

BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

Application for License for Major Project--Existing Dam Filed Pursuant to Subpart F, §4.51 of Commission Regulations

The City and Borough of Sitka, Alaska, under the name of the City and Borough of Sitka Electric Department, applies to the Federal Energy Regulatory Commission for a new license for the Blue Lake Hydroelectric Project, FERC No. 2230, water power project, as described in the attached exhibits. The Project is located on Sawmill Creek in Southeast Alaska about 7 miles southeast of the City of Sitka in Southeast Alaska. The Project, including its associated transmission line extends from the Blue Lake Project dam across lands of various ownerships, including 1) US Forest Service, Tongass National Forest lands; 2) City and Borough of Sitka lands, 3) University of Alaska and Sheldon Jackson University lands, and 4) lands in private ownership.

The Federal Power Commission (FPC) Order issuing the original license is dated April 4, 1958. Construction began April 30, 1958, and commercial operation commenced July 23, 1961. In 1979, to meet increased electrical demands, the City obtained a license for the Green Lake project (FERC No. 2818), which was constructed in 1982 in the Vodopod River basin approximately 8 miles to the southeast of the Blue Lake project. The Blue Lake and Green Lake Projects operate conjunctively to supply the City's electrical needs.

The original Blue Lake license remains in effect, but with several amendments that address various additions and upgrades to the original project design and/or operation. The following amendments are described relative to their provisions and respective issuance order dates:

- Due to increased loads and several dry years, an order amending the license to allow the current instream flow releases was issued on September 7, 1977, as described in subsequent sections;
- The construction of the Green Lake project necessitated upgrading of the Blue Lake transmission line capacity from 34.5 kV to 69 kV. The Order Amending License for this change is dated June 12, 1980;
- An Order was issued on November 15, 1983 to allow the 20 inch municipal water tap on the penstock.
- An Amendment was ordered on September 6, 1991 to increase the Project nameplate capacity from 6000 kW to 7500 kW with the addition of the Fish Valve Unit and the Pulp Mill Feeder Unit (City and Borough of Sitka, 1990).

The Project is an existing combined-purpose facility that generates electricity and provides municipal water supply for Sitka. In addition, Project water is utilized for specific permitted industrial and commercial purposes, as described in the Application materials.

The location of the project is:

State or Territory: Alaska
County: Sitka Borough
Township or Nearby Town: City of Sitka, Alaska
Stream or Other Body of Water: Blue Lake, Sawmill Creek

The exact name and business address of the applicant are:

City and Borough of Sitka, Alaska
100 Lincoln Street
Sitka, Alaska 99835

The exact name and business address of each person authorized to act as agent for the applicant in this application are:

City and Borough of Sitka, Alaska
Electric Department
Charles Walls, Utility Director
105 Jarvis Street
Sitka Alaska 99835

The applicant is a municipality and is claiming preference under section 7(a) of the Federal Power Act.

State Water Rights:

Alaska is a prior appropriation state, by its State Constitution and its Water Use Act.. The City and Borough of Sitka owns state-issued water rights certificates and permits for hydroelectric generation purposes, among others, under which water may be stored, released, diverted and used from Blue Lake for hydroelectric generation, industrial and commercial uses, and public drinking water supply.

Operation of the Project is in compliance with the following federal, state, and local laws:

Federal Power Act:

The Project currently operates under a license issued by the Federal Energy Regulatory Commission dated April 4, 1958 (P62,569 Federal Energy Guidelines).

Alaska Historic Preservation Act:

The City submitted an “Archaeological Assessment of the Blue Lake Project, Sitka, Alaska, Final Report”, prepared by Paul Rushmore, Wrangell Research Associates, Wrangell, Alaska in 2005. The report documented that, based on literature review and field surveys, there are no known archaeological sites in or near the Area of Potential Effect which generally bounded the Project area. A corduroy road built for mining exploration in the early 1900’s was not considered eligible for listing in the National Register of Historic Places. The currently proposed relicensing will not involve any ground disturbance within the Project Boundary, and will not affect any significant identified historic properties.

Alaska Coastal Management Program:

Coastal Project review for the Project will be commenced by the Alaska Department of Natural Resources (ADNR) after acceptance by the FERC of this License Application. A Coastal Project Questionnaire will be submitted to ADNR shortly after submission of the License Application to FERC.

Federal Clean Water Act:

The State of Alaska presently does not have primacy under the federal Clean Water Act. Pursuant to existing Alaska Department of Environmental Conservation (ADEC) policy, the state certification of NPDES discharges under Section 401 of the Clean Water Act is not provided in Alaska. Statutory authorization for the State of Alaska to seek primacy under the Clean Water Act was signed into law in August of 2005. An application for the State to obtain NPDES program primacy is required to be submitted to the Federal Environmental Protection Agency by July 1, 2006. If laws or policies governing such certifications change during the processing of these application materials, the City will appropriately apply to the State, and will notify the FERC.

Municipal Charter Provisions: Applicable Municipal Charter Provisions Are:

Home Rule Charter of City and Borough of Sitka, Alaska, December 2, 1971. Section IX, Municipal Utilities

Owner of Project Facilities:

City and Borough of Sitka, Alaska
100 Lincoln Street
Sitka, Alaska, 99835