



PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY

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April 29, 2016

Honorable Kimberly D. Bose, 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
2015 Activity Report and 2016 Work Plan

Dear Secretary Bose:

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 2015 Activity Report and 2016 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
License Compliance Supervisor
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(509)661-4176

Enclosure: 2015 Activity Report and 2016 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

2015 Summary and 2016 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 with the Federal Energy Regulatory Commission (Commission) an updated 5-Year Wildlife Habitat Plan (WHP) and Summary Report 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 the next five years (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 updated 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 In accordance with Section 4 of the approved plan, Chelan PUD will file with the Commission an annual progress report on work planned and completed with funding provided to the USFS, NPS and the WDFW by April 30 each year for the next four years.

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 2015 Annual Report and 2016 Work Plan.

The following report provides a summary of WHP activities completed with funding provided by Chelan PUD during 2015 and a description of anticipated activities with funding to be provided during 2016. A table is provided at the end of this report that summarizes agency funding provided in 2015, anticipated funding for 2016 projects, and project budgets through the end of this updated 5-year plan (2017).

¹ 117 FERC ¶ 62,129 (2006)

² 123 FERC ¶ 62,039 (2008)

Activity during the Previous Calendar Year 2015

Implementation objectives for 2015 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 2015 Lake Chelan Wildlife Forum (LCWF).

<i>NAME</i>	<i>AGENCY</i>
Gimlin, Dave	Wenatchee Sportsman's Association
Archibald, Phil	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
Paul Ward	Yakama Nation
Whitney, Richard	Colville Tribes
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
Dan Mckinley	NCW Mule Deer Foundation
Glen Landrus	Foundation for North American Wild Sheep
Mikal Moore	National Wild Turkey Federation

2015 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 the USFS on November 24, 2015, and with WDFW on December 1, 2015, to align the budget and schedule for projects in the approved 5-year plan.

2015 Activity Summary

Activities completed in 2015 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. Chelan PUD entered into a contract with the Cascadia Conservation District to pursue Conservation Easement for private lands on the north shore of Lake Chelan. Revisions to the Second draft Conservation Easement are complete and we are awaiting WDFW approval to proceed.
4. Chelan PUD staff conducted 11 winter wildlife surveys (November 2015-March 2016) and filled 3 bird feeders along Lake Chelan.

2015 Activity Summary by Agency

Lake Chelan Wildlife Improvements (WDFW)

LC09a1, LC09a2, LC09a3: Conservation Easement Acquisition

On June 12, 2015 Chelan PUD entered into a contract with the Cascadia Conservation District to pursue conservation easements along the north shore of Lake Chelan. The Cascadia Conservation District requested minor revisions to the existing approved Conservation Easement language agreed to by WDFW and Chelan PUD. At this time, Chelan PUD is waiting for written approval from WDFW on the final revisions to the Conservation Easement language before allowing the Cascadia Conservation District to pursue the easements. With WDFW approval, the Cascadia Conservation District will pursue easements under the current contract with Chelan PUD.

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 2015.

Task 10: Echo Ridge Recovery

No work in 2015.

Task 11: Whitebark Pine Restoration

In 2015, The USFS was reimbursed for a site visit to a whitebark pine stand during the 3rd quarter and planting 4,860 whitebark pine seedlings in the Crescent Hill area on the south shore of the Chelan Basin in the 4th quarter.

Task 12: North Shore Winter Range Restoration – Crupina Control

The USFS continued control efforts for crupina, a class A noxious weed in 2015. In 2015 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 2015

Task 2: Riparian Habitat (Mid-Elevation Planting)

No work conducted in 2015

Winter Wildlife Survey (WDFW and Chelan PUD)

For the winter 2015-2016, Chelan PUD conducted 11 winter wildlife surveys on Lake Chelan between December 4, 2015 and March 31, 2016. One survey was not conducted in late December due to poor weather.

The Lake Chelan Winter Wildlife Survey Report for the 2015-2016 winter season will be submitted to the Commission, WDFW, USFS, U. S. Fish and Wildlife Service and the NPS by April 30, 2016, as required in the Order Modifying and Approving Wildlife Habitat Plan under Article 406.

All three bird feeders located on the north shore of Lake Chelan were filled with wheat on October 6, 2015.

Activity Planned for Calendar Year 2016

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 2016, with WDFW approval, the Cascadia Conservation District will pursue conservation easements along the north shore of Lake Chelan per the contract with Chelan PUD. In 2016, the Cascadia Conservation District will contact land owners (4 land owners that own approximately 298 acres) and get permission for appraisals, provided the landowners remain interested in giving easements.

LCo9b1- Upland Habitat Improvements (USFS)

Task 1: Native Seed Program

In 2016, the USFS plans to continue seed collection and plant propagation for vegetation restoration efforts. Plants propagated from seeds collected can be used to improve upland habitat 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 2016 include, planning for whitebark pine restoration activities in the Summer Blossom area on the north shore of Lake Chelan.

Task 12: North Shore Winter Range Restoration – Crupina Control

The USFS will continue crupina control efforts in 2016 along the north shore of Lake Chelan.

