



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY
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April 8, 2010

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. 637-043**
Article 403 – Stehekin Area Implementation Monitoring Plan
2009 Annual Report and 2010 Work Plan

Dear Secretary Bose and Deputy Secretary Davis:

On May 6, 2008, the Federal Energy Regulatory Commission (Commission) issued the “*Order Modifying and Approving Stehekin Area Implementation Plan Under Article 403*”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 Stehekin Area Implementation Monitoring 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 (C) of the above Order, Chelan PUD hereby files the 2009 Annual Report and 2010 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

¹ 123 FERC ¶ 62,100 (2008)

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

LAKE CHELAN HYDROELECTRIC PROJECT NO. 637

Stehekin Area Implementation Monitoring Plan

2009 Annual Report and 2010 Work Plan

Introduction

In accordance with Article 403 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 Stehekin Area Implementation Monitoring Plan (SAIMP) on November 6, 2007. The purpose of this plan is to provide details on the measures that will be implemented to monitor reductions in dust emissions, establishment of native riparian vegetation, and reduction in non-native plants in the reservoir drawdown zone and along the reservoir shoreline in the area of Stehekin, as specified in the License articles, and the Lake Chelan Comprehensive Settlement Agreement (Settlement Agreement), dated October 8, 2003 (Appendix A of the Project License).

On April 10, 2008, the Commission approved and modified the Wildlife Habitat Plan under Article 406. The plan submitted to the Commission provided details on the implementation of riparian habitat improvements. The improvements or enhancements to the Stehekin area habitat overlap with measures to be implemented under Article 403, so the U.S. Department of the Interior, National Park Service (NPS) and Chelan PUD agreed to combine these in the SAIMP.

Additionally, on May 6, 2008, the Commission issued the “*Order Modifying and Approving Stehekin Area Implementation Plan Under Article 403*”² requiring 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). However, most of the actions for the SAIMP will be undertaken by the NPS. The SAIMP states that all payments for work conducted by the NPS will be in accordance with section 19 of the Settlement Agreement. The annual report is to be submitted by April 30 each year, beginning April 30, 2009.

Activity during the Previous Calendar Year

During 2009, the NPS planned to collect baseline data of the riparian vegetation, conduct osprey and eagle surveys, and explore dust abatement options, potentially conducting one or more small-scaled tests. Details of the 2009 work are provided below:

¹ 117 FERC ¶ 62,129 (2006)

² 123 FERC ¶ 62,100 (2008)

LC04a, Task 1: Dust Abatement Options

The 2009 goals for dust abatement included information gathering and installation of monitoring plots. Progress entailed the following:

- Identification and delineation of an area that generates a large proportion of the dust blowing to the landing (area to be irrigated).
- Photo documentation of dust reduction during wind events (dry surface vs following a wetting rain).
- Installation of monitoring plots in the irrigation area to determine the amount of sediment that accumulates in a year.
- NPS staff met with several irrigation specialists to discuss design considerations and other issues associated with the project.

In July 2009, work included presenting the project to the Lake Chelan Cultural Forum to discuss potential concerns or impacts to cultural resources. Additionally, research was completed for purchase of a nephelometer. An E-sampler ambient particulate monitor with a wind speed/direction sensor was determined to be the preferred instrument to provide air quality measurements for its ability to measure both fine and coarse dust particles.

LC09c1, Task 2, Item 2: Monitoring Riparian Vegetation (Collect Baseline Data)

NPS staff worked to coordinate riparian work with dust abatement efforts and Stehekin habitat surveys. NPS continued work on GIS mapping of reed canary grass infestation and existing native riparian vegetation. NPS also explored option and set priorities for riparian vegetation work.

The approved SAIMP called for a Riparian Zone Plan to be drafted and completed in 2009. The plan is intended to establish a schedule for expansion of existing riparian areas and establishment of new riparian zones with the overall goal of providing a continuous riparian corridor for wildlife. On August 13, 2009, Chelan PUD filed a requested for a one-year extension to file the plan. On November 20, 2009, FERC granted NPS and Chelan PUD the extension to complete the plan to November 6, 2010, in order for NPS and Chelan PUD to create an appropriate schedule for future enhancement and maintenance. Limited riparian field work was done and NPS staff required additional time to review and explore options for riparian development as it relates to dust abatement findings and survey results from the initial osprey and eagle surveys conducted in 2009.

Chelan PUD and NPS staff met in Stehekin on October 15 and 16, 2009, to discuss the Riparian Zone Action Plan. NPS was to continue gathering information on the distribution of reed canary grass and potential methods for control with the goal of having a draft plan in place by June of 2010, and the final plan completed by November 2010. The first technical report on activities conducted under this plan, if approved, will be submitted by November 6, 2011.

