



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY

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April 27, 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. 637-042**
Article 406 – Wildlife Habitat Plan
2008 Activity Report and 2009 Work Plan

Dear Secretary Bose and Deputy Secretary Davis:

On April 10, 2008, the Federal Energy Regulatory Commission (Commission) issued the “*Order Modifying and Approving Wildlife Habitat Plan under Article 406*”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 Wildlife Habitat 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 (B) of the above Order, Chelan PUD hereby files the 2008 Activity 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
Joe Kastenholz, USFS
Art Viola, WDFW

¹ 123 FERC ¶ 62,039 (2008)

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

2008 Activity Report and 2009 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) by November 6, 2007. The purpose of the WHP is to describe the methods and schedule used to implement 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 2008 Annual Report and 2009 Work Plan filed with the Commission on March 25, 2009, for details.)

On April 10, 2008, the Commission issued the “*Order Modifying and Approving Wildlife Habitat Plan under Article 406.*”² Ordering Paragraph (B) of the Order requires 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) by April 30 each year, beginning on April 30, 2009.

Activity during the Previous Calendar Year

Implementation objectives for 2008 were to comply with license Article 406 and the WHP, which included the following:

¹ 117 FERC ¶ 62,129 (2006)

² 123 FERC ¶ 62,039 (2008)

1. Lake Chelan wildlife habitat 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 2008 Lake Chelan Wildlife Forum (LCWF).

<i>NAME</i>	<i>AGENCY</i>
Bruno, Ron	Wenatchee Sportsman's Association
Denniston, Gary	Lake Chelan Sportsman's Association
Eldred, Tony	Washington Department of Fish and Wildlife
Gempko, Vicki	National Park Service
Kastenholz, Joe	United States Department of Agriculture – Forest Service
Kuntz, Bob	National Park Service
Landrus, Glen	Foundation for NA Wild Sheep
Leigh, Curt	Washington Department of Fish and Wildlife
Lenz, Mallory	United States Department of Agriculture – Forest Service
Lewis, Steve	United States Fish and Wildlife Service
Marco, Jerry	Confederated Tribes of the Colville Reservation
Martinez, Alex	United States Department of Agriculture – Forest Service
McKinley, Dan	National Wild Turkey Federation
Merkle, Carl	Confederated Tribes of the Umatilla Indian Reservation
Montgomery, Mike	North Central Washington Mule Deer Association
Oelfke, Jack	National Park Service
Osborn, Jeff	Chelan PUD
Oswood, Mark	Audubon Society
Pope, Von	Chelan PUD
Strickwerda, Chris and Marilyn	Interested Residents
Volson, Dave	Washington Department of Fish and Wildlife

2008 Meeting Activity

The LCWF did not hold a formal meeting in 2008. However, several meetings between the USDA Forest Service and Chelan PUD, and the NPS and Chelan PUD were conducted to discuss 2008 activities and estimated costs for proposed 2009 activities. These meetings were held on February 26, August 29, and November 26, 2008.

2008 Activity Summary

Activities completed in 2008 included:

1. Chelan PUD, the Chelan-Douglas Land Trust (CDLT), and Trust for Public Lands (TPL) staff conducted Lake Chelan wildlife improvements through initial planning and landowner contact for acquiring conservation easements on north shore Lake Chelan lands;

2. Chelan PUD made funds available to the NPS, USDA Forest Service, and WDFW for upland habitat improvements;
3. Chelan PUD made funds available to the NPS, USDA Forest Service, and WDFW for riparian habitat improvements; and
4. Chelan PUD staff conducted a Winter Wildlife Survey on Lake Chelan.

The following is a summary of the Lake Chelan Wildlife Habitat Plan 2008 activities:

Lake Chelan Wildlife Habitat Measures

LC09a1, LC09a2, LC09a3: Conservation Easement Acquisition

Chelan PUD staff worked with the WDFW, Chelan-Douglas Land Trust (CDLT), and Trust for Public Lands (TPL) to pursue acquisition of conservation easements on north shore Lake Chelan private properties. To date, no easements have been acquired. However, a letter drafted by the CDLT was circulated to some landowners soliciting interest in participating in the easement program in third quarter 2007. Additionally, the TPL began contacting landowners in late 2007 and early 2008 to solicit interest in participating in the easement program.

