
**LICENSE IMPLEMENTATION MEASURES
2007 ANNUAL REPORT
AND
2008 WORK PLAN**

FINAL

**LAKE CHELAN HYDROELECTRIC PROJECT
FERC Project No. 637**

April 24, 2008



**Public Utility District No. 1 of Chelan County
Wenatchee, Washington**

TABLE OF CONTENTS

SECTION 1: INTRODUCTION.....	3
1.1 License Background	3
1.2 Document Purpose.....	3
1.3 Document Development: Role of Forums and Policy Committee.....	3
1.4 Required Plans	4
SECTION 2: EROSION CONTROL IMPLEMENTATION PLAN	6
2.1 Purpose of Plan	6
2.2 2007 Implementation Objectives and Progress Report.....	6
2.3 2008 Work Plan	6
SECTION 3: STEHEKIN AREA IMPLEMENTATION MONITORING PLAN.....	7
3.1 Purpose of Plan	7
3.2 2007 Implementation Objectives and Progress Report.....	7
3.3 2008 Work Plan	7
SECTION 4: LAKE CHELAN FISHERY PLAN	8
4.1 Purpose of Plan	8
4.2 2007 Implementation Objectives and Progress Report.....	8
4.3 2008 Work Plan	9
SECTION 5: OPERATIONS COMPLIANCE MONITORING PLAN.....	12
5.1 Purpose of Plan	12
5.2 2007 Implementation Objectives	12
5.3 2007 Progress Report.....	12
5.4 2008 Work Plan	13
SECTION 6: WILDLIFE HABITAT PLAN.....	15
6.1 Purpose of Plan	15
6.2 2007 Implementation Objectives	15
6.3 2007 Progress Report.....	15
6.4 2007-2011 Work Plan.....	16
SECTION 7: RECREATION RESOURCES MANAGEMENT PLAN	20
7.1 Purpose of Plan	20
7.2 2007 Implementation Objectives	20
7.3 2007 Progress Report.....	20
7.4 2008 Work Plan	21
SECTION 8: THREATENED AND ENDANGERED SPECIES PROTECTION PLAN. 22	
8.1 Purpose of Plan	22
8.2 2007 Implementation Objectives	22
8.3 2007 Progress Report.....	22
8.4 2008 Work Plan	24

SECTION 9: PROGRAMMATIC AGREEMENT AND HISTORIC PROPERTIES..... 25

9.1 Purpose of Plan25

9.2 2007 Implementation Objectives25

9.3 2007 Progress Report.....25

9.4 2008 Work Plan26

SECTION 10: RESOURCE FUNDING..... 27

SECTION 1: INTRODUCTION

1.1 License Background

The Federal Energy Regulatory Commission (FERC) Order on Offer of Settlement and Issuing New License (License) for the Lake Chelan Hydroelectric Project No. 637 (Project) was issued November 6, 2006 to the Public Utility District No. 1 of Chelan County (Chelan PUD). An Order on Rehearing for the Project was issued April 19, 2007.

On March 28, 2002 Chelan PUD entered into a Settlement Agreement (Agreement) and Lake Chelan Comprehensive Management Plan with the USDA Forest Service (USDA-Forest Service), National Park Service (NPS), National Marine Fisheries Service (NMFS), US Fish and Wildlife Service, (USFWS), Washington State Department of Fish and Wildlife (WDFW), Washington Department of Ecology (WDOE), the Confederated Tribes of the Colville Reservation (CCT), American Whitewater, and the City of Chelan. The Agreement was filed with the FERC on October 8, 2003 and was incorporated by the FERC as part of the License Order.

Chelan PUD and WDOE successfully defended the Project's water quality certification during a challenge before the State Pollution Control Hearing Board and on April 21, 2004; the WDOE amended and re-issued water quality certification for the Project.

1.2 Document Purpose

This 2007 Annual Report documents implementation activities that occurred during 2007 associated with the Lake Chelan License. Additionally, this report contains a summary of consultation and coordination with the Forums and Agencies in development of resource implementation plans and 2008 work plans.

1.3 Document Development: Role of Forums and Policy Committee

The Settlement Agreement provides the parties' support for measures outlined in the Comprehensive Management Plan and a description of the measures to be implemented. Information contained in this report is pertinent to compliance with the License Order and Settlement Agreement.

Following issuance of the new License, five Forums and a Policy Committee were established as identified and defined in the Settlement Agreement and License Order. The Settlement Agreement describes, in detail, the establishment of the Policy Committee, forums, membership, scope of responsibility, procedural rules, and the dispute resolution process.

The Policy Committee is responsible for resolving conflicts that arise within or among the Forums and meet as necessary. During 2007, the Policy Committee convened on May 30 to discuss the Order on Rehearing issued by the FERC on April 19. A meeting of the Policy Committee is being scheduled for late April 2008 to discuss this annual report and 2008 work plan.

Members of the Lake Chelan Policy Committee are:

1. Chelan PUD
2. NOAA Fisheries
3. USDA Forest Service
4. National Park Service
5. US Fish and Wildlife Service
6. Washington Department of Ecology
7. Washington Department of Fish and Wildlife
8. City of Chelan

The Forums are responsible to share information, coordinate efforts, and make recommendations to Chelan PUD and the Agencies regarding implementation of the Lake Chelan Fishery Plan, Lake Chelan Wildlife Plan, Lake Chelan Recreation Resources Management Plan, Threatened and Endangered Species Protection Plan, Operations Management Plan, and the Programmatic Agreement and Historic Properties Plan.

The five forums are:

1. Lake Chelan Fishery Forum
2. Chelan River Fishery Forum
3. Lake Chelan Recreational Forum
4. Lake Chelan Cultural Forum
5. Lake Chelan Wildlife Forum

1.4 Required Plans

Article 401(a) of the FERC License Order required that several plans be filed with the FERC on or before November 6, 2007 for approval prior to implementation. Each Forum met during 2007 with the goal of completing the required resource plans for submittal to the FERC.

