



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY

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April 30, 2015

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
2014 Activity Report and 2015 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 2014 Activity Report and 2015 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,

Jeffrey G. Osborn
Compliance Program Supervisor
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(509)661-4176

Enclosure: 2014 Activity Report and 2015 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

2014 Summary and 2015 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 (WHP) 5-year Summary a wildlife Plan update for 2013-2017 on April 10, 2013. The purpose of the 5-year Summary was to summarize work completed under the first 5-year WHP (2008 – 2013) and provide an updated plan for 2013- 2017. The updated 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.

On September 18, 2013, the Commission issued the “*Order Approving Wildlife Habitat Plan under Article 406.*”² Ordering Paragraph (B) of the original Order requires Chelan PUD to file an annual report on work planned and completed with funding provided to the USFS, NPS and the WDFW by April 30 each year, beginning on April 30, 2009.

The WHP approved by the Commission provides 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 2014 Annual Report and 2015 Work Plan.)

The following report provides a summary of WHP activities completed with funding provided by Chelan PUD during 2014 and a description of anticipated activities with funding to be provided during 2015. A table is provided at the end of this report that summarizes agency funding provided in 2014 and anticipated funding for 2015.

¹ 117 FERC ¶ 62,129 (2006)

² 123 FERC ¶ 62,039 (2008)

Activity during the Previous Calendar Year 2014

Implementation objectives for 2014 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).

<i>NAME</i>	<i>AGENCY</i>
Dave Gimlin	Wenatchee Sportsman's Association
Phil Archibald	Lake Chelan Sportsman's Association
Gempko, Vicki	National Park Service
Christophersen, Roger	National Park Service
Oelfke, Jack	National Park Service
Willard, Paul	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
Whitney, Richard	Confederated Tribes of the Colville Reservation
Osborn, Jeff	Chelan PUD
Pope, Von	Chelan PUD
Cordell-Stine, Kelly	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

2014 Meeting Activity

The Lake Chelan Wildlife Forum last met on July 31, 2012, to discuss the need for a 5-year summary and updated WHP. Chelan PUD met with WDFW and the USFS on November 19, 2014, to align the budget and schedule for the newly approved 5-year plan.

2014 Activity Summary

Activities completed in 2014 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 was approved by WDFW to be the template used to pursue conservation easements on private lands along the north shore of Lake Chelan.
4. Chelan PUD staff conducted 8 winter wildlife surveys (November 2014-March 2015) and filled 3 bird feeders along Lake Chelan.

2014 Activity Summary by Agency

Lake Chelan Wildlife Improvements (WDFW)

LC09a1, LC09a2, LC09a3: Conservation Easement Acquisition

In 2014, 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 approved by WDFW on November 26, 2014.

WDFW 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 1,200 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.

LC09b1 Upland Habitat Improvements (USFS)

Task 1: Native Plant/Seed Propagation

No activity in 2014.

Task 5: Safety Harbor Controlled Burn

This burn (642 acres) was successfully completed in 2014 using USFS funding. No reimbursement was requested from Chelan PUD.

Task 10: Echo Ridge Recovery

The USFS was reimbursed for weed control efforts on Dalmation toadflax and knapweed at Echo Ridge.

Task 11: Whitebark Pine Restoration

The USFS was reimbursed for legal notices published to complete the NEPA decision for the Whitebark Pine Project. The USFS was reimbursed for project implementation in 2014 which included whitebark pine stand exams using standard protocols (550 acres) and walk through exams (750 acres) were completed to assess trees/acre, canopy cover, tree ages, heights & diameters, insect and disease, and fuel loadings.

Task 12: North Shore Winter Range Restoration – Crupina Control

The USFS continued control efforts for crupina, a class A noxious weed in 2014. In 2014 Chelan PUD reimbursed the USFS for labor used in crupina management on the north shore of Lake Chelan.