Upland Habitat Improvements

USDA Forest Service

LC09b1, Task 2: Fourth of July Winter Range Thermal Cover Planting

The 2008 goal for this task, which included enhancing winter thermal cover through planting, was accomplished using USDA Forest Service funding. The funding allocated for 2008 was transferred to Task 4: Lucerne Late Successional Reserve Restoration for 2009 work.

LC09b1, Task 4: Lucerne Late Successional Reserve Restoration

The 2008 goal for this task was to apply ground pheromone to protect remnant pine and fir after wildfire. Approximately 150 acres were treated in the summer. However, due to other available agency funds and timing of the first payment agreement, fewer dollars were used in 2008. The remaining funds allocated for 2008 was rolled over to 2009, plus the additional \$25,475 shifted from Task 2.

LC09b2: Noxious Weeds

This work included controlling *crupina*, a class A noxious weed, on the north shore of Lake Chelan. The USDA Forest Service utilized alternative funding and grants for 2008 work. The funding allocated for 2008 work was rolled over to 2009.

NPS

Measures for improving riparian habitat improvements within the Stehekin area were incorporated into the SAIMP. Refer to the SAIMP 2008 Annual Report and 2009 Work Plan filed with the Commission on March 25, 2009, for details.

Riparian Habitat Improvements

LC09c2A: USDA Forest Service

Planting work was started with other agency funds. The funding allocated for 2008 work was rolled over to 2009.

Winter Wildlife Survey

Chelan PUD conducted a Winter Wildlife Survey on Lake Chelan from late November 2007 through late March 2008. Conducting this survey in 2007-2008 was not a license requirement because Chelan PUD was in the process of developing a Wildlife Habitat Plan in consultation with the Lake Chelan Wildlife Forum, as directed by the new operating license awarded to Chelan PUD on November 6, 2006. However, Chelan PUD staff conducted the surveys 2007-2008 to maintain continuity and data collection from the previous license and knowing that this report would be a requirement of the new license. On April 10, 2008, the FERC approved the Lake Chelan Wildlife Plan, which prescribed the continuation of annual wildlife surveys similar to those conducted during the second license for the project (1974-2004) at a cost not to exceed \$10,000. During consultation on new the Lake Chelan Wildlife Plan, the Lake Chelan Wildlife Forum elected to add waterfowl to the Lake Chelan winter wildlife survey for the 50 year license period (2006 - 2056). The objective for the Lake Chelan Winter Wildlife survey is to monitor big-game species encountered as well as waterfowl and eagle species encountered. The Lake Chelan Winter Wildlife Status Report, Winter of 2007-2008 can be found at the following link: http://www.chelanpud.org/departments/licensingCompliance/lc_implementation/ResourceDocuments/2008_WWLC_Draft2.doc.

Chelan PUD conducted a Winter Wildlife Survey on Lake Chelan from late November 2008 through late March 2009 as a requirement of the Order issued April 10, 2008.³ The Lake Chelan Winter Wildlife Status Report, Winter of 2008-2009 will be filed by April 30, 2009, to the Commission.

Activity Planned for Calendar Year 2009

The following is a summary of Lake Chelan Wildlife Habitat Plan activities planned for 2009:

Lake Chelan Wildlife Improvements

LC09c2C: Conservation Easement Acquisition

Chelan PUD will continue to pursue acquisition of conservation easements in 2009 with the amount of available funding. Chelan PUD will continue to work with WDFW, CDLT, and TPL to develop a package acceptable to landowners in order to secure conservation easements on north shore lake Chelan lands.

Appendix A of the Project License and Article 9(c) of the Settlement Agreement describe Chelan PUD's requirement (FPA section 4(e)) for making funds available to the WDFW for habitat improvements:

³ 123 FERC ¶ 62,039 (2008) at P. 3.