Following is a list of resource plans or reports submitted to the FERC and approved as of March 1, 2008:

- Reservoir Drawdown Limitation and Safety Report (filed 1/08/07)
- Traditional Cultural Properties Management Plan (extension request filed 8/07/07, granted 9/14/07, plan due 11/1/2008)
- Threatened Endangered Species Protection Plan (filed 5/04/07, approved 11/28/07)
- Operations Compliance Monitoring Plan (filed 5/04/07, approved 11/30/07)
- Quality Assurance Project Plan (filed 5/04/07, approved 11/30/07)
- Annual Lake Level Report (submitted 11/6/07, accepted 11/27/07)
- Lake Chelan Fishery Plan (filed 11/6/07, approved 12/04/07)
- Erosion Control Plan (Forest Service) and Site Specific Plan (filed 11/6/07, approved 1/4/08)

- Annual Report of Activities per Programmatic Agreement (filed 12/4/07)

Below is a list of resource plans or reports with approval by the FERC pending as of March 1, 2008:

- Stehekin Area Implementation Plan (filed 11/6/07)
- Wildlife Habitat Plan (filed 11/6/07)
- Recreation Resources Plan (filed 11/6/07)

SECTION 2: EROSION CONTROL IMPLEMENTATION PLAN (LICENSE ARTICLE 401)

2.1 Purpose of Plan

Article 401 of the new Project License requires Chelan PUD to submit to the FERC an Erosion Control Implementation Plan by November 6, 2007, a Site-Specific Erosion Control Plan at least one year before ground-disturbing activity, and an Erosion Monitoring and Maintenance plan by November 6, 2008. These plans describe the general order of the sites to be treated, the methods and schedule for the specific sites to be treated, and the monitoring and evaluation methods to be employed after treatment as required by the new license, as specified in the License articles, and the Lake Chelan Comprehensive Settlement Agreement (Settlement Agreement), October 8, 2003 (Appendix A of the Project License).

The Erosion Control Plans were approved by the FERC on December 14, 2007. The approved plans update the information contained in the Erosion Control Treatments and Concepts for Lake Chelan (USDA Forest Service) submitted to the FERC on October 8, 2003 as part of the Comprehensive Settlement Agreement. The plans were developed in consultation with Joseph Kastenholz of the USDA Forest Service.

2.2 2007 Implementation Objectives and Progress Report

The primary implementation objective for 2007 was to develop the Erosion Implementation Plan and Erosion Monitoring and Maintenance Plan (combined as one plan), and the first Site-Specific Erosion Control Plan. Activities anticipated to be conducted in 2008 are presented in Section 2.3 below.

2.2.1 2007 Meeting Activity

Several meetings between the United States Department of Agriculture – Forest Service (USDA-FS) and Chelan PUD were conducted to develop the plans. Meetings were held on:

January 10, 2007	July 25, 2007
January 30, 2007	August 14, 2007
February 22, 2007	August 23, 2007
February 26, 2007	August 29, 2007
March 21, 2007	September 6, 2007
April 20, 2007	October 11, 2007
July 6, 2007	October 19, 2007

The meetings were used as working sessions to develop the plans and coordinate the work. In addition to the above meetings, significant telephone and email correspondence all ensued.

2.3 2008 Work Plan

Initially, USDA-FS and Chelan PUD anticipated erosion control work could begin during 2008. However, due to permitting requirements, contracting lead time, and other schedule consideration, it has been determined that mobilization of materials will be the extent of work conducted in 2008. The mobilization of rocks for erosion control work will facilitate the timely and predictable erosion treatment during drawdown in early spring of 2009.

**SECTION 3: STEHEKIN AREA IMPLEMENTATION
MONITORING PLAN
(LICENSE ARTICLE 403)**

3.1 Purpose of Plan

Article 403 of the new Project License requires Chelan PUD to submit to the FERC a Stehekin Area Implementation Monitoring Plan (SAIMP) by 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), October 8, 2003 (Appendix A of the Project License).

As of March 15, 2008, the Stehekin Area Implementation and Monitoring Plan is waiting approval by the FERC. The plan submitted to the FERC on November 6, 2007 updates the information contained in the Stehekin Area Implementation Plan submitted to the FERC on October 8, 2003 as part of the Comprehensive Settlement Agreement. The plan was developed in consultation with Annelise Lesmeister, Jack Oelfke, and Bob Kunz of the National Park Service.

3.2 2007 Implementation Objectives and Progress Report

The primary implementation objective for 2007 was to develop the SAIMP. A summary of activities anticipated to be conducted in 2008 are presented in Section 3.3 below.

3.2.1 2007 Meeting Activity

Several meetings between the NPS and Chelan PUD were conducted to develop the plan. Meetings were held on:

February 5, 2007	June 19, 2007
February 27, 2007	July 19, 2007
April 20, 2007	October 24, 2007
May 7, 2007	

The meetings were used as working sessions to develop the plans and coordinate the work. In addition to the above meetings, significant telephone and email correspondence ensued throughout the development of the SAIMP.

3.3 2008 Work Plan

In 2008, the NPS intends 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.

SECTION 4: LAKE CHELAN FISHERY PLAN
(LICENSE ARTICLE 404)

4.1 Purpose of Plan

Article 404 of the new Project License required Chelan PUD to submit to the FERC a Lake Chelan Fishery Plan (LCFP) by November 6, 2007. The purpose of the LCFP is to describe the methods and schedule used to demonstrate compliance with efforts to restore and enhance, where feasible, native fisheries in Lake Chelan and its tributaries, and to support the Lake Chelan’s recreational sport fishery. Included in this plan are provisions for developing a bioenergetically-based food web model, implementing a monitoring and evaluation program, removing tributary mouth barriers, fish stocking, entrainment sampling, and collecting large woody debris.

The Lake Chelan Fishery Plan was approved by the FERC on December 4, 2007. The approved plan updates the information contained in the Lake Chelan Fishery Management Plan submitted to the FERC on October 8, 2003 as part of the Comprehensive Settlement Agreement.

4.2 2007 Implementation Objectives and Progress Report

The primary implementation objective for 2007 was to develop the Lake Chelan Fishery Plan and work plan for 2008 in consultation with the Lake Chelan Fishery Forum (LCFF). Members are identified in Section 4.2.1 below. The LCFP was approved by the FERC for implementation on December 4, 2007. A list of work activities anticipated during 2008 is presented in Section 4.3 below.

4.2.1 Lake Chelan Fishery Forum Representatives

The following table identifies the members of the Lake Chelan Fishery Forum (LCFF) as of March 1, 2008.

<i>NAME</i>	<i>AGENCY</i>
Archibald, Phil	United States Department of Agriculture – Forest Service
Denniston, Gary	Lake Chelan Sportsman Association
Eldred, Tony	Washington Department of Fish and Wildlife
Glesne, Reed	National Park Service
Goedde, Robert	City of Chelan
Hays, Steve	Chelan PUD
Irle, Pat	Washington State Department of Ecology
Kastenholz, Joe	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
Merkle, Carl	Confederated Tribes of the Umatilla Indian Reservation
Milner, Steven	Public
Osborn, Jeff	Chelan PUD
Peterschmidt, Mark	Washington State Department of Ecology
Viola, Art	Washington Department of Fish and Wildlife

4.2.2 2007 Meeting Activity

The LCFF met on five occasions during 2007 (February 21, May 16, July 25, September 10, October 23) to develop the LCFP and discuss implementation activities for 2008. Agendas and minutes for the 2007 LCFF meetings are located on the Chelan PUD Lake Chelan Implementation website at the address: <http://www.chelanpud.org/5075.html>.

