

Consumers Energy Hydro Strategy Five Channels Dam Community Conversation

Anna Lee and Elizabeth Riggs,
Public Sector Consultants
Rich Castle and Marianne Walter,
Consumers Energy

October 12, 2022



Consumers Energy



PUBLICSECTORCONSULTANTS.COM

Conversation Objectives

- **Share information** about the development of Consumers Energy's long-term hydro strategy
- **Gain community-wide understanding** about the process and future scenarios
- **Gather input** on community factors that should be accounted for in the strategy

Overview of Consumers Energy River Hydro Strategy

Mio

Alcona

Loud

Five Channels

Cooke

Foote



October 2022

Rogers

Hardy

Croton

Tippy

Hodenpyl

Webber

Calkins Bridge



CE River Hydro History



Owned more than 90 river hydro assets



Typically, small multiple-use assets that supported a local community



Generation advances and exhaustion of prudent locations stopped expansion



70+ assets sold or retired between 1940 and 1970 due to asset value (*customer value vs. cost*)

River Hydro Fleet Details




Dam	Capacity (MWs)	Average MW/day	Plant Commissioned	FERC License Expiration Date
Rogers	6.75	2.66	1906	6/30/2034
Hardy	31.5	11.87	1931	6/30/2034
Croton	8.85	3.79	1907	6/30/2034
Hodenpyl	17	5.57	1925	6/30/2034
Tippy	20.1	7.13	1918	6/30/2034
Calkins Bridge	2.55	1.52	1935	3/31/2040
Webber	3.25	1.3	1907	5/31/2041
Mio	5	1.74	1916	6/30/2034
Alcona	8	3.29	1924	6/30/2034
Loud	4	2.08	1913	6/30/2034
Five Channels	6	2.79	1912	6/30/2034
Cooke	9	3.15	1911	6/30/2034
Foote	9	3.51	1918	6/30/2034
Total:	131	50	About 1% of CE Total Generation	

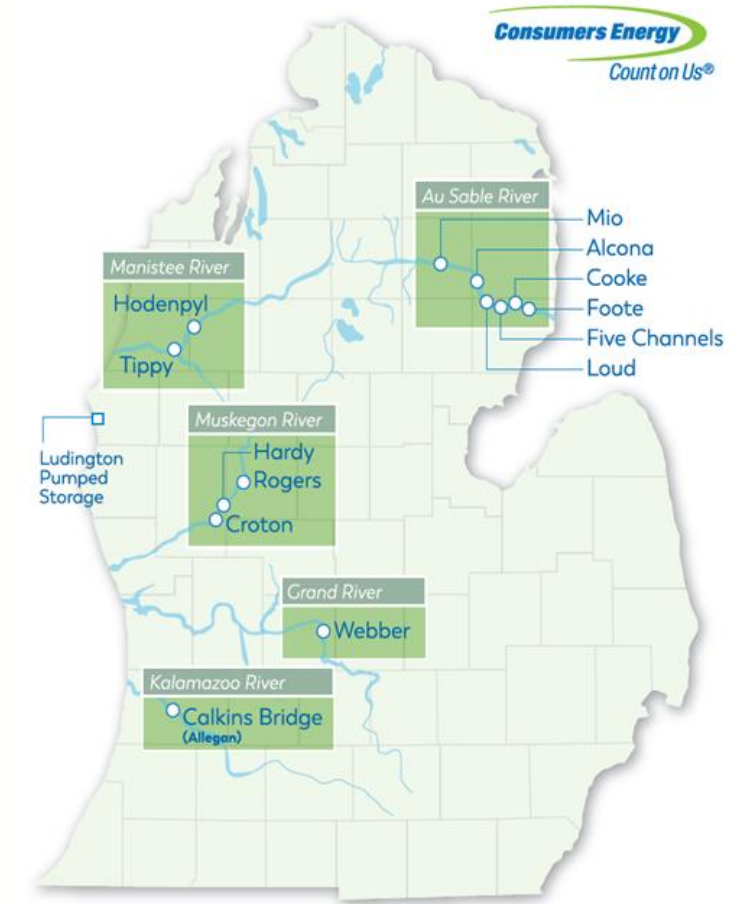
Regulatory Agencies



- Michigan Public Service Commission
- Federal Energy Regulatory Commission (FERC)
 - Division of Hydropower Administrative and Compliance (DHAC)
 - Michigan Department of Environment, Great Lakes, and Energy (EGLE)
 - Michigan Department of Natural Resources (DNR)
 - U.S. Fish and Wildlife Service
 - U.S. Forest Service
 - Michigan Hydro Relicensing Coalition
 - Division of Dam Safety and Inspections

Detailed Review

-  Safety
-  Complying with regulations
-  Cost of operation
-  Environment
-  Community
-  Recreation



