

Gustavus Electric Company

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TO:

Pat Regan - Regional Engineer
Office of Energy Projects - FERC
Division of Dam Safety and Inspection
Portland Regional Office
101 Southwest Main Street - Suite 905
Portland, Oregon 97204

SUBJECT:

November Monthly Report for the Falls Creek Hydro-electric Project
FERC # P-11659

DATE SUBMITTED:

12/15/06

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Dear Mr. Regan,

Please find enclosed the Monthly Construction Report for the Falls Creek Hydroelectric Project, FERC # P-11659.

Gustavus Electric Company (GEC), as the licensee for the above project, submits this report.

Sincerely,
Richard Levitt
GEC President

Contact Richard Levitt (richardlevitt@cs.com) to add names to distribution list.

**Falls Creek Hydroelectric Project (P-11659)
MONTHLY CONSTRUCTION REPORT TO FERC
November 2006**

1) Progress of Work

Very little work was done during the month of November. Preparation of the penstock trench continued on a portion of the intake service road. Cutting and stripping occurred in the area of the clear cut for gravel extraction in steel penstock alignment.

2) Status of Construction

Work continued on lowering the penstock grade and road grade along the steep section of the intake road. This 570 foot section starts approximately 440 feet downstream of the intake structure. The driller/blaster worked nine days this month - usually drilling in the morning and shooting in the afternoon. This method was used to reduce the chance of mass wasting into the creek. There were no slides into the creek this month.

Where muck and clay were encountered along the penstock route, that material was excavated to competent material, or to creek water level, and back-hauled to the disposal site at the Strip Fen Y. Shot rock was used to raise the penstock foundation where muck was excavated.

During the first week of November, five days were spent hauling shot rock from the rock pit and stock-piled at the intersection for future use. This was done because the expected heavy snows would make it difficult or impossible to haul this material up the relatively steep access road.

One week was spent cutting trees and stripping overburden in the clear-cut area where the steel penstock would be routed. This area will also be used as an additional gravel source.

A meeting was held at the DNR building in Juneau on November 29, 2006. The purpose was to discuss the tailrace location and slides at the powerhouse area. This meeting is discussed in more detail in the environmental section of this report.

3) Construction Difficulties

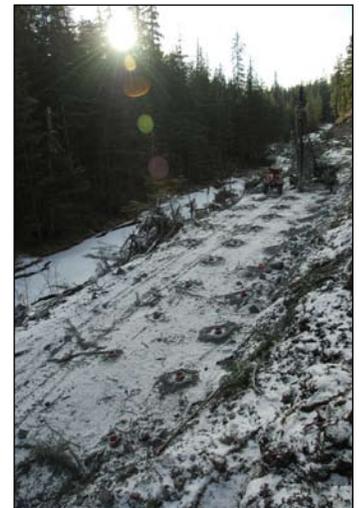
Temperatures during the month of November were consistently below freezing. Snow fall for the month was approximately 60 inches. Snow shut the project



Newly stripped gravel pit area at left of road. Note large spruce trees at left may still be removed.



This is a picture of shot rock that has been stock-piled at the Strip Fen Y.



Some drilling and blasting was done along the intake service road this month.

down from November 9th to the 21st, except for plowing. The month was also windy and cold, with three days down near -10F. The cold did not hinder progress, except diesel fuel that jelled had to be dealt with on a couple of occasions. Winds postponed the arrival of the penstock fusion machine such that training and welding work had to be postponed until at least January 2007.

5) Critical Events and Dates

The only critical events in November were that records were set for daily snowfall and daily low temperature on several days this month. It will probably be one of the historic snowiest and coldest Novembers on record.

8) Sources of Major Construction Material

The only material required this month was foundation material for the penstock where clay and muck needed to be excavated. This material was provided as shot rock from the intake road/penstock route.

11) Photographs

Ten photo vantage points have been established throughout the project area. Very little change occurred at photo points this month. Only one station was updated. See Figure 1 for photo site locations and Appendix 1 for this month's photos.