4.2.3 2007 Activity summary

During meetings held in 2007, the LCFF discussed both long-term and short-term goals, objectives, and data collection necessary to meet those goals and objectives. The 2008 Work Plan, described in Section 4.3 below, is the first step toward implementing the Lake Chelan Fishery Plan. The LCFF focused discussions on the prioritization of projects to be funded through the Monitoring and Evaluation Program in 2008 and future years, and annual projects such as fish stocking and tributary barrier removal efforts.

4.3 2008 Work Plan

The following is a summary of the Lake Chelan Fishery Plan 2008 Annual Work Plan.

4.3.1 Bioenergetics Food Web Model Development

The LCFF recommend funding for continued development of the Lake Chelan Bioenergetics Food Web model for 2008. Per the License Order and Settlement Agreement, Chelan PUD will fund \$100,000 (adjusted to 2008 dollars is approximately \$115,000) for continuing the food-web model development.

4.3.2 Tributary Barrier Confirmation and Removal Planning

The LCFF will assess existing tributary barriers identified in the Tributary Barrier Analysis report (DES 2000b). The LCFF will discuss and determine a methodology for assessing depth, velocity, and gradient barriers at the tributary mouths. Two options for consideration are: 1) using the Forest Practices Board Emergency Rule and “Oregon Method” used in the 2000 report; or 2) developing a more simplistic method based on the principles of the 2000 methodology to use as a more rapid assessment tool. The latter option is supported by the USDA Forest Service.

As tributary barriers are documented as either remaining or eliminated, the LCFF will update the tributary barrier removal priority list included in the 2000 report and work with Chelan PUD to implement Lake Chelan Settlement Agreement License Article 6(c) for tributary barrier removal work. Actual on-the-ground tributary barrier removal efforts are currently anticipated to begin in early 2009, dependant upon runoff volume and associated lake elevation.

4.3.3 Fish Stocking

The WDFW plan for fish stocking in Lake Chelan for 2008 is to rear sufficient number of kokanee, taken from Lake Chelan broodstock, and a combination of catchable-sized Westslope cutthroat trout and triploid rainbow trout to satisfy the preceding requirements.

Per the License Order and Settlement Agreement, Chelan PUD will make available to the WDFW sufficient funding annually to rear the following resident fish at the Chelan Hatchery for stocking in Lake Chelan:

1. Approximately 5,000 pounds of salmonid fingerlings (for example: 500,000 fish at 100 fish/lb., presently kokanee).
2. Approximately 33,000 pounds of catchable-sized salmonids (for example: approximately 100,000 fish at 3 fish/lb., presently Westslope cutthroat trout and triploid rainbow trout).

4.3.4 Monitoring and Evaluation Program

Kokanee Spawning Surveys

The LCFF has recommended that Chelan PUD conduct annual fall spawning surveys for kokanee in 2008. Survey methodology is described in the Lake Chelan Kokanee Spawning Ground Surveys, 2007 report (Keesee and Hemstrom, 2007).

Habitat Assessment for Stehekin River Cutthroat and Rainbow Trout Spawning and Expanded Kokanee Surveys

Habitat inventory and suitability assessments of Stehekin side channels and mainstem reaches is required for the selection of index sites for monitoring native cutthroat trout, non-native rainbow trout, and kokanee spawner abundance. Habitat surveys in the mainstem, side-channels, and tributaries will be completed by the NPS during the fall of 2008 to map all potential habitat suitable for cutthroat, rainbow trout, and kokanee spawning. Results will be used to select representative rainbow trout and cutthroat trout spawner survey index sites, based on presence of suitable spawning gravels and flows. Results will also be used for selecting a random set of kokanee spawner survey sites that will allow extrapolation of spawner survey counts to provide an overall estimate of kokanee spawners in the Stehekin River.

Tributary Estimates of Juvenile Cutthroat and Rainbow Trout Abundance

Beginning in 2008, and every third year thereafter, sampling will occur at Twenty-Five Mile, First, Mitchell, Fish, Grade, Gold, Prince, Safety Harbor, Pyramid, Graham Harbor, Coyote, Castle, Deep Harbor and Lone Fir creeks to obtain information on adfluvial WSCT and RBT populations. Methods used for assessing tributary abundance of juvenile WSCT and RBT will be electrofishing techniques similar to those described in Brown (1984) and DES 2000a.

Kokanee Creel Surveys

Annual creel surveys (between May 1 and June 31) will be conducted to sample the current population abundance and age composition of kokanee. This information can be used to predict the up-coming fall spawner abundance.

Summary of Anticipated 2008 LCFP Expenditures

<i>MEASURE</i>	<i>ESTIMATED M&E COST</i>	<i>ESTIMATED CHELAN PUD FUNDING</i>
Food Web Model Funding	\$115,000	\$115,000
Tributary Barriers	<i>to begin 2009</i>	<i>to begin 2009</i>
Fish Stocking	\$30,000	\$30,000
M&E/Surveys		
Kokanee Spawning Surveys	\$12,000	
Stehekin River Spawning Habitat Assessment	\$5,000	
Juvenile Trout Abundance Surveys	\$20,000	
Kokanee Creel Surveys	\$2,000	
Total Survey Costs	\$39,000	\$39,000
TOTAL	\$184,000	\$184,000

SECTION 5: OPERATIONS COMPLIANCE MONITORING PLAN
(LICENSE ARTICLE 405)

5.1 Purpose of Plan

The Operations Compliance Monitoring Plan (OCMP) describes how Chelan PUD will comply with the instream flows, ramping rates, and tailrace flows as set forth in Article 7 of the Lake Chelan Settlement Agreement and Chapter 7 of the Comprehensive Plan; and the lake levels as set forth in Article 8 of the Settlement Agreement and Chapter 8 of the Comprehensive Plan. The OCMP includes a description of the gages and/or measuring devices that will be used to monitor compliance with the flows and lake levels, a monitoring schedule, and reporting and notification requirements. Additionally, the Quality Assurance Project Plan (QAPP), required under Ecology’s Section 401 water quality certification, was completed and included as Appendix A of the OCMP.

5.2 2007 Implementation Objectives

The new license required that Chelan PUD file with the FERC: an Operations Compliance Monitoring Plan within six months of the issuance of the license; a report comparing monthly actual and target lake levels, and runoff volume forecasts and other factors influencing achievement of targeted lake levels; and an implementation schedule.