Hydroelectric facilities

Safety



Satisfactory Condition with FERC



FERC Inspections



Owner's Dam Safety Program



Public Safety



Complying with Regulations



Division of Hydropower Administration and Compliance



FERC Licensing Process

- Integrated Licensing Plan



Dam Safety and Inspections

- Updated Regulations in 2022





Cost of Operation (Fleet)

Benefit of CE River Hydros:

Total average value = \$12.9M/year

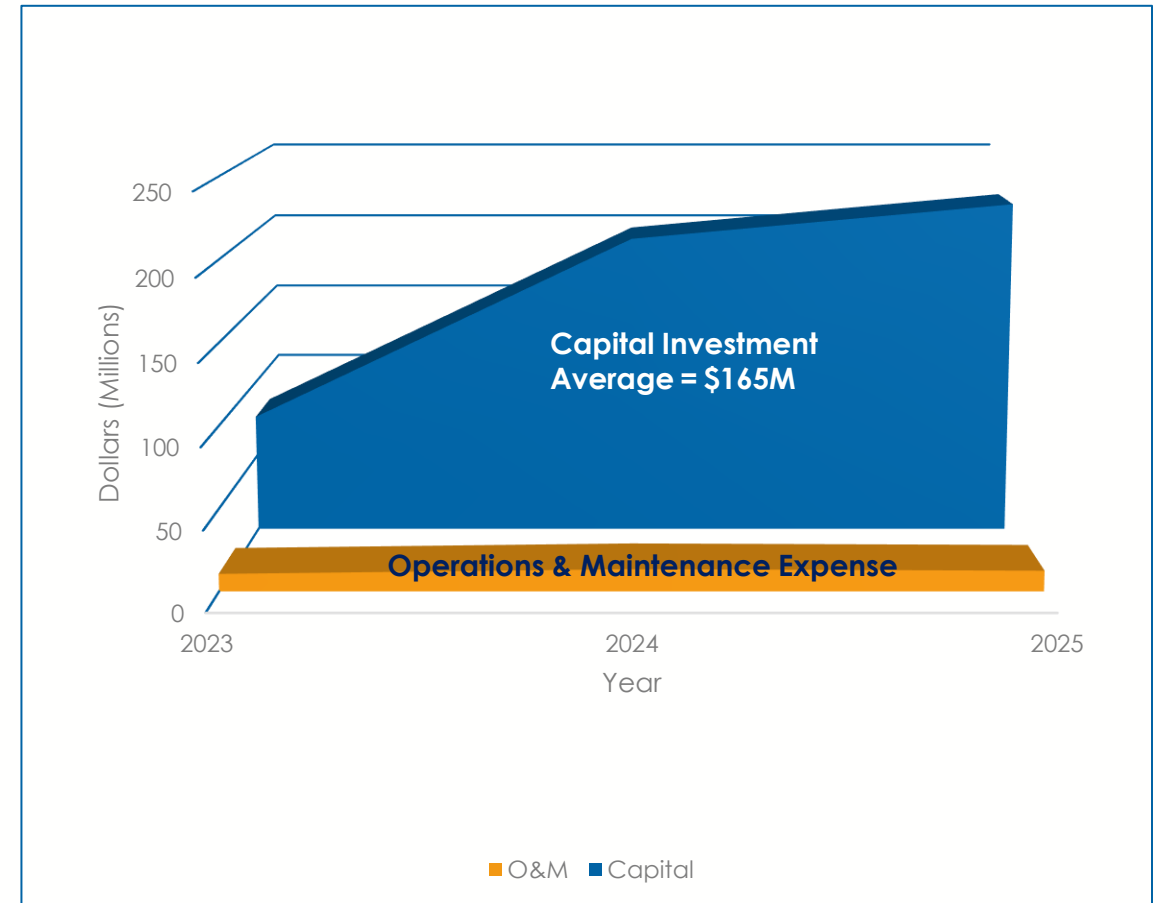
Cost of River Hydros:

Operations and maintenance = \$12.6M/year

- Funding for internal/external labor to operate and maintain equipment.

Capital investments = \$165.0M/year

- Major projects i.e.: replacement of spillway, new generators, new spill gates, new splash wall, or new wicket gates



Five Channels Dam Cost

	Actual O&M Costs 2017-2021	Forecasted O&M Costs 2023-2027	Actual Capital Costs 2017-2021	Forecasted Capital Costs 2023-2027
Five Channels	\$3.66M	\$3.92M	\$7.63M	\$15.27M

Head Gate and Dead Bay Project Forecast (2023-2024): \$6.7M

Wicket Gate Projects Forecasts (2024-2027): \$4.2M

Hoist/Trash Rack Projects Forecast (2023-2025): \$4.0M

Five Channels Avg O&M Cost: \$758k

Five Channels Avg Value: \$715.1k of the \$12.9M (fleet)

