

1.0 PURPOSE OF ACTION AND NEED FOR POWER

On June 30, 2004, Public Utility District No. 1 of Chelan County (Chelan PUD) filed an application for new license with the Federal Energy Regulatory Commission (Commission or FERC) for the continued operation and maintenance (O&M) of the existing 865.76 megawatt (MW)⁶ Rocky Reach Hydroelectric Project (Rocky Reach Project or project). The project is located on the Columbia River in Chelan County, Washington, approximately 7 miles upstream of the city of Wenatchee (figures 1 and 2). The project occupies approximately 1,500 acres. Federal lands within the project boundary include 150.64 acres of U.S. Bureau of Land Management (BLM) land and 1.5 acres of U.S. Forest Service (Forest Service) land. All of the Forest Service land is in Washington Department of Transportation (WDOT) and railroad right-of-way status.

On July 19, 1999, pursuant to 18 CFR 4.34(i), Chelan PUD filed a request to use the alternative licensing process (ALP) for relicensing the project, which the Commission granted on October 25, 1999.

1.1 PURPOSE OF ACTION

The Commission must decide whether to issue a new license to Chelan PUD and what conditions to place on any license issued. Issuing a license would allow Chelan PUD to generate electricity for the duration of the new license. In deciding whether to authorize continued operation of the project in compliance with the Federal Power Act (FPA) and other applicable laws, the Commission must determine that the project will be best adapted to a comprehensive plan for improving or developing the waterway. In addition to the power and developmental purposes for which licenses are issued, the Commission must give equal consideration to the purposes of energy conservation, enhancement of fish and wildlife (including related spawning grounds and habitat), protection of recreational opportunities and preservation of other aspects of environmental quality.

In this draft environmental impact statement (DEIS), we, the Commission staff, assess the environmental and economic effects of: (1) continuing to operate the project with no changes or enhancements (no-action alternative); (2) operating the project as proposed by Chelan PUD (Chelan PUD's proposal); and (3) operating the project as

⁶ The total authorized installed capacity of the project was reduced by the Commission from 1,237.4 MW to 865.76 MW in its November 19, 2004, Order Amending License and Revising Annual Charges under Article 43(i). The reduction was based on testing performed for Chelan PUD. The revised capacity includes the 800-kW turbine that was approved by the Commission on March 14, 2002 and will be installed in the fishway attraction water drop structure by April 2007.

