



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY

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April 30, 2014

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**
Article 406 – Wildlife Habitat Plan
2013 Activity Report and 2014 Work Plan

Dear Secretary Bose and Deputy Secretary Davis:

On September 18, 2013, the Federal Energy Regulatory Commission (Commission) issued the “*Order Approving Wildlife Habitat Plan Update under Article 406.*”¹ In accordance with Section 4 of the approved plan, the Public Utility District No. 1 of Chelan County, Washington (Chelan PUD) will file with the Commission an annual progress 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 each year for the next four years. The Wildlife Habitat Plan states that all payments for work conducted will be in accordance with section 19 of the Settlement Agreement.²

Chelan PUD hereby files the 2013 Activity Report and 2014 Work Plan.

Please do not hesitate to contact me or Von Pope at (509) 661-4625 regarding any questions or comments regarding this report.

Sincerely,

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

Enclosure: 2013 Activity Report and 2014 Work Plan

c: Annelise Lesmeister, NPS
Paul Willard, USFS
Graham Simon, WDFW

¹ 144 FERC ¶ 62,242 (2013)

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

LAKE CHELAN HYDROELECTRIC PROJECT NO. 637

Wildlife Habitat Plan

2013 Activity Report and 2014 Work Plan

Introduction

In accordance with Article 406 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 Wildlife Habitat Plan 2013-2017 and the Wildlife Habitat Summary Report 2008-2012 on April 10, 2013. The purpose of the five-year summary was to summarize work completed under the first five years for 2008 to 2013 and provide an updated plan for the next five years for 2013 to 2017. The updated Wildlife Habitat Plan (WHP) describes the methods and schedule for implementing upland habitat improvements and riparian habitat improvements in the Lake Chelan basin. The WHP includes provisions for acquiring conservation easements and providing habitat enhancement on private lands on the north shore of Lake Chelan, upland habitat improvements for the USDA Forest Service (USFS) and Washington Department of Fish and Wildlife (WDFW), noxious weed control, wildlife surveys, and riparian habitat improvements on USFS and National Park Service (NPS) lands surrounding Lake Chelan.

The WHP submitted to the Commission provided details on the implementation of riparian and upland habitat improvements within the Lake Chelan basin. However, enhancements specific to Stehekin area habitat on NPS lands overlap with measures to be implemented under Article 403, Stehekin Area Implementation Monitoring Plan (SAIMP). Therefore, the measures for improving riparian habitat improvements within the Stehekin area were incorporated into the SAIMP. (Refer to the SAIMP 2013 Annual Report and 2014 Work Plan.)

On September 18, 2013, the Commission issued the “*Order Approving Wildlife Habitat Plan under Article 406.*”² In accordance with Section 4 of the approved WHP, Chelan PUD will file an annual progress report on work planned and completed with funding provided to the USFS, NPS and the WDFW by April 30 each year for the next four years.

The following report provides a summary of WHP activities completed with funding provided by Chelan PUD during 2013 and a description of anticipated activities with funding to be provided during 2014. A table is provided at the end of this report that summarizes agency funding provided in 2013 and anticipated funding for 2014. Please note that the 2012 summary and 2013 activity plan were incorporated into the five-year summary and updated WHP for 2013-2017.

¹ 117 FERC ¶ 62,129 (2006)

² 144 FERC ¶ 62,242 (2013)

Activity during the Previous Calendar Year 2013

Implementation objectives for 2013 were to comply with license Article 406 and the WHP, which included the following:

1. Lake Chelan wildlife habitat improvement measures;
2. Upland habitat improvements;
3. Riparian habitat improvements; and
4. Conducting an annual Winter Wildlife Survey

Lake Chelan Wildlife Forum Representatives

The following table identifies the members of the 2014 Lake Chelan Wildlife Forum (LCWF).

| NAME | AGENCY |
|--------------------------------|--|
| Dave Gimlin | Wenatchee Sportsman's Association |
| Phil Archibald | Lake Chelan Sportsman's Association |
| Gempko, Vicki | National Park Service |
| Roger Christomphersen | National Park Service |
| Oelfke, Jack | National Park Service |
| Paul Willard | United States Department of Agriculture – Forest Service |
| Martinez, Alex | United States Department of Agriculture – Forest Service |
| Merkle, Carl | Confederated Tribes of the Umatilla Indian Reservation |
| Lewis, Steve | United States Fish and Wildlife Service |
| Unknown | Confederated Tribes of the Colville Reservation |
| Osborn, Jeff | Chelan PUD |
| Pope, Von | Chelan PUD |
| Kelly Cordell-Stine | Chelan PUD |
| Oswood, Mark | Audubon Society |
| Simon, Graham | Washington Department of Fish and Wildlife |
| Volson, Dave | Washington Department of Fish and Wildlife |
| Strickwerda, Chris and Marilyn | Interested Residents |

2013 Meeting Activity

The Lake Chelan Wildlife Forum last met on July 31, 2012 to discuss the need for a five-year summary and updated WHP. Correspondence between the USFS and WDFW occurred through 2012 into 2013 to develop the updated five-year plan. On February 26, 2013, a draft plan was sent to the Lake Chelan Wildlife Forum for review and comment. No comments were received. The updated five-year plan and five-year summary were submitted to the Commission on April 10, 2013, and was approved on September 18, 2013. Chelan PUD met with WDFW and the USFS on November 20, 2013, to align the budget and schedule for the newly approved five-year plan.

