



File Code: 1580/2770

Date: September 19, 2014

Michelle Smith
Licensing and Compliance Manager
Public Utility District No. 1 of Chelan County
P.O. Box 1231
Wenatchee, WA 98807

Dear Ms. Smith

On July 22, 2014, the USDA Forest Service (Forest Service) received Chelan PUD's *Letter requesting Settlement Party position regarding a potential modification to Lake Chelan Lake Level Management Plan and Non-Capacity License Amendment for the Lake Chelan Hydroelectric Project, FERC No. 637*. The letter requested that Lake Chelan Hydropower Project (Project) Settlement Parties participate in a formal license amendment process to modify the Project's Federal Energy Regulatory Commission (FERC) license Lake Level Plan to permanently increase the October 1 Chelan Lake level target elevation from 1097.2 feet to 1098.0 feet or above.

After closely reviewing all the information provided, the Forest Service concluded that it continues to support the existing Lake Level Plan and does not support the proposed non-capacity license amendment for the following reasons:

1. an extensive collaborative process was completed in 2002-2003 to reach the current Lake Level Plan;
2. the lake levels identified in the Lake Level Plan reduce further lakeshore erosion as well as maintain and conserve fisheries habitat in both the Lake Chelan tributaries and the Chelan River; and
3. the Lake Level Plan is consistent with the Forest Service's Federal Power Act Section 4(e) Terms and Conditions filed with FERC.

These reasons are explored in more detail below.

Collaborative Process: The Lake Level Plan is the result of a two year collaborative process where Settlement Parties reached a compromise that carefully balanced competing interests, including fisheries habitat, erosion control, and private fixed dock access concerns. This balance was, in part, accomplished by identifying the seven Lake Level Plan objectives. An increase to the fall Lake level would not meet the intent of the objectives 2, 5, and 6 and therefore, cannot be supported by the Forest Service.



Erosion: The largest contributing factor to shoreline erosion on Lake Chelan is the length of time the lake is held at or near full pool. The last Project license permitted full or near full pool elevations for approximately 3.5 months during which time the waterline impinged on the toe of eroding shoreline sites. During the relicensing process, one of the main goals for the Forest Service was the reduction of both full pool elevations and the overall length (time) of near full pool elevations to reduce shoreline erosion and promote conservation and stewardship of public lands. In contrast to the last license, the current lake level regime provides for slightly more days below full pool elevation in August and an average 0.9 feet decrease (1097.4 feet) in lake level on October 1st. These lake elevations provide an acceptable but limited improvement over the prior license elevations. However, it should be noted that the current lake level regime was not the Forest Service's preferred alternative, which was an October 1 lake level of 1096.9 feet. The proposed amendment would negate the modest gains in erosion prevention in the current license by keeping the lake level at 1098 feet or above for a minimum of an additional eight days annually.

Fisheries habitat maintenance and conservation: Increased fall lake levels could also negatively affect fisheries resources in Lake Chelan tributary streams and within the Chelan River Gorge by increasing tributary barriers and affecting spawning habitat. Preventing fish passage barriers (due to tributary blockage) is a key objective in the Lake Level Plan. Information provided by Chelan PUD showed that for October 1 lake levels of 1098 feet or higher, Chelan PUD would not be able reach the target elevations on November 1 that were designed to aid in tributary barrier reduction.

In addition, reducing high flows in the Chelan River is another key objective in the Lake Level Plan. In discussions at the August 14, 2014 meeting with Settlement Parties, the Chelan PUD described that over the 50 year license term, there will be an increased risk of spills above the maximum streamflow of 6,000 cfs when a higher lake level in the fall is maintained. These higher flows may negatively affect important spawning habitat (constructed and natural) for anadromous fish at the mouth of the Chelan River.

Final 4 (e) Terms and Conditions: The Forest Service submitted final 4(e) terms and conditions to FERC on November 24, 2003, which required the PUD to implement the Lake Level Plan. The justifications statements in support of these terms and conditions laid out extensively the evidence and rationale for the required lake levels. Since this FERC submittal, no compelling evidence has been provided in support of changing these well justified levels.

The Forest Service worked collaboratively throughout the relicensing process on establishing a Lake Level Plan that would best meet the needs of natural resources as well as recreational interests. The agreements that were reached were the result of multiple negotiations and compromises by many of the Settlement Party signatories. The Forest Service believes the carefully negotiated existing Lake Level Plan continues to best balance the differing interests and consequently does not support the proposed amendment to increase the October 1 target elevation from 1097.2 feet to 1098 feet or above.

The Forest Service is pleased with the progress the Chelan PUD has made in meeting the requirements of the Settlement Agreement to mitigate impacts to the National Forest. Please feel free to contact my staff at the Chelan Ranger District (Kari Grover Wier, District Ranger or Paul Willard, Resource Assistant) with any questions at (509) 682-4900.

Sincerely,


MICHAEL L. BALBONI
Forest Supervisor