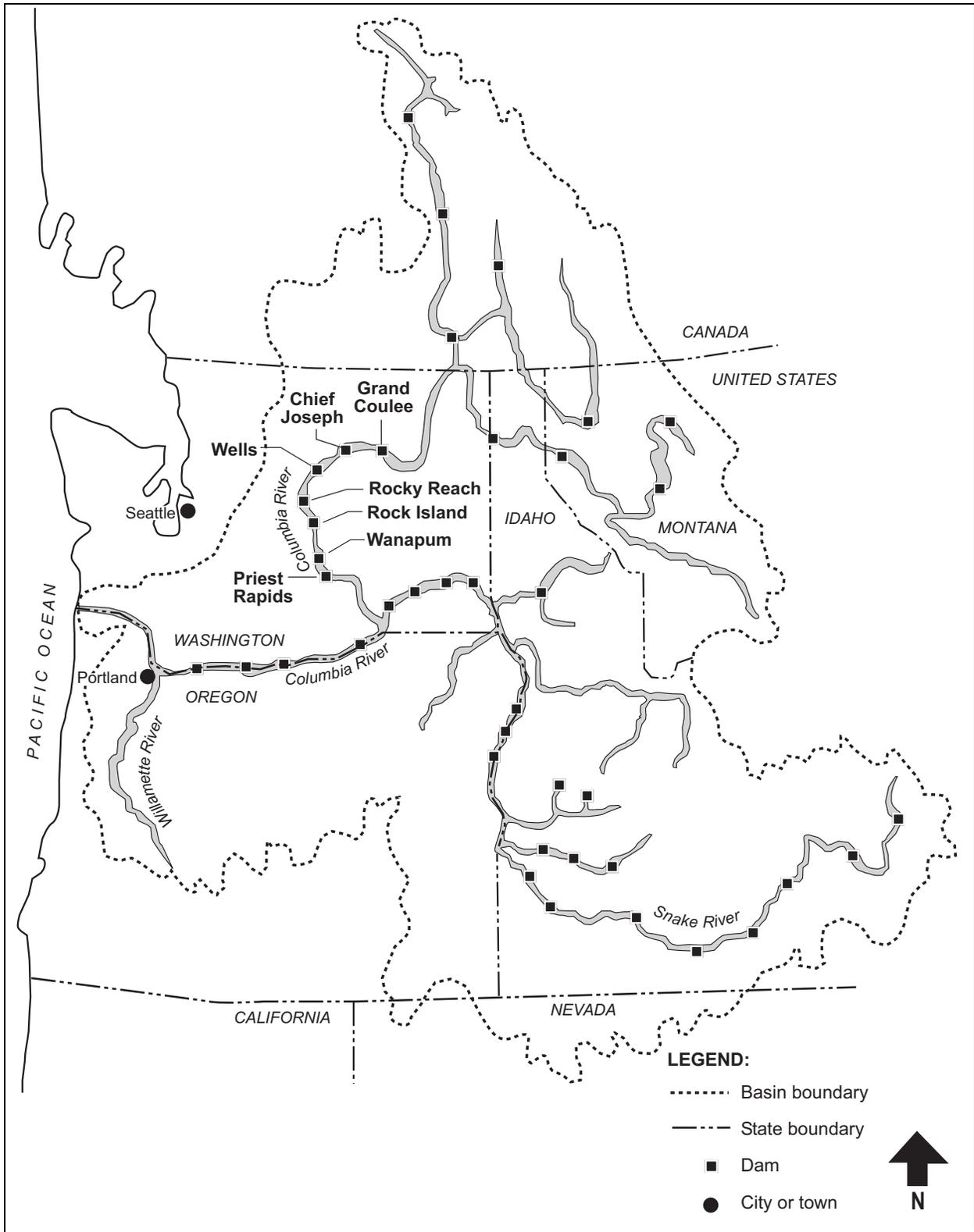


Figure 1. Location of the Rocky Reach Project in the Columbia River Basin. (Source: Staff)

