

142 FERC ¶ 62,214
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Marseilles Land and Water Company

Project No. 13351-006

ORDER APPROVING FINANCIAL ASSURANCE PLAN

(Issued March 14, 2013)

1. On February 22, 2013, Marseilles Land and Water Company, licensee for the Marseilles Lock and Dam Hydroelectric Project (FERC No. 13351), filed a Financial Assurance Plan required by Article 316 of an Order Issuing Original License.¹ The project will utilize the head potential created by the existing U.S. Army Corps of Engineers (Corps) Marseilles Lock and Dam and will be located on the Illinois River, in the city of Marseilles, LaSalle County, Illinois.

Background

2. Article 316 of the license, in part, requires the licensee to file, for Commission approval, a Financial Assurance Plan that identifies those project facilities that would be removed, secured in-place, or otherwise modified to ensure public safety and any other measures needed to protect environmental resources in the event the licensee cannot complete project construction or is unable to operate the project once construction is completed. The plan should include an itemized cost estimate prepared by a registered engineer for each proposed measure contained in the plan.

Review

3. The licensee divided its Financial Assurance Plan into phases based primarily on the timing of site access for the start of construction work. The plan identifies the measures that the licensee will undertake if it is unable to complete construction during each phase. The report then estimates the cost of the restoration work associated with restoration measures for each phase and provides an explanation of the rationale behind the estimates. The report also describes the measures that the licensee will take to ensure the project is safe and the environment is protected after construction is complete.

¹ 137 FERC ¶ 62,235 (issued December 15, 2011).

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Table 1, in the licensee's plan, provides a summary of restoration measures and cost estimate for each phase of construction and after construction is complete.

4. The licensee's plan proposes to obtain a construction completion bond in the amount of \$12,750 for phases I through IV. The construction completion bond would be increased to \$60,000 for Phase V; which includes the completion of a wetland water control system and discharge control structure as contemplated in the approved project. The licensee's plan also proposes to establish a letter of credit from the original providers of project financing, in the amount of \$151,800, to ensure public safety and any other measures needed to protect environmental resources in the event the licensee is unable to operate the project once construction is completed.

5. Once the project begins operating, the licensee will begin to acquire funds to retire the letter of credit. The licensee intends to set aside \$25,300 per month of its anticipated revenues into an escrow account designated for this purpose. The licensee estimates that after six months of operation, the amount of money in the escrow account will equal the letter of credit. Finally, the licensee estimates that after 30 months, the operation and financial status of the project will provide sufficient equity return to the licensee and debt reduction for the licensee to carry and supply the necessary funds to provide adequate funds so that the required rate of return is achieved and all expenses will be met during the life of the license.

6. Our review of the licensee's Financial Assurance Plan found that it accurately satisfies the requirements of Article 316 to ensure public safety and any other measures needed to protect environmental resources in the event the licensee cannot complete project construction or is unable to operate the project once construction is completed. The plan also includes an itemized cost estimate prepared by a registered engineer for each proposed measure contained in the plan. As such, ordering paragraph (A) of this order approves the licensee's Financial Assurance Plan. The licensee is reminded that at least 90 days before starting any ground-disturbing activities, it must file documentation that it has obtained the construction completion bond and letter of credit described in the Financial Assurance Plan. The licensee is also reminded that once the bond and letter of credit are obtained, it must file annually, by January 1 of each year, a report documenting that the bond and letter of credit/escrow account will remain in effect for the ensuing year.

The Director orders:

(A) The Financial Assurance Plan filed on February 22, 2013, satisfies the requirements of Article 316 of the license for the Marseilles Lock and Dam Project and is approved.

(B) This order constitutes final agency action. Any party may file a request

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for rehearing of this order within 30 days from the date of its issuance, as provided in section 313(a) of the FPA, 16 U.S.C. § 8251 (2006), and the Commission's regulations at 18 C.F.R. § 385.713 (2012). The filing of a request for rehearing does not operate as a stay of the effective date of this order, or of any other date specified in this order. The licensee's failure to file a request for rehearing shall constitute acceptance of this order.

Charles K. Cover, P.E.
Chief, Project Review Branch
Division of Hydropower Administration
and Compliance

Document Content(s)

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