



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY
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March 25, 2009

Honorable Kimberly D. Bose, Secretary, and
Nathaniel J. Davis, Sr., Deputy Secretary
FEDERAL ENERGY REGULATORY COMMISSION
888 First Street, NE
Washington, DC 20426

VIA ELECTRONIC FILING

Re: **Lake Chelan Hydroelectric Project No. 637-043**
Article 403 – Stehekin Area Implementation Monitoring Plan
2008 Annual Report and 2009 Work Plan

Dear Secretary Bose and Deputy Secretary Davis:

On May 6, 2008, the Federal Energy Regulatory Commission (Commission) issued the “*Order Modifying and Approving Stehekin Area Implementation Plan Under Article 403*”¹ requiring the Public Utility District No. 1 of Chelan County, Washington (Chelan PUD) to file an annual report on work planned and completed with funding provided to the U.S. Forest Service (USFS), U.S. Department of the Interior, National Park Service (NPS) and the Washington Department of Fish and Wildlife (WDFW) by April 30, 2009. The Stehekin Area Implementation Monitoring Plan states that all payments for work conducted will be in accordance with section 19 of the Settlement Agreement.²

In accordance with Ordering Paragraph (C) of the above Order, Chelan PUD hereby files the 2008 Annual Report and 2009 Work Plan to the Commission.

Please do not hesitate to contact me regarding any questions or comments regarding this report.

Sincerely,

Michelle Smith
Licensing and Compliance Manager
michelle.smith@chelanpud.org
(509)661-4180

Enclosure

c: Annelise Lesmeister, NPS

¹ 123 FERC ¶ 62,100 (2008)

² Chelan PUD, on behalf of the signatories, filed a comprehensive settlement agreement on October 17, 2003.

LAKE CHELAN HYDROELECTRIC PROJECT NO. 637

Stehekin Area Implementation Monitoring Plan

2008 Annual Report and 2009 Work Plan

Introduction

In accordance with Article 403 of the new License,¹ the Public Utility District No. 1 of Chelan County, Washington (Chelan PUD) filed to the Federal Energy Regulatory Commission (Commission) a Stehekin Area Implementation Monitoring Plan (SAIMP) on November 6, 2007. The purpose of this plan is to provide details on the measures that will be implemented to monitor reductions in dust emissions, establishment of native riparian vegetation, and reduction in non-native plants in the reservoir drawdown zone and along the reservoir shoreline in the area of Stehekin, as specified in the License articles, and the Lake Chelan Comprehensive Settlement Agreement (Settlement Agreement), October 8, 2003 (Appendix A of the Project License).

On April 10, 2008, the Commission approved and modified the Wildlife Habitat Plan under Article 406. The plan submitted to the Commission provided details on the implementation of riparian habitat improvements. The improvements or enhancements to the Stehekin area habitat overlap with measures to be implemented under Article 403, so the U.S. Department of the Interior, National Park Service (NPS) and Chelan PUD agreed to combine these in the SAIMP.

Additionally, on May 6, 2008, the Commission issued the “*Order Modifying and Approving Stehekin Area Implementation Plan Under Article 403*”² requiring Chelan PUD to file an annual report on work planned and completed with funding provided to the U.S. Forest Service (USFS), NPS and the Washington Department of Fish and Wildlife (WDFW). However, most of the actions for the SAIMP will be undertaken by the NPS. The SAIMP states that all payments for work conducted by the NPS will be in accordance with section 19 of the Settlement Agreement. The annual report is to be submitted by April 30 each year, beginning April 30, 2009.

Activity during the Previous Calendar Year

During 2008, the NPS planned to collect baseline data of the riparian vegetation, conduct osprey and eagle surveys, and explore dust abatement options, potentially conducting one or more small-scaled tests. Details of the 2008 work are provided below:

¹ 117 FERC ¶ 62,129 (2006)

² 123 FERC ¶ 62,100 (2008)

LC04a, Task 1: Dust Abatement Options

The 2008 goals for dust abatement included investigation of treatment options and small-scale testing of one or more possible dust abatement tactics. This work was delayed to 2009 due to the approval of the SAIMP not occurring until late spring of 2008. Materials and labor for researching options for abatement techniques did occur in the third quarter.

