

BOARD VOTES UNANIMOUSLY TO DECOMMISSION HYDRO PLANT AT POSSUM KINGDOM LAKE



The Brazos River Authority Board (Board) took formal action to decommission the hydroelectric generation facility located at the Morris Sheppard Dam on Possum Kingdom Lake.

At a specially called meeting regarding the facility, the Board unanimously passed a resolution instructing Authority staff to “take any and all steps necessary to surrender the Federal Energy Regulatory Commission (FERC) license and to decommission the hydroelectric generation facility.”

The facility was constructed and went into operation in the early 1940s. It consists of two 11.25 mega watt electric turbine generators and all associated infrastructure necessary for hydroelectric generation. The 70-year-old plant was taken off-line in 2007 due to safety concerns with the plant’s penstocks and electrical malfunctions.

According to studies performed by outside consultants, the cost to rehabilitate and relicense the plant and to operate it for a 40-year period (including rehabilitation, licensing of the facility, FERC fees and safety, maintenance and operational expenses) would be just under \$105 million.

With a limited projected income from hydroelectric power generation during that period, the analysis anticipated the Authority could expect to lose approximately \$18 million over a 40-year period.

In contrast, the projected cost to decommission the plant is approximately \$8 million. The analysis warns that a number of unknown factors could ultimately increase the anticipated cost of rehabilitation, relicensing, and continued operations.

After reviewing the analysis, which demonstrates the impracticability of continued operations, the Board made the determination that decommissioning the facility was the most prudent option.

Pursuant to the directive of the Board, Authority staff will prepare an application to surrender the FERC license that controls federal oversight of the facility, the designated FERC project area, and other factors regarding the Authority’s role as the license’s local sponsor.

Under FERC’s guidance and direction, the decommissioning process could take 2-3 years, though a specific timeline is unknown. Until the process is complete the Authority will continue to enforce its obligations under the terms of the existing FERC license. These obligations include managing the current FERC shoreline setback or “project area.”