



File Code: 2770

Date:

Christopher Brewton
Utility Director
City & Borough of Sitka
105 Jarvis Street
Sitka, AK 99835

Dear Mr. Brewton:

We reviewed the Revised Draft Mitigation and Monitoring Plan, Blue Lake Hydroelectric Project (FERC No. 2230) Expansion, prepared by the City July 25, 2012. Based on this review, we offer the following comments:

2.1 Mitigation Planning Background (first paragraph, last sentence) should read: This mitigation proposal is based *on* plan A, outlined in *the* letter.

2.2.3 Resources with Impacts Addressed by Mitigation should read:
Inundation of 362 acres of National Forest System lands around the Blue Lake Creek valley and other areas of the lakeshore.

City-Proposed Mitigation Below this entire section is presented rewritten as suggested.

The City proposes to donate 48 acres of land on Chichagof Island as mitigation for the inundated area. The lands in question, in three parcels known as "Basoiniuer No. 1, Basoiniuer No. 2, and Golden West" on City planning documents, are currently municipal owned lands within the West Chichagof-Yakobi Wilderness Area managed by the USFS Sitka Ranger District. These lands are depicted in Plat 87-32BS, Boundary Line Retracement of MS 1587 and MS 1453 recorded at the Sitka Recording District on December 21, 1987 and will be referred to as the "Boomer lands" in this document. The property will be incorporated in the Wilderness area within 5 years of the time of donation.

Mining claims for these properties were staked; MS 1453 (Golden West) was patented as Patent 941732 in 1924 and patent 1087814 was issued to Joseph T. Baur and John Soini in 1936 at which time the property was located in the Sitka mining district. Sitka records indicate that the properties were on the delinquent tax roll and foreclosure list for the tax year 1968. In 1971, as Statutory Warranty Deed was issued to the Borough by the Superior Court of the State of Alaska.

In 1984, the City and Borough of Sitka leased the property to Boomer Exploration Inc. Boomer Inc. prospected the property but filed no mineral report. The Boomer prospecting camp was abandoned and the City removed potential hazardous material from the site in the late 1990s. The deteriorated camp and prospecting equipment remain to this day.

The non-Wilderness designation of the Boomer property is not consistent with that in the surrounding West Chichagof-Yakobi Wilderness area. It has been suggested by the USFS that the most appropriate use of the property would be to include it in the Wilderness area after certain rehabilitation measures have been performed.



The City has in principle agreed to this donation, plus certain actions related to improving the area. The actions currently under discussion are:

1) Donate in fee all ownership rights to the Boomer lands by Warranty Deed to the United States of America and its assigns. The acquiring agency of the United States is the Forest Service, United States Department of Agriculture.

Forest Service acceptance of the donation will require review of the title to make sure it meets Department of Justice Title Standards for federal land acquisition. If it does not meet this standard the City agrees to work to remove title conditions and exceptions that are unacceptable to the Forest Service.

The Forest Service agrees to inspect the property and complete an Environmental Site Assessment as described in the American Standards for Testing and Materials (ASTM) E-1527-05, Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessments; and United States Department of Agriculture (USDA) / United States Department of the Interior (DOI) Pre-Acquisition Environmental Assessment Guidance for Federal Land Transactions. The City should make every effort to participate in the inspection. Should hazardous material concerns be identified in the Phase 1 report they would need to be addressed to the satisfaction of the Forest Service before a donation could be accepted.

2) Clean up the equipment and buildings left at the exploration site and restore the land to a condition suitable for regrowth by native vegetation. The equipment and buildings are located at the very east end of the property documented by photos. The cleanup will require access to the exploration site via an existing road crossing USFS property.

The Forest Service agrees to evaluate in accordance with the Alaska National Interests Land Conservation Act (ANILCA) of 1980 the suitability of the Secretary granting temporary access across Wilderness and the conditions necessary to insure that access is accomplished in a manner that is not inconsistent with the purposes for which the public lands are reserved and which insures that no permanent harm will result to the resources of the area.

3) Quantitatively Inventory the properties for wetlands and conduct wetlands delineation for wetlands on the Boomer property. This delineation will serve as quantitative inventory of wetlands and waters of the United States to be used as total mitigation for impacts on Waters of the United States and wetlands relative to the Blue Lake Project Expansion. The Blue Lake wetlands delineation and functional analysis, including both field and office work has been completed.

The City further proposes to mitigate the loss of Waters of the United States located in the inundation area at Blue Lake with the donation of Waters of the United States located on the Boomer property as outlined in the Clean Water Act Section 404 permit application filed with the U.S. Army Corps of Engineers on July 23, 2012.

Recreation, Aesthetics, Subsistence, Wildlife Habitat, and Botanical Resources (completion of section title)

City Proposed Mitigation

1) Directly fund a campground host at the Sawmill Creek campground near the FVU. This

funding would be set at \$10,000 per year for the term of the license paid to the Forest Service as well as absorbing the cost of electrical service to the campground host site and service to the vault toilets. Payment will be made to the Forest Service on an annual basis by January 1 of each year.

2.3 Stakeholder-Requested Mitigation Proposals Delete the duplicate period at the end of the fourth item in the list.

2.4 Mitigation Escrow Fund Remove multiple extra spacing between paragraphs.

FINAL FISHERIES MONITORING PLAN

October, 2011

On page 41 of FERCs EA (May 31, 2012) it states:

The City of Sitka did not provide documentation of consultation with any of the resource agencies on its final Fisheries Monitoring Plan and it is unclear whether the agencies concur with this approach and/or the proposed monitoring for 2012. Therefore, the City of Sitka should develop a detailed plan for Blue Lake in consultation with Alaska DF&G, Forest Service, FWS, and NMFS to monitor the effects of raising the dam, if any, on the rainbow trout population in Blue Lake and the salmon populations downstream in Sawmill Creek from its proposed action. The City of Sitka should file this plan with the Commission, including any mitigation measures and documentation of consultation with the resource agencies, as well as any comments received on the plan and responses to those comments.

DRAFT WATER QUALITY MONITORING PLAN

June, 2012

The Forest Service Review of this draft plan is pending. In a meeting between the City and Forest Service on July 13, 2012 the parties established a structure of priority based on the level of consultation established by FERC and the schedule that plans were due to FERC by order.

If you have questions, please contact Clay Davis at (907) 747-4225 or email clayrdavis@fs.fed.us.

Sincerely,

CAROL A. GOULARTE
District Ranger