LC09c1, Task 2: Monitoring Riparian Vegetation (Collect Baseline Data)

NPS completed field work including compiling aerial photos, parcel maps and GIS layers. This work will continue in 2009.

LC09c1, Task 3: Osprey and Eagle Surveys

Because of the delay in FERC's approval of the SAIMP, initial survey work could not be planned for and accomplished in 2008. The work is postponed until 2009.

2008 Meeting Activity

Meetings between the NPS and Chelan PUD were conducted on March 4 and August 28, 2008, to discuss 2008 activities and estimated costs for proposed 2009 work. In addition to the above meetings, telephone and email correspondence ensued.

Activity Planned for Calendar Year 2009

In 2009, the NPS plans to continue collection of baseline data of the riparian vegetation, conduct osprey and eagle surveys, and explore dust abatement options, potentially conducting one or more small-scaled tests.

LC04a, Task 1: Dust Abatement Options

It is anticipated that during the first and second quarters of 2009, work will include installation of a five-acre test plot to test various irrigation techniques and materials to determine the most effective procedure for Dust Abatement. If initial testing proves favorable, the plots will be expanded to use on a larger scale in 2010. If initial testing is not favorable, further research and planning will occur for new techniques and dust abatement approaches for 2010. Although some monitoring and evaluation work may occur in 2009 and 2010, the bulk of the efforts will begin in 2011.

LC09c1, Task 2: Monitoring Riparian Vegetation (Collect Baseline Data)

Continue field work including compiling aerial photos, parcel maps and GIS layers.

LC09c1, Task 3: Osprey and Eagle Surveys

Work for the 2009 year will include completion of initial osprey and eagle surveys within the lower 12 miles of the Stehekin River and the Lake Chelan Lakeshore within the National Park boundaries. Surveys will identify and monitor nesting osprey and eagles. If more than six nests are observed, then annual monitoring will continue in subsequent years. If fewer nests or no nests are discovered, NPS staff will not move forward with annual testing. Instead surveys will be postponed for three years to allow for additional nesting at which point surveys will be re-conducted.

Funding Activity

Section 19.3 of the Settlement Agreement requires Chelan PUD to enter into payment agreements with the NPS prior to allocation of funds. Chelan PUD coordinated with the NPS to obtain a 2009 annual work plan, including estimated funding amounts, by October 1, 2008, as prescribed under Section 19.3 of the Settlement Agreement and in the payment agreement.

The table below provides a summary of funds available, stated in net present value, where applicable. The amounts have been adjusted to 2009 dollars using the CPI adjustment as of January 31, 2009, as outlined in Section 19.1 of the Settlement Agreement.

FUNDING PROVISIONS – YEAR 2008 ACTIVITIES – YEAR 2009 ESTIMATED COSTS
Updated February 27, 2009

SETTLEMENT ARTICLE	DESCRIPTION	2008 ACTIVITIES	2008 SPENT	TOTAL FUNDING AVAILABLE AS OF JANUARY 31, 2009	ESTIMATED ACTIVITIES 2009	ESTIMATED COSTS 2009
LC04a	NPS Stehekin Dust Abatement (SAIMP)	Task 1: Purchased wind meter for treatment option investigation and small scale tests	\$270	\$191,229	Task 1: Abatement Task 3: Monitoring and Evaluation	\$40,061 \$10,371
LC09c1	NPS Stehekin Habitat (made part of SAIMP)	Task 2, Item 2: Collected baseline data	\$2,645	\$410,386 (NPV)	Task 1, Item 7: Ecologist Task 2, Item 2: Baseline Task 2, Item 3: Eagle/osprey	\$5,531 \$14,640 \$3,553
LC09c2B	NPS Lake Chelan Basin Riparian Habitat (made part of SAIMP)	No activity	---	\$59,843	No activity planned	---
		TOTALS	\$2,915	\$661,458		\$74,156