5.3 2007 Progress Report

5.3.1 List of Forums and Representatives

The Operations Compliance Monitoring Plan (OCMP) was submitted to the United States Geological Survey (USGS) and to the Chelan River Fishery Forum (CRFF) and the Lake Chelan Recreation Forum (LCRF) for review and comment. The distribution list, which includes the membership of the CRFF and the LCRF in March 2007, was as follows:

2007 CRFF and LCRF members:

<i>NAME</i>	<i>AGENCY</i>
Archibald, Phil	United States Department of Agriculture – Forest Service
Armbruster, Lanny	Manson Parks and Recreation Department
Caldwell, Brad	Washington State Department of Ecology
Denniston, Gary	Lake Chelan Sportsman Association
Domingue, Rich	National Marine Fisheries Services
Eychner, Jim	Recreation and Conservation Office
Fonfara, Dave	City of Chelan
Fraser, Bill	Washington State Parks and Recreation Commission
Goedde, Robert	City of Chelan
Harris, Jim	Washington State Parks and Recreation Commission
Heiner, Bruce	Washington State Department of Fish and Wildlife
Irle, Pat	Washington State Department of Ecology
Kastenholz, Joe	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
Merkle, Carl	Confederated Tribes of the Umatilla Indian Reservation
O’Keefe, Thomas	American Whitewater
Rose, Bob	Yakama Indian Nation

Smith, Richard	United States Geological Survey
<i>NAME</i>	<i>AGENCY</i>
Uhlhorn, Richard	Lake Chelan Recreation Association
Urness, Jim	Lake Chelan Recreation Association
Viola, Art	Washington Department of Fish and Wildlife
Zyskowski, Stan	National Park Service

5.3.2 2007 Meeting Activity

On January 17, 2007, Chelan PUD consulted with the Chelan River Fishery Forum (CRFF) on the outline for the OCMP. The draft plan was provided to the members of the Chelan River Fishery Forum, Lake Chelan Recreation Forum and USGS on March 15, 2007 and comments were received through April 26, 2007. Comments received were incorporated into the plan. The OCMP was submitted to the FERC on May 4, 2007 and approved on November 30, 2007.

5.3.3 2007 Activity Summary

The 2007 Annual Lake Level Report was submitted to the FERC, USGS, LCRF, CRFF and the Lake Chelan Fishery Forum (LCFF) on November 6, 2007. The FERC approved the report on November 27, 2007 and also approved changing the annual submittal date to February 28. The 2008 Annual Lake Level Report will be due to the FERC on February 28, 2009.

The FERC modified and approved the Operations Compliance Monitoring Plan (OCMP) on November 30, 2007. The modifications to the OCMP included the new requirement that the resource agencies, tribes and non-governmental organizations specified in Article 405 be allowed a 30-day review and comment period on drafts of the Annual Lake Level Report and the Annual Flow Report, both of which will have a FERC filing due date of February 28. The FERC further ordered that the filings include comments and/or recommendations from the consulted entities and the licensee’s response to any comments. If the licensee does not adopt a recommendation, the reports shall include the licensee’s reasons, based on project-specific information. Based on review of the reports, the FERC reserves the right to require changes to the project to ensure compliance with the license.

5.4 2008 Work Plan

The following is a summary of work scheduled in 2008 for the Lake Chelan Operations Compliance Monitoring Plan.

5.4.1 2007 Annual Flow Report

As required by FERC order modifying and approving the Operations Compliance Monitoring Plan (OCMP) Chelan PUD filed the 2007 Annual Flow Report on February 28, 2008. Chelan PUD provided a 30-day review by the entities specified in Article 405 prior to submitting the final to the FERC. Chelan PUD posted an annual summary of hourly flow data, in spreadsheet format, to the web page as required in the OCMP.

5.4.2 Flow Data – Web Page Access and Quarterly Summaries

The OCMP requires that Chelan PUD provide the CRFF with hourly and daily average flow and water level data on a quarterly basis. This information is to be available on the implementation web page, along with instantaneous flow information. The first quarterly information for 2008

will be made available during April 2008. Instantaneous flow and lake level data is currently available on Chelan PUD's web page.

SECTION 6: WILDLIFE HABITAT PLAN
(LICENSE ARTICLE 406)

6.1 Purpose of Plan

Article 406 of the new Project License required Chelan PUD to submit to the FERC 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 and Washington Department of Fish and Wildlife (WDFW), noxious weed control, wildlife surveys, and riparian habitat improvements on USDA Forest Service and National Park Service (NPS) lands surrounding Lake Chelan.

As of March 15, 2008, the Lake Chelan Wildlife Plan is waiting approval by the FERC. The plan submitted to the FERC on November 6, 2007 updates the information contained in the Lake Chelan Wildlife Plan submitted to the FERC on October 8, 2003 as part of the Comprehensive Settlement Agreement.

6.2 2007 Implementation Objectives

The primary implementation objective for 2007 was coordinate with the Lake Chelan Wildlife Forum to develop a 5-year WHP for submittal to the FERC by November 6, 2007. To date, implementation of the WHP is on hold until Chelan PUD receives approval of the plan by the FERC.

6.3 2007 Progress Report

6.3.1 Lake Chelan Wildlife Forum Representatives

The following table identifies the member of the 2007 Lake Chelan Wildlife Forum (LCFF).

<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
Oswood, Mark	Audubon Society
Patterson, Beau	Washington Department of Fish and Wildlife

<i>NAME</i>	<i>AGENCY</i>
Soest, John	North Central Washington Audubon Society
Strickwerda, Chris and Marilyn	Interested Residents

6.3.2 2007 Meeting Activity

The LCWF met on four occasions during 2007 (January 30, April 25, July 10, August 29) to develop the WHP and discuss implementation activities for 2008. Agendas and minutes for the 2007 LCWF meetings are located on the Chelan PUD Lake Chelan Implementation website at the address: <http://www.chelanpud.org/5115.html>.

6.3.3 2007 Activity Summary

Meetings of the LCWF focused on identifying both long-term and short-term goals, objectives, data collection necessary to meet those goals and objectives, and prioritization of projects to be funded in 2008 and future years. The work plan described below is the first step toward implementing the Wildlife Habitat Plan.

6.4 2007-2011 Work Plan

The following is a summary of the Lake Chelan Wildlife Habitat Plan. Implementation of this plan is pending FERC approval.

Wildlife Habitat Restoration

- **Conservation Easement Acquisition**

Appendix A of the Project License and Article 9 of the Settlement Agreement describe Chelan PUD's requirement (FPA section 4(e)) for making funds available for acquiring conservation easements on private lands on the north shore of Lake Chelan.

1. \$220,000 for the acquisition of conservation easements in perpetuity on privately-owned lands located on the north shore of Lake Chelan;
2. up to 15 percent of the cost of easement acquisition (not to exceed \$33,000) for fees associated with easement acquisition; and
3. \$32,000 for shrub-steppe/mule deer winter-range habitat restoration efforts on the lands, if any, for which an easement is acquired.

Chelan PUD staff is working with WDFW, the 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. Chelan PUD will pursue acquisition of conservation easements in 2008 with the amount of available funding.

