



4FRI Stakeholder Group Meeting

Wednesday, March 27th, 2019, 9am-12:35pm

Teleconference line: (712) 775-7031, code: 439290611#

Attendance: Tom Mackin, Greg Smith, Jason Whiting, Bruce Greco, Amy Waltz, Allison Jourden, Ann Mottek-Lewis, Jim Parks, Adam Cooley, Joe Miller, Dick Fleishman, Dan Kipervaser, Travis Woolley, Steve Rosenstock, Ann Anderson, Jeremy Kruger, Jay Smith, Brienne Petit, Art Babbott, Michelle Ralston, Pascal Berlioux, Patrick Moore, Robbin Redman, Tabi Bolton, Rob Nelson, Marty Wicklund, Leslie Yen, Chase Kassel, Debbie Cress, Justin Schofer, Steve Fugate, Joel Jurgens, Keith Brekhus, Paul Summerfelt, Scott Buffon, Chip Davis, Mike Hannemann, Steve Reiter, Paul Watson, Neil Chapman, Hannah Griscom, Aaron Green, Joe Trudeau, Brad Worsley, Allen Reidhead, Allison Jourden

9:05 Approve minutes from the February 27th SHG meeting — Whiting – Approved

9:10 Review action items from the February 27th SHG meeting — Whiting

Action Item	Lead	Status
1. Determine who will be responsible for the further updates of the Strategic Plan	ERI	Complete
2. Send newsletter ideas to Kelly	SHG	Ongoing
3. Post summary of DEIS WG meeting	DEIS WG	Complete
4. Develop priorities for incorporation into the strategic plan	DEIS WG	Complete
5. Draft brief to provide a clear issue conveyance regarding the ACC's policy statement and the need for the development of a binding rule	Berlioux	Complete

9:15 Call to the Public – None

9:20 USFS Update —4FRI Coordinators

- DEIS Update

Kruger – The Rim Country DEIS has gone to the Regional Office for review. They are on track to have that available for Stakeholders to review once it's returned and edits are incorporated. The RFP has gone to Washington for review as well.

Fleishman – Operations: Operating conditions are gradually improving. Only two mechanical operators were able to work last month. Quite a bit of hand-thinning was completed last month and is expected to continue.

Berlioux – Berlioux is concerned with the fact that the DEIS has gone to the Regional Office for review when the SHG is unclear on which alternatives are included within it. He feels this does not support collaboration within this group.

Kruger – Confirms that the SHG will have an opportunity to review the DEIS and make recommendations before it goes to the publisher. The Regional Office wanted to see it before

the stakeholders. Redman confirms that the alternatives were posted on Basecamp, and are available for review there.

Waltz – Is there an estimated timeline for when the SHG can expect to see it? It's estimated return date is April 19th and then the FS will have approximately 3-4 weeks to incorporate the Regional Office's edits before the SHGs will see it. The FS is expecting significant comments back from the regional office.

Miller – Are we looking at the end of the year for official release of the final EIS? Redman estimates it will take even longer before the EIS is released.

Rosenstock – Are office hours with the Forest Service going to become available once the edited version is made available to Stakeholders? Yes.

9:50 SHG & USFS Engagement w/ACC – Berlioux, Worsley

- Development of SHG strategy, engagement of executives, outreach to regional press
APS recently filed a letter to the ACC Dockett stating that the company is initiating a 60-day feasibility study of whether or not they can convert one unit of their Cholla Power Plant into a biomass burning unit. The plant is currently running 3 coal units but plans to close entirely by 2025. Each of these units has a nominal capacity of approximately 200-300mws and is currently way below capacity, running only between 50-60mws per unit. APS and the various owners of the Cholla plant have entered into an agreement with the EPA to stop burning coal in that plant by 2025. If the study is favorable to the biomass conversion, APS and Cholla will make the conversion to burn biomass.

