

155 FERC ¶ 62,169  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Lock+™ Hydro Friends Fund III  
Energy Resources USA, Inc.

Project No. 14672-000  
Project No. 14741-000

ORDER ISSUING PRELIMINARY PERMIT,  
DENYING COMPETING APPLICATION,  
AND GRANTING PRIORITY TO FILE LICENSE APPLICATION

(Issued June 3 2016)

1. On April 1, 2015, Lock+™ Hydro Friends Fund III (Hydro Friends) filed an application for a preliminary permit, pursuant to section 4(f) of the Federal Power Act (FPA),<sup>1</sup> to study the feasibility of the proposed Selden Lock and Dam Hydropower Project No. 14672 to be located at the U.S. Army Corps of Engineers' (Corps) Selden Lock and Dam on the Black Warrior River in Green and Hale Counties, Alabama. On November 30, 2015, Energy Resources USA, Inc. (Energy Resources) filed an application for a competing preliminary permit for the Selden Lock and Dam No. 14741 at the same site.

**I. Project Proposals**

2. Hydro Friends' proposed project would consist of the following: (1) a 150-foot-long, 25-foot-wide lock frame module containing ten generating units with a total capacity of 15 megawatts (MW); (2) a 150-foot-long; 65-foot-wide tailrace; (3) a 50-foot-long, 25-foot-wide switchyard; and (4) a 2.3-mile-long, 34.5-kilovolt (kV) transmission line. The proposed project would have an estimated average annual generation of 78,840 megawatt-hours, and operate as directed by the Corps.

3. Energy Resources' proposed project would consist of the following: (1) a 200-foot-long, 140-foot-wide intake channel; (2) a 133-foot-long, 83-foot-wide powerhouse containing two generating units with a total capacity of 12.5 MW; (3) a 4,000-foot-long, 1,600-foot-wide tailrace; (4) a substation; (5) a 330-foot-long addition to the existing access road; and (6) a 3-mile-long, 69-kV transmission line. The proposed project would have an estimated average annual generation of 68,900 megawatt-hours, and operate as directed by the Corps.

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<sup>1</sup> 16 U.S.C. § 797(f) (2012).

## **II. Background**

4. The Commission issued a public notice of Hydro Friends' application on November 24, 2015, establishing a deadline of January 23, 2016, for filing comments, motions to intervene, and competing applications.

5. The Commission issued a public notice of Energy Resources application on December 17, 2015, establishing a deadline of February 15, 2016, for filing comments, and motions to intervene. No motions to intervene were filed. Comments were filed by Ms. RaeLynn Butler of the Muscogee Nation on January 14, 2016. The U.S. Department of the Interior filed a letter on January 27, 2016, for Project No. 14672, stating that it has no comments.

## **III. Discussion**

6. Ms. Butler requested that the Muscogee Nation be included in the consultation process for Project No. 14672, under Section 106 of the National Historic Preservation Act.

7. Staff responded with a letter on January 29, 2016, stating that we will add the Muscogee Nation to the list of interested tribes to consult with under Section 106 of the National Historic Preservation Act for Project No. 14672.

8. A preliminary permit does not authorize a permittee to undertake construction of the proposed project. The purpose of a preliminary permit is to study the feasibility of the project, including studying potential impacts.

9. The Commission has not sought to place all relevant study requirements in preliminary permits.<sup>2</sup> Rather, the studies to be undertaken by a permittee are shaped by the Commission's filing requirements for development applications. Potential development applicants are required to consult with appropriate state and federal resource agencies and affected Indian tribes, conduct all reasonable studies requested by the agencies, and solicit comments on the applications before they are filed.<sup>3</sup> Further, permit conditions have been framed to ensure that the permittee does not tie up a site without pursuing a study of the project's feasibility.<sup>4</sup>

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<sup>2</sup> See, e.g., *Continental Lands Inc.*, 90 FERC ¶ 61,355 at 62,177 (2000).

<sup>3</sup> See 18 C.F.R. § 4.38 (2014).

<sup>4</sup> See *City of Richmond, Va.*, 53 FERC ¶ 61,342 at 62,247 (1990).

#### **IV. Permit Information**

10. Staff has reviewed the applications and found no basis for concluding that either applicant's plan is superior to the other. Neither applicant has presented a plan based on detailed studies or the results of agency consultation. Where the plans of the applicants are equally well adapted to develop, conserve, and utilize in the public interest the water resources of the region, the Commission will favor the applicant with the earliest application acceptance date.<sup>5</sup> Because Hydro Friends has the first-filed application, the preliminary permit is issued to Hydro Friends for the Selden Lock and Dam Hydropower Project No. 14672.<sup>6</sup>

11. Section 4(f) of the FPA authorizes the Commission to issue preliminary permits for the purpose of enabling prospective applicants for a hydropower license to secure the data and perform the acts required by section 9 of the FPA,<sup>7</sup> which in turn sets forth the material that must accompany an application for license. The purpose of a preliminary permit is to preserve the right of the permit holder to have the first priority in applying for a license for the project that is being studied.<sup>8</sup> Because a permit is issued only to allow the permit holder to investigate the feasibility of a project while the permittee conducts investigations and secures necessary data to determine the feasibility of the proposed project and to prepare a license application, it grants no land-disturbing or other property rights.<sup>9</sup>

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<sup>5</sup> 18 C.F.R. § 4.37(b)(2) (2015).

<sup>6</sup> 18 C.F.R. § 4.32 (f) (2015).

<sup>7</sup> 16 U.S.C. § 802 (2012).

<sup>8</sup> *See, e.g., Mt. Hope Waterpower Project LLP*, 116 FERC ¶ 61,232, at P 4 (2006) (“The purpose of a preliminary permit is to encourage hydroelectric development by affording its holder priority of application (i.e., guaranteed first-to-file status) with respect to the filing of development applications for the affected site.”).

