

# Wixom Lake may be drained due to lack of funds for Boyce Hydro dam repairs

By Beth Bellor for the Daily News | Posted: Thursday, May 23, 2013 2:13 pm

EDENVILLE — If \$170 a year would save your lakefront property, would you pay it?

Wixom Lake property owners might be faced with such a question down the road.

In the meantime, though, the owner of the dams that create the lake has said he cannot afford to do federally required work, and has begun the process of surrendering his license. That could lead to the spillways being removed and the Tittabawassee and Tobacco rivers reassuming their natural states.

Lee Mueller, co-member manager of Boyce Hydro Power LLC, insists the letter he wrote Monday to the Federal Energy Regulatory Commission is not a warning shot across the bow. “This is as serious as a New York City heart attack and it’s going to happen.”

In the letter, he outlines how a conference call between Boyce Hydro and FERC explored the likelihood that funding was unavailable for the spillway alterations the agency is requiring in case of a probable maximum flood. The improvements to prevent damage and loss of life in case of a 10,000-year flood would require dropping lake levels by 8 feet during the summers of 2014 and 2017, when precipitation levels are lowest and lake usage is highest.

Mueller said his company doesn’t have the \$8 million and can’t get it. In the letter, he points out they receive 30 percent less from Consumers Energy than other independent hydro power producers. Because they can’t pay for the required work, the letter says, “Boyce is left with the requirement that it commence license surrender for the Edenville Project,” and will submit a plan and schedule within 60 days.

“That doesn’t mean the license is surrendered in 60 days, it means we start a process,” he said Wednesday. “It will take some time. It could take a year or longer, I don’t know.”

FERC has asked Boyce to come up with an interim flood plan, which might be to drop Wixom Lake by 8 feet to offer a safety buffer for flood water discharge. The company has said that upon specific orders, it will undertake necessary measures.

Mueller said some local residents seem to think someone else would just take over the dam, but it doesn’t work that way.

“FERC is going to make us breach the spillway structures, and return the Tittabawassee to its original structure,” he said.

He is continuing to try to get an equitable rate from Consumers, he said. “We’re working on efforts, but even if we get a rate increase from Consumers, that’s not going to pay for the whole project,” he said. “Based on an increase of that amount, we would be able to support about \$250,000 a year for 20 years for repayment of a bond issue.”

Covering an \$8 million project would require a 20-year bond of \$9 million to \$9.5 million, he said, and Boyce could repay about 30 percent of that.

The balance would have to come from a tax assessment district created for local property owners, he said. "There's no alternative. Either property owners want to pitch in financially to preserve their property, or there's not going to be a dam."

Email exchanges on the topic don't leave him hopeful, though. "Everything they've told me so far has not been positive."

Mueller said there are 3,400 properties fronting Wixom Lake. He estimates each one's share of the cost would be less than \$170 a year for 20 years.

In the meantime, he does not plan to commence initial work this July as scheduled.

"We will not do any work on the probable maximum flood spillway project. It's pointless," he said. "It would be silly to start a project that we can't finish."

He is frustrated that Tobacco Township has filed suit against Boyce in Gladwin County District Court. "It's just phenomenally counterproductive."

Township Supervisor William Clark said the suit seeks an injunction against Boyce lowering water levels until financing is in place. While the company has said local authorities have no control over the federal project, it also filed for a permit with the Michigan Department of Environmental Quality, so the township wants clarification on whether it can in fact require permits or construction bonds, Clark explained. "We just got tired of spinning the wheel, so we hope the judge clarifies where we stand."

He is not in favor of the flood project. "Almost everybody believes it's ridiculous, but we're not fighting that. It's too big. They've done years of engineering studies."

Problems with work on the Sanford Dam have chipped away at Boyce's credibility further north, he added, noting that he believes what Mueller has said about the company finances.

"I don't think they make enough profit to even get a loan," Clark said. "However, because of what happened down there, people up here don't trust him."

He saw the letter that went to FERC on Monday.

"I'm not sure that's not a bluff," he said. "Who gains with that? The work still doesn't get done."

Clark said losing the dam would be disastrous for the area, both financially and emotionally.

"It'd be terrible if that dam was opened up. If it came to that, people on the lake would be willing to pay. I have no doubt of that," he said. "But at what stage is Lee able to convince the public that it's pay or lose?"