LC09c2A Riparian Habitat Improvements (USFS)

Task 1: Riparian Habitat (Low Elevation Planting)

No work conducted in 2014

Task 2: Riparian Habitat (Mid-Elevation Planting)

No work conducted in 2014

Winter Wildlife Survey (WDFW and Chelan PUD)

For the winter 2014-2015, Chelan PUD conducted 8 winter wildlife surveys on Lake Chelan between November 24, 2014, through March 25, 2015. Three surveys were not conducted in late November and December due to significant mechanical issues with the boat used for this survey. A fourth survey was not conducted in late February due to mild winter conditions and resource limitations.

Bird feeders (3) located on the north shore of Lake Chelan were filled with wheat on October 7, 2014.

The Lake Chelan Winter Wildlife Survey Report for the 2014-2015 winter season will be submitted to the Commission, WDFW, U. S. Fish and Wildlife Service, and NPS by April 30, 2015, as required in the Order Modifying and Approving Wildlife Habitat Plan under Article 406.

Activity Planned for Calendar Year 2015

The following is a summary of Lake Chelan WHP activities planned for 2015 by agency:

Lake Chelan Wildlife Improvements (WDFW)

LC09a1, LC09a2, LC09a3: Conservation Easement Acquisition

In 2015, with WDFW approval, Chelan PUD will enter into a contract with the Cascadia Conservation District to pursue conservation easements using the Grant Conservation Easement Deed agreed to by Chelan PUD and WDFW. 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.

LC09b1- Upland Habitat Improvements (USFS)

Task 1: Native Seed Program

In 2015, 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.

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.

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.

Task 12: North Shore Winter Range Restoration – Crupina Control

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

LC09c2A Riparian Habitat Improvements (USFS)

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 2015 and April 2016 and provide the annual summary report by April 30, 2016. 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 2015.

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 2014, Chelan PUD coordinated with the WDFW, NPS and the USFS to obtain a 2015 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 2015 dollars using the CPI adjustment as of January 31, 2015, as outlined in Section 19.1 of the Settlement Agreement.

**LAKE CHELAN PROJECT NO. 2145
FUNDING PROVISIONS – YEAR 2014 SPENT – YEAR 2015 ACTIVITIES – YEAR
2016 PROPOSED ACTIVITIES
2015 YEAR START
April 2014**

AGMT ARTICLE	DESCRIPTION	2014 SPENT	2015 PROPOSED ACTIVITIES	ESTIMATED COSTS 2015	BALANCE AVAILABLE AS OF JANUARY 1, 2015 ³
LC09a1 One Time	WDFW Conserv Easement Fund (Wildlife Plan)	\$0.00	Activity pending	\$289,472.20	\$289,472.20
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	\$34,827.92
LC09a3 One Time	WDFW Habitat Fund (Wildlife Plan)	\$0.00	No activity planned.....	\$0.00	\$42,105.05
LC09b1	USFS Upland Habitat (Wildlife Plan) (10-017)	\$12,057.42	Task 1: Plant/Seed Propagation Task 5: Safety Harbor Burn Task 10: Echo Ridge Task 11: White Bark Pine Task 12: Crupina	\$9,333.25 \$25,000.00 \$2,000.00 \$14,610.62 \$8,617.24	\$559,098.72
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)	\$0.00	Task 1: Planting	\$5,677.55	\$57,566.14
LC09c2B One Time (Combo)	NPS Lake Chelan Basin Riparian Habitat (made part of SAIMP)	-----	-----	-----
LC09c2C One Time	WDFW Riparian Habitat (Wildlife Plan)	\$0.00	No activity planned.....	\$0.00	\$46,052.40
	TOTALS	\$20,615.78	2015 Year Start	\$434,284.66	

³ For all measures: Balance Available – All contributions, including current year, minus net amount of expenditures.
For measures with annual contributions: 2015 Contribution – 2015 contribution amount adjusted for CPI.
For measures with annual contributions: Total with NPV – Total of current balance and remaining net present value of future contributions calculated at an assumed 7% discount rate and 2.5% inflation.