Upland Habitat Improvements

The following projects are USDA Forest Service upland habitat improvement projects planned to be implemented by the USDA Forest Service utilizing funds per License Article 9:

- USDA Forest Service Habitat and Wildlife Enhancements

(1) Within 180 days of the effective date of the New License, and by January 31st of each subsequent year, Chelan PUD shall make available to the USDA Forest Service \$20,000 per year during the term of the New License, and any subsequent annual licenses, for habitat and wildlife enhancement measures identified in section 3 of Chapter 9 of the Comprehensive Plan.

- *2008-2011 Native Plant/Seed Propagation and Increase Program*

The USDA Forest Service will continue native seed collection and propagation for use in habitat improvement projects.

- *2008-2011 Habitat Improvement Projects*

The following habitat improvement projects are placed in order of priority. However, due to the changing nature of the fire prone landscape, and the unpredictability of opportunities for the USDA Forest Service to partner projects with both internal and external funding sources, the priority order of these projects may change as conditions and circumstances warrant.

1. 4th of July Mountain Winter Range Thermal Cover Planting
2. Lucerne Late-Successional Reserve Restoration
3. Coyote Creek Prescribed Burning
4. Prescribed burning elsewhere on the North shore between Safety Harbor and Antilon creeks
5. North 25 (Shady Pass Late-Successional Reserve) Restoration

The following list of contingency projects may be implemented as USDA Forest Service funding becomes available and/or priorities change in the future. However, these projects are not intended to be funded or implemented at the present time.

Contingency Projects

1. Bear Mountain Thinning – Key Winter Range
2. 25-Mile Creek Key Winter Range Prescribed burning
3. Antilon Lake Enhancements
4. Echo Ridge Forest Recovery
5. WhiteBark Pine Habitat Protection and Enhancement
6. *Crupina* Control on wilderness winter range
7. North Shore Winter Range Weed Control Program
8. Weed control for all activities

- USDA Forest Service Noxious Weed Control

(1) Within 180 days of the effective date of the New License, and by January 31st of each subsequent year, Chelan PUD shall make available to the USDA Forest Service \$5,000 per year for years one through three of the New License for noxious weed control at Threatened, Endangered, and Sensitive (TES) plant locations.

Chelan PUD will provide \$5000 for crew leadership and boat support in areas where crupina infests rare plant populations. The USDA Forest Service anticipates these project to begin spring/summer 2008.

- WDFW Wildlife Surveys and Habitat Improvement Projects

(1) Chelan PUD, in coordination with WDFW, shall continue to conduct wildlife surveys similar to those conducted during the second FERC license for the Project, maintain upland bird feeders, and/or conduct habitat improvement projects for a cost not to exceed \$10,000 per year during the term of the New License, and any subsequent annual licenses. Chelan PUD shall provide an annual wildlife survey report to WDFW.

- *Wildlife Surveys*

Chelan PUD has been conducting big game surveys along Lake Chelan annually since the winter of 1982-83 (Fielder and McKay 1984). Each year, the results are documented in a Lake Chelan Big Game Status Report, which is provided to WDFW, the U.S. Fish and Wildlife Service (USFWS), USDA Forest Service, and the NPS. These same survey methods will be employed during big game surveys conducted by Chelan PUD, unless otherwise recommended by the Lake Chelan Wildlife Forum (LCWF), during the term of the new license.

Based on recommendation from the LCWF, Chelan PUD will also include observations of wildlife, such as waterfowl (ducks, grebes, etc.) and eagles (bald, golden), during winter surveys conducted along the lake shores and Stehekin area. The intent of the LCWF is to change the emphasis of the surveys from a winter big game survey to a more comprehensive winter wildlife survey on Lake Chelan. As provided in Article 406(a), Chelan PUD is coordinating wildlife surveys with WDFW and will be reporting annual results to WDFW.

Riparian Habitat Improvements

- National Park Service Riparian Habitat Enhancements

(1) Within 180 days of the effective date of the New License, and by January 31st of each subsequent year, Chelan PUD shall make available to the NPS \$20,000 per year for the first five years of the New License, then \$10,000 per year for the remainder of the New License term, and any subsequent annual licenses, for Stehekin area habitat improvements.

(2) Within 180 days of the effective date of the New License, Chelan PUD shall make available:

(B) \$50,000 to the NPS to enhance riparian habitat in the Lake Chelan basin.

Many of the habitat improvements to be implemented on NPS land under Article 406(b) and Article 9(c) overlap and interrelate with measures to be implemented in the Stehekin area pursuant to Article 403 and Article 4. Consequently, to provide the FERC with a single, complete picture regarding NPS-related measures, the NPS and Chelan PUD have combined the description of all such measures in the Stehekin Area Implementation Monitoring Plan.

- USDA Forest Service Riparian Habitat Enhancements

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 USDA Forest Service for riparian habitat improvements:

(2) Within 180 days of the effective date of the New License, Chelan PUD shall make available:

(A) \$50,000 to the USDA Forest Service to enhance riparian habitat in the Lake Chelan basin;

The USDA Forest Service developed a list of seven activities within the Lake Chelan basin associated with riparian habitat enhancement for the USDA Forest Service. The activities are, primarily, collecting seeds from varying elevations in the Lake Chelan basin, propagating riparian plants from those seeds, transplanting plants to enhancement locations, and collecting and moving large woody debris (LWD) to locations where it can be used for habitat enhancement and erosion control projects.

- Washington Department of Fish and Wildlife

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:

(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 recommends 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 ft 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.

SECTION 7: RECREATION RESOURCES MANAGEMENT PLAN
(LICENSE ARTICLE 407)

7.1 Purpose of Plan

The Recreation Resources Management Plan updates the existing Recreation Resources Management Plan submitted to the FERC on October 8, 2003 as part of the Comprehensive Settlement Agreement included with the Application for a New License for the Lake Chelan Hydroelectric Project No. 637. This plan describes several measures related to recreational enhancements on and around Lake Chelan that are required under Article 407 of the New License issued by the FERC for this project on November 6, 2006. This plan was developed by members of the Lake Chelan Recreation Forum, based on historical recreation data outlined in Sections 2 and 3 of the plan as well as forum and community input. The following are recreational measures to be implemented as part of this Plan:

- 1) Recreation Use Study and Management Plan Review beginning in year 20th year of the new license
- 2) Implement plan for whitewater boating in the Chelan River
- 3) Operation and maintenance of Riverwalk, Shore Access, Old Mill, Manson Bay parks
- 4) Construct Reach 1 Access trail
- 5) Construct Riverwalk Loop Trail extension
- 6) Construct sidewalk, handrail and landscaping improvements under Dan Gordon Bridge
- 7) Conduct micro parks feasibility study on Terrace Avenue and Water Street
- 8) Reserve lands specified in Settlement Agreement for potential recreational use in future
- 9) Collaborate with other entities where modifications to Chelan PUD entrances may be necessary to accommodate adjacent or joining trails

7.2 2007 Implementation Objectives

The primary implementation objective for 2007 was coordinate with the Lake Chelan Recreation Forum to develop the Recreation Resources Management Plan for submittal to the FERC by November 6, 2007. To date, implementation of the Recreation Resources Management Plan is on hold until Chelan PUD receives approval of the plan by the FERC.