- (c)(2) Within 180 days of the effective date of the New License, Chelan PUD shall make available:
(C) \$35,000 to the WDFW to enhance habitat in the Lake Chelan basin.

WDFW biological staff continues to recommend reserving expenditure of these funds until after conservation easements 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 1100 and 1400 feet MSL. Once easements are acquired, funding from this source could be used to provide additional habitat restoration or enhancement activities on lands where easements are acquired, or for other habitat enhancement projects in the Chelan basin. Due to the uncertainty at this time of the precise location of lands where restoration efforts would be most valuable, WDFW desires that Chelan PUD retain this funding until such time as specific habitat enhancement needs and projects are identified.

Upland Habitat Improvements

USDA Forest Service

LC09b1, Task 3: Coyote Creek Prescribed Burning

The USDA Forest Service plans to complete prescribed burns in the North Shore Restoration CE including two lakeshore units on either side of Coyote Creek (695 acres uplake and 169 acres down lake). The yearly amount of acreage will be burned to remain within the annual budget.

LC09b1, Task 4: Lucerne Late Successional Reserve Restoration

The USDA Forest Service continues to prepare prescribed burning to protect 754 acres in the Lightning Ridge area and 2,229 acres in the Domke Mountain area.

LC09b2: Noxious Weeds

The USDA Forest Service will develop an integrated weed management program that includes herbicides. This is a precursor to initiation of any weed control projects on the winter range.

Riparian Habitat Improvements

LC09c2A, Task 1: USDA Forest Service

Work scheduled for the USDA Forest Service in 2009 includes the planting of cedar trees in low- and mid-elevation areas along streams is planned, identification and reservation of woody debris for future riparian improvements, and continuation of propagation of cedar seed collected.

NPS

Measures for improving riparian habitat improvements within the Stehekin area were incorporated into the SAIMP. Refer to the SAIMP 2008 Annual Report and 2009 Work Plan filed with the Commission on March 25, 2009, for details.

Winter Wildlife Survey

Chelan PUD will be conducting the Winter Wildlife Survey on Lake Chelan in 2009-2010. The same survey methods as previous years will be employed during the Winter Wildlife Survey, unless otherwise recommended by the Lake Chelan Wildlife Forum (LCWF), during the term of the new license. As provided in Article 406(a), Chelan PUD is coordinating wildlife surveys with WDFW and will be reporting annual results to WDFW.

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 2008, Chelan PUD coordinated with the NPS and the USFS 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
LC09a1	WDFW Conserv Easement Fund (Wildlife Plan)	No Activity	---	\$263,296	Pursue conservation easement acquisition	\$263,296
LC09a2	WDFW Conserv Easement Fees (Wildlife Plan)	No Activity	---	\$39,494	Pursue conservation easement acquisition	\$39,494
LC09a3	WDFW Habitat Fund (Wildlife Plan)	No Activity	---	\$38,298	Pursue conservation easement acquisition	\$38,298
LC09b1	USFS Upland Habitat (Wildlife Plan)	Task 2: Completed 4 th of July Cover Planting using grants Task 4: Treated 150 acres for Lucerne	--- \$5,855	\$540,828 (NPV)	Task 3: Coyote Creek Task 4: Lucerne	\$20,000 \$40,186
LC09b2	USFS Noxious Weeds (Y1-3) (Wildlife Plan)	No Activity	---	\$18,565 (NPV)	Task 1: Weed Control	\$10,000
LC09c1	NPS Stehekin Habitat (made part of SAIMP)	Refer to the SAIMP 2008 Annual Report and 2009 Work Plan.				
LC09c2A	USFS Riparian Habitat (Wildlife Plan)	No Activity	---	\$59,843	Task 1: Planting	\$5,000
LC09c2B	NPS Lake Chelan Basin Riparian Habitat (made part of SAIMP)	Refer to the SAIMP 2008 Annual Report and 2009 Work Plan.				
LC09c2C	WDFW Riparian Habitat (Wildlife Plan)	No activity	---	\$41,888	No activity planned	---
		Totals	\$5,855	\$1,002,212		\$416,274