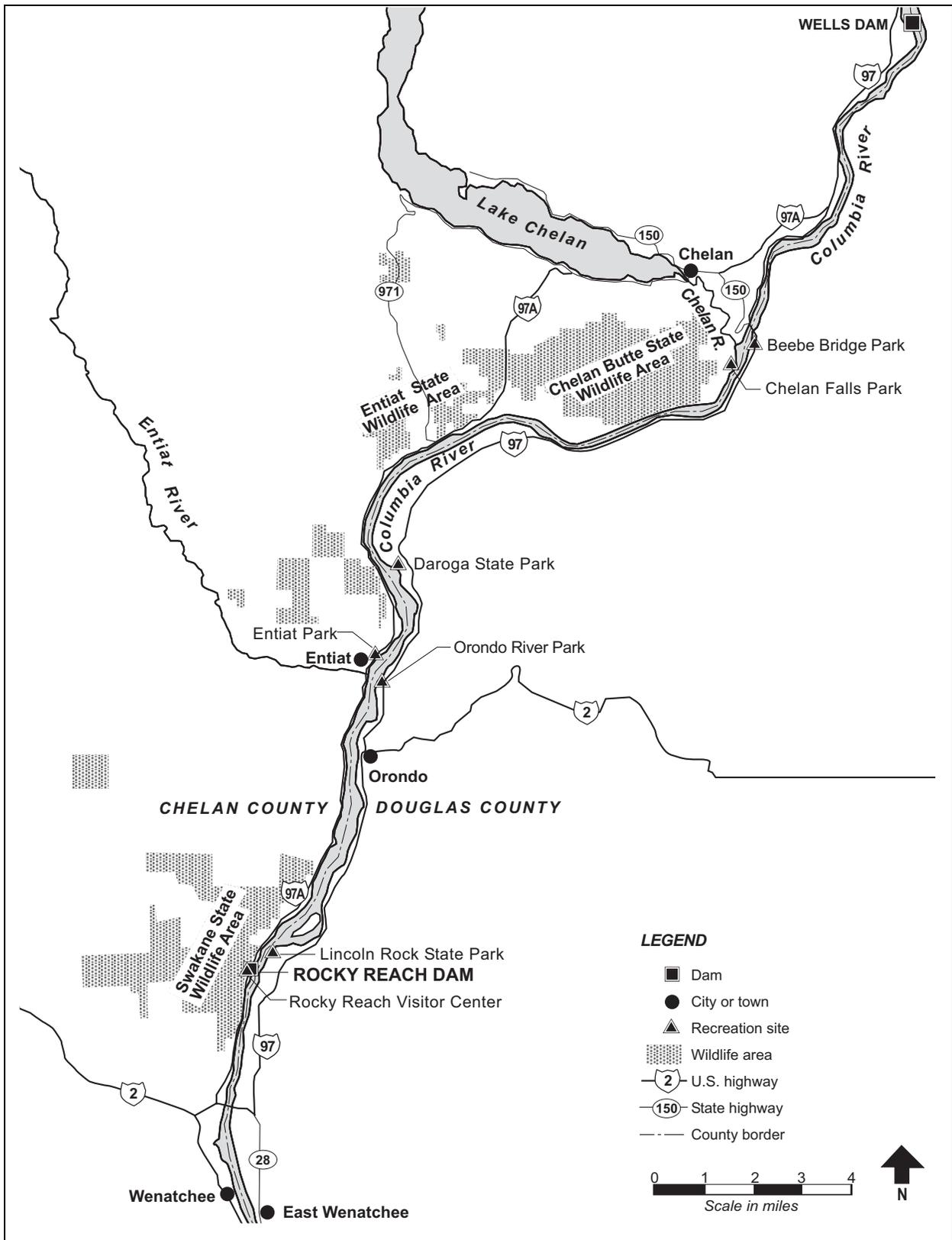


Figure 2. Area map of the Rocky Reach Project. (Source: Staff)

proposed by Chelan PUD with additional or modified environmental measures (Chelan PUD's proposal with modifications, or staff alternative). The no-action alternative represents baseline environmental and economic conditions for comparison with other alternatives.

1.2 NEED FOR POWER

With an installed capacity of 865.76 MW, the Rocky Reach Project produces a net average of about 6,030,900 megawatt-hours (MWh) of electric energy per year⁷ that is available to serve the homes and businesses of Chelan County, Washington, and regional customers in the Pacific Northwest. Chelan PUD serves approximately 38,000 retail customer accounts within Chelan County, including residential, agricultural, commercial and industrial accounts, including Alcoa Inc. The load represented by these customer accounts amounts to more than 1.3 billion kilowatt-hours (kWh) annually. Chelan PUD also transmits about two-thirds of its power to five other utilities that serve more than 7 million customers in the Pacific Northwest.

The project is located in the Northwest Power Pool Area (NWPP) of the Western Systems Coordinating Council region of the North American Electric Reliability Council. The peak demand and annual energy requirements for the NWPP area are projected to grow at an average annual compound rate of 1.1 percent and 1.5 percent, respectively, over the 10-year planning period from 2004 through 2013 (WECC, 2004).

With planned generation additions of 10,091 MW, generating capacity reserve margins as a percent of firm peak winter demand in the NWPP area are projected to range from 35.2 to 46.0 percent over the 10-year planning period (WECC, 2004). The future adequacy of the generation supply in the NWPP area will depend on how many of the planned projects, consisting mostly of natural gas-fired, combined cycle combustion turbines, actually get built.

The power from the project would continue to be useful in meeting a part of the regional need for power. The project would displace some of the fossil-fueled electric power generation the regional utilities now use, and thereby conserve nonrenewable resources and reduce the emission of noxious byproducts caused by fossil fuel combustion.

⁷ The average annual generation as stated in the license application was 5,806,000 MWh. However, due to generator rewinding and the planned installation of an 800-kW turbine in the fish passage attraction water drop structure, Chelan PUD estimated in its December 27, 2004 AIR response that the average annual generation is expected to be 6,030,896 MWh, which we have rounded to 6,030,900 MWh.

1.3 INTERVENTIONS

On January 12, 2005, the Commission issued a notice accepting Chelan PUD's application to relicense the project. This notice set a 60-day period during which interventions and comments, as well as terms, conditions, prescriptions, and recommendations, could be filed.

The following entities filed comments, terms and conditions, prescriptions, or recommendations. An (I) indicates the entity also filed a motion to intervene. None of the intervenors oppose the project.