Winter Wildlife Survey (WDFW and Chelan PUD) and Feeders

Chelan PUD will schedule 12 winter wildlife surveys on Lake Chelan between November 2016 and March 2017. The annual report summarizing results of the surveys conducted will be provided by April 30, 2017. 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 late fall of 2016.

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 2015, Chelan PUD coordinated with the WDFW, NPS and the USFS to obtain a 2016 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 2016 dollars using the CPI adjustment as of January 31, 2016, as outlined in Section 19.1 of the Settlement Agreement.

LAKE CHELAN PROJECT NO. 637
FUNDING PROVISIONS – YEAR 2015 SPENT – YEAR 2016 ACTIVITIES – YEAR 2017 PROPOSED ACTIVITIES
Calendar Year Beginning 2016
April 2016

AGMT ARTICLE	DESCRIPTION	2015 SPENT	2016 ACTIVITIES	ESTIMATED COSTS 2016	2017 PROPOSED ACTIVITIES	ESTIMATED COSTS 2017	BALANCE AVAILABLE AS OF JANUARY 2016 ³
LC09a1 One Time	WDFW Conserv Easement Fund (Wildlife Plan)	\$0.00	Task 1: (Includes 2016 CPI adjustment)	\$289,819.57	No activity planned	\$0.00	Balance Available: \$289,819.57
LC09a2 One Time	Cascadia Conserv Easement Fees (WDFW – Wildlife Plan)	\$3,055.73	Task 1: Conserv easement acquisition	\$19,827.92	No activity planned	\$0.00	Balance Available: \$31,810.31
LC09a3 One Time	WDFW Habitat Fund (Wildlife Plan)	\$0.00	No activity planned	\$0.00	Task 1:	\$42,155.57	Balance Available: \$42,155.57
LC09b1	USFS Upland Habitat (Wildlife Plan) (10-017)	\$10,778.13	Task 1: Plant/Seed Propagation (10-017)	\$9,333.25	Task 1: Plant/Seed Propagation (10-017)	\$7,500.00	Balance Available: \$78,278.06
			Task 10: Echo Ridge (10-017)	\$4,000.00	Task 8: 25-Mile Crk Prescribed Burn (10-017)	\$40,636.84	2016 Contribution: \$26,347.23
			Task 11: White Bark Pine (10-017)	\$14,410.62	Task 9: Antilon Lake Fence Removal	\$7,712.00	Total with NPV: \$570,800.17
			Task 12: Crupina (10-017)	\$8,541.46	Task 10: Echo Ridge (10-017)	\$13,424.50	
					Task 11: White Bark Pine (10-017).....	\$30,000.00	
					Task 13: North Shore Weed Control	\$22,072.46	
					Task 14: Weed Control Activities	\$22,072.46	
					Task 15: Lucerne Late Successional Reserve Restoration	\$22,511.69	
					Task 16: Pot Peak Restoration.....	\$59,652.71	
					Task 17: First Creek Forest Restoration	\$20,000.00	
					Task 18: 25-Mile Crk Winter Range Burn	\$59,500.00	
LC09b2	USFS Noxious Weeds (Y1-3) (Wildlife Plan)	---	COMPLETED	---	COMPLETED	---	---
LC09c1 (Combo)	NPS Stehekin Habitat (made part of SAIMP)	\$12,299.57	Task 1, Item 2: Propogate Plants.....	\$24,000.00	Task 1, Item 2: Propogate Plants.....	\$6,568.11	Balance Available: \$78,340.99
			Task 1, Item 4: Contain Canary Grass	\$9,000.00	Task 1, Item 4: Contain Canary Grass.....	\$8,296.56	2016 Contribution: \$13,173.62
			Task 1, Item 5: Plant Nursery Stock.....	\$8,500.00	Task 1, Item 6: Crew Lead	\$16,880.00	Total with NPV: \$324,602.05
			Task 1, Item 6: Crew Lead	\$16,880.00	Task 2, Item 1: Annual Rip Veg Monitoring...	\$21,123.12	
			Task 1, Item 7: Plant Ecologist	\$3,000.00			
			Task 2, Item 3: Osprey/Eagle Surveys	\$3,400.00			
LC09c2A One Time	USFS Riparian Habitat (Wildlife Plan)	\$0.00	No activity planned	\$0.00	No activity planned	\$0.00	Balance Available: \$57,635.22
LC09c2B One Time (Combo)	NPS Lake Chelan Basin Riparian Habitat (made part of SAIMP)	\$0.00	No activity planned	\$0.00	No activity planned	\$0.00	Balance Available: \$65,868.08
LC09c2C One Time	WDFW Riparian Habitat (Wildlife Plan)	\$0.00	No activity planned	\$0.00	Task 1:	\$46,107.66	Balance Available: \$46,107.66
	TOTALS	\$26,133.43		\$422,657.09		\$446,213.68	

³ For all measures: Balance Available – All contributions, including current year, minus net amount of expenditures.

For measures with annual contributions: 2016 Contribution – 2016 contribution amount adjusted for CPI (0.12%).

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.