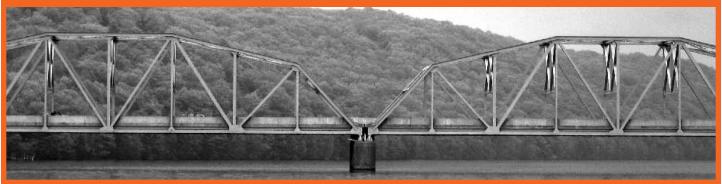


Lilly Letter 3rd Quarter 2006



To All Friends of the Lake:

Much has happened since our last newsletter. Although progress has been slow and sometimes disappointing, there is a clear shift in momentum towards our stated goals.

At the top of the list of news, in order of importance, is the continued work on the Shoreline Management Plan (SMP) that will affect this lake for the next forty years. It appears we are losing the battle to address the proposed increase in the operating level of the lake within the SMP. However, thanks to the Lake Lillinonah Authority, local, state and federal politicians and agencies, these concerns will most likely be addressed in the Littoral Zone Monitoring Plan due next year. The littoral zone is the land affected between the highest water and lowest water. See our SMP update below.

Also covered in this edition is news of the effort to reduce debris in the lake, a new volunteer-based study of the lake's water quality in conjunction with Professor Jennifer Klug of Fairfield University, a recap of our 3rd annual anniversary party, a membership update, the latest on the water quality study being performed by the CT DEP, and news of the Lake Lillinonah Authority's recent activities.

Please read this issue cover to cover, spread the word to your neighbors who are not yet members, and get involved! Our beautiful lake is still in desperate need of all our help.

Sincerely,

Friends of the Lake executive board

Latest News

Lake Sale Pending

Lake Lillinonah is in the process of being sold as part of a \$1.34 billion deal that transfers ownership of the Housatonic River system power generating facilities from Northeast Utilities to Energy Capital Partners, a private equity firm in New Jersey. All of the environmental permits and conditions of the license to operate the power plants and manage the waters remain in effect. Friends of the Lake anticipate no change in basic

operating policy from the old owners to the new, but will be on the lookout for any such indications. This sale underscores our position that the Shoreline Management Plan, Debris Management Plan, Littoral Zone Management Plan, and all other mandates of the new license be in place and environmentally sound as soon as possible.

NGC's Final Shoreline Management Plan Proposes To "Wait and See" As Higher Water Levels Cause Environmental Tragedy

On July 27, 2006 Northeast Generation Company (NGC) filed its Shoreline Management Plan (SMP) with the Federal Energy Regulatory Commission (FERC). The story of the final proposed SMP is one of both Triumphs and Tragedy. On the positive side, there were significant improvements to the proposed SMP spurred by public and stakeholder comment and participation. However, the final product is marred by NGC's obstinate refusal to recognize the potentially devastating impact of its insistence that it has the right to raise water levels far above historic norms and far above the level of the existing shoreline. The water operational level will be monitored as per the littoral zone plan that was submitted in December of 2005.

But it is not too late to have an impact on the final SMP. The SMP does not become final until it is reviewed and approved by FERC. FERC's review process thus presents another opportunity to submit comments and, for those who have a substantial interest, to file a request with FERC to grant the legal status of an intervenor in the FERC approval process.

FIRST THE TRIUMPHS, THEN THE TRAGEDY:

The Triumphs of Stakeholder and Public Participation

There are significant improvements in the revised plan as a result of public and stakeholder input. They include the following:

- NGC Will Fund Start up Costs NGC now promises to bear the burden of all SMP start up and program initiation costs, including any legal fees in 2006 and 2007 and promises not to seek to recover these costs through licensing fees.
- Docks on Easements Can Remain NGC proposes to allow docks on easements to remain in place if they have been in place for at least 5 years, meet other SMP requirements, and do not violate any local, state, or federal laws.
- Fee Changes After hearing widespread opposition to its proposed fees for docks and other shoreline structures, including a letter objecting to the fees from State Attorney General Richard Blumenthal, NGC has made a number of changes to its proposed fee schedule. As we have reported

in the past, NGC has authorization pursuant to its license to impose fees only to recover administrative costs associated with its duty to monitor shoreline structures. NGC has no authority to impose a "user fee" that will result in any profit to NGC. In the revised SMP, NGC made the following changes to the proposed fee structure:

- Implementation of annual license administration fees
 will be delayed until 2008 (or one year from the date of
 final FERC approval). NGC now states that it expects
 the annual fee to be around \$200/residential site
 license and \$100/slip for association licenses.
- NGC has agreed to waive one time fees for those with fee simple ownership or deeded rights. Individuals or entities with fee simple ownership to the water will not be charged fees to obtain a license for shoreline structures or annual fees for the cost of the license administration program, but will be required to register such uses.
- NGC also has agreed to waive one time registration and licensing fees for individuals or entities seeking to license structures for which they possess deeded rights.
 However, NGC does seek to impose an annual license administration fee on the owners of such structures.

The Tragedy of NGC's Insistence on the Right to Raise Water Levels

During the SMP comment and review process, NGC had stated its intention to raise the operating level of Lake Lillinonah above the established 196' NGVD level of the shoreline on a regular basis. This prompted widespread concerns that such a change would result in extensive shoreline erosion and significant adverse environmental impacts. FOTL and the Lake Lillinonah Authority ("LLA") investigated the issue and retrieved the historic operating data that NGC had submitted to FERC in the application process. This data appeared to confirm that raising the water level to 198.3' NGVD on a regular basis would constitute a significant deviation from past practices and would cause flooding of the established shoreline with potentially serious environmental impacts.

In early drafts of the SMP, NGC recognized the potential problems associated with higher water levels. NGC's draft SMP to stakeholders for comment in February 2006, for example, stated that it was committed to ensuring that adverse environmental impacts did not result from "modified operations resulting in higher *lake levels.*" SMP Draft of February 2006, p. 6-8, par. 6.2.13. NGC's February 2006 draft SMP stated further:

"Of particular concern are the potential for increased erosion, loss of trees, and impacts on existing shoreline structures. The Project Owner shall monitor shoreline conditions to ensure that any change in project operation is not adversely affecting shoreline resources and will act accordingly should such impacts be recorded."

Id. (emphasis added)

Brian Piepho, Chairman of LLA, predicted that operating the project above the established level of the shoreline on a regular basis would cause extensive erosion, flood wetlands, and kill thousands of trees along the shoreline of Lake Lillinonah. Similar concerns about NGC's plan were expressed by a number of speakers at a June 27, 2006 public forum held at New Milford High School to discuss the draft SMP.

Rather than simply make dire predictions, LLA commissioned a scientific study of the potential impacts of the higher water levels to be conducted by CCA, LLC ("CCA"), an engineering and environmental consulting firm. After surveying the lake and assessing the areas of the shoreline that would be inundated at the higher water levels, CCA issued the following conclusions:

"The results of the survey indicate that much of the shoreline that is currently above the water line will become inundated as a result of a change in the current operating levels."

"Should the lake be operated so that the water elevations consistently rise to the maximum elevation of 198.3 NGVD during the growing season, we would expect the death of the majority of trees in the affected flooded land. Given that the 45 mile shoreline of Lake Lillinonah is densely forested to the water's edge, we would expect that the damage would be a blight on the natural beauty of the lake."

CCA Letter to LLA dated May 22, 2006 (emphasis added). CCA's recommendation was that NGC not be permitted to deviate from the historic operating norms, in order to avoid these devastating effects.

The results of the CCA study were shared and discussed with NGC well in advance of NGC's submission of the final draft SMP to FERC. It came as a shock, therefore, that instead of causing NGC to reconsider its plans to operate the project up to 198.3' NGVD as a part of normal operations, NGC's response was to delete the entirety of paragraph 6.2.13, the "Shoreline Erosion" discussion, from the final draft SMP. NGC thus deleted from the

final draft SMP all statements concerning "modified operations resulting in higher lake levels" and all references to the concerns that had been raised regarding the resulting erosion and loss of trees. Also missing from the final draft SMP is NGC's express commitment to "ensure that any change in project operations is not adversely affecting shoreline resources." SMP Draft of February 2006, p. 6-8, par. 6.2.13.