| <u>Entity</u> | <u>Filed Date</u> |
|--|------------------------------|
| U.S. Department of Agriculture (I) | February 22, 2005 |
| U.S. Department of the Interior (I) | March 4, 2005 |
| U.S. Department of Commerce, National Marine Fisheries Service (I) | March 9, 2005 |
| Washington Department of Fish and Wildlife (I) | March 9, 2005 |
| Entiat School District No. 127 (I) | March 10, 2005 |
| City of Entiat, Washington (I) | March 10, 2005 |
| Washington Department of Fish and Wildlife | March 10, 2005 |
| U.S. Forest Service | March 11, 2005 |
| Alcoa, Inc. (I) | March 14, 2005 |
| American Rivers (I) | March 14, 2005 |
| Avista Corporation (I) | March 14, 2005 |
| Columbia River Inter-Tribal Fish Commission (I) | March 14, 2005 |
| Confederated Tribes of the Umatilla Indian Reservation (I) | March 14, 2005 |
| U.S. Department of the Interior | March 14, 2005; June 1, 2005 |
| Washington Department of Ecology (I) | March 14, 2005 |
| Confederated Tribes and Bands of the Yakama Nation (I) | March 16, 2005 |
| Portland General Electric Company | March 21, 2005 |

Chelan PUD filed responses to the comments, terms, conditions, prescriptions, and recommendations on April 27, 2005; May 11, 2005; and July 15, 2005.

1.4 SCOPING PROCESS

Pursuant to the National Environmental Policy Act (NEPA) of 1969, public scoping meetings were held on December 15 and 16, 1999, to provide agencies and interested parties an opportunity to review and provide input concerning the Initial

Consultation Document (ICD), issued on July 7, 1999 and Scoping Document 1 (SD1, issued on November 15, 1999). Following those meetings, Chelan PUD issued a revised SD1 to all interested parties for further review and comment. Comments on both documents were due January 16, 2000, 30 days after the scoping meetings in December. Chelan PUD reviewed comments received as a result of the scoping process and issued Scoping Document 2 on June 7, 2000, which incorporated those comments.

Site visits were made by the Commission’s Office of Energy Projects staff, agency representatives, and members of the public on Thursday, May 23, 2002, and on Wednesday September 15, 2004.

In addition to the comments received at the scoping meetings, the following entities provided written comments:

| <u>Scoping Document No. 1:</u> | <u>Date of Comment</u> |
|--|-------------------------|
| Washington Department of Ecology | December 22, 1999 |
| Washington Department of Fish and Wildlife | January 12 and 27, 2000 |
| U.S. Forest Service | January 12 and 27, 2000 |
| U.S. Fish and Wildlife Service | January 13, 2000 |
| Public Utility District No. 2 of Grant County | January 14, 2000 |
| Confederated Tribes of the Umatilla Indian Reservation | January 14, 2000 |
| American Rivers | January 14, 2000 |
| Columbia River Inter-Tribal Fish Commission | January 14, 2000 |
| Confederated Tribes and Bands of the Yakama Indian Nation | January 14, 2000 |
| Entiat Focus Group | January 17, 2000 |
| U.S. Department of Commerce, National Marine Fisheries Service | January 24, 2000 |
| City of Entiat, Washington | January 26, 2000 |

| <u>Scoping Document No. 2:</u> | <u>Date of Comment</u> |
|---|------------------------|
| Confederated Tribes and Bands of the Yakama Indian Nation | August 7, 2000 |
| Washington State Department of Ecology | August 7, 2000 |
| American Rivers | August 8, 2000 |
| Columbia River Inter-Tribal Fish Commission | August 10, 2000 |

1.5 CUMULATIVE EFFECTS

According to the Council on Environmental Quality regulations for implementing NEPA—40 CFR 1508.7, an action may cause cumulative effects on the environment if its effects overlap in space and/or time with effects of other past, present, and reasonable foreseeable future actions, regardless of what agency or person undertakes such other actions. Cumulative effects can result from individually minor but collectively significant actions over a period of time, including hydropower and other land and water development activities.

Within the project, we have identified water quality, salmonids, and white sturgeon as having the potential to be cumulatively affected by this project in combination with other hydroelectric project operations and other activities on the Columbia River.

1.5.1 Geographic Scope

The geographic scope of the cumulative effects analysis defines the physical limits or boundaries of the proposed action's effects on the identified cumulatively affected resources. Analysis of the cumulative effects at the project is limited to the Columbia River watershed, as bounded by the project from the tailrace of the upstream Wells Hydroelectric Project (FERC No. 2149) downstream to the beginning of the Rock Island Hydroelectric Project (FERC No. 943) reservoir.

1.5.2 Temporal Scope

The temporal scope of analysis includes a consideration of past, present, and future actions and their effects on cumulatively affected resources. Based on the likely term of a new license, we projected 30 to 50 years into the future, concentrating on the effects on the resources from reasonably foreseeable future actions. The historical discussion is limited, by necessity, to the amount of information available for each resource. We identify the current resource conditions based on the license application, comprehensive plans, and scoping comments received from various agencies and other stakeholders.

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