7.3 2007 Progress Report

7.3.1 List of Forums and Representatives

The following table identifies the members of the 2007 Lake Chelan Recreation Forum:

<i>NAME</i>	<i>AGENCY</i>
Armbruster, Lanny	Manson Parks and Recreation
Eychaner, Jim	Interagency Committee for Outdoor Recreation
Fonfara, Dave	City of Chelan
Fraser, Bill	Washington State Parks
Freund, Roni	Lake Chelan Tourism and Promotion Group
Harris, Jim	Washington State Parks
Kastenholz, Joe	United States Department of Agriculture-Forest Service
Lesmeister, Annelise	National Park Service
O'Keefe, Tom	American Whitewater

<i>NAME</i>	<i>AGENCY</i>
Scofield, Mary Pat	Bear Mountain Ranch, Chelan
Steele, Mike	Lake Chelan Chamber of Commerce
Totten, Chris	Fluid Adventures
Witherbee, Jay	City of Chelan
Uhlhorn, Rich	Lake Chelan Recreation Association
Urness, Jim	Lake Chelan Recreation Association

7.3.2 2007 Meeting Activity

The LCRF met on four occasions during 2007 (January 24, April 4, July 18, and September 19) to review and provide input on the development of the Recreation Resources Management Plan. Agendas and minutes for the 2007 LCRF meetings are located on the Chelan PUD Lake Chelan Implementation website at the address: <http://www.chelanpud.org/5109.html>

7.3.3 2007 Activity Summary

Implementation of activities outlined on page 47 of the Recreation Resources Management Plan is on hold until Chelan PUD receives approval of the plan from the FERC.

7.4 2008 Work Plan

The following activities are planned to occur during 2008 following FERC approval of the Lake Chelan Recreation Resources Management Plan.

- Reach 1 Trail: Final construction drawings will be completed and construction of the trail will begin following approval from the FERC of the Recreation Resources Management Plan.
- Riverwalk Loop Trail Extension: Final construction drawings will be completed and construction of the trail will begin following approval from the FERC of the Recreation Resources Management Plan.

SECTION 8: THREATENED AND ENDANGERED SPECIES PROTECTION PLAN (LICENSE ARTICLE 408)

8.1 Purpose of Plan

The Threatened and Endangered Species Protection Plan (TESPP) describes how Chelan PUD will proceed with timely development of project structures necessary to implement the instream flows and fish habitat in the Chelan River as set forth in Article 7 of the Lake Chelan Settlement Agreement and Chapter 7 of the Comprehensive Plan. The TESPP also describes requirements for timely annual payments to the tributary streamflow enhancement program pursuant to Article 14 as set forth the Settlement Agreement and annual reporting, by January 31 of each year, to document all measures completed in the previous year in accordance with Article 14. The TESPP includes a description of the implementation plans for development of the instream flow and fish habitat structures that will be constructed in the Chelan River and Chelan Powerhouse tailrace.

8.2 2007 Implementation Objectives

Implementation objectives for 2007 were primarily to complete the design of the three main components of the Chelan River Project, which are the Low Level Outlet (LLO), the Tailrace Pumping Station with its associated conveyance canal and discharge structure (Pumping Station), and the fish habitat channel in Reach 4 and the tailrace spawning habitat. Other objectives for 2007 included development of specifications for compliance with construction practices specified by the National Marine Fisheries Service (NMFS) and the Washington State Department of Ecology (WDOE) for inclusion in the bid documents, initiation of electronic posting of flow information, and the initiation of procedures to develop water resource projects eligible for funding under the provisions of Article 14 of the Settlement Agreement.

8.3 2007 Progress Report

The final designs of the components of the Chelan River Project were completed, with review and comment by the Chelan River Fisheries Forum (CRFF) on the 30%, 60% and 90% design drawings. The bid documents were in preparation at the close of 2007, with the solicitation of bids scheduled for March 2008. Construction is scheduled to begin in June, 2008. The 90% design drawings were submitted to the FERC on November 30, 2007. Necessary permits for the Chelan River Project construction work were obtained from the US Army Corps of Engineers (Nationwide Permit No. 7, Outfall Structures and Associated Intake Structures, and Nationwide Permit No. 27, Aquatic Habitat Restoration, Establishment and Enhancement Activities) on August 18, 2007. A draft Water Quality Protection Plan and Erosion and Sediment Control Plan (WQPP/ESCP) was submitted to NMFS, WDOE and the remainder of the CRFF for review prior to its inclusion in the bid documents for the Chelan River Project. Both NMFS and WDOE agreed that the WQPP/ESCP provided adequate specification for the bid documents to instruct the contractor on how to achieve compliance with required construction practices.

The posting of real-time flow data and other flow data to the Chelan PUD web page was initiated, although flow information for the Chelan River will be added after construction of the Chelan River Project is completed.

Chelan PUD contacted NMFS and WDOE to initiate the process for development of water resource projects eligible for funding under Article 14 of the Settlement Agreement. These entities assigned personnel to represent them in this process, but no projects were identified in 2007. Funding for 2007 (\$22,413) will be carried over and available for use in 2008.

8.3.1 List of Forums and Representatives

The TESPP is being implemented in coordination with the 2007 Chelan River Fishery Forum, with representatives as shown in the table below:

<i>NAME</i>	<i>AGENCY</i>
Archibald, Phil	USDA-Forest Service
Caldwell, Brad	Washington State Department of Ecology
Chamberlain, Vern	Chelan PUD
Denniston, Gary	Lake Chelan Sportsman’s Association
Domingue, Rich	National Marine Fisheries Service
Goedde, Robert	City of Chelan
Hays, Steve	Chelan PUD
Heiner, Bruce	Washington Department of Fish and Wildlife
Hill, Courtney	Chelan PUD
Irle, Pat	Washington State Department of Ecology
Kastenholz, Joe	USDA- Forest Service
Lewis, Steve	US Fish and Wildlife Service
Marco, Jerry	Colville Confederated Tribes
Martinez, Alex	USDA- Forest Service
Merkle, Carl	Confederated Tribes of the Umatilla Indian Reservation
Osborn, Jeff	Chelan PUD
Peterschmidt, Mark	Washington State Department of Ecology
Rose, Bob	Yakama Nation
Viola, Art	Washington Department of Fish and Wildlife
Yow, Gene	Chelan PUD
Zyskowski, Stan	National Park Service

8.3.2 2007 Meeting Activity

The CRFF met on four occasions during 2007 (January 17, March 28, June 28, October 16) to review and discuss progress on the design of the Chelan River Project. Agendas and minutes for the 2007 LCWF meetings are located on the Chelan PUD Lake Chelan Implementation website at the address: <http://www.chelanpud.org/3679.html>.