Instead, the final draft SMP includes only the following matterof-fact statement concerning levels of operation:

"The Project is operated in accordance with the new FERC license at water levels ranging from 193.8 NGVD to 198.3 NGVD."

Final Draft SMP, p. 6-1, par. 6.1. Thus, NGC apparently believes that it can sweep the problem (and its own prior statements about the problem) under the rug and ignore the compelling evidence of the harm that will result.

Friends of the Lake has actively supported LLA's concerns and efforts on this issue. We continue to support LLA's and CCA's recommendations that NGC not be permitted to deviate from the historic operating norms. We have forwarded the CCA report to interested groups and have undertaken efforts to raise awareness regarding the serious threat posed by NGC's plan to raise water levels above historic operating norms.

The choice is clear: "Wait and see;" or take responsible action to prevent an environmental tragedy.

The full text of the proposed final SMP as filed with FERC is available at the Friends of the Lake web site, www.friendsofthelake.org, or at the web site of NGC's consultant, Essex Partnership, www. essexpartnership.com/hrp.asp. Also available at the Friends of the Lake web site are the full text of Attorney General Blumenthal's letter objecting to NGC's proposed fee structure and sample intervention motions for those considering applying for intervenor status in the FERC approval process.

FOTL Lake Lillinonah Water Quality Pilot Monitoring Program

The FOTL is pleased to participate in the Water Quality Monitoring program co-sponsored by Friends of the Lake and Fairfield University. The monitoring program will be used to answer several questions regarding the algal blooms in Lake Lillinonah. For example:

1) How frequent are the blooms and how long do they last?

- 2) Does the frequency and severity of blooms differ across years?
- 3) What weather factors contribute to the timing of the blooms?

In addition to providing data that will help understand and manage the lake, our goals for the monitoring program include educating the public on water quality issues and building a constituency of involved citizens.

For the summer of 2006, we will implement a pilot program of daily data collection. From the pilot data, we will decide the frequency that is needed for next year.

The monitoring program has a dock based and a boat based component. For each component, several sites have been selected. The homeowner will sample the dock sites and volunteers on a rotating basis will sample the boat sites. Each volunteer will be trained on how to locate each boat site.

Sampling started in early July on a daily basis from five dock locations and five boat locations throughout the lake. Sampling criteria includes the following:

Variables sampled at boat sites:

- Temperature and Dissolved Oxygen at a depth of 1 meter
- *Once per week take a temp/DO profile throughout the water column*
- · Secchi disk transparency
- Visual condition
- Recreation potential

Variables sampled at dock sites:

- Surface temperature
- · Secchi disk transparency
- Visual condition
- Recreation potential

FOTL hopes to formalize this program for the 2007 season and offer training programs for volunteers in the spring of 2007. The data collected will hopefully aid in decisions of future nutrient reduction programs. Anyone interested in volunteering for this data collection should contact FOTL.

FOTL wishes to thank the following volunteers that have helped with this data collection:

Professor Jennifer Klug, Monica Bolesta, Greg Bollard, Jenna Bollard, Scott Conant, Dan Conant, Jeff Tinley, James Tinley, George Walker.

TMDL Update

CT DEP has not responded to our request for an update on the TMDL Study. The TMDL (total mass daily loading) study of the lake is important as it will provide the necessary data for increased phosphorus reduction in the future.

Debris Update

NGS report on Debris Management Plan (See FOTL comments below).

Northeast Generation Services (NGS) is proud to report that we have made great strides in the removal of hazardous floating debris within Lake Lillinonah for the benefit of all users. The debris skimmer, fondly known as the "Lilli-Zoarus Rex", has been working upon the waters of Lake Lillinonah to remove all types of debris from the lake. Its able crew captained by Bruce and Chad Lockhardt are in route to far exceed the number of debris hunting days that have been listed in the Debris Management Plan, and have recovered over 240 cubic yards of debris in Lake Lillinonah, as of mid-July. The crew is getting better and better at collecting now that they have many "lake days" under their belts.

