information

Dear Mr. Summer,

The Catawba Indian Nation THPO appreciates the opportunity to respond to the Additional Information request from the Federal Energy Regulatory Commission on the SCE&G Saluda Hydroelectric Project.

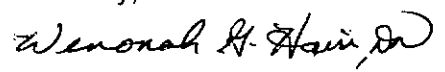
We concur that sites 38SA150 and 38SA244 would only need monitoring no more than once every 5 years due to the majority of the site being under water at normal pool elevation which we feel provides protection for these sites. During major draw downs, they will be evaluated and the reported data will be sent to our THPO office. The other sites will need to be monitored according to the once every 2 year cycle as proposed by SCE&G. If circumstances change, we have been assured by SCE&G that they will contact our office upon immediate discovery and we will discuss changes needed for the protection of these sites.

We are reviewing the Lake Murray shoreline management handbook and permitting guidelines and Lake Murray Shoreline Management Plan. We concur that SCE&G be allowed an extension till July 31, 2009 for further consultation and comment. We would like this extension in order for us to be able to directly discuss with them any concerns that we may have. Due to budgetary constraints, we would respectfully request that the drafts and yearly review information be sent to us in order for us to provide our comments in the event that we might not be able to attend the scheduled meeting.

We are presently waiting to review the draft artifact analysis and report preparation that we have been informed will be available on or before April 29, 2010. We have a good relationship with both SCE&G and the Principal Archaeologist. We feel confident that our concerns will be addressed if we should have any whenever the draft report comes out.

If you have questions please contact Wenonah Haire at 803-328-2427 ext. 224, or e-mail wenonahh@ccppcrafts.com.

Sincerely,

A handwritten signature in cursive script that reads "Wenonah G. Haire, Dr".

Wenonah G. Haire
Tribal Historic Preservation Officer