

# Lake Chelan Hydro Project New License Order

Overview

November 13, 2006

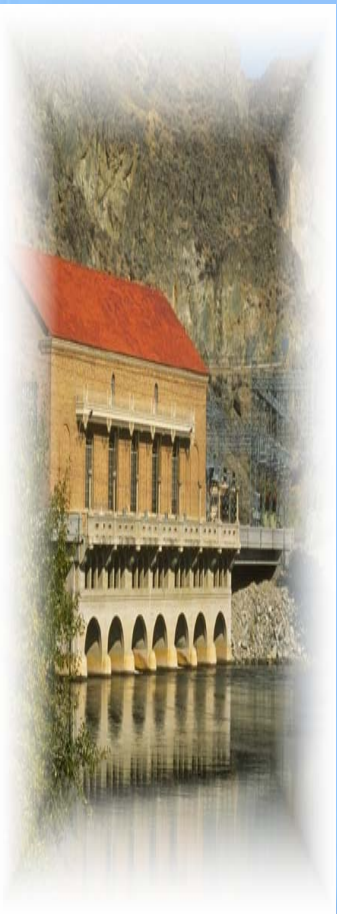
# Lake Chelan License Order

## Today

- Overview of new 50-year license order issued Nov.6 by the Federal Energy Regulatory Commission (FERC)
- Discuss next steps

## Mon, Nov 27

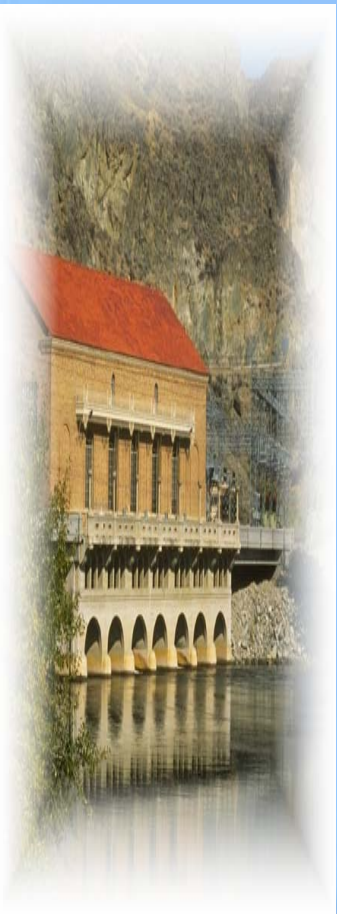
- Staff recommendation for license action and resolution
- Present associated resolutions to begin work if license accepted



# Lake Chelan License Order

## FERC Authority:

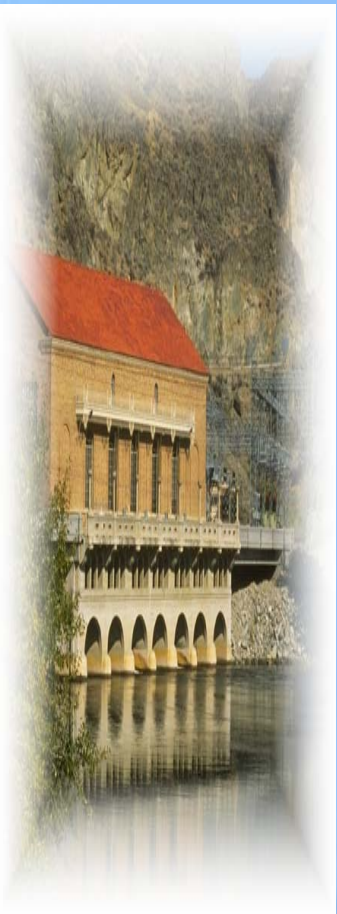
- The Federal Power Act (FPA) provides the FERC with the exclusive authority to license non-federal projects
- FERC has three bases for jurisdiction over hydroelectric generation
  - 1) navigable water
  - 2) use of federal lands
  - 3) generation of power in interstate commerce (into an inter-tied grid)
- Section 15(a)(1) of the FPA 16 U.S.C. 808(a)(1) authorizes the Commission to issue a new license "upon such terms and conditions as may be authorized or required under the then existing laws and regulations..."
- Fine of up to \$10,000 per day for violating FPA.



# Lake Chelan License Order

## Mandatory Conditioning Authority:

- All 4(e) mandatory conditions are included as license provisions.
  - Federal Power Act section 4(e) requires that Commission licenses for projects located within federal reservations (i.e. Wenatchee National Forest, Lake Chelan National Reservation Area) must include all conditions that the agency that supervises the reservation deems necessary for the protection of the reservation.
  - For Lake Chelan license this is Department of Interior (NPS) and Department of Agriculture (US Forest Service).



