

Susquehanna River Basin Commission

a water management agency serving the Susquehanna River Watershed



February 16, 2012

Mr. Michael J. Caverly
VP-Financial Nuclear Development
PPL Bell Bend, LLC
Two North Ninth Street
Allentown, PA 18101

Re: Bell Bend Nuclear Power Plant (BBNPP);
PPL Pooled Asset Concept Relating to BBNPP;
Salem Township, Luzerne County, Pennsylvania

Dear Mr. Caverly:

Susquehanna River Basin Commission (SRBC) staff has received numerous inquiries from other agencies requesting clarification of the PPL Pooled Asset concept (Pooled Assets) as it relates to the Bell Bend Nuclear Power Plant (BBNPP). The purpose of this letter is to clarify what the SRBC staff believes will be necessary to support a request to utilize a Pooled Assets approach to address consumptive water use by BBNPP.

As part of its consumptive water use application for BBNPP, PPL must propose (and the SRBC commissioners must approve) mitigation for its requested consumptive water use of 28 million gallons of water per day (mgd). As you are aware, staff believes mitigation for a proposed consumptive use by a new facility of this magnitude and at this location must be in the form of compensatory water or discontinuance of use during designated low flow periods rather than monetary payment. The purpose of mitigation is to ensure no net reduction of flow in the river during such periods. Any proposed mitigation water must flow past BBNPP to satisfy the requirement.

PPL is proposing an innovative approach of pooling its various water storage "assets" to meet its consumptive use mitigation requirements at several existing projects and at the proposed BBNPP facility. This approach, as presented to the Commission in the form of a general concept and not a specific plan on June 23, 2011, may potentially allow for the more effective utilization of PPL's water storage assets in the Susquehanna River basin.

No formal action has been taken to date by the commissioners regarding PPL's pooled asset concept, nor has PPL made a formal submission of its request. To develop this concept into an acceptable submission for review and possible approval by the SRBC, PPL must establish a suite of storage options and operational alternatives, and designate which generation facilities and other PPL projects are to be included in the plan. At a minimum, the plan must

identify how it proposes to modify the existing approved mitigation methods at each of the facilities addressed by the plan, include applications for any new and increased withdrawals that might initially be added to the asset pool, and have information to demonstrate that proposed releases are feasible and adequate to meet its mitigation obligations. PPL also will need to provide information to address numerous details involved in plan implementation. SRBC staff's role will be to technically evaluate the merits of any future pooled asset plan to ensure it meets the consumptive use mitigation goals and requirements as described in the SRBC's Comprehensive Plan and regulations. Location and quantity of available storage, as well as acceptable water quality, and timing of operations will be critical factors in staff's review of the plan.

The SRBC requests a list of specific water supply assets upstream of BBNPP that are being considered as part of the Pooled Assets proposal, including the proposed amount of mitigation and expected licensing/permitting or contractual actions for each asset. The list would allow the SRBC to be responsive to inquiries from other agencies and presumably would support a more tangible Pooled Asset proposal. Please note, in addition to sources of storage being identified, all necessary agreements among the different legal entities, both within the PPL corporate structure and any other project sponsors, must be resolved prior to approval of an "asset" into the plan. Neither the commissioners nor staff of SRBC will act as advocate for the plan before any third parties.

Based upon the outcome of the technical evaluation, SRBC staff will make a recommendation to the commissioners regarding acceptance, modification or rejection of the plan. PPL has discussed phased implementation of components of consumptive use mitigation for BBNPP with SRBC staff, and we are willing to suggest to our commissioners that they entertain such an approach.

Lastly, from SRBC's perspective, PPL chose to pursue alternative analyses (using Instream Flow Incremental Methodology [IFIM]) in hopes of supporting its contention that the routine passby requirement (20% average daily flow [ADF]) is not needed to protect aquatic resources and downstream water uses. Because a passby flow is commonly the "trigger" for projects to cease their withdrawal during low flows, upstream storage is typically necessary to allow continued operations during all flow conditions. Should SRBC determine that the requested surface water withdrawal cannot be approved without a passby condition, water storage upstream of BBNPP would be needed to assure that all sections of the Susquehanna River are protected.

If you have any questions regarding the above, please feel free to contact Paula Ballaron at (717) 238-0423, extension 222.

Sincerely yours,



James L. Richenderfer, Ph.D., P.G.
Director, Technical Programs

cc: Gary Petrewski; PPL
Michael Canova; USNRC
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Amy Elliott; USACE, Baltimore District
Susan Weaver; PADEP
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