

COVER SHEET

FEDERAL ENERGY REGULATORY COMMISSION

FINAL ENVIRONMENTAL IMPACT STATEMENT
FOR THE ROCKY REACH HYDROELECTRIC PROJECT

Docket No. P-2145-060

Section 1

Purpose of Action and Need for Power

Pages 1 through 8

FEIS

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)⁷ Rocky Reach Hydroelectric Project (Rocky Reach Project or project). On March 20, 2006, Chelan PUD filed with the Commission a revised proposal embodied in the Rocky Reach Comprehensive Settlement Agreement (Settlement Agreement) with several other parties. 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.

⁷ 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.

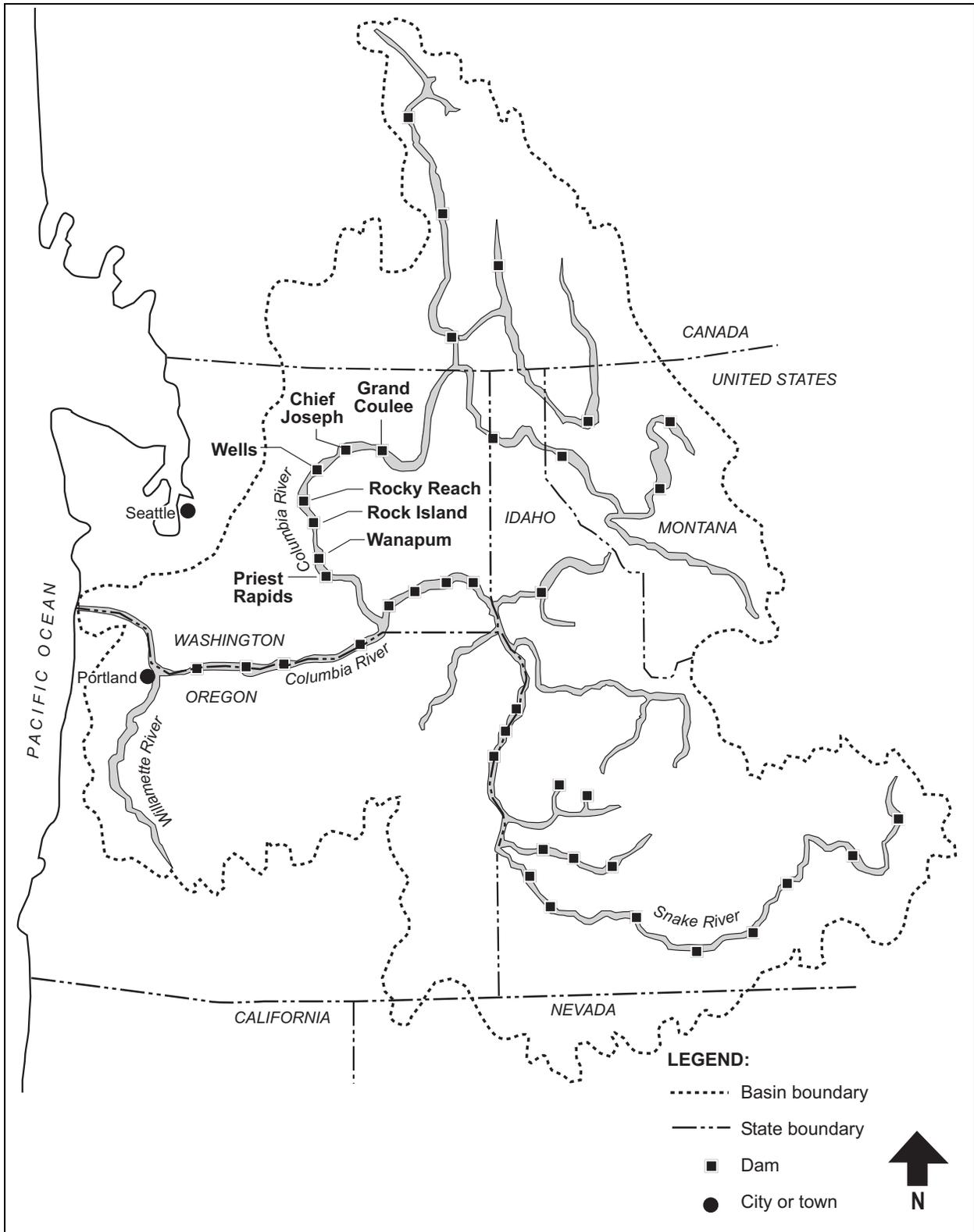


Figure 1. Location of the Rocky Reach Project in the Columbia River Basin. (Source: Staff)

