

Memorandum

To: Patricia McIlvaine, Acting Executive Director, LIHI

From: Jeffrey Cueto, P.E.

Date: December 3, 2012

Re: Lake Chelan Hydroelectric Project – LIHI Certificate #30
Recertification Request

This memorandum contains my recommendation for recertification of the Lake Chelan Hydroelectric Project (Project), located on the Chelan River in Washington State and owned by the Public Utility District No. 1 of Chelan County (Chelan PUD). LIHI publicly noticed the application through September 30, 2012, and no comments were received.

I. Recertification Standards.

Part V of LIHI's Certification Handbook (Updated December 2011) regarding Applications for Recertification ("Recertification Standards") provides that a "request for renewal of a previously-issued LIHI certification ("re-certification") will be granted at the conclusion of the term of the existing certification if re-certification is desired by the certificate holder, and so long as (1) there have been no "material changes" at the facility that would affect the certification and (2) LIHI's certification criteria have not been revised since the previous certification was issued by LIHI."

The Recertification review criteria also provide that "[i]f the Application Reviewer can definitively determine from the submitted application materials, a review of the LIHI file containing the past certification decision(s), any public comments received during the application process, and any limited reviewer-initiated questioning by LIHI of the applicant and/or third parties, that the answer to both questions above is "no," the Application Reviewer will recommend re-certification approval to LIHI's Executive Director, and there will be no further application review."

II. No further application review is recommended.

I reviewed the materials submitted by Chelan PUD in support of its application. I also read the original LIHI reviewer report (January 17, 2008) and several documents contained in the FERC website eLibrary. Based on this information, I concluded that it is not necessary to directly solicit input from resource agencies and licensing stakeholders. Further, Chelan PUD had asked resource agencies and stakeholders to comment on its recertification application and none responded.

In my opinion, the aforementioned materials are sufficient to support a conclusion that a recertification decision can be made based on this Intake Review and that a Full Review is unwarranted.

III. There have been no “material changes” at the facility that would affect the certification.

In accordance with the Recertification Standards, “material changes” mean non-compliance and/or new or renewed issues of concern that are relevant to LIHI’s criteria. I find that there are neither instances of significant non-compliance nor new or renewed issues of concern.

The Project was relicensed on November 6, 2006 based in part on a Settlement Agreement of October 8, 2003. The license incorporates the terms of an amended state water quality certification issued on June 1, 2004. The Chelan River, which extends from Lake Chelan downstream four miles to the Columbia River at Chelan Falls, Washington. Almost the entire reach is bypassed by the Project. Until issuance of the 2006 license, no flows were released into this reach to protect aquatic habitat. Pursuant to the license, Chelan is instituting the provisions of the Chelan River Biological Evaluation and Implementation Plan by providing minimum flows, ramping controls, and channel habitat improvements, as well as performing water quality monitoring under a 10-year program that assures achievement of state water quality standards and the biological goals of the water quality certification. Annually, Chelan PUD reports to FERC on the status of activities. The report from March 2012 (*Article 405 – 2011 Annual Flow and Water Temperature Report*) does not indicate any problems with progress thus far, and agencies were provided with an opportunity to comment on the report prior to its having been filed with FERC but chose not to.

Subsequent to the original LIHI grant of certification, Chelan PUD modified the Project by replacing the Project’s two turbines with new units with improved efficiency. The two turbines have higher hydraulic capacities compared to the two original units. FERC amended the license on February 20, 2009, finding that the increased capacity (about 8.5%) may actually improve habitat and “would not cause any adverse impacts to water quality or quantity.” The Washington State water quality certification for the change prohibits any negative effects on “temperature, turbidity, dissolved oxygen, total dissolved gas, or designated uses in the Chelan River (bypass reach) or hydropower tailrace.” Further, the adaptive management plan imposed by the State helps assure that water quality and habitat are protected over the long term. On October 10, 2012, FERC again amended the license after Chelan PUD notified FERC that the hydraulic capacity of the new units is 100 cfs higher than anticipated; the resource agencies did not object or raise issues.

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The increase in hydraulic capacity could also affect fish entrainment; however, FERC determined that increased entrainment would be unlikely. Further, there is an ongoing entrainment study under License Article 404, and the opportunity for entrainment prevention measures if entrainment is determined to be significant.

While the increase in hydraulic capacity is a material change, the record does not indicate that there will be a material adverse impact on aquatic habitat and water quality. Even if there were, the 10-year adaptive management plan and continuing jurisdiction should assure restoration of the Chelan River as intended. Consequently, I conclude that there has been a material change but not a material change that affects the certification.

The 2011 annual report to FERC indicates that two deviations from the flow and ramping provisions of the license occurred. FERC deemed neither of them to have constituted a violation of the license.

IV. LIHI's certification criteria have not been revised since the original certification became effective, September 26, 2007.

It is my understanding that LIHI's criteria, or the Board's interpretation of one or more criterion, that are applicable to the circumstances the Project have not changed in meaningful ways since the date of the original certification.

V. Conclusion.

In light of the above, I recommend recertification of the Lake Chelan Hydroelectric Project effective September 26, 2012.