12) Environmental Compliance Issues

Monitoring of turbidity in Falls Creek occurred only during the first week of the month. During that time, stream turbidity was very low (less than 5 NTUs). The creek surface was frozen for the remainder of the month and construction was suspended in all areas that might have contributed sediment to Falls Creek.

Expansion of the gravel pit area clearing has increased windthrow exposure to high quality forest habitat. In addition, it may be necessary to remove 1-4 "murrelet trees" to make way for the preferred penstock route. The ECM is working closely with the project manager on choosing a route that minimizes head loss and construction costs while keeping impacts to



Heavy snows for much of the month postponed construction activities, especially HDPE penstock welding.



Ice and snow covered creek along intake service road.



Newly stripped gravel pit area at right of road. Note large spruce trees at right may be removed.

murrelet trees to a minimum.

Blasting along the intake service road was conducted without causing landslides or otherwise contributing sediment to Falls Creek. Small shots and light loads have been used in this area with great success.

A meeting was held in the Juneau DNR conference room to discuss restoration and mitigation for slides at the powerhouse area, including design modification options for the tailrace water return. During this meeting it was agreed that a draft restoration and mitigation plan (including a minimal action alternative) would be submitted to the agencies for comment and collaboration with the goal of developing consensus support by January of 2007. This plan was recently submitted for initial review and comment. You can download this plan, including a meeting participant list, from <http://www.gustavuselectric.com>.



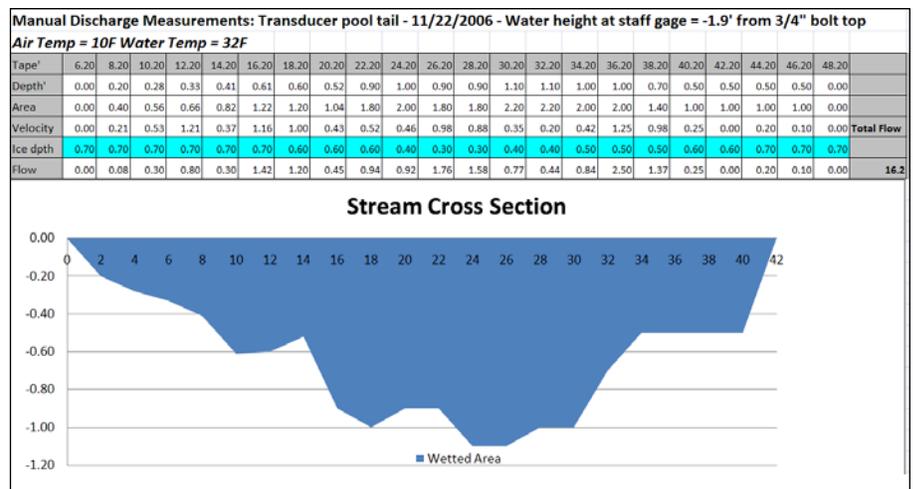
Blasting along the intake service road has gone very well this month - no slides or other impacts on fish habitat resources.

13) Wildlife Activity

Wildlife activity was generally low during November. Snow occurred frequently enough to make opportunistic tracking fruitless on most days. Moose probably left the area for the beach fringe soon after the snow began to fall in earnest.

14) Biotic Monitoring

The very cold conditions this month prompted initial phases of field observations for frazzle ice modeling. Observation sites were selected, flow data was collected and observation methods were tested. The peak of the cold snap occurred during the Thanksgiving holiday so we were unable to capture the lowest flow day. Additional opportunities for ice model data collection will likely occur during the historically coldest months in early 2007.



