UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

September 23, 2003

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 1st Street NE
Washington, D.C. 20426

Subject: National Marine Fisheries Service Preliminary Terms and Conditions for the Chignik Hydroelectric Project (FERC Project # 620-000)

Dear Secretary Salas:

Norquest Seafoods has filed a Draft Application for License and a Preliminary Draft Environmental Assessment (PDEA) for a relicensing of the Chignik Hydropower Project on the Indian Creek in Chignik, Alaska (Project No. 620-000). Water for the project comes from a 20 acre reservoir created by a timber dam across Indian River. A 7,700 ft. pipeline carries water from the reservoir to a 60kW generating unit located in the Norquest Plant. In addition to power generation, some of the water is used in the processing plant and some is used for the municipal water supply.

Section 10(j) of the Federal Power Act (16 U.S.C. 803(j)) authorizes the National Marine Fisheries Service (NMFS) to recommend license conditions necessary to protect, mitigate damage to, and enhance fish and wildlife (including spawning habitat) affected by the development, operation and management of a project. NMFS' interest in the protection of marine, estuarine, and anadromous fishery resources also derives from the Anadromous Fish Conservation Act 16 U.S.C. 757(a), the Magnuson-Stevens Fishery Conservation and Management Act, 16 U.S.C. 1801 et seq, the National Environmental Policy Act, 42 U.S.C. 4321 et seq, and the Pacific Salmon Treaty Act of 1985, 16 U.S.C. 3631-3644.

NMFS COMMENTS ON THE PDEA

NMFS has reviewed all the information on the Chignik Relicensing Web Site including the Draft License Application and the PDEA. Although this project is small in size (average output 20 - 25 kW and water use 2 - 4 cfs), it is complex in design. The complexity arises from the multiple uses of project components. The project is used to generate electricity, provide water to the Norquest Cannery, and provide water to the City of Chignik. Historic data for Indian Creek stream flows and water use for individual project components are extremely limited. Determining what impacts, if any, occur to the anadromous fish populations of Indian Creek as a result of project operations is impossible.

The PDEA states that the physical characteristics of the stream limit salmon production. NMFS agrees with this assessment. Indian Creek in its existing configuration has likely never produced

substantial numbers (> 2,000) of salmon. However, evidence suggests that moderate numbers (300 - 1,000) of salmon have been found in the stream. Pink salmon are the most abundant and possibly the only species of salmon found in Indian Creek. The PDEA states that "The presence of pink salmon in Indian Creek is most probably due to straying and not actual production in the creek itself." NMFS disagrees with this statement, which is not supported with any data. The only data the PDEA presents says the United States Army Corps of Engineers (USACE) captured 200 juvenile pink salmon in Indian Creek in 1982. These data contradict the stated conclusion and indicate that the stream is capable of producing pink salmon.

The PDEA concludes that "Given the average flows and the natural occurrence of low flows in the winter it is concluded that the Project's withdrawal of up to 2.7 cfs is an insignificant factor with regard to the presence of salmon in Indian Creek." NMFS disagrees with this conclusion. Little or no data are available on average flows and low flows in the creek. Without supporting data, this conclusion is not possible.

Further complicating the lack of information is the uncertainty associated with future water needs for local use. The PDEA states that Trident Seafoods is seeking new sources of water for its cannery. In addition, the Alaska Native Tribal Health Consortium (ANTHC) is currently addressing water system issues in Chignik. The only reasonable water source for these uses apparently is Indian Creek. Thus, future instream flows could be reduced even further by increased community water demands.

NMFS RESOURCE GOALS AND OBJECTIVES

NMFS' goal in this relicensing process is to provide enough water to Indian Creek to support salmon populations. In support of this goal, one objective is to determine if enough water exists to maintain hydropower production, water production for the Norquest Cannery, domestic water for the City of Chignik, other reasonably foreseeable water uses, and salmon production in Indian Creek. Available data are insufficient for NMFS to make this determination. A second objective is to determine if a more efficient water budget for the project can be developed allowing for sufficient flows during low flow periods to maintain salmon populations in Indian Creek. NMFS is interested in determining inefficiencies in existing use and trying to turn the inefficiency into more water available for all project components.

Norquest Seafoods is addressing both objectives through ongoing project studies. As a result of NMFS comments on the Initial Consultation Package, Norquest has installed stream gauges in upper and lower Indian Creek and a flow meter in the pipeline. Data will be available in the future to help fill information gaps and meet stated objectives.

PRELIMINARY TERMS, CONDITIONS, AND RECOMMENDATIONS

NMFS had difficulty developing preliminary terms and conditions on the Chignik Hydropower Project PDEA because of the lack of stream flow and water use data.

Nevertheless, NMFS requests that the Federal Energy Regulatory Commission (FERC) apply the following terms if a license is issued for the Chignik Hydropower Project:

1. Norquest Seafoods must collect stream flow and water use data for at least 5 years to build a database for more detailed project analysis.
2. Norquest Seafoods must file an annual report with FERC containing all the stream flow and water use data collected during the year. The report should be distributed to NMFS, U.S. Fish and Wildlife Service, Alaska Department of Fish and Game, and any other interested agencies.
3. Norquest Seafoods must notify NMFS, U.S. Fish and Wildlife Service, Alaska Department of Fish and Game, and any other interested agencies of any potential project modifications resulting from efforts to improve the domestic water supply in the City of Chignik.

NMFS recommends that FERC issue a temporary license to Norquest Seafoods for a period not to exceed 5 years. This will allow Norquest Seafoods time to collect the requested data so the interested agencies can make final recommendations based on empirical information. Once the final recommendations have been made, FERC can make an informed final decision on disposition of the Chignik Hydroelectric Project Relicensing.

We look forward to working with Norquest Seafoods, FERC and other interested parties as the licensing process moves forward. If you have any questions, please contact Larry Peltz at (907)271-1332.

Sincerely,

James W. Balsiger
Administer, Alaska Region

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