

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 2188-259 – Montana
Missouri-Madison Hydroelectric Project
Northwestern Corporation

December 20, 2022

VIA Electronic Mail

Mr. John K. Tabaracci
Northwestern Corporation
John.Tabaracci@northwestern.com

Subject: Drought Impact Study

Dear Mr. Tabaracci:

This letter is in regard to the Drought Impact Study (Study) that you filed on September 16, 2022, for the Missouri-Madison Hydroelectric Project No. 2188.¹ You filed the Study pursuant to ordering paragraph (B) of the May 19, 2022 Order Modifying and Approving Temporary Variance of Article 403 (2022 Variance Order).² As explained in more detail below, the Study is approved and we appreciate the additional measures you implemented to facilitate communications regarding your operations of the Hebgen Development.³

Background

On July 23, 2021, you filed with the Commission notice of a planned, temporary deviation at the Hebgen Development beginning on July 22, 2021, through the anticipated end date of October 1, 2021. On September 10, 2021, we issued a letter explaining your notification was consistent with the requirements of Article 403 of the

¹ *PP&L Montana, LLC*, 92 FERC ¶ 61,261 (2000), *order on reh'g*, *PP&L Montana, LLC*, 97 FERC ¶ 61,060 (2001).

² *Northwestern Corporation*, 179 FERC ¶ 61,131 (2022).

³ The project consists of nine developments: Hebgen, Madison, Hauser, Holter, Black Eagle, Rainbow, Cochrane, Ryan, and Morony.

license. However, given the length of time of the proposed deviation from Article 403 (approximately 81 days), the letter instructed you to file a temporary variance request addressing whether the change in operations affects any license requirements.⁴ The letter directed you to consult with the resource agencies, allow the agencies 30 days to comment on the draft request, and include documentation of the consultation and how Northwestern incorporated each of the comments in the final request.

On November 9, 2021, and supplemented on November 12, 2021, you filed the temporary variance request. On May 19, 2022, the Commission issued the 2022 Variance Order. The Commission modified your variance request by requiring the Study. The goal of the Study is for you, the resource agencies, interested stakeholders, and the Commission to better understand how you managed the project in 2020/2021 and if changes should be made to better protect all resources on a going-forward basis while still complying with the requirements of the license. Ordering paragraph (B) of the 2022 Variance Order requires you to prepare a Study that analyzes, at a minimum, from September 1, 2020 through December 31, 2021, the following items: (1) how you operated the project during this time; (2) whether the models, forecasts, and analysis projected the best outcome; and (3) the methods for communicating drought conditions with the public. The 2022 Variance Order requires you to provide the study to the U.S. Forest Service, the Bureau of Land Management, the U.S. Fish and Wildlife Service, the Montana Department of Fish, Wildlife and Parks, and the Montana Department of Environmental Quality and must be made available to the public, providing 30 days for comment. Within 120 days of the date of the 2022 Variance Order, you must file the Study with the Commission for review and approval.

Drought Impact Study

You timely filed the Study on September 16, 2022. The Study explains the efforts you take to meet the requirements of your license that include measures to protect, enhance, and mitigate a host of project resources including environmental protection, recreation, and dam safety. You also describe the complexities involved in operating the Hebgen Development, in coordination with federal and state resource agencies, to balance competing priorities in meeting the license requirements. You explain that extreme weather and flow conditions can disrupt this carefully crafted management regime and result in occasional license deviations with potentially negative consequences.

⁴ Commission precedent limits the length of time a licensee may vary from license requirements without further approval. *See Niagara Mohawk Power Corporation*, 75 FERC ¶ 61,001, 61,003 (1996) (stating that a temporary modification may be for a few weeks or less); *see also, Placer County Water Agency*, 171 FERC ¶ 62,118, at Article 402 (2020) (establishing three weeks as a temporary period).

The Study discusses your operations of the Hebgen Development from September 1, 2020, through December 1, 2021. You were unable to meet all license requirements in the Madison River while also maintaining the required summer operating elevation of Hebgen Reservoir. You sought guidance from resource agencies on how to best manage the water shortage. In this instance and similar to historical circumstances, the resource agencies prioritized the biological resources and economic value of the Madison River fishery over maintaining the summer elevation at Hebgen Reservoir. You state that while you were unable to maintain the summer elevation, you were not in violation of any license requirements, including Article 403.

You discuss the tools and methods that are used to inform your operations. You provide a comparison of your operations in 2020-2021 to the previous 20 years. You identify possible alternative options for managing Hebgen operations; however, you also identify potential risks of these alternatives including possible dam safety and aquatic resources concerns. You detail your communication of the conditions experienced in the summer of 2021, including meetings with state and federal resource agencies, visits to fly fishing shops, press releases, placing ads in local publications, sending information letters via mail and email, and establishing a webpage dedicated to communication of drought conditions in the Madison River watershed.

You explain the historical measures that have been taken to provide deep-water lake access on the north shore of Hebgen Reservoir. In the summer of 2021, you discovered the channel between the Kirkwood Marina and the main body of Hebgen Reservoir was shallower than the depth at the boat launch. This limited the full functionality of the Kirkwood Ramp at low water levels. Since then, you note that this channel was dredged in June 2022 resulting in a deeper channel and boat access to the Kirkwood Marina during times of low Hebgen Reservoir elevations.

You provided the Study to the resource agencies and the public on August 11, 2022, and allowed 30 days for comments. You received five comments and included responses to the comments received in the Study. The comments were regarding cultural surveys, the time period included in the Study, future operations, support for your operational decisions in 2021 to protect the Madison River fishery, and ground water monitoring.

In addition to the Study, you retained the services of a third-party and initiated the Madison Stakeholder Engagement Process in June 2022. The intent of the ongoing process is for you to engage in dialogue between members of the public, and resource agencies on how you manage Madison River flows and reservoir elevations while balancing competing license obligations at the Hebgen and Madison dams during drought conditions. The process allows you to gather and exchange information among those directly impacted by river flows and reservoir levels, and the agencies responsible for fisheries and recreation management. You anticipate the benefit of the process to be a

greater understanding of issues and challenges of operating during times of limited water availability for those directly affected and the resource agencies. Individuals involved in the process represent a wide array of interests and experiences including agency representatives, non-government organizations, private recreationists, and private businesses. The stakeholder group has been and will continue to meet to discuss user's concerns and operating constraints with the goal of improving understanding, communications and common goals among the parties, and potentially identifying different operations to improve conditions during low water years.

Conclusion

You prepared the Study consistent with the requirements of ordering paragraph (B) of the 2022 Variance Order and it is approved.⁵ The Study provides a thorough explanation of the situation experienced at the Hebgen Development in 2020-2021 and explains how you balance the competing interests at the development. You allowed resources agencies and the public to comment on the Study and you adequately address the comments received. In addition to the Study, you have established the Madison Stakeholder Engagement Process to facilitate discussion on operations between members of the public, resource agencies, and you. Based on the results of the Study and the additional measures you are taking; we are not requiring any changes to the license or additional actions as this time.

Thank you for your cooperation. If you have any questions concerning this letter, please contact Jeremy Jessup at (202) 502-6779 or Jeremy.Jessup@ferc.gov.

Sincerely,

Kelly Houff
Chief, Engineering Resources Branch
Division of Hydropower Administration
and Compliance

⁵ We note that the 2022 Variance Order identifies December 31, 2021 as the end date for the time period of the Study; however, the licensee uses December 1, 2021 in the Study. We do not believe the additional month would significantly alter any of the results of the Study.