

INTRODUCTION

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3.0 INTRODUCTION

3.1 BACKGROUND

The Public Utility District No. 1 of Chelan County, Washington, (Chelan PUD) is seeking a new license for the existing Lake Chelan Hydroelectric Project (Lake Chelan Project or Project) with the Federal Energy Regulatory Commission (FERC). The Lake Chelan Project is operated under the authority of the FERC in accordance with the existing FERC license that expires March 31, 2004. The Lake Chelan Project is licensed as FERC Project No. 637.

Chelan PUD has received approval from the Federal Energy Regulatory Commission (FERC) to employ an alternative relicensing process for the Lake Chelan Project, as allowed under 18CFR4.34(i). The alternative relicensing process followed by Chelan PUD combines the pre-filing consultation and environmental review processes into a single process. Chelan PUD is issuing the first draft of the preliminary draft environmental assessment (PDEA) simultaneously with the first draft of the license application. The PDEA is designed to satisfy requirements of the National Environmental Policy Act (NEPA) as allowed under the provisions of the National Energy Policy Act of 1992 (NEPAct).

The PDEA describes the existing environment, the consultation process, ongoing project-related impacts and proposed measures to address those impacts. The license application contains detailed and in-depth information on the existing Project facilities and current mode of operation. For the Lake Chelan Project relicensing, the license application is primarily a reference document designed to support the PDEA.

Comments on the license application are due by May 4, 2001. If substantive comments are received before May 4, 2001, a second draft will be issued by Chelan PUD in June/July 2001. The final version of the license application must be submitted to the FERC no later than March 31, 2002. Written comments on the license application should clearly identify the subject filing as: Comments on the First Draft License Application for the Lake Chelan Hydroelectric Project, FERC No. 637 and be sent to:

Mr. Gregg Carrington
Public Utility District No. 1 of Chelan County
327 N. Wenatchee Avenue
Wenatchee, WA 98801

3.2 PROJECT OVERVIEW

The Lake Chelan Project is located approximately 32 miles north of the city of Wenatchee on the Chelan River. The 3.9-mile-long bypassed reach (Chelan River) extends from the lower end of the 50.4-mile-long Lake Chelan to the Columbia River. The Project consists of a 40-foot-high, 490-foot-long concrete-gravity dam, a 2.2-mile-long steel and concrete-lined tunnel and a powerhouse located at the confluence of the Chelan and Columbia rivers. The powerhouse

contains two Francis-type turbines each rated at 34,000 hp at a net head of 377 feet and a maximum discharge of 1,154 cfs.

The Project reservoir is operated between a maximum water surface of 1,100 feet and 1,079 feet to ensure optimum utilization of the reservoir for power generation, fish and wildlife conservation, recreation, water supply and flood control purposes. The reservoir has 677,400 acre-feet of useable storage above elevation 1,079, of which 612,400 acre-feet are used for power generation and 65,000 acre-feet are reserved for irrigation and water supply. Note that elevations cited for all Project elements are referenced to the U.S. Geological Survey (USGS)* 1912 datum, which is 1.78 feet higher than the U.S. Coast and Geodetic Survey (USC&GS).

A detailed description of the Project facilities is provided in Exhibit A.

3.3 LAKE CHELAN PROJECT OPERATIONS

The Lake Chelan Project is the smallest of three hydroelectric projects owned and operated by the Chelan PUD. The Lake Chelan Project is operated to optimize use of the water resource to produce electric energy while taking into account the irrigation, municipal and domestic water supply, recreational, fish and wildlife and other beneficial uses of the resource and flood control needs. The Lake Chelan Project is operated at near or full installed capacity to generate electric energy on a year-round basis to the extent that inflow and storage water is available for the other uses of Lake Chelan.

A detailed description of Project operations is provided in Exhibit B.

3.4 THE EXISTING FEDERAL LICENSE

The existing 30-year Lake Chelan Project license was issued by the FERC on May 12, 1981, made retroactive to the expiration of the initial license in 1974, and will remain in effect until March 31, 2004.

3.5 CURRENT FERC REGULATIONS

Under the authority of the Federal Power Act (FPA) and as amended by the Electric Consumers Protection Act (ECPA) of 1986, FERC has the responsibility of issuing licenses for non-federal hydroelectric projects. Other federal laws that affect the relicensing process include, but are not limited to, the National Environmental Policy Act (NEPA), the Fish and Wildlife Coordination Act, the National Historic Preservation Act, the Endangered Species Act, the Clean Water Act (CWA), Federal Land Policy Management Act (FLPMA) and the Wild & Scenic Rivers Act (WSRA).

