

**BI-ANNUAL PROGRESS REPORT  
For the Period October, 2003 through March, 2004**

**BLUE LAKE HYDROELECTRIC PROJECT**

**FERC No. 2230**

**City and Borough of Sitka, Licensee**

**City and Borough of Sitka Electric Department, Relicensing Agent**

This report documents relicensing activities for the Blue Lake Hydroelectric Project (“Project”) during the period October, 2003 through March, 2004. Biannual progress reports are required by the Federal Energy Regulatory Commission (FERC) regulations and a letter accepting the City and Borough of Sitka Electric Department’s (City’s) application to utilize the Alternative Licensing Procedure (ALP) for relicensing the Project.

**PROJECT BACKGROUND and CONTACT INFORMATION.**

The Project is a 7.5 megawatt (mw) installation located near Sitka, Alaska. The City holds a fifty-year license (the “original license”) from the FERC to operate the Project. The current license became effective on April 4, 1958, and expires on March 31, 2008. The FERC regulations require that the City submit an application for new license (“Application”) no later than March 31, 2006, or two years prior to the existing license expiration.

The exact name, business address and telephone number of the Licensee is:

City & Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska  
99835  
Phone: 907-747-3294

The exact name, business address and contact numbers of the person authorized to act as agent for the Licensee is:

City & Borough of Sitka, Electric Department  
Attn: Charles Walls, Utility Director  
105 Jarvis Street  
Sitka, Alaska 99835  
Phone: 907-747-6633  
Fax: 907-747-3208

Three license amendments have been issued since original licensing: 1) in 1977, changing the minimum flow requirements relative to specified lake levels; 2) in 1980, to upgrade the transmission line to 69 kv; and 3) in 1992, to construct and operate two small hydroelectric facilities, the Fish Valve Unit (FVU) and the Pulp Mill Feeder Unit (PMFU) both of which used Project-related water.

**DOCUMENT AVAILABILITY**

Most of the documents and correspondence, including comment letters, meeting invitations and other notices described in this report are available on the City’s Blue Lake Project Relicensing website: <http://www.cityofsitka/electric/pdf/relicensing.htm>. In the website, the user may select the document of interest by simply clicking on the document file name.

**PROJECT PROGRESS TO DATE.**

While this report is intended to document progress only during the October 2003-March 2004 period, we have included major milestones accomplished since the relicensing process began formally in October, 2001, with filing of the Notice of Intent (NOI) to relicense the Project.

**Initial Consultation Document, Meeting and Site Visit.**

The City completed required initial consultation steps during 2002, as described in the following Table:

<b>Milestone</b>	<b>Date Completed</b>	<b>Comments</b>
<b>NOI Filed</b>	March 4, 2002	
<b>Initial Consultation Document (ICD) Distributed</b>	November 14, 2002	Distribution list is attached to ICD
<b>Initial Consultation Public Meeting</b>	December 17, 2002	Agency technical meeting held in afternoon, public meeting in evening. Written minutes from agency meeting, evening meeting videotaped.
<b>Initial Consultation Site Visit</b>	December 18, 2002	Site visit minutes available on website
<b>Comments on ICD, Public Meeting</b>	February 7 through February 28	Comments received from ADF&G, NMFS, USFS, USFWS, USACOE, ADGC

**Alternative Licensing Process (ALP) Authorization**

The City filed an initial request to use the ALP on May 1, 2003. After review of this request, FERC staff returned comments requiring additional information, including resource agency approval of a Communications Protocol (CP).

The Draft CP was submitted for agency review on August 12, 2003, and comments were received between August 13 and 23 from ADNR, ADF&G, FWS, NMFS and USFS. Comments included agency statements approving the use of ALP. After comment incorporation and additional consultation, the Final CP and revised request to use ALP was filed with the FERC Secretary on August 28, 2003.

Authorization of use of ALP was transmitted by FERC letter dated October 22, 2003.

### **Fish and Wildlife Study Planning.**

Fish and Wildlife study planning has been in four distinct parts, relative to following specific Project areas or resources:

1. Sawmill Creek Fisheries Distribution and Abundance Surveys;
2. Sawmill Creek and Blue Lake wildlife baseline surveys;
3. Blue Lake Rainbow Trout Spawning Studies;
4. Blue Lake Rainbow Trout Population Estimation Studies;
5. Sawmill Creek Instream Flow Studies.

The chronology of each of these study planning processes is documented in the separate sections below.

**Sawmill Creek Fisheries Distribution and Abundance Surveys.** These surveys have been done from mid-summer, 2001 through the 2003 sampling season. Initial study planning and sampling was begun in mid-summer, 2001 by Karl Wolfe, the City's fisheries consultant. Prior to the first fish surveys, the City and Mr. Wolfe distributed a draft fish study plan for agency review July, 2001. After incorporation of agency comments, a Final Fisheries Study Plan for 2001 was prepared, and studies were conducted accordingly. A report documenting the 2001 studies was distributed for review in February, 2002.