ECO filed a response to the letter making 4 points: 1 – ECO supports the APS initiative. It has been argued with the ACC over the last year that there is a need to burn at least 90mws active capacity in order to burn one million tons of green biomass a year. APS's intent to burn at least 60mws capacity comes from the rationale that it plus Novo Power's 30mw capacity will reach the 90mw goal. ECO asked APS to consider talking about "green tons of biomass" instead of their nameplate capacity. If APS runs their 60mw biomass burning unit at full capacity, they should be able to dispose of about 690,000 tons of green biomass per year. This should be their goal. 2 – ECO does not expect a biomass converted unit to produce electricity at a rate that competes with other alternative energies. ECO encourages APS to not talk in terms of economic viability but in terms of financial feasibility. APS will have to be able to transfer the additional costs in producing biomass energy to its energy purchasers, therefore, a rule by the ACC is necessary. 3 – The overall purpose of the entire biomass energy program in Arizona is to benefit from the disposal capacity of 90mw. Other regulated utilities need the rule in order to purchase bioelectricity and pass on the additional costs to their rate-payers. 4 - SRP is unregulated by the ACC but they still need the rule so that they can charge the same as the utility companies that are regulated by the ACC, and therefore afford to burn biomass-generate electricity. ACC cannot slow their efforts in developing the rule by waiting for APS's study to conclude.

Worsley –There is no way that APS can compete with solar and wind power if the ACC does not increase rates to rate payers. The rule-making process within the ACC must continue to completion in order for these efforts to see success. Utilities are not convinced this has the support to make it through rule-making. The cost of using this wood for energy is significant.

No other company would do what Tri-STAR/Novo Power does with their work in Biomass. They do it because it's personal.

Berlioux – It is time for the SHG to reengage with the ACC. Berlioux proposes they deliver another set of company-neutral messaging to the docket that says stakeholders are very happy that there are multiple entities working to solve this situation of burning one million green tons/year. The message should focus on supporting the ACC rule-making moving forward to conclusion within the next 2-3 months.

Miller – Trout Unlimited is ready to support a letter from the 4FRI SHG and plans to submit an individual letter of their own.

Cooley – The APS study starts on approximately April 1st so we should have results around June 1st.

Babbott – Supervisor's Parks and Babbott helped lead an effort on the Coconino County Board of Supervisors to determine how they will accomplish effective advocacy at the ACC. They've worked to develop unified messaging in regards to ACC rule-making from the each Coconino County individual Supervisor. Supervisor Babbott does not see the same unified message coming from the individual Supervisors of the east side counties and he sees this unified message as important to getting the message heard. He believes the act of submitting many letters containing the same message as an effective strategy to getting this done. There seems to be a disconnect where the issue around biomass is viewed as a 4FRI-owned issue by the ACC, so the county supervisors have worked to remind the commission that these efforts satisfy their public service commitments as fiduciary agents in overseeing monopolies of private sector utilities in the state of Arizona.

Worsley – One major win of APS entering this issue is that it enters another player into the biomass game surrounding energy production. Some Commissioners are on board with biomass and others still require convincing as they see the only beneficiary to these efforts to be the Worsleys - Commissioners Dunn and Burns are soft on the issue and should be targeted with these messages of support.

Mackin – When we talk about the cost per ton per megawatt of biomass being delivered, an understanding of the cost of coal would be useful to compare in this discussion.

Berlioux –Biomass energy is anywhere from 3-5x less cost effective than any other source of energy. Berlioux is to post a draft message on BC for SHG review before posting to the ACC docket, as well as bullet points that each individual letter should contain when submitted to the docket.

Whiting – Whiting agrees that the SHG is most effective when it delivers a united voice from all stakeholders. Whiting reminds the group that each of the six Eastern AZ Counties has filed letters of support on the docket, and that the ECO letters are signed by all six ECO Counties Supervisors. This is what influences real movement. Whiting appreciates APS's efforts but their conversation cannot hijack the conversation stating that the ACC must continue in developing and implementing a rule.

10:20 County DC Meetings Report-Out - Babbott, Berlioux, Whiting

Whiting – Jason tried to capture comments and issues from the SHG and relay them to DC representatives. He stressed the importance of the RFP to succeed in this effort. He clarified that though an RFP is definitely needed, the wrong RFP would be detrimental to the success of this effort. He feels it was a productive conversation with FS Chief Christiansen.

Babbott – The County focused their efforts in these discussions on what they identified as the strength of Arizona congressional delegation which is that it has excellent alignment across parties about understanding the limitations of legislative approaches and focusing on agency administrative rules, regulations, and the operational side of agency work so that work can be done more efficiently on the ground. They addressed the question, “how can we, as a united front, bring modernization and innovation to the forest service and how does that relate to 4FRI’s bottom line for industry and support viability in the next RFP?” Their focus was on understanding that when we get stuck chasing value that doesn’t exist, we get into this hole that doesn’t allow industry to make investments. Their specific proposals included a pilot project around chain of custody issues in terms of scaling and branding, which are impacting work in the field, a demo project to provide relief and appropriate regulatory relief and implementation of modernization. They discussed how to operationalize the conversations occurring around modernization implementation. Leadership is necessary in getting away from this notion of chasing value that isn’t there. Senator McSally visited Flagstaff in March and had a great visit with representatives from the City of Flagstaff. They discussed, with her, the issues around forest restoration and biomass.