ECPA brought significant new requirements to the process of relicensing hydro projects. The FERC was mandated to give equal consideration to the enhancement of existing environmental,

* All elevations are datum of 1912 (USGS)

recreation, fish and wildlife resources affected by the project, to that of power and development resources, and to balance what are often competing uses of the water resources. ECPA also empowers the FERC to consider if a project is consistent with federal and state comprehensive plans.

The FERC regulations governing the relicensing of hydroelectric projects are contained in 18CFR16. These regulations govern the minimum consultation requirements for relicensing.

3.6 ALTERNATIVE RELICENSING PROCESS

The goals of the alternative relicensing process are to:

- combine into a single process the pre-filing consultation process, the environmental review process under NEPA and administrative processes associated with the CWA and other statutes;
- facilitate greater participation by and improve communication among the potential applicant, resource agencies, American Indian tribes, the public and FERC staff in a flexible pre-filing consultation process tailored to the circumstances of each case;
- provide guidance to applicants wishing to employ the provisions of the NEPA Act that allow for the preparation of a preliminary draft environmental assessment (PDEA) by an applicant or its contractor or consultant;
- promote cooperative efforts by the potential applicant and interested entities and encourage them to share information about resource impacts and mitigation and enhancement proposals;
- narrow any areas of disagreement and reach settlement of the issues raised by the interested parties; and
- facilitate an orderly and expeditious review by the FERC of an agreement or offer of settlement of an application for a hydropower license, exemption or amendment to a license.

Alternative relicensing processes typically expand the minimum requirements of the traditional three-stage consultation process and often include the preparation of a PDEA as part of the consultation process. Chelan PUD has elected to follow the alternative approach in relicensing the Lake Chelan Project and has prepared a PDEA.

Chelan PUD conducted all work required for the Lake Chelan Project based on the following objectives:

- Chelan PUD adhered to the FERC regulations and timelines.
- Chelan PUD prepared a license application and PDEA that are technically sound and provide a reasonable balance between power and non-power values.

- Chelan PUD considered the impacts of relicensing on the Project's ability to provide low-cost power in light of electric industry deregulation and competitive pressures.
- Chelan PUD investigated ways to further develop and maximize the efficient and economic use of the available hydrologic resources for power generation purposes pursuant to FERC requirements.
- Chelan PUD emphasized compatibility with existing and draft federal and state resource goals and plans.
- Chelan PUD considered all opinions and comments from interested parties and included these in the decision-making process for the Lake Chelan Project Relicensing.
- Chelan PUD is seeking settlement agreements with interested parties.

3.7 PARTICIPANTS IN THE RELICENSING PROCESS

Chelan PUD has contacted and anticipates that various state and federal resource agencies, tribes, local government agencies and non-governmental organizations will be participants in the relicensing of the Lake Chelan Project. A current listing of stakeholders or interested parties is available on the Lake Chelan Project Relicensing Web site at <http://www.chelanpud.org/relicense> or by contacting the Relicensing Department, Chelan PUD, 327 N. Wenatchee Ave., Wenatchee, WA 98801, (509) 663-8121.

3.8 THE RELICENSING TIMELINE

Milestone dates for the relicensing of the Lake Chelan Project include:

| | |
|----------------------|---|
| Oct. 5, 1998 | ICD and SD1 issued |
| Nov. 18 and 19, 1998 | Joint meeting to review ICD / Formal NEPA scoping meeting |
| July 16, 1999 | SD2 issued (final study plans) |
| Summer 1999 | Conducted studies |
| Summer 2000 | Conducted studies |
| Feb. 5, 2001 | First-draft license application and PDEA issued |
| May 4, 2001 | Comments due on license application and PDEA |
| June/July 2001 | Second-draft license application and PDEA issued (if necessary) |
| March 31, 2002 | Final license application and PDEA issued |

3.9 ORGANIZATION OF THE LICENSE APPLICATION

The license application is organized into the following sections:

Exhibit A: Description of the Project

This section provides a general description of the Project and the major Project components and equipment.

Exhibit B: Project Operations

This section describes the current Project operation, including headwater and tailwater operational levels, and instream flow releases.

Exhibit C: Construction History

This section provides a chronology for the existing Project structures and features.

Exhibit D: Statement of Costs and Financing

This section describes existing project costs and future costs.

Exhibit E: Environmental Report

Replaced by PDEA.

Exhibit F: Project Drawings

Exhibit G: Project Location Map and Project Boundary

Exhibit H: Supplemental Information

This section provides additional information required by 18CFR16.10.