



**UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration**

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

January 19, 2007

Magalie Roman Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Project No. 2230-034, TERMS AND CONDITIONS

Dear Ms. Salas:

Enclosed for filing the above-referenced proceeding are the National Marine Fisheries Service's recommended Section 10(j) terms and conditions for the Blue Lake Hydroelectric Project, No. 2230-034. If you have any questions about this matter, please contact Linda Shaw at 907-586-7510 or linda.shaw@noaa.gov.

Sincerely,

Robert D. Mecum
Acting Administrator, Alaska Region

Enclosure



UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

City and Borough of Sitka)	Docket No.
)	
Blue Lake Hydroelectric Project)	Project No. 2230-034
)	
Application for New Major License)	

NATIONAL MARINE FISHERIES SERVICE

FINAL TERMS AND CONDITIONS

The City and Borough of Sitka has submitted an application for a hydroelectric project located on Sawmill Creek, 5 miles southeast of the City of Sitka, Alaska. The National Marine Fisheries Service (NMFS) participated actively in discussions with the applicant to assess the effects of the project on salmon and their habitat in Sawmill Creek. We recommended and participated in studies to assess habitat conditions under various flow levels, and we were actively involved in discussions to reach agreement on appropriate license conditions. The licensee and several interested parties developed a settlement agreement for the Blue Lake project in September, 2006. Although NMFS did not sign the settlement agreement, we concur with the agreed upon language for license Articles 401 and 402. Accordingly, NMFS offers the following Federal Power Act Section 10(j) recommended license terms and conditions for the protection, mitigation of damages to, and enhancement of fish and wildlife resources affected by the Blue Lake project.

(1) The new license for the project should include the following language for Article 401:

ARTICLE 401

From April 15 through June 30, Licensee will assure, by releases from the Fish Valve Unit (“FVU”), a minimum instream flow into Sawmill Creek of 70 cubic feet per second (“cfs”) or maximum hydraulic capacity of the FVU, at the concurrent reservoir level, whichever is less. During the remainder of the year (July 1-April 14) Licensee will assure, by releases from the FVU, a minimum instream flow of 50 cfs.

(2) Conditions from original License Article 401, as amended, allowing instream flow to be reduced from 50 cubic feet per second to either 35 or 27 cubic feet per second when Blue Lake reservoir falls below specified elevations will not be included in Article 401 of the New License.

(3) Conditions from License Article 401, as amended, restricting releases for bulk water export when Blue Lake reservoir falls below specified levels will not be included in Article 401 of the New License.

(4) The new license for the project should include the following language for Article 402:

ARTICLE 402

For instream flow changes caused by project operations, Licensee shall observe specified ramping rate restrictions. The allowable ramping rates will vary depending on whether normal or non-normal operating conditions, described below, apply.

Normal Operations

Normal Operation is defined as operation during those periods when the Fish Valve Hydroelectric Generating Unit (“FVU”) is the sole source of controllable water discharge into the bypassed reach of Sawmill Creek.

During Normal Operations, Licensee shall operate the FVU to assure the following periodic up- and down-ramping rates:

Time Period	Up-ramping Rate	Down-ramping Rate
<i>April 1 – July 15</i>	<i>0.2 ft/hr</i>	<i>0.1 ft/hr</i>

July 16 – Sept 30	0.1 ft/hr	0.1 ft/hr
Oct 1 – March 31	0.2 ft/hr	0.2 ft/hr

The ramping rate shall be measured as change in stage over a one hour period at the Upper Staff Gage which is installed at the Sawmill Creek Bridge near the U.S. Forest Service campground at Sawmill Creek SM 1.57.

Non-normal Operations

Non-normal Operations are defined as those outside the normal daily operation of the FVU, specifically, operation of the Howell-Bunger release valve in the Blue Lake dam and the FVU bypass valve. No ramping restriction will apply when these devices are in use. However, during non normal operations the City will minimize ramping rates to the extent possible given equipment constraints and needs for worker safety.

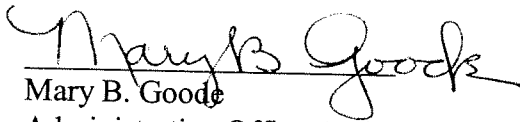
Respectfully submitted for NOAA Fisheries this 19th day of January, 2007, in Juneau, Alaska.



Robert D. Mecum
Acting Administrator, Alaska Region

CERTIFICATE OF SERVICE

I hereby certify that I have this day served upon the Federal Energy Regulatory Commission, by E-filing, these Final Terms and Conditions.



Mary B. Goode
Administrative Office Assistant
NOAA Fisheries Habitat Division, Alaska Region