Trudeau – Hearing a phrase like “we need to figure out how we’re to stop chasing value that doesn’t exist..” reminds Trudeau that it’s worth considering how we interpret that when we have experiences like we did with the Little Creek Timber Sale where high value wood was taken from the woods inappropriately. We must continue to try to value the removal of small diameter trees, a restored acre.

10:45 DEIS Work Group – Waltz

- Letter of expectations

The co-chairs of the DEIS WG are Amy Waltz, Pascal Berlioux, Steve Rosenstock, and Travis Woolley. The WG has drafted a letter of expectations for information sharing from the forest service that they’ve presented to the SHG for review and they’re looking for any reservations on the letter before it’s submitted to the FS. There is a high level of consensus in the WG for the need to get information on this DEIS as soon as possible in order to appropriately respond to it as a collaborative group. Many of the requests the DEIS WG has for the FS have been met verbally but this letter was developed to solidify stakeholder requests with regards to this DEIS into an easily referenced document. The letter asks that the FS share the DEIS with the SHG as soon as possible. The FS will provide a wider window for the SHG to review it once it is available. The DEIS WG will have approximately 3-months to review the DEIS. In the first EIS, the SHG was much more participatory in developing the alternatives – they will likely not be able to provide the same level of input and detail in their review on this next one as they were not as involved in the development of the alternatives for it. Alicin Gitlin from the Sierra Club has suggested the WG put in a request for a 90-day review period on the document.

Waltz asks if the SHG has any reservation about the letter of expectations proposed by the DEIS workgroup and receives none. The document will be moved through appropriate signatories before being added to the official FS record.

Summerfelt – Agrees with Berlioux’s concerns re. collaboration in the DEIS process. There are a lot of folks at the table now who were not involved in the development of the first EIS. There has been a large scale change in those involved. The process of developing the second EIS is significantly different than it was the first time. The first process may have not been the most efficient but it was an established process that supported strong collaboration. The way this process is moving forward, it may place the SHG in a position where they cannot say they were involved in the development nor that they were involved collaboratively in what comes down the pike in the future. If that was a calculated decision by the forest service, but the stakeholders should recognize that they may not be where they were during the first EIS when it became public.

Miller – Joe got involved in 4FRI late in the development of the first EIS. He worked on a committee to answer the FS request to work on the development of the first EIS. They fought for getting to a point where the SHG could say they agreed with the overall approach of the first EIS. Miller agrees this will be harder do to this time around given the lower level of SHG involvement in this new DEIS. It will be tough to then develop a letter stating SHG alignment with the forest service once this second EIS is released.

Berlioux –Cannot tell his board at ECO whether or not they should support the upcoming ROD. We may end up discovering that the alternatives contain details we oppose.

11:15 Industry Update – Attending Industry Members

Worsley – Novo Power – 2018-2019 was a very good year for the plant. They ran 345/365 days of the year and had increased output. They’re moving forward and hope to continue to be successful. They continue to be in need for wood; they are extremely low on supply. The challenge they are in today – if there are not PPAs in four years, NovoPower will close. It is becoming increasingly difficult for investors in utilities to receive their return on investments.

Allen Reidhead – Tri-STAR Novo Star – They started running again this week after performing some work on their mill. They’re banking on a good year and are looking forward to trying to be as productive as possible.

Wicklund – NewLife – NewLife operations have slowed due to the weather. Their guys are working on preparing the mill site for the upcoming mill construction. They hope to increase activities as soon as the weather improves.

Cooley – NewLife – Heber is still waiting to get into the forest; it is not running at the moment. Brad has taken all of their biomass. Their facilities in Williams are operating the interim solution there and are continuing work on the larger sawmill they are building.

Bolton – Campbell Global – TNCs progress and operations: Weather has been poor but they’ve been able to start operations on the Chimney Springs SPA and hope to being making deliveries later this week.

11:30 Working Group Updates

- DEIS WG (10 min) – Waltz

First meeting is April 25th and the co-chairs will review their questions before then.