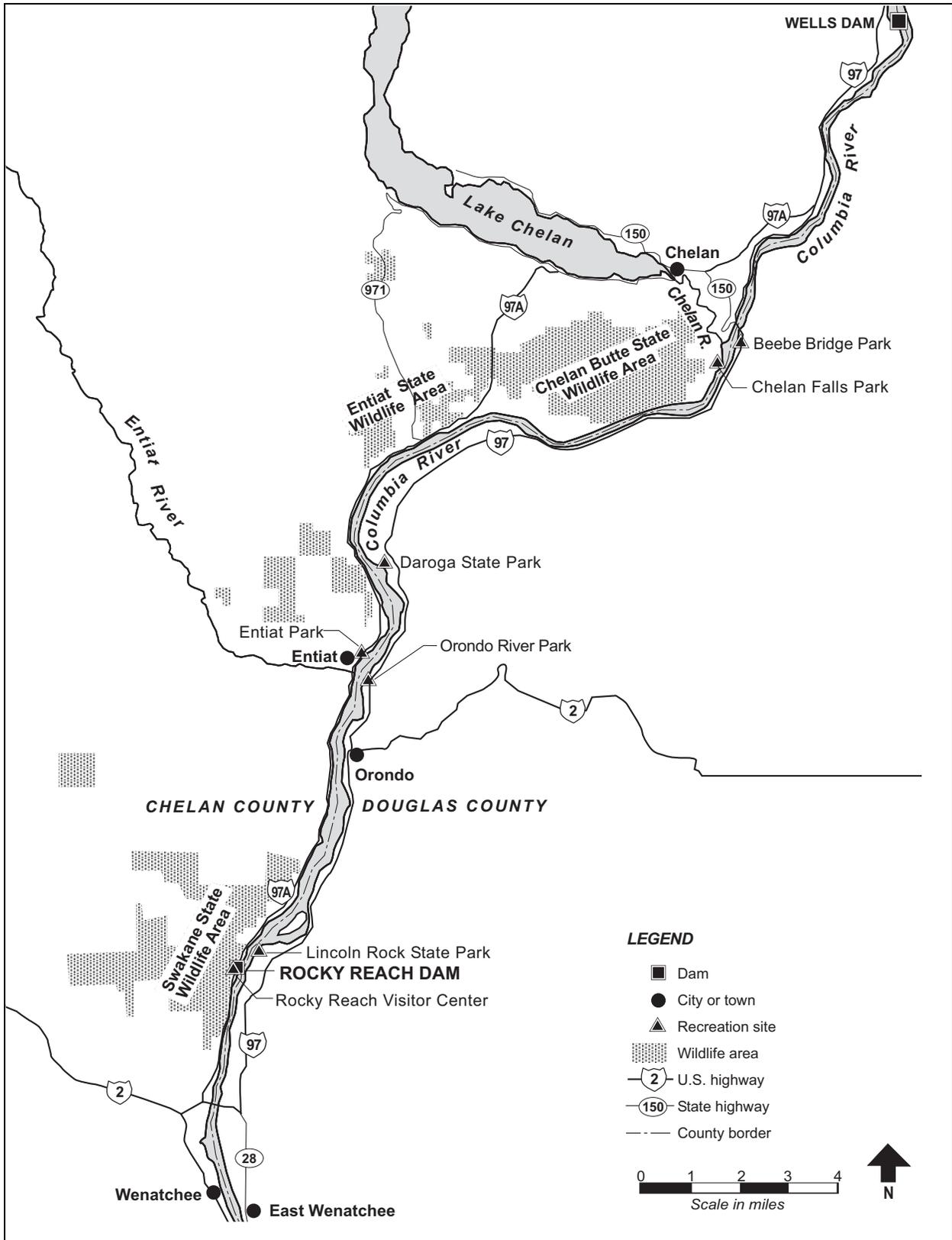


Figure 2. Area map of the Rocky Reach Project. (Source: Staff)

In this final environmental impact statement (final EIS), 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 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 year⁸ 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

⁸ 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 provided a new generation estimate in its December 27, 2004, AIR response. Average annual generation is expected to be 6,030,896 MWh under both the no action alternative and Chelan PUD's proposed 50-year license alternative. We have rounded this figure to 6,030,900 MWh.

power generation the regional utilities now use, and thereby conserve nonrenewable resources and reduce the emission of noxious byproducts caused by fossil fuel combustion.

1.3 INTERVENTIONS AND AGENCY CONSULTATION

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; March 14, 2005; and June 1, 2005
U.S. Department of Commerce, National Marine Fisheries Service (I)	March 9, 2005
Washington Department of Fish and Wildlife (I)	March 9, 2005; March 10, 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 COMMENTS ON THE DRAFT EIS

The Commission staff sent the draft EIS to the U.S. Environmental Protection Agency (EPA) and made the draft EIS available to the public on September 9, 2005. The Commission staff requested that any written comments on the draft EIS be filed within 60 days. In addition, the Commission staff participated in a technical conference on October 19, 2005, and accepted oral comments from that conference. We modified the text of the final EIS as appropriate in response to oral and written comments. Appendix A lists the commenters, summarizes the comments, and presents our responses to those comments.

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