<sup>9</sup> Issuance of this preliminary permit is thus not a major federal action significantly affecting the quality of the human environment. A permit holder can only enter lands it does not own with the permission of the landholder, and is required to obtain whatever environmental permits federal, state, and local authorities may require before conducting any studies. *See, e.g., Three Mile Falls Hydro, LLC*, 102 FERC ¶ 61,301, at P 6 (2003); *see also Town of Summersville, W.Va. v. FERC*, 780 F.2d 1034 (D.C. Cir. 1986) (discussing the nature of preliminary permits).

12. Article 4 of this permit requires the permittee to submit a progress report no later than the last day of each six-month period from the effective date of this permit. The late filing of a report or the supplementation of an earlier report in response to a notice of probable cancellation will not necessarily excuse the failure to comply with the requirements of this article.

13. During the course of the permit, the Commission expects that the permittee will carry out pre-filing consultation and study development leading to the possible development of a license application. The pre-filing process begins with preparation of a Notice of Intent (NOI) and Pre-Application Document (PAD) pursuant to sections 5.5 and 5.6 of the Commission's regulations.<sup>10</sup> The permittee must use the Integrated Licensing Process unless the Commission grants a request to use an alternative process (Alternative or Traditional Licensing Process). Such a request must accompany the NOI and PAD and set forth specific information justifying the request.<sup>11</sup> Should the permittee file a development application, notice of the application will be published, and interested persons and agencies will have an opportunity to intervene and to present their views concerning the project and the effects of its construction and operation.

14. A preliminary permit is not transferable. The named permittee is the only party entitled to the priority of the application for license afforded by this preliminary permit. In order to invoke permit-based priority in any subsequent licensing competition, the named permittee must file an application for license as the sole applicant, thereby evidencing its intent to be the sole licensee and to hold all proprietary rights necessary to construct, operate, and maintain the proposed project. Should any other parties intend to hold during the term of any license issued any of these proprietary rights necessary for project purposes, they must be included as joint applicants in any application for license filed. In such an instance, where parties other than the permittee are added as joint applicants for license, the joint application will not be eligible for any permit-based priority.<sup>12</sup>

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<sup>10</sup> 18 C.F.R. §§ 5.5 and 5.6 (2015).

<sup>11</sup> See 18 C.F.R. § 5.3 (2015).

<sup>12</sup> See *City of Fayetteville*, 16 FERC ¶ 61,209 (1981).

The Director Orders:

(A) A preliminary permit is issued for the Selden Lock and Dam Hydropower Project No. 14672 to Lock+™ Hydro Friends Fund III, for a period effective the first day of the month in which this permit is issued, and ending either 36 months from the effective date or on the date that a development application submitted by the permittee has been accepted for filing, whichever occurs first.

(B) The competing preliminary permit application filed by Energy Resources USA, Inc., for the Selden Lock and Dam Hydroelectric Project No. 14741 is denied.

(C) This preliminary permit is subject to the terms and conditions of Part I of the Federal Power Act and related regulations. The permit is also subject to Articles 1 through 4, set forth in the attached standard form P-1.

(D) The Permittee shall coordinate the studies and its plans for access to the site during the term of this permit with the United States Army Corps of Engineers' District Engineer to ensure that the feasibility studies will result in a plan of development consistent with the authorized purposes of the federal project.

(E) This order constitutes final agency action. Any party may file a request for rehearing of this order within 30 days of the date of its issuance, as provided in section 313(a) of the Federal Power Act, 16 U.S.C. § 8251 (2012), and section 385.713 of the Commission's regulations, 18 C.F.R. § 385.713 (2015).

Stephen Bowler, Chief  
South Branch  
Division of Hydropower Licensing

**Form P-1 (Revised April 2011)****FEDERAL ENERGY REGULATORY COMMISSION****TERMS AND CONDITIONS OF  
PRELIMINARY PERMIT**

**Article 1.** The purpose of the permit is to maintain priority of application for a license during the term of the permit while the permittee conducts investigations and secures data necessary to determine the feasibility of the proposed project and, if the project is found to be feasible, prepares an acceptable application for license. In the course of whatever field studies the permittee undertakes, the permittee shall at all times exercise appropriate measures to prevent irreparable damage to the environment of the proposed project. This permit does not authorize the permittee to conduct any ground-disturbing activities or grant a right of entry onto any lands. The permittee must obtain any necessary authorizations and comply with any applicable laws and regulations to conduct any field studies.

**Article 2.** The permit is not transferable and may, after notice and opportunity for hearing, be canceled by order of the Commission upon failure of the permittee to prosecute diligently the activities for which a permit is issued, or for any other good cause shown.

**Article 3.** The priority granted under the permit shall be lost if the permit is canceled pursuant to Article 2 of this permit, or if the permittee fails, on or before the expiration date of the permit, to file with the Commission an application for license for the proposed project in conformity with the Commission's rules and regulations then in effect.

**Article 4.** No later than the last day of each six-month period from the effective date of this permit, the permittee shall file a progress report. Each progress report must describe, for that reporting period, the nature and timing of what the permittee has done under the pre-filing requirements of 18 C.F.R. sections 4.38 and 5.1-5.31 and other applicable regulations; and, where studies require access to and use of land not owned by the permittee, the status of the permittee's efforts to obtain permission to access and use the land. Progress reports may be filed electronically via the Internet, and the Commission strongly encourages e-filing. Instructions for e-filing are on the Commission's website at <http://www.ferc.gov/docs-filing/efiling.asp>. To paper-file instead, mail four copies of the progress report to the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

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