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As discussed below, this order approves the Settlement and issues a new license for the Lower Raquette Project. The new license, as conditioned herein, authorizes Erie to continue to produce needed power and will not result in any major, long-term adverse environmental impacts. In addition, the new license includes numerous enhancements to aquatic and terrestrial environments and recreation. Issuance of this license will serve the public interest because it authorizes continued operation of a project that is best adapted to the comprehensive development of the Raquette River Basin for all beneficial purposes in accordance with the requirements of FPA Section 10(a)(1).\textsuperscript{4} We are also issuing at this time orders granting new licenses for the other three projects that were part of the collaborative process.\textsuperscript{5}

I. THE MULTI-PROJECT PROCEEDING

PROJECT DESCRIPTIONS

The four projects under discussion are located on the Raquette River\textsuperscript{6} in New York. The Raquette River, with a drainage basin of 1,269 square miles, originates in the Adirondack Mountains, flows generally north-northwest for more than 120 miles, and empties into the St. Lawrence River near Massena, New York. Most of the basin is sparsely populated, with much of the land forested and brushland. The region's economy depends primarily on recreational tourism and timber-based industries.

The original licenses for the Lower and Middle Raquette River Projects expired on December 31, 1993. The licenses for the Carry Falls and Upper Raquette River Projects expired on January 31, 2001, and January 31, 2002, respectively. Since expiration of the licenses, the projects have been operating under annual licenses.

The Lower, Middle, and Upper Raquette River Projects have a combined installed capacity of 161,462 megawatts (MW), and are operated to provide peak energy and

\textsuperscript{3}(...continued)
The substitution of Erie as relicense applicant includes the substitution of Erie as a party to the Settlement.

\textsuperscript{4}16 U.S.C. § 803(a)(1).

\textsuperscript{5}See Erie Boulevard Hydropower, L.P., 98 FERC ¶ 61, __; 61, __; and 61, __.

\textsuperscript{6}The Raquette River is a navigable waterway of the United States. 8 FPC 569 (1949).
capacity to the regional grid. The projects generate annually an average of 831 gigawatt-hours (Gwh) of power. Carry Falls functions as a seasonal storage reservoir.

Farthest upstream is the Carry Falls Project No. 2060, located between river mile (RM) 68 and 75. The project includes an 826-foot-long dam that varies in height from 63 to 76 feet, and a 7-mile-long reservoir with a 3,000-acre surface area. It has no generating facilities, providing instead seasonal and daily flow regulation to facilitate the peaking and load-following operation of the Upper Raquette River Project and optimize downstream power generation.

Immediately downstream, from RM 52 to 68, is the 102.389-MW Upper Raquette River Project No. 2084. The project consists of five developments: Stark Falls, Blake Falls, Rainbow Falls, Five Falls, and South Colton. Each development has a dam, reservoir, and powerhouse. The project typically operates in either a peaking or load-following mode, using releases from its and the Carry Falls reservoirs.

About five miles below the Upper Raquette River Project, from RM 38 to 47, is the 47.073-MW Middle Raquette River Project No. 2320. This project consists of four developments, each with a dam, reservoir, and powerhouse: Higley, Colton, Hannawa, and Sugar Island. Higley operates as a re-regulating development to provide steadier flows for the downstream hydroelectric facilities. The other three developments operate run of river with a pondage mode. Erie proposes to increase the installed capacity of the Higley development by 2.33 MW, from the existing 4.97 to 7.3 MW.

Twenty miles downstream and just above the mouth of the river, from RM 19 to 27, is the 12.0-MW Lower Raquette River Project No. 2330. The project consists of four developments, each with a dam, reservoir, and powerhouse: Norwood, East Norfolk, Norfolk, and Raymondville. The project typically operates in a store-and-

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7 FPC 708 (1951).
8 FPC 774 (1952).
9 FPC 1549 (1964).
10 FPC 125 (1964).
release pulsing or peaking mode, using releases from the upstream projects. During periods of high flows, the project may operate run of river.\footnote{There are six other licensed or exempted hydroelectric projects on the Raquette River: Erie's Piercefield Project No. 7387 (RM 88) and Yaleville Project No. 9222 (RM 25), Potsdam Project No. 2869 (RM 35), Sissonville Project No. 9260 (RM 33), Hewittville Project No. 2498 (RM 32), and Unionville Project No. 2499 (RM 31).}

BACKGROUND

The relicense applications for the Lower and Middle Raquette River Projects were filed on December 24, 1991. In 1992, the New York State Department of Environmental Conservation (NYSDEC) denied, without prejudice, Erie's applications for water quality certification for the two projects, pursuant to Section 401 of the Clean Water Act (CWA).\footnote{33 U.S.C. § 1341(a)(1). The water quality certification provisions of the CWA, and the issuance of the certifications for these projects, is discussed infra.} The licensee appealed the denials through the state's administrative hearing process. In 1995, Commission staff agreed to defer processing the two relicense applications while the licensee and various entities pursued a settlement of the issues, and to include in those settlement discussions the relicensing of the Carry Falls and Upper Raquette River Projects.\footnote{See December 13, 1995 letter from the Director, Office of Hydropower Licensing. To allow the Upper Raquette River Project to be included in the discussions, the Commission waived its regulations so as to allow the licensee to file its notice of intent to seek a relicense earlier than the 5½ years before the expiration date of the license.}

These discussions culminated in a March 13, 1998 settlement agreement entitled "Settlement Offer - March 13, 1998, Raquette River Projects, FERC Project Numbers 2060, 2084, 2320, and 2330" (Settlement) that was signed by the licensee, NYSDEC, and 15 other entities: the U.S. Department of the Interior’s Fish and Wildlife Service (FWS), New York State Adirondack Park Agency (Park Agency), Adirondack Mountain Club (Mountain Club), New York Rivers United (Rivers United), American Canoe Association, American Rivers, American Whitewater, National Audubon Society of New York State, the National Park Service, New York State Conservation Council, North Country Raquette River Advocates, St. Lawrence County, The Adirondack Council, The