

SIX-MONTH PROGRESS REPORT

For the Period April through September, 2004

BLUE LAKE HYDROELECTRIC PROJECT

FERC No. 2230

City and Borough of Sitka Electric Department

October, 2004

This report documents relicensing activities for the Blue Lake Hydroelectric Project (“Project”) during the period April through September, 2004. Biannual progress reports are required by a Federal Energy Regulatory Commission (FERC) 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. This is the second biannual progress report for 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

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, the first in 1977 changing the minimum flow requirements relative to specified lake levels, and the second, in 1980 to upgrade the transmission line to 69kV. The third, 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: relicense.cityofsitka.com. In the website, the user may select the document of interest by simply clicking on the document file name. (The site may be undergoing modification at the time of this report, but is expected to be fully operational by early November, 2004, under the same address.)

Hard copies of all documents referenced in this report are also available through the contact address listed above. Please contact Mr. Walls to request any paper or electronic files you might need.

PROJECT PROGRESS DURING THE APRIL-SEPTEMBER, 2004, PERIOD

DOCUMENTS

Scoping Document 2

Scoping Document 1 (SD1) was sent for review on September 17, 2003, as reported in our first Progress Report. Comments were received from Alaska Department of Fish and Game (ADF&G), National Marine Fisheries Service (NMFS) US Forest Service (USFS) and US Fish and Wildlife Service (USFWS). These comments were addressed and a Draft of Scoping Document 2 (SD2) was sent for review on April 2, 2004. Comments on the Draft SD2 were received from USFS. The Final SD2 was sent as hard-copy to FERC and via e-mail to the Project mailing list on August 18, 2004.

STUDY PLANNING

Instream Flow

During this reporting period, the City completed several steps in instream flow study planning and execution, as described below. All documents, comments and meeting minutes are available on the relicensing website. All dates are in 2004.

The City distributed a Draft Instream Flow Study Plan in February, 2004 and conducted a site-familiarization field trip to Sawmill Creek on March 4, 2004. These events and their associated documentation were described in the first Progress Report.

The City conducted a conference call with Alaska Department of Fish and Game (ADF&G) instream flow coordinator Joe Klein on March 15, to discuss methods and equipment for hydraulic-based measurements.

Comments on the Draft Instream Flow Study Plan and earlier teleconferences were submitted by ADF&G and FWS. In response to these comments, the City prepared a Supplement to the Instream Flow Study plan, which was distributed on April 9. To discuss this supplement, the City conducted a teleconference on April 15.

Following the teleconference, instream flow study planning participants attended a site selection field trip on April 20. Instream flow cross-section locations were established in five of the six Sawmill Creek study reaches recognized by fisheries researchers.

Wildlife and Terrestrial Resources

During June, 2004, the City prepared and distributed a draft Wildlife and Vegetation Resources Study Plan. The Plan was distributed for review by ADF&G, USFS, STA and USFWS. Comments were received from ADF&G and FWS. All comments were incorporated in a Final Wildlife and Vegetation Resources Study Plan.

During this period, the City contracted with Kent Bovee of Sitka to conduct the wildlife and vegetation resources studies described in the final plan. Mr. Bovee has conducted several wildlife and vegetation surveys since then, including small mammal trapping and calling for specific bird species. His draft 2004 report will be distributed in early 2005.

Blue Lake and Sawmill Creek Temperature Study Plan

The City distributed this plan, describing proposed temperature monitoring for the 2004-2005 period, on October 13, 2004.

Recreation

After initial study planning with the USFS, the City distributed a Draft Recreation Study plan on September 9, 2004. Comments on this draft were submitted by USFS, and have been addressed by the City. We await further comments from all agencies at the time of this report.

Subsistence

The City distributed a Draft Subsistence Study Plan on June 8, 2004. Comments on this draft were received from Sitka Tribe of Alaska (STA), USFS ADF&G and FWS. The City addressed all comments and distributed the Final Subsistence Study Plan on September 23, 2004.

Cultural

The City submitted a Preliminary Draft Cultural Resources Study Plan in to USFS on May 14, 2004, and addressed comments through a series of revisions. A Draft Cultural Resource Study Plans was distributed for review on September 28. We await final comments on this draft.

STUDIES CONDUCTED

Instream Flow

Measurements for these instream flow cross-sections began on April 20-22 with assistance from Miller Ecological Consultants (MEC) of Ft. Collins, CO. Data were collected on April 20, 21, and 22, and MEC began computer processing shortly thereafter.

A meeting was held in Juneau on September 8 to discuss the method for instream flow analysis and schedule for ongoing activities.

A Draft Sawmill Creek Instream Flow Data Report was distributed by the City on September 24. No comments have been received on this report at the time of this update.

Blue Lake Rainbow Trout Populations Studies

The City assisted ADF&G in conducting fish captures as part of an intensive mark-recapture population estimation study for Blue Lake rainbow trout. The City provided certain equipment and personnel in addition to ADF&G's overall management of the study.

The field study consisted of two 10-day fish capture periods, the first beginning on July 2, separated by a ten-day hiatus. Both capture efforts were deemed successful. ADF&G biometricians are currently analyzing the capture data and preparing initial population estimates.

Blue Lake Tributary Temperature and Rainbow Trout Spawning Observations

City researchers initially emplaced recording water temperature devices ("loggers") in certain Blue Lake tributaries during late fall, 2002. These loggers were retrieved and data downloaded throughout summer, 2003. The loggers were left in place through winter and spring, 2003-2004, and again retrieved and downloaded in summer, 2004. In summer, 2004, City and ADF&G researchers observed rainbow trout spawning in certain Blue Lake tributaries. A report documenting both study years will be prepared by the City during the next Progress reporting period.

Sawmill Creek Fisheries Studies. City researchers continued their frequent observations and fish captures on Sawmill Creek through the summer and fall, 2004.

US Forest Service Tier III Survey. The City, assisted by USFS personnel, completed USFS Tier III stream habitat assessment measurement in February, 2004. The City will distribute a Draft Report for this data collection effort in October 2004.

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

Task	Estimated 2004-2005 Completion	Comments
Instream Flow Analysis	October, 2005-February 2005	Includes hydraulic model calibration, HSI curve development and initial Q vs. Habitat Analyses
Blue Lake and Sawmill Creek temperature logger emplacement	October, 2005, March, April, 2005	Temperature array at Blue Lake installed October, 2004.
Draft License Application and Preliminary Draft Environmental Assessment	April, 2005	DLA will probably be submitted for review in April or May, 2005
Sawmill Creek Fisheries Studies	April-December, 2004	
2004 Fisheries report	February, 2005	2005 Report will summarize all previous years' studies
2004 Wildlife Studies	December, 2004	Studies to continue through 2005
Intake observations	Spring, 2005	To be conducted during drawdown necessary for repair of release valve.
Cultural Resource Studies	Fall, 2004	
Recreation Resource Studies	Fall, 2004-Fall, 2005	