LC09c1, Task 2, Item 3: Osprey and Eagle Surveys

During the second and third quarter, work included osprey and eagle surveys within the lower 12 miles of the Stehekin River and Lake Chelan Lakeshore. Surveys are to identify and monitor nesting osprey and eagles. No eagle nest sites were discovered and only one osprey nest was identified. Since NPS discovered fewer than 6 nests, staff will wait an additional three years (2012) before initiating annual surveys. This additional three years will allow time for increased nesting.

2009 Meeting Activity

The NPS and Chelan PUD met on August 27, 2009, to discuss 2009 activities and estimated costs for proposed 2010 work. In addition to the above meetings, telephone and email correspondence ensued.

Activity Planned for Calendar Year 2010

In 2010, the NPS plans to continue collection of baseline data of the riparian vegetation, explore dust abatement options, potentially conducting one or more small-scaled tests, and complete the Riparian Zone Plan.

LC04a, Task 1: Dust Abatement Options

The project was presented to the NPS Interdisciplinary Team (3/18/10). During the meeting, it was recommended that a temporary sprinkler system be installed on the entire 10 acre site that was identified. The goal of the test is to confirm that irrigation of that site will considerably reduce the amount of dust at the landing. The temporary system will be installed in late April to early May of this year and will be removed prior to high water from spring run-off. The sediment monitoring plots that were installed in 2009 will also be read at this time. Observations will be recorded and photos will be taken to document the irrigation system's effects on reducing dust at the landing. If the test is not favorable, further research and planning will occur for new techniques and dust abatement approaches.

LC04a, Task 3: Dust Monitoring and Evaluation

Monitoring and evaluation work will occur during 2011. NPS has purchased a Nephelometer which will be installed in 2010; testing will begin once installed.

LC09c1, Task 1, Item 6: Crew Lead

The NPS crew lead will continue to document, using aerial photos, LIDAR and GPS the reed canarygrass and native plant species on NPS lands. In addition research and documentation will continue on the best management practices for treatment of the reed canarygrass, salvage and propagation of native species and guidelines for revegetation

LC09c1, Task 1, Item 7: Plant Ecologist

The Plant Ecologist will supervise and direct the crew lead. The plant ecologist will develop the restoration plan for the site. This document will be in draft form by June 1, 2010 and final form by September 30, 2010. The final submitted to FERC by November 6, 2010.

LC09c1, Task 2: Monitoring Riparian Vegetation (Collect Baseline Data)

Minimal baseline data will be collected. Any data that will be collected will be accomplished by the crew lead and Plant Ecologist.

LC09c1, Task 3: Osprey and Eagle Surveys

No additional work will be done in 2010. Osprey and Eagle surveys will resume in 2012.

Funding Activity

Section 19.3 of the Settlement Agreement requires Chelan PUD to enter into payment agreements with the NPS prior to allocation of funds. Chelan PUD coordinated with the NPS to obtain a 2010 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 2010 dollars using the CPI adjustment as of January 31, 2010, as outlined in Section 19.1 of the Settlement Agreement.

FUNDING PROVISIONS – YEAR 2009 ACTIVITIES – YEAR 2010 ESTIMATED COSTS
Updated March 9, 2010

AGMT ARTICLE	DESCRIPTION	ESTIMATED ACTIVITIES 2009	First Qtr Jan - Mar	Second Qtr Apr - June	Third Qtr July - Sept	Fourth Qtr Oct - Dec	TOTAL SPENT 2009	ESTIMATED ACTIVITIES 2010	ESTIMATED COSTS 2010	TOTAL FUNDING AVAILABLE AS OF JANUARY 31, 2010
LC04a One Time (Combo)	NPS Stehekin Dust Abatement (SAIMP)	Task 1: Abatement Task 3: Monitoring and Evaluation		\$2,960.00			\$2,960.00 \$0.00	Task 1: Abatement Task 3: Monitoring and Evaluation	\$37,101.00 \$11,754.00	\$187,562.10
LC09c1 (Combo)	NPS Stehekin Habitat (made part of SAIMP)	Task 1, Item 7: Ecologist Task 2, Item 2: Baseline Task 2, Item 3: Eagle/osprey			\$165.00 \$11,712.62 \$2,928.64	\$5,366.00 \$2,639.02	\$5,531.00 \$14351.64 \$2,928.64	Task 1, Item 6: Crew lead Task 1, Item 7: Plant Ecologist Task 2, Item 2: Close balance Q1 10. Task 2, Item 3: No surveys for 2010.	\$12,400.00 \$11,600.00 \$288.36 \$0.00	\$315,330.00
LC09c2B One Time (Combo)	NPS Lake Chelan Basin Riparian Habitat (made part of SAIMP)	No activity planned					\$0.00	No activity planned	\$0.00	\$59,621.58
							\$25,771.28		\$73,143.36	