You may have noticed that you haven't seen the Lilli-Zoarus Rex in a couple of weeks. Bruce and company have taken it to Lake Zoar to perform its duties there. Dave Pudlo, NGS' project engineer in charge of carrying out the specifics of the Plan, will be bringing back the vessel to Lilly for use through September. NGS has purchased a floating net that Scott Conant and others are eagerly awaiting to try. You see, the Lilli-Zoarus Rex is good at picking up the big logs and trash; however, the debris fields that float out are very large in area and appear to consist of very small debris that might more easily be corralled by the net and a few boats. The net has floatation to keep the upper part buoyant and has weights on the bottom skirt to keep the net from lifting up. We are planning to help in the netting process by stationing the debris skimmer near the netting operation so she can open her thirteen feet wide jaws and consume the small debris. We appreciate any efforts that the public may have in helping to remove debris. If you see a stick, please pick it up. However, please remember that certain fish species love the cover that fallen trees provide along the shoreline.

Dave has been taking notes and has discovered that many of the trees have no bark on them, suggesting that they have either had an arduous trip through the river valley or they have been



Lilli-Zoarus Rex unloading woody floating debris removed from Lake Lillinonah at the Ramp near the Shepaug Dam

in the water for many years. We suspect the latter is true to some degree because we have also seen a good amount of decayed wood. NGS is hopeful that the debris that has resided in the reservoir for quite some time is being removed, and that in future years, the amount of debris available to enter the watercourse will have been reduced to an easily managed quantity. We will be working with the Lake Lillinonah Authority and the Friends of The Lake towards the end of the season to see if there are other methods that could be tried to help improve the lake's debris issue.

Thank you all for your patience and understanding as we continue to work towards making the lake a better place. The next time you see the Lilli-Zoarus Rex, give Bruce and Chad a wave hello!

-Bob Gates

FOTL comments on the Debris:

FOTL is pleased that the DMP is progressing and being implemented by NGS. We believe Dave Pudlo, Bruce Lockhart, and Chad Lockhart are doing a great job of attacking the debris fields and commencing the lake debris cleanup. However, all parties realize there is a lot of work to do to show results in the removal of floating debris on the lake. We are reminded of that monumental task each time the lake is raised to a point where the shoreline debris floats back into the lake.

The photo above shows the Lilli-Zoarus Rex skimmer in action at the ramp near the dam. The Skimmer has spent the last few weeks on Lake Zoar but is scheduled to be on Lillinonah from mid-August through September according to Dave Pudlo of NGS. NGS also advised they have experienced some mechanical problems with the skimmer but are diligently trying to correct the problems.

FOTL and NGS recently did some collective brainstorming on trying to be more effective on collecting the floating debris and we will be testing the concept of using a long floating net provided by NGS. The net would be attached between two boats to gather up some of the smaller floating debris that could be then stored in a central location or fed directly into the skimmer. We feel this is worth a try and if you are interested in assisting please the net will be kept at Scott Conant's dock for access. FOTL is looking for volunteers with boats that could be called upon to participate in this concept. If you wish to volunteer, please email us at volunteer@friendsofthelake.org.

LLA update

In response to Northeast Generation's proposal to use the upper three feet of the 4.5' operating range, which would raise the level of Lake Lillinonah by 2.5 feet, the Lake Lillinonah Authority commissioned CCA, an environmental engineering and surveying firm from Brookfield, to study the environmental impact this proposal would have on Lake Lillinonah. A full report, issued on June 23, 2006, was distributed to the FOTL executive committee, the DEP, NG, local politicians and the media. A public hearing to discuss the report's findings, and to find solutions for NG's proposal to raise the lake, was held on July 19th at the Brookfield Town Hall.

The meeting was attended by local, state and federal politicians, and representatives from the LLA, DEP, Attorney General's Office, FOTL, and Danbury News-Times (see complete listing

at the end of this article). Bryan Piepho, Chairman of the LLA, hosted the meeting.

Bryan did an excellent job summarizing the results of CCA's study, and made it clear to all present that raising the lake would result in the death of tens of thousands of trees, and tons of eroded soil washing into the lake. Also, Addis Park in New Milford, Poison Ivy Island and Goodyear Island would all be under water.