2013 Activity Summary

Activities completed in 2013 included:

1. Chelan PUD made funds available to the USFS, and WDFW for upland habitat improvements;
2. Chelan PUD made funds available to the USFS, and WDFW for riparian habitat improvements;
3. A second draft of the Conservation Easement for private lands on the north shore of Lake Chelan was drafted and is currently under review by WDFW.
4. Chelan PUD staff conducted 10 winter wildlife surveys and maintained 3 bird feeders along Lake Chelan.
5. The five-year summary report and updated five-year Wildlife Plan (2013-2017) were drafted, approved by the Lake Chelan Wildlife Forum, submitted for approval (April 10, 2013) and approved (September 18, 2013).

2013 Activity Summary by Agency**Lake Chelan Wildlife Improvements (WDFW)****LC09a1, LC09a2, LC09a3: Conservation Easement Acquisition**

In 2013, Chelan PUD initiated a second draft of the Conservation Easement to be approved by both WDFW and the Cascadia Conservation District. The second draft of the Conservation Easement was provided to WDFW for review in early 2014.

WDFW biological staff continues to recommend reserving upland and riparian habitat restoration funds until conservation agreements are acquired. The area of primary focus for acquisition of conservation easements on private lands is located on the north shore, Lower Basin Zone, between Gold Creek and Camas Creek at elevations between 1,100 and 1,400 feet mean sea level. If agreements are acquired, funding from this source could be used to provide habitat restoration or enhancement activities on lands where agreements are acquired, or for other habitat enhancement projects in the Chelan basin. WDFW desires that Chelan PUD retain this funding until such time as specific habitat agreements can be obtained where habitat enhancement actions can occur.

Upland Habitat Improvements (USFS)**LC09b1, Task 1: Native Seed Program**

No activity in 2013.

LC09b1, Task 3: Coyote Creek Prescribed Burning

This project was completed in 2012.

LC09b1, Task 4: Lucerne Late Successional Reserve Restoration

No project work completed in 2013 this project has been combined with Task 15 (Lucerne Control burn) for the updated WHP 2013-2017 for future implementation.

LC09b1, Task 7: Bear Mountain Pre-Commercial Thinning

Pre-commercial thinning was conducted on 76 acres. This completes Task 7 for the Lake Chelan Wildlife Plan.

LC09b1, Task 11: Whitebark Pine Restoration

The USFS was reimbursed for labor related to NEPA planning and a whitebark pine cone crop survey in 2013. The cone crop survey was necessary to determine seed production for whitebark pine reforestation work. The survey revealed limited seed availability due to low production and impacts to seed production by Clark's nutcrackers that eat the seeds.

LC09b1, Task 12: North Shore Winter Range Restoration – Crupina Control

The USFS continued control efforts for crupina, a class A noxious weed in 2013. In 2013, Chelan PUD reimbursed the USFS for labor used in crupina management on the north shore of Lake Chelan.

Riparian Habitat Improvements (USFS)**LC09c2A, Task 1: Riparian Habitat (Low Elevation Planting)**

In 2013, Chelan PUD reimbursed the USFS for planting 985 ponderosa pine and 132 western red cedar at low elevation sites in the Lucerne area.

LC09c2A, Task 2: Riparian Habitat (Mid-Elevation Planting)

In 2013, Chelan PUD reimbursed the USFS for planting 170 ponderosa pine at mid elevation sites in the Prince Creek area.

Winter Wildlife Survey (WDFW and Chelan PUD)

For the winter 2013-2014, Chelan PUD conducted 10 winter wildlife surveys on Lake Chelan from late November 25, 2013, through March 26, 2014. One survey was not conducted during the early winter period due to poor weather conditions and a second was not conducted during mid-winter due to persistent mild winter conditions.

The Lake Chelan Winter Wildlife Survey Report for the 2013-2014 winter season will be submitted to the Commission, WDFW, USFS, and NPS by April 30, 2014, as required in the *Order Modifying and Approving Wildlife Habitat Plan under Article 406*.

Activity Planned for Calendar Year 2014

The following is a summary of Lake Chelan WHP activities planned for 2014 by agency:

Lake Chelan Wildlife Improvements (WDFW)

LC09a1, LC09a2, LC09a3: Conservation Easement Acquisition

Pursue conservation easement with interested landowners. Although less than 400 acres are available at present, the potential acreage available (approximately 300 acres) are contiguous and are located in key winter range for mule deer and bighorn sheep. Therefore, WDFW is interested in pursuing the easements on the condition that a substantial portion of the acres can be brought under agreement. A second draft of the proposed Conservation Easement language is currently under review by WDFW. Once approved by WDFW the Conservation Easement will be reviewed by the Cascadia Conservation District. Once all three parties are satisfied with the Conservation Easement language, Chelan PUD will pursue a contract with the Cascadia Conservation District to pursue easement acquisition in consultation with WDFW.