8.3.3 2007 Activity Summary

The CRFF meetings in 2007 focused on providing input on development of the 30%, 60% and 90% design drawings, permit issues and other matters related to the construction of the Chelan River Project, scheduled to begin in 2008.

At the January meeting the CRFF received outlines of the OCMP and TESPP for review and comment. The CRFF reviewed conceptual drawings for the Reach 4 and tailrace fish habitat component of the Chelan River Project and provided input on changes to the drawings, including moving the Reach 4 habitat closer to the right bank to protect it from floods. The Chelan River Project schedule was also reviewed.

The March meeting focused on review of the 30% design drawings for the Reach 4 and tailrace fish habitat. Also, the draft TESPP and OCMP were discussed, with final comments due to Chelan PUD by April 26.

The June meeting covered review of the 60% design drawings, the project schedule and Chelan PUD's desire to seek an extension of time from FERC, and results of bedload movement and other observations made during high spill flow tests conducted during June.

The October meeting consisted of review of action items from the previous meeting, review of the project design (approximately at 90%) and discussion of construction work windows for instream work and the effect on project schedule.

The design documents, which incorporated the CRFF's recommendations, were submitted to the FERC Regional Engineer on November 30, 2007 and were approved on March 4, 2008. Also, Chelan PUD requested that the CRFF provide comments on a request for extension of time from FERC for completion of the Chelan River Project.

8.4 2008 Work Plan

The 2008 work plan consists of initiating construction of the Chelan River Projects. The milestones expected to be completed in 2008 include:

- Finalizing the design drawings for the Chelan River Projects (this item was completed and FERC approved the design drawings on March 4, 2008)
- Publishing bid documents (late February) (completed)
- Award of Bids for Construction (Late April) and notice to proceed (early May)
- Contractor development of detailed Water Quality Protection Plan and Erosion and Sediment Control Plan, requires approval by NMFS and WDOE
- Initiating construction in early summer, with work in the stream channel dependent on the timing of spill necessary to control the level of Lake Chelan.
- Functional completion of the tailrace spawning habitat prior to initiation of Chinook spawning in October of 2008.
- Initiation of biological evaluations of tailrace spawning habitat, if habitat completed before Chinook spawning.

**SECTION 9: PROGRAMMATIC AGREEMENT
AND HISTORIC PROPERTIES
(LICENSE ARTICLE 410)**

9.1 Purpose of Plan

Article 410 of the new Project License requires Chelan PUD to implement a Historic Properties Cultural Resources Management Plan in accordance with Chapter 10 of the Comprehensive Plan and the Programmatic Agreement among the FERC, the State Historic Preservation Officer (SHPO), and the Advisory Council on Historic Preservation. The purpose of the Historic Properties and Cultural Resource Management Plan (HPCRMP) is to aid Chelan PUD and the FERC in meeting cultural resource obligations under the National Historic Preservation Act through laying out standardized approaches, plans, and procedures.

9.2 2007 Implementation Objectives

The Programmatic Agreement for the Lake Chelan Hydroelectric Project requires Chelan PUD to file a report with the FERC of activities conducted under the implemented HPCRMP within 30 days of every anniversary of the license issuance. The HPCRMP Annual Report for 2007 Activities was submitted to the FERC on December 5, 2007

9.3 2007 Progress Report

9.3.1 Lake Chelan Cultural Forum Representatives

The following table identifies the members of the 2007 Lake Chelan Cultural Forum (LCCF).

NAME	AGENCY
Burns, Jennifer	Chelan PUD
Gadd, Powys	United States Department of Agriculture – Forest Service
James, Chuck	Bureaus of Indian Affairs
Meninick, Johnson	Confederated Tribes and Bands of the Yakama Indian Nation
Mierendorf, Bob	National Park Service
Moura, Guy	Confederated Tribes of the Colville Reservation
Pleasants, Camille	Confederated Tribes of the Colville Reservation
Salter, Rob	Cultural Resource Facilitator
Smith, Michelle	Chelan PUD
Valdez, Kate	Confederated Tribes and Bands of the Yakama Indian Nation
Whitlam, Rob	Office of Archaeology and Historic Preservation

9.3.2 2007 Meeting Activity

The Lake Chelan Cultural Forum (LCCF) met on six occasions during 2007 (February 8, April 12, May 15, June 22, August 17, and November 30) to discuss measures outlined in the HPCRMP. Agendas and minutes for the 2007 LCCF meeting are located on the Chelan PUD Lake Chelan Implementation website at the address: <http://www.chelanpud.org/lake-chelan-cultural-forum.html>

9.3.3 2007 Activity summary

- Monitoring Plans - LCCF members worked toward developing a monitoring plan for Lake Chelan. A contractor was selected to perform monitoring in spring 2008. Different technologies for monitoring were explored.
- Determination of Eligibility Forms - Chelan PUD contracted with a firm to complete site forms and update existing forms for archaeological sites within the Area of Potential Effect for Lake Chelan.
- Traditional Cultural Property Management Plan (TCP) - The FERC approved a TCP extension request by the LCCF for the development of a TCP Management Plan. A Scope of Work submitted by the CCT for the development of a “quantification database” was approved by Chelan PUD.
- Curation and Inventory - A collections inventory and a Native American Graves Protection and Repatriation Act (NAGPRA) report were completed by Washington State University.
- Site Survey Work - Site surveys were completed for the Lake Chelan Submarine Cable Crossing, Chelan Falls Rearing Facility and brush clearing activities at the proposed Beebe Hatchery/Rearing ponds.

9.4 2008 Work Plan

LCCF forum members will continue to work on development of a TCP Management plan, Lake Chelan Monitoring plan, Education and Interpretive program, and curation of collections. New work in 2008 will include site monitoring, identification of sites for monitoring using Light Detection and Ranging (LIDAR), and development of a list of sites requiring some form of treatment.

SECTION 10: RESOURCE FUNDING

The section summarizes funding provisions required by the License Order per the mandatory conditions submitted by the U.S. Department of Agriculture and the U.S. Department of the Interior under section 4(e) of the Federal Power Act. Specific requirements for the funding provisions are specified in the following Agreement Articles in Appendix A of the license order.