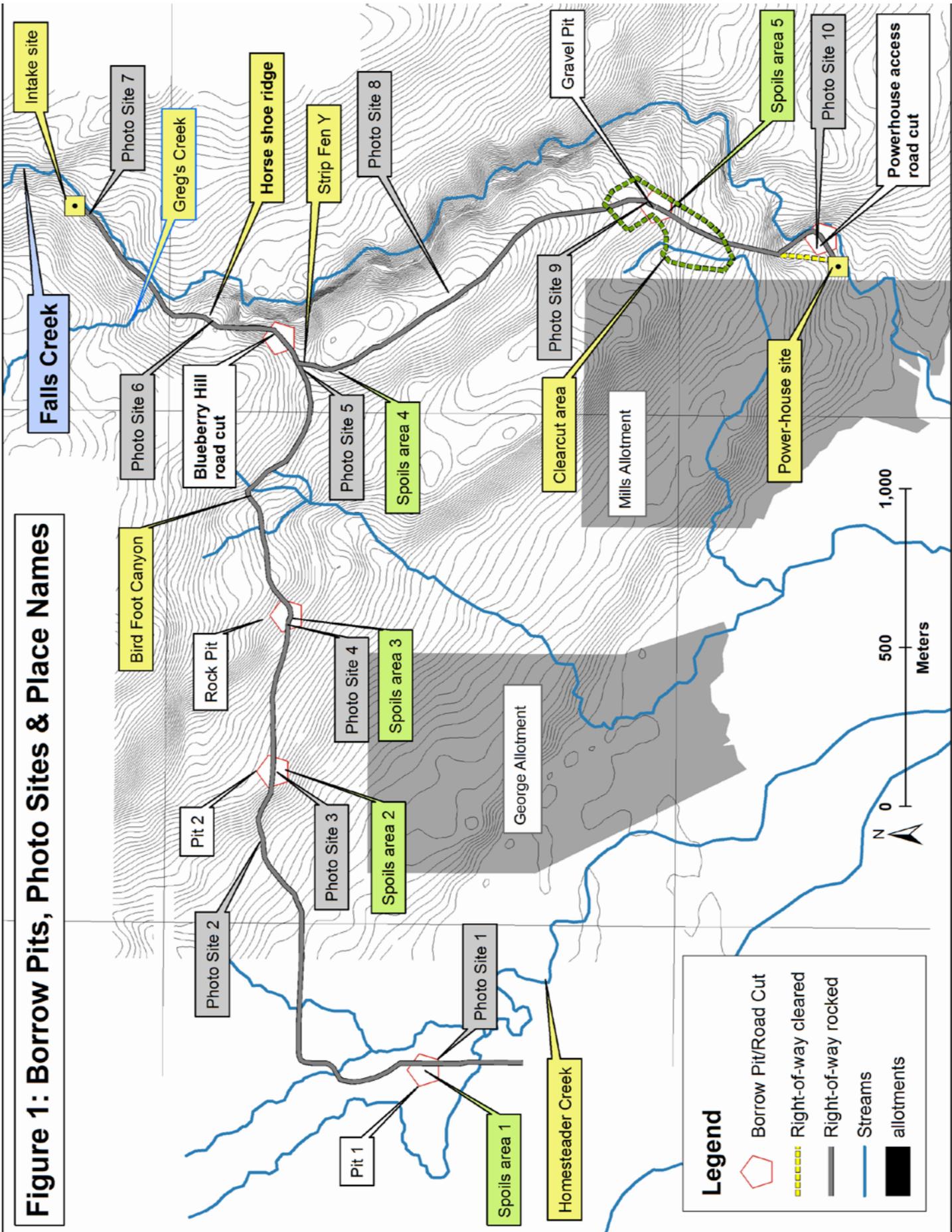
Example data from manual discharge measurements.

Manual discharge measurements will be conducted on a weekly basis until the transducer has been reinstalled. Roadwork near the transducer has been ongoing through November and has prohibited a timely reinstallation. We hope to have the instrument reinstalled by December. Once the transducer has been reinstalled, manual discharge measurements will be conducted once per month to improve the quality of the staff gage tables, and during cold and icy conditions for the frazzle ice model.

The following sections are not yet applicable to the date of this report:

- 4) Contract Status 7) Foundations 10) Instrumentation
- 6) Reservoir Filling 9) Materials Testing and Results

Figure 1: Borrow Pits, Photo Sites & Place Names



APPENDIX 1: NOVEMBER PHOTOS FROM VANTAGE POINTS



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Previous report photo (10) indicating photo location for this month's shot.