After presentations by Bryan and CCA representatives, there was an open discussion period. A delegation of local, state and federal politicians, LLA representatives, DEP representatives, and a representative from the attorney-general's office, agreed to schedule a meeting with Northeast Utilities to resolve this issue.

Please visit the FOTL website for updates on this subject.

Third Anniversary Celebration

This year's party was hosted at the home of Jeffrey and Amy Silverman. Over 150 members and guests attended. Speaking this year was Bob Gates, Station Manager-Connecticut Hydro, Northeast Generation Services updating us on the Debris Harvester and addressing the Shoreline Management Plan and addressing the lake sale. Also speaking is Associate Professor of Biology, Jennifer Klug addressing the "Lake Lillinonah Volunteer Water Quality Monitoring" program which is currently under way. The surprise guest speaker that evening was the CT Attorney General Blumenthal. He was very vocal about his support for the efforts by Friends of the Lake and would also file with FERC as an intervener.

Additional FOTL Information

LLA Alert System

Lake Lillinonah Authority is collaborating with Northeast Generating Services to provide lakeside residents with timely notice of changing lake levels. This year-round "Lake Alert" system will operate as follows. LLA has hired an automated telephone notification service that will distribute lake alert messages prepared by Northeast Generating Services. NGS will provide these alert messages whenever the lake level will be higher or lower than normal range.

In order to receive these special phone messages, LLA needs your phone number(s):

- Name
- Primary phone number [format: xxx-xxx-xxxx]
- Secondary (if any) phone number
- Mailing address (to be used to update the LLA Newsletter mailing list)
- Actual location address (if different from mailing address)

All information will be kept in confidence and will be used only for the Lake Alert system and LLA communications directly to you. Email this information to you at lakelillinonahauthority@ hotmail.com.

Speaking Engagements

If you are interested in having Friends of the Lake attend an organization, neighborhood community or club, please contact us at (860) 210-8064 or email as info@friendsofthelake.org.

Membership Drive

For those members that are approaching their anniversary as a member of FOTL, please look for the renewal membership form in the mail. We not only ask you to renew, but to try and increase your membership level. For those that have not joined, we encourage you to join now. As a member, you will continue to receive our newsletters, as well as our email alerts to large wa-

ter level fluctuations and breaking lake news, such as chemical treatments and public forums that affect our lake today and for generations to come.

Our success has been based upon our large and active membership base. A lot was accomplished since our inception in 2004 with your membership and support – let's keep up the momentum. The Executive Board would like to sincerely thank all FOTL members for your continued support.

FOTL Volunteer Opportunity

Our organization is 100% volunteers. To continue to grow and service our members we need volunteers to attend local events to hand out brochures and speak at community functions. If you are interested please contact us at (860) 210-8064 or e-mail us at volunteer@friendsofthelake.org.

FOTL 2006 Funding Opportunities

A number of companies, organizations and trusts have underwritten an FOTL program. If you or someone you know is interested please have them contact the FOTL office at (860) 210-8064. For as little as \$2,500 opportunities exist to help sponsor a program that will save and protect Lake Lillinonah. 100% of the money will go towards the program.

Name the FOTL Newsletter

The name of the FOTL Newsletter is now the Lilly Letter. The winning submission was from Rick Fattibene. We are pleased to donate \$250 to his son's pre-school, the Wesley Learning Center.

Student Internship Program Opportunity

The FOTL has a Student Internship opportunity available. If you know a senior in High School looking for an internship program in Marketing please have them contact the FOTL office at (860) 210-8064 or e-mail at volunteer@friendsofthelake.org.

Friends of the Lake (FOTL) is a non-profit group of concerned citizens who care about the management, safety and recreational uses of Lake Lillinonah and wish to develop a lake community to encourage the continued protection of its natural beauty and wildlife. The objective is to work closely with the Lake Lillinonah Authority, elected officials and residents of the bordering towns to increase awareness, foster stewardship and solicit additional funding for prioritized projects in order to reduce debris and pollution so that we may protect and maintain the quality of Lake Lillinonah now and for future generations.