Agreement Article 2 – NPS Erosion
Agreement Article 3 – Large Woody Debris
Agreement Article 5 – USDA Forest Service Survey Monuments
Agreement Article 9(a)(1)-(3) – Conservation Easements Funds
Agreement Article 11(a)-(f) – Recreation Funds
Agreement Article 12(f) – Contingency Funds

Additionally, this section summarizes funding provisions required under the comprehensive development standard of section 10(a)(1) of the FPA. Specific project information and funding provisions are covered in more detail in the following plans:

Stehekin Area Implementation Plan
Lake Chelan Fishery Plan
Lake Chelan Wildlife Plan
Threatened and Endangered Species Protection Plan

During 2007, Chelan PUD and the agencies developed resource plans which were submitted to the FERC in November for approval. To date, allocation of funds for work plans associated with the Lake Chelan Wildlife Plan and the Stehekin Area Implementation Plan are still contingent upon FERC approval.

There were no projects conducted during 2007 utilizing Chelan PUD funding provisions per the new License. Chelan PUD's 2008 Annual Report/2009 Work Plan will document work completed during 2008 under the funding provisions of the License.

Section 19.3 of the Settlement Agreement requires Chelan PUD to enter into payment agreements with the necessary parties prior to allocation of funds. Many of these agreements have been completed and are noted in the table below. Chelan PUD will coordinate with the agencies 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 Memorandum of Agreement.

The table below provides a summary of funds available, stated in net present value, where applicable. The amounts have been adjusted to 2008 dollars using the CPI adjustment as of January 31, 2008, as outlined in Section 19.1 of the Settlement Agreement.

FUNDING PROVISIONS AWAITING FERC APPROVAL OF PLANS

AGMT ARTICLE	DESCRIPTION	TOTAL FUNDING AVAILABLE AS OF JANUARY 31, 2008	2008 ACTIVITY	EST COST (2008\$)	PAYMENT AGREEMENT COMPLETED?
LC04a	NPS Stehekin Dust Abatement (Stehekin Plan)	\$184,382.00	Treatment option investigation and small scale tests	\$5,762	Yes
LC09a1	Conservation Easement Fund (Wildlife Plan)	\$253,506.00	Pursue conservation easement acquisition	\$253,506.00	No - Various (WDFW, CDLT, TPL)
LC09a2	Conservation Easement Fees (Wildlife Plan)	\$38,026.00	SA	\$38,026.00	SA
LC09a3	Habitat Fund (Wildlife Plan)	\$36,874.00	SA	\$36,874.00	SA
LC09b1	USFS Upland Habitat (Wildlife Plan)	\$503,782.00 (Net Present Value)	Continue native seed collection/propagation Habitat improvement at: - 4 th of July Cover Planting - Lucerne	\$2,057.00 \$25,475.00 \$20,566.00	No
LC09b2	USFS Noxious Weeds (Y1-3) (Wildlife Plan)	\$17,259.00 (Net Present Value)	Continue weed control	\$10,283.00	No
LC09c1	NPS Stehekin Habitat (made part of Stehekin Plan)	\$380,749.00 (Net Present Value)	Collect baseline data. Osprey and eagle surveys.	\$10,947.00	Yes
LC09c2A	USFS Riparian Habitat (Wildlife Plan)	\$57,615.00	Collecting seeds, propagating plants, moving LWD	\$5,000.00	No
LC09c2B	NPS Lake Chelan Basin Riparian Habitat (made part of Stehekin Plan)	\$57,619.00	NA	NA	Yes
LC09c2C	WDFW Riparian Habitat (Wildlife Plan)	\$ 40,331.00	Reserving expenditures until after the conservation easements are acquired.	NA	Yes

FERC-APPROVED OR 4(E) CONDITIONS FUNDING PROVISIONS

AGMT ARTICLE	DESCRIPTION	TOTAL FUNDING AVAILABLE AS OF JANUARY 31, 2008	2008 ACTIVITY	EST COST (2008\$)	PAYMENT AGREEMENT COMPLETED?
LC02a	NPS Erosion Control and Monitoring	\$664,301.00	Purchase barge	\$153,947.00	Yes
LC03	WDFW LWD (Fishery Plan)	\$82,215.00	LWD collection	\$6,197.00	No
LC05a	USFS Survey Monuments	\$91,184.00	NA	NA	No
LC06a	Food Web Model (Fishery Plan)	\$115,230.00	Continue development	\$115,230.00	Yes with UW
LC06b1	WDFW/NPS/USFS Fish & Monitoring (Fishery Plan)	\$503,782.00 (Net Present Value)	Stehekin River spawning habitat assessment Juvenile trout abundance surveys Kokanee creel surveys Kokanee spawning surveys	\$ 5,000.00 \$ 20,000.00 \$ 2,000.00 \$12,000.00	Yes – NPS No – WDFW No - WDFW No - PUD
LC06b2	Fish M&E Match	\$503,782.00 (Net Present Value)	NA	NA	
LC06d	Fish Stocking (Fishery Plan)	\$604,555.00	Rear resident fish for stocking Lake Chelan	\$30,000 (2003\$)	No - WDFW
LC11a1	USFS Docks	\$806,610.00	Reconfigure Prince Creek	NA	No
LC11a2	USFS Annual Docks	\$982,377.00 (Net Present Value)	Mitchell Creek Graham Harbor	\$ 45,245.00 \$ 10,283.00	No
LC11b1	USFS Dock In-Kind Engineering	\$115,230.00	Phase I High Water Phase II Low Water	\$ 12,854.00 \$ 56,557.00	No
LC11c1	USFS Recreation Enhancement (Y1-30)	\$1,129,254.00	Graham Harbor Refrigerator Harbor	\$ 46,273.00 \$ 5,141.00	No
LC11c2	USFS Annual Rec Enh	\$151,135.00 (Net Present Value)	Generic campground O&M	\$ 6,879.00	No
LC11d	11d USFS Rec Enhancements (Y31-50)	\$ 391,782.00	NA	NA	No
LC11e1a	11e1a NPS Docks	\$ 171,693.00	NA	NA	No

AGMT ARTICLE	DESCRIPTION	TOTAL FUNDING AVAILABLE AS OF JANUARY 31, 2008	2008 ACTIVITY	EST COST (2008\$)	PAYMENT AGREEMENT COMPLETED?
LC11e1b	NPS Rec Enhancement	\$286,347.00	Manly Wham/Purple Point Weaver Point Dock Admin fees	\$23,046.00 \$23,046.00 \$ 5,762.00	Yes
LC11e1c	NPS Rec Stabilization	\$711,854.00	Site 75 Access Rd	\$65,278.00	Yes
LC11f	NPS Rec Enhancements (Y31-50)	\$ 149,799.00	NA	NA	Yes
LC12f	Contingency Funds (Y25, Y30)	\$1,497,990.00	NA	NA	
LC14	Upper Columbia Spring-Run Chinook and Steelhead Conservation Measures	\$503,774.00 (Net Present Value)	Continue development process	\$503,774.00	No - TBD