# Lake Chelan License Order

## Mandatory Conditioning Authority (cont.):

- **Endangered Species Act**

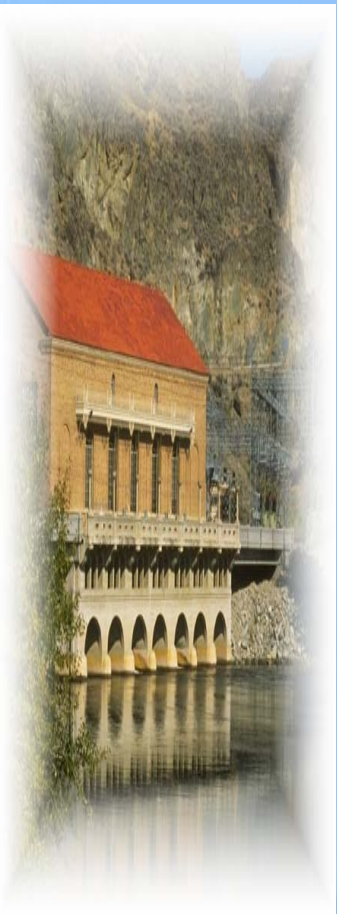
- Provides for protecting and conserving endangered and threatened species and protecting the ecosystems upon which they depend. (Incidental Take Permits)

- **Section 18 Fishway Prescriptions**

- Department of Commerce (NOAA Fisheries) and Department of Interior (USFWS) are authorized by the Federal Power Act to prescribe fishways at licensed projects.

- **401 Water Quality Certification**

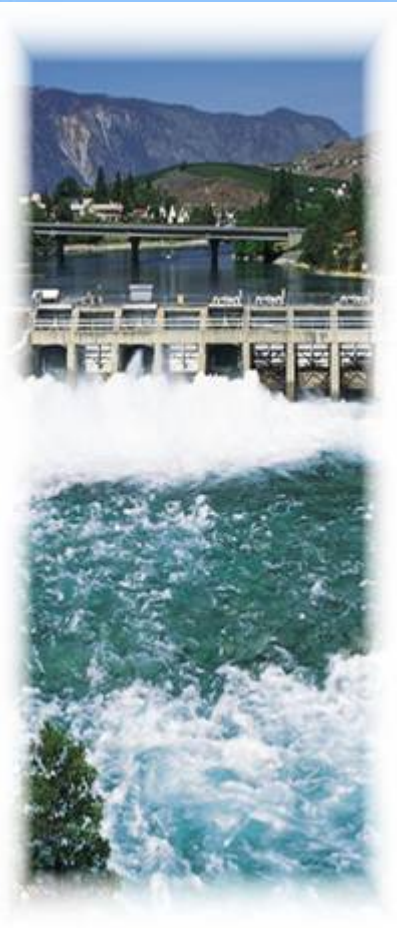
- Under Section 401 of the Clean Water Act (CWA), a license application must obtain certification from the state (Ecology is the certifying agency) verifying compliance with the CWA.



# Lake Chelan License Order

## License Order and Articles

- General FERC Discussion
- Ordering paragraphs
  - Articles 1 – 32 : FERC Form L-1 – Terms and Conditions for Major Project dated October 1975
  - Articles 201 – 204 : Miscellaneous
  - Articles 301 – 305 : Implementation requirements
  - Articles 401 – 412 : Project Specific
- Appendices A-D (Settlement Agreement Articles, Mandatory Conditions, 401 Water Quality Certification)



# Lake Chelan License Order

## Change from Settlement Agreement

- Removed funding caps.
- Whitewater boating liability insurance requirement removed.
- Micro park feasibility study prior to making decision.
- Removed requirement to underground the distribution lines near Johnson Street in Chelan.
- Removed in-kind engineering work for Don Morse Park.
- Requires that lands be brought into the project boundary where measures require annual or periodic maintenance to ensure their success.



# Implementation: Specific FERC requirements

## Within 3 months

- Submittal of Exhibit F & G (Project and Boundary Drawings)
- Reservoir Drawdown Limitation and Safety Report (flood plan)

## Within 6 months

- Threatened and Endangered Species Protection Plan
- Operation Compliance Monitoring Plan (lake level, ramping rates)

## Within 1 Year

- Develop Resource Plans with specific measures and schedules  
*(requires 30-day stakeholder review and submit to FERC for approval)*
  - Recreation Resources Plan (including whitewater boating study plan and micro park feasibility study)
  - Stehekin Area Plan
  - Wildlife Habitat Plan
  - Lake Chelan Fishery Plan



# Implementation: Funding and Major Projects

- Develop and implement funding agreements.
- Design and procure materials for Chelan River Projects:
  - Reach 4 habitat enhancement
  - Pump station
  - Low level outlet (at Dam for minimum flows)
- Begin planning and implementation of Erosion Control Plan, Cultural Resources Plan, Tributary Barrier Removal Plan.



# Implementation: Costs

## 2006 Estimated Costs:

Design and initiate funding contracts (costs to be determined)

## 2007 Estimated Costs (approx.)

Budgeted prior to license issuance, subject to revision

Capital Projects	\$4.6 million
O&M Costs	\$766,000



# Next Steps (review)

- Discuss with senior management
- Nov 16: Discuss with Settlement Parties
- Nov 27: Return to Board with recommendation
  - Accept license or request rehearing
  - Resolutions and Board approval

## Questions