- Industry WG (10 min) – Worsley

The IWG had a great meeting earlier this month in Holbrook, at the 3rd annual industry round table. There were approximately 75 attendees. The main theme of that meeting involved discussions around assigning value to the restored acre. There are many studies out there showing thousands of dollars of value in restored acres. They developed 10 top priorities that will be distributed to the SHG once finalized. There is an ADOT program to allow 90,800lbs. on state highways is going from a pilot project to a permanent project. There will be changes from a weight perspective, more toward an axle weight vs. a truck weight measurement, but this is a huge win from the industry perspective. Industry is confident that additional state roads will be included into this rule as well. There's a fair chance the i17 and i40 will be included. Berlioux had a discussion with ADOT regarding the addition of the 89, the 64 and the 180 into this initiative and Berlioux got ADOTs 'okay' that they would most likely be incorporated.

Babbott – As a board, Coconino sent a letter of support for this initiative to the Director of ADOT, John S. Halikowski.

Fleishman – At the round table, the FS gave their scheduled offerings for 2019 and one that was missed was deck sales off of FWPP which should be coming available for sale in the next couple of weeks.

- Communications WG (10 min) – Wolff

Wolff – The CWG requests ideas for newsletter articles and they continue to work through their priorities.

- MPMB WG (10 min) – Woolley

The MPMB is finishing up their FY19 planning. They will finalize their budget and projects for the next year at their upcoming April meeting. Capacity is always an issue on the board, technical and general participation, so Woolley requests folks interested in joining the board to do so by getting in touch. They've begun new partnerships with RMRS to add some capacity to the analysis of data gaps in regards to water. They're also working with them on some water projects that may lead to some citizen science funding opportunities. It looks like they have a really good springs monitoring plan that they've accepted from the Springs Stewardship Institute.

- Comprehensive Implementation WG (10 min) – Griscom

The CIWG is meeting tomorrow for the first time in a couple of months. They are working to get all of the SSI spring survey data integrated into a planning worksheet so that they can identify the highest priority springs for restoration. They're also making sure they're getting expert input from SSI and the FS on the knowledge on the ground and which springs need attention soon. They are working with the AZ Elk Society, Northern AZ Forest Foundation, Game and Fish, and FS on a project for restoration of the Houston Draw spring to restore that system. This is a system that has had a lot of channel degradation and down cutting. From a fish perspective, they want to make sure they can reintroduce Little Colorado Spinedace there and

this restoration project should help with this. They are hoping to add one or two additional projects for this next year. For the SHG, the plan is to plan a field trip to the T-Six Spring restoration site after the May SHG meeting so see all the great work that was done out there. May 22nd.

12:20 Stakeholder Disclosures – All

Co-Chair Rotation – Steering committee to determine upcoming co-chairs

Fleishman – CFLR Update – Authorization for CFLRP lapses after this year. Technically 4FRI will not be a CFLR Project in 2020. Fleishman recently responded to a request from the Washington office on what 4FRI would do for gap funding to replace the \$4 million dollars; there will be a process for 4FRI. Has any movement’s been made to reinstate the FACA committee to review the new proposal? Fleishman hasn’t heard one way or the other but will pose the question on an upcoming call with the Washington office that he has scheduled.

Miller – Thursday April 11th is the 10th Annual Native and Wild Trout Conference. Miller distributes a preliminary agenda and hopes to see stakeholders there.

Mottek – Announces that the GFFP was named as the recipient of the 2019 Fire Mitigation Award. There are three members in Reno accepting the award today. They will be recognized at the city county joint meeting on April 1st at city hall at 4pm. Mottek encourages GFFP partners or anyone else who has been involved in the last 23 years to attend and be recognized.

12:30 Review Action Items

Action Item	Lead	Status
1. Determine upcoming co-chair rotation	Steering Committee	
2. Develop a draft message to be posted to the ACC docket on behalf of the SHG which states support for the APS initiative as well as the continuation of the ACC’s development of a binding rule on utilities in terms of biomass use	Berlioux	
3.		
4.		

12:35 Adjourn

04/24/19 SHG meeting information:

Wednesday, April 24th, 2019, 9am-TBD
 Arizona Game & Fish Region 1 Office (Pinetop)
 2878 E. White Mountain Blvd., Pinetop, AZ 85935
 Teleconference line: (712) 775-7031, code: 439290611#