*All forecasts are subject to change or shift

Environment



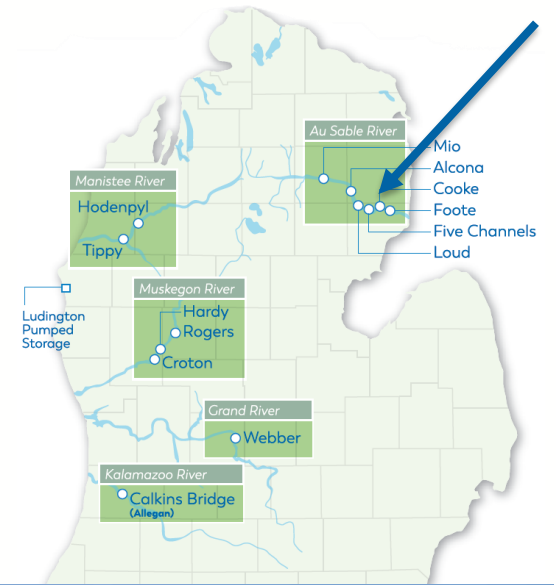
River Sediment







Water Quality



Not a downstream barrier (invasive species)



Community

-  Au Sable River Canoe Marathon
-  National Register of Historical Places - worker camp used for building the dam served as a model for worker camps during construction of the Panama Canal
-  Au Sable River Headquarters
-  Here for Feedback



Recreation

- Approximately 3K annual recreational visitors
- Boat Launch
- Fishing Pier
- Campground
- Snowmobile Trail connection via Old M-65 Bridge



Future Scenarios

- Relicense the dam, meeting all the new regulatory requirements, and continue to generate power
- Surrender the license and sell the dam to a third-party owner, who could maintain the dam structure and impoundment
- Remove the dam and return the river to its natural state
- Replace the dam with an alternative structure

Relicensing – Integrated Licensing Process

- Relicensing is handled through FERC and takes approximately five years
- The process involves the general public, nongovernmental organizations, tribal, state, federal, and local government input
- The applicant needs to demonstrate how it will address—either through mitigation, protection, or enhancement projects—the resources surrounding the dam and the dam itself
- Examples of issues the applicant will need to study are:
 - Water quality and other environmental issues
 - Fish and wildlife
 - Cultural
 - Recreation
 - Aesthetics
 - Land use
 - Tribal resources

Surrendering the FERC License

- Consumers may choose to no longer generate power and not relicense the facility. This process would require them to file a request [with FERC to surrender their license](#)
- Without power generation, Consumers could look to alternative options for the dam:
 - Transfer ownership of the dam to a different party
 - Remove the dam and restore the natural flow of the river
 - Replace the dam with an alternative structure
- All of these options involve significant input and sign off from many regulatory agencies

Removal of a Dam

- The process for [removing a dam](#) is regulated by state and federal agencies. When considering a dam removal, the applicant and regulators consider:
 - **Benefits of the dam and the impoundment** (preventing the movement of aquatic invasives, sediment control, historical significance, transportation uses, water supply, flood control, recreational boating, fishing, swimming, etc.)
 - **Concerns with the dam** (safety and security, costs and liabilities of keeping the dam, environmental and ecological impacts, impediments to fish and other species movement, etc.)
 - **Engineering and design considerations** for the removal of the dam itself and the rehabilitation of the ecosystem
 - **Property rights** and bottomland ownership issues
 - **Costs and potential funding sources** for the removal

Transferring Ownership

- Example: Four Lakes Task Force—four dams located on the Tittabawassee River in Midland and Gladwin Counties
- Ownership was transferred from a private party to the Four Lakes Task Force, which oversees the Special Assessment District (SAD) on behalf of the counties
- Counties established a [SAD](#) to allow for the property owners located on the impoundments to pay an operations and capital improvements assessments for the purpose of maintaining legally established lake levels
- Process involved FERC, EGLE, and local county officials

Replacing the Dam

- When a full removal of the dam does not meet the needs of the community, regulators, and/or dam owners, dams sometimes can be replaced with an in-river structure. These options may include:
 - Modifications to the current dam
 - Replacing the dam with a different dam structure (e.g., low-head dam)
 - Rock structure

Engagement Process and Plan Development Timeline

- August–October 2022: Pre-strategy development community engagement
 - Community meetings around each dam
 - Website launched
 - Survey of property owners located within 100 feet of Consumers’ property lines
- Early 2023: Long-term hydro strategy is developed
- 2023–2034: Relicensing and/or retiring process underway, including community engagement

Community Input



Community Input

What does Consumers Energy need to understand about this community's relationship to the Au Sable River, and the dam and its impoundment?



Community Input

How it matter to you whether Consumers Energy is the dam owner and operator? Why?



Community Input

Regardless of the outcome, what would Consumers Energy need to provide to your community to make you feel their decision was prudent and your input was incorporated?



For more information, please visit
www.consumersenergy.com/hydrofuture



**PUBLIC SECTOR
CONSULTANTS**

Consumers Energy