Upland Habitat Improvements (USFS)

LC09b1, Task 1: Native Seed Program

In 2014, the USFS plans to continue seed collection and plant propagation for reforestation efforts. Plants propagated from seeds collected can be used in riparian areas, burns, and other impacted areas on USFS land.

LC09b1, Task 5: Safety Harbor Prescribed Burn

Perform prescribed burn provided weather and habitat conditions are suitable.

LC09b1, Task 10: Echo Ridge

The USFS plans to conduct invasive plant control to supplement ongoing efforts to manage infestations of dalmation toadflax, knapweed, and cheatgrass.

LC09b1, Task 11: Whitebark Pine Restoration

The USFS will continue to protect and enhance this important high elevation habitat that is suffering from pine beetle and blister rust. Project activities in 2014 include a cone crop survey to determine seed viability for whitebark pine reforestation work. Cones will be collected for seed propagation if the cone crop is acceptable.

LC09b1, Task 12: North Shore Winter Range Restoration – Crupina Control

The USFS will continue crupina control efforts in 2014 along the north shore.

Riparian Habitat Improvements (USFS)**LC09c2A, Task 1: Riparian Habitat (Low Elevation Planting)**

The USFS will continue to collect seed and propagate plants (western cedar, cottonwood, dogwood, ponderosa pine and various shrubs) in 2014 to establish/enhance habitat at low elevations along Lake Chelan.

Winter Wildlife Survey (WDFW and Chelan PUD) and Feeders

Chelan PUD will schedule 12 winter wildlife surveys on Lake Chelan between November 2014 and April 2015 and provide the annual summary report by April 30, 2015. Chelan PUD and WDFW may consider modifying the Lake Chelan Winter Wildlife surveys to provide more meaningful data for management objectives and control costs. Data collected is not always indicative of ungulate populations present, particularly during mild winters.

Chelan PUD will purchase wheat and fill the 3 feeders on the north shore of Lake Chelan in later fall of 2014.

Funding Activity

Section 19.3 of the Settlement Agreement requires Chelan PUD to enter into payment agreements with the agencies prior to allocation of funds. During 2013, Chelan PUD coordinated with the WDFW, NPS and the USFS to obtain a 2014 annual work plan, including estimated funding amounts, 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 2014 dollars using the CPI adjustment as of January 31, 2014, as outlined in Section 19.1 of the Settlement Agreement.

LAKE CHELAN PROJECT NO. 637
FUNDING PROVISIONS – YEAR 2013 SPENT – YEAR 2014 ACTIVITIES
2014 YEAR START
April 2014

| AGMT ARTICLE | DESCRIPTION | 2013 SPENT | 2014 ACTIVITIES | ESTIMATED COSTS 2014 | TOTAL FUNDING AVAILABLE AS OF JANUARY 31, 2014 |
|--------------------------------|---|-------------|--|-------------------------------------|--|
| LC09a1 One Time | WDFW Conserv Easement Fund (Wildlife Plan) | \$0.00 | Activity pending | \$284,857.51 | \$284,857.51 |
| LC09a2 One Time | Cascadia Conserv Easement Fees (WDFW – Wildlife Plan) | \$0.00 | Task 1: Conserv easement acquisition... Task 2, Item 4: Phase 2, Cascadia | \$15,000.00 \$15,000.00 | \$34,272.70 |
| LC09a3 One Time | WDFW Habitat Fund (Wildlife Plan) | \$0.00 | Activity pending | \$41,433.82 | \$41,433.82 |
| LC09b1 | USFS Upland Habitat (Wildlife Plan) | \$26,964.40 | Task 1: Plant/Seed Propagation..... Task 5: Safety Harbor Burn..... Task 6: N 25 Restore | \$9,333.25 \$42,000.00 \$0.00 | \$540,608.05 |
| | | | Task 8: 25-Mile Creek Burn..... Task 9: Antilon Lake | \$0.00 \$0.00 | |
| | | | Task 10: Echo Ridge | \$2,000.00 | |
| | | | Task 11: White Bark Pine..... | \$17,737.63 | |
| | | | Task 12: Crupina | \$9,693.64 | |
| | | | Task 16: Pot Peak Restoration | \$0.00 | |
| LC09b2 | USFS Noxious Weeds (Y1-3) (Wildlife Plan) | ---- | COMPLETED | ---- | --- |
| LC09c1 (Combo) | NPS Stehekin Habitat (made part of SAIMP) | ---- | --- | ---- | --- |
| LC09c2A One Time | USFS Riparian Habitat (Wildlife Plan) | \$2,521.32 | Task 1: Planting | \$5,677.55 | \$56,648.44 |
| LC09c2B One Time (Combo) | NPS Lake Chelan Basin Riparian Habitat (made part of SAIMP) | \$0.00 | No activity planned | \$0.00 | \$64,740.34 |
| LC09c2C One Time | WDFW Riparian Habitat (Wildlife Plan) | \$0.00 | Activity Pending..... | \$45,318.24 | \$45,318.24 |
| | TOTALS | \$29,485.72 | 2014 Year Start | \$488,051.64 | |

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