

INTRODUCTION

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1.0 INTRODUCTION

1.1 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 requested and received approval from the Federal Energy Regulatory Commission (FERC) to employ an Alternative Relicensing Process for the Lake Chelan Project, as allowed under FERC's Final Rule issued on October 29, 1997 (Docket No. RM95-16-000; Order No. 596). The Alternative Relicensing Process proposed by Chelan PUD is intended to expedite the licensing process by combining the pre-filing consultation and environmental review processes into a single process, and by improving and facilitating communications among the participants in the licensing process.

Chelan PUD is also issuing its Scoping Document 1 (SD1) simultaneously with this Initial Consultation Document (ICD) to initiate formal consultation regarding resource issues that could potentially be affected by the operation of the Lake Chelan Project. SD1 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) that govern preparation of Applicant Prepared Environmental Assessments (APEA). If necessary, a final copy of SD1 will be issued by Chelan PUD within 30 days of the November 1998 joint agency and public meetings and will reflect any additional information submitted during the joint meeting.

The NEPA Scoping Document presents Chelan PUD's proposal for relicensing the Project, including thumbnail sketches of the environmental resources believed to be potentially affected by the Project, summary lists of issues identified by stakeholders during informal consultation for analyses in the NEPA process, and a request for comments on the resource issues and study methods to address them. Attached to SD1 is a series of white papers or study plan outlines developed by the stakeholders who chose to participate in the pre-formal licensing process that provide more detail on issues of concern and associated study requirements.

The ICD contains detailed and in-depth information on the installed Project facilities, current mode of operation, existing environmental and developmental resources, and the ongoing programs in place to manage these resources in the Project area. **For the Lake Chelan Project relicensing, the ICD is primarily a reference document designed to present information to support the NEPA scoping and study effort.**

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methods to address them. Attached to SD1 is a series of white papers or study plan outlines developed by the stakeholders who chose to participate in the pre-formal licensing process that provide more detail on issues of concern and associated study requirements.

The purpose of this ICD is to provide an overview of existing resources that may be affected by Project operation. Chelan PUD requests comments on this ICD that address or supplement the description of existing environmental and developmental resources. Comments on resource issues of concern or recommendations for studies should be submitted as part of the parallel NEPA scoping effort and reference SD1, since SD1 is the vehicle that will consolidate and manage the study assessment and scoping process.

Comments on the ICD are due within 60 days following a public meeting that will be held on November 18, 1998. Written comments on the ICD should clearly identify the subject filing as:

Comments on the Initial Consultation Document for the Lake Chelan Hydroelectric Project, FERC No. 637.

And addressed to:

Mr. Gregg Carrington
Project Manager for the Lake Chelan Project Relicensing
Public Utility District No. 1 of Chelan County
P.O. Box 1231
Wenatchee, WA 98807-1231

1.2 PROJECT OVERVIEW

The Lake Chelan Project is located approximately 32 miles north of the City of Wenatchee on the Chelan River. The 4.1-mile-long Chelan River flows 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 mean sea level (MSL) U.S. Geological Survey (USGS)* 1912 datum, which is 1.78 feet higher than the National Geodetic Vertical Datum (NGVD) 1929 datum.

* All elevations are datum of 1912 (USGS)

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

1.3 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.

1.4 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.

1.5 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 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, 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 Title 18 of the Code of Federal Regulations, Part 16 (18 CFR 16). These regulations govern the minimum consultation requirements for relicensing proceedings that follow what is known today as the “traditional relicensing process.”

1.6 ALTERNATIVE RELICENSING PROCESS

As noted earlier, the FERC issued a rulemaking in October 1997 allowing licensees to pursue “Alternative Relicensing Processes.” The goals of these alternative processes are to:

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- 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, 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, or of an Environmental Impact Statement (EIS) by a contractor or consultant chosen by the FERC and funded by the applicant;
- promote cooperative efforts by the potential applicant and interested entities and encourage them to share information about resource impacts and mitigation and enhancement proposals
- to 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 an APEA or third-party EIS document as part of the consultation process. Some alternative processes currently underway are also seeking settlement of issues while not electing to prepare NEPA documents during consultation and deferring this aspect of relicensing to FERC.

As noted above, Chelan PUD has elected to follow the alternative approach in relicensing the Lake Chelan Project and has proposed preparing an APEA in close consultation with all interested parties. In addition, a communications protocol was issued and supported by interested parties and submitted to FERC on May 1, 1998. The communications protocol describes how Chelan PUD intends to communicate, document and distribute information related to the relicensing process among interested parties and other participants in the pre-filing consultation process, including the FERC staff.

Chelan PUD will conduct the work required to relicense the Lake Chelan Project based on the following objectives:

- Chelan PUD will adhere to the FERC regulations and timelines.
- Chelan PUD will prepare a license application and PDEA that are technically sound and provides a reasonable balance between power and non-power values.

- Chelan PUD will consider 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 will investigate 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 will emphasize compatibility with existing and draft federal and state resource goals and plans.
- Chelan PUD will consider all opinions and comments from interested parties and will include these in the decision-making process for the Lake Chelan Project Relicensing.
- Chelan PUD will seek settlement agreements with interested parties.

1.7 PARTICIPANTS IN THE RELICENSING PROCESS

Chelan PUD has contacted, and anticipates various state and federal resource agencies, tribes, local government agencies and non-government 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 Licensing Department, Chelan PUD, Post Office Box 1231, Wenatchee, Washington 98807-1231, (509)663-8121.

Chelan PUD also invites and encourages all interested parties to participate in the consultation process for relicensing the Lake Chelan Project.

1.8 CHELAN PUD'S GOALS IN RELICENSING

Chelan PUD's goals in relicensing are to:

- Keep control of environmental analysis and resource decisions at the local, state and regional level;
- Concentrate on implementation of necessary environmental measures supported by facts;
- Coordinate efforts with all parties;
- Use the Alternative Relicensing Process;
- Seek settlement agreements; and
- Have no surprises.

1.9 THE RELICENSING TIMELINE

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

August 14, 1998	Chelan PUD issues review copy of SD1
September 23, 1998	Informal NEPA scoping meeting
October 1998	Chelan PUD issues ICD and SD1
November 18 and 19, 1998	Joint meeting to review ICD / Formal NEPA scoping meeting
January 19, 1999	Comments on ICD and SD1 due from interested parties
Summer 1999	Conduct studies
Summer 2000	Conduct studies
January 2001	Review copies of Draft License Application and Draft PDEA issued
April 2001	Draft License Application and Draft PDEA issued
December 2001	Review copies of Final License Application and Final PDEA issued
March 2002	Final License Application and Final PDEA issued

1.10 ORGANIZATION OF THE INITIAL CONSULTATION DOCUMENT

The ICD 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 E: Environmental Report

This section provides a discussion of significant environmental resources in the Project area. It contains detailed descriptions of the existing condition of these resources along with information about ongoing programs designed to manage these resources in the Project area.

Exhibit F: Project Drawings

Exhibit G: Project Location Map and Project Boundary