Similar fish surveys were conducted in 2002 and 2003. Prior to the 2002 studies, a revised study plan was prepared following consultation on additional elements discussed among Mr. Wolfe, the City and agency representatives in January, 2001. The report for 2002 studies was distributed on March 13, 2003.

Prior to the 2003 season, the City prepared a formal Fisheries and Wildlife study plan for agency review, based on study planning comments received during the December 17,

2002, Initial Consultation technical and public meetings, and from comments on the ICD. These comments suggested, among other things, two additional study reaches, one at the Blue Lake powerhouse tailrace and the other in the Sawmill Creek reach downstream of the Blue Lake powerhouse (the “Intertidal” reach).

At the time of this progress report, the report documenting 2003 Sawmill Creek fisheries studies is in final preparation.

The City believes that there are no disputes on Sawmill Creek fisheries studies at this time.

**Sawmill Creek and Blue Lake Wildlife Baseline Surveys.** Wildlife survey methods were described in the initial draft Fisheries Survey study plan, and were discussed at the April, 2003 study planning meeting. Comments relative to sampling areas and intensity were addressed, and the final Wildlife section of the plan, we believe, is in accord with all comments.

**Blue Lake Rainbow Trout Spawning Investigations.** During the 2002 Sawmill Creek fisheries surveys, the City and resource agencies, primarily ADF&G, consulted on a separate fisheries study to determine times, places and physical factors related to rainbow trout spawning in Blue Lake. A teleconference to discuss of thermograph emplacement and spawning fish observations was conducted on November 12, 2002.

Mr. Orbison of the City and ADF&G personnel emplaced several thermographs in Blue Lake areas selected to represent potential spawning tributaries on December 12, 2002. Thermograph data for the 2002 emplacements were retrieved on May 6, 2003. Thermographs were again emplaced on January 20, 2004, and have been checked periodically since then. Data from the 2003 emplacements have not been retrieved at the time of this report.

**Blue Lake Rainbow Trout Population Estimation Studies.** Comments on the ICD suggested development of a fisheries population estimate data base for Blue Lake. An interagency meeting to discuss all fisheries and wildlife study planning matters was held on April 24, 2003, in Juneau (Meeting minutes are on the website). Based on proceedings of this meeting, the City prepared a Blue Lake Population Estimation study plan for agency review. Comments on this draft plan indicated differences between efforts proposed by the City and those desired by ADF&G. A teleconference to resolve these differences was conducted on November 25, 2003, and a study effort satisfying both parties was developed. There are no remaining disputes in the Blue Lake Population Study elements and plans are underway to conduct the studies cooperatively between the City and ADF&G..

**Sawmill Creek Instream Flow Studies.** At the April 24, 2003, study planning meeting, it was decided that the instream flow study component would be addressed through a separate process. The City conducted an instream flow meeting on October 22, 2003 in Sitka, in conjunction with the Scoping meeting. (minutes on website). This meeting led

to another meeting, held in Juneau on December 8, 2003, 2003, during which participants discussed instream flow methodologies in detail (minutes on website). Following the meeting, the City prepared a Draft Instream Flow Study Plan, which was distributed to instream flow sub-group members on February 26, 2004.

The City also hosted an instream flow site visit on March 4, 2003, followed by a meeting on that day to discuss the Draft Instream Flow Study Plan. A description of the site visit and draft meeting minutes are on the website.

**Scoping.**

The City distributed Scoping Document 1 (SD1) and concurrently announced a Scoping Meeting and Site Visit on September 17, 2003. Public Notice of the meeting and site visit was published in the Sitka Sentinel and the Juneau Empire on September 29, October 1, and October 3, 2003. The Scoping Meeting was held on October 22 and the Site Visit was conducted on 23, 2003. All announcements and documents are on the website. The Scoping meeting was preceded by a brief site visit for agency personnel, and an agency technical meeting in the afternoon of October 22. Minutes of the agency meeting are available on the website. The evening Scoping Meeting was videotaped; copies or viewing of the tape are available from the Contact Address.

Comments on the SD1 were received from ADF&G, NMFS, FWS and USFS. Comments were incorporated in SD2, which will be ready for distribution during April, 2004.

**ITEMS to be COMPLETED DURING NEXT 6-MONTH REPORTING PERIOD.**

The following are items expected to be addressed before October, 2004:

<b>Task</b>	<b>Estimated 2004 Completion</b>	<b>Comments</b>
Distribute SD2	Late March	
Distribute 2003 Fisheries report	Late March	
Instream Flow hydraulic Measurements	April	Timing depends on flow conditions
Blue Lake thermograph data retrieval	March-May	
Blue Lake rainbow trout spawning observations	May-June	
Blue Lake rainbow trout population estimate field work	June-July	Two ten-day field efforts, separated by about 10 days.
Conduct Powers and Orsborne measurements	April-September	Second measurement will depend on acceptable flow level

Continue Instream Flow Determinations	April-October	Includes HSI curve development, reservoir model completion and flow negotiations
Intake observations	To Be Determined	
Cultural Resource Study Planning	Fall	
Recreation Resource Study Planning	Fall	