



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

March 24, 2003

Jeremiah C. Ingersoll
District Ranger
Tongass National Forest
Ketchikan-Misty Fiords Ranger District
3031 Tongass Avenue
Ketchikan, AK 99901-5743

RE: Request for Comments, Easement to Impound Water on National
Forest System Lands, Connell Lake

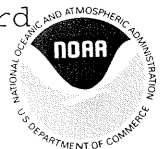
ATTN: Vernon Keller

Dear Mr. Ingersoll:

The National Marine Fisheries Service (NMFS) has reviewed the referenced request for comments regarding re-issuance of a United States Forest Service (USFS) easement for water storage on 280 reservoir acres of USFS lands above Connell Lake Dam. The easement has been requested by Ketchikan Pulp Company (KPC) to supply 2 million gallons per day to the landfill located at the former pulp mill site at Ward Cove. The proposed purpose and need of your environmental document is to provide authorization of the impoundment to ensure that the Connell Dam industrial infrastructure will remain intact, which will provide opportunities for resource uses that contribute to the local economy. The purpose of scoping is to identify potential issues, concerns, and opportunities associated with the proposed project.

Your letter indicates that "Hydroelectric power is one option that is being considered by Ketchikan Public Utilities (KPU). KPU is currently studying the development of a hydroelectric facility in Ward Cove, using Connell Dam to store water for the project." NMFS advises that a March 7, 2003, notice from the Federal Energy Regulatory Commission (FERC) indicates that KPU has surrendered its preliminary permit for the Connell Lake hydroelectric project. A copy of this notice is enclosed.

The purpose and need, alternatives analyses, and impact analyses for this project need to be broadened to include all possible economic benefit of the reservoir waters. As noted by your list of preliminary issues, this includes providing for the production of anadromous fish in Ward Creek. Alternatives should include consideration of instream flow requirements and fish passage above the dam (as appropriate) for anadromous fish found in Ward



Creek, which include pink, chum, coho and sockeye salmon, Dolly Varden char and steelhead trout (Alaska Department of Fish and Game (ADF&G) cataloged stream #101-47-10150, USGS Quad Ketchikan B-6). Removal of Connell Dam combined with restoration of anadromous fish runs should also be considered as an alternative. This alternative should also analyze the potential for restoration of natural sediment delivery to the lower watershed if the dam is removed. The long-term loss of sediment delivery to the lower watershed, due to the blockage of the dam, is an issue of concern to the long-term maintenance of fish habitat values below the dam.

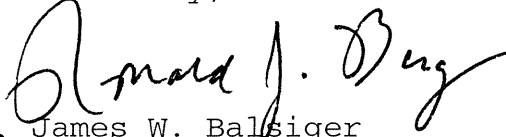
Your letter was unclear as to the specific use of the 2 million gallons per day going to the landfill, which needs to be further defined. NMFS is concerned that the proposed 30-year easement will preclude opportunity for recovery and enhancement of fish runs in Ward Creek. Alternatives for shorter periods of time, to allow for periodic reassessment of the situation, should be included in your analyses.

Your environmental document should also include an essential fish habitat (EFH) assessment, pursuant to the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) (50 CFR 600.920, 67 FR 2380). EFH is present in Ward Creek for the four species of salmon listed in the ADF&G catalog. The final document should include an assessment of the impacts of the proposed action on EFH in a section entitled "Essential Fish Habitat," as required by the MSFCMA. The EFH Assessment should include: 1) a description of the action; 2) an analysis of the potential adverse effects of the action on EFH and managed species; 3) the Forest Services' conclusions regarding the effects of the action on EFH and 4) proposed mitigation, if applicable.

Within 30 days of receiving the EFH Assessment, NMFS will develop EFH conservation recommendations for the project which, if implemented, will reduce any adverse effects on EFH from the project. Upon receipt of the EFH Conservation Recommendations, the MSFCMA requires the Forest Service to respond to NMFS within 30 days informing us of the agency's decision to implement these recommendations.

We look forward to coordinating with you on our review of this project. If you have any questions please contact Linda Shaw at (907) 586-7510.

Sincerely,

For 
James W. Balsiger
Administrator, Alaska Region

cc: EPA Juneau (Chris Meade)
ADEC, AADGC, ADNR, USFWS Juneau
ADF&G, Juneau

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Ketchikan Public Utilities

Project No. 11854-002

NOTICE OF SURRENDER OF PRELIMINARY PERMIT

(March 7, 2003)

Take notice that Ketchikan Public Utilities, permittee for the proposed Connell Lake Project, has requested that its preliminary permit be terminated. The permit was issued on July 3, 2001, and would have expired on June 30, 2004. The project would have been located on Connell Lake and Ward Creek in Ketchikan Gateway Borough, Alaska.

The permittee filed the request on January 29, 2003, and the preliminary permit for Project No. 11854 shall remain in effect through the thirtieth day after issuance of this notice unless that day is a Saturday, Sunday, or holiday as described in 18 CFR 385.2007, in which case the permit shall remain in effect through the first business day following that day. New applications involving this project site, to the extent provided for under 18 CFR Part 4, may be filed on the next business day.

Magalie R. Salas
Secretary