



United States Department of the Interior

OFFICE OF THE SECRETARY
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January 15, 2015

Kimberly D. Bose
Federal Energy Regulatory Commission
888 First Street, NE
Washington DC 20426

Subject: NOTICE OF INTENT TO PREPARE AN ENVIRONMENTAL IMPACT STATEMENT AND SOLICITING COMMENTS, FINAL RECOMMENDATIONS, TERMS OF CONDITIONS, AND PRESCRIPTIONS for Sweetheart Lake Hydropower Project, FERC Project No. 13563-003; City and Borough of Juneau, Alaska

Dear Secretary Bose:

The U.S. Department of the Interior (Department) has reviewed the subject Notice of Intent to Prepare an Environmental Impact Statement (EIS) and Soliciting Comments, Final Recommendations, Terms and Conditions, and Prescriptions for the Sweetheart Lake Hydropower Project (Project), FERC Project No. 13563. The Department has also reviewed Juneau Hydropower, Inc.'s (JHI) Final License Application (FLA) and successive Preliminary Draft Environmental Assessment (PDEA) for the Project, filed on May 28, 2014, and JHI's October 19, 2014, response to the Federal Energy Regulatory Commission (Commission)'s Additional Information Request (AIR).

The Department has responsibilities and authorities related to outdoor recreation and cultural resources of the United States. These responsibilities include evaluation of recreational resources and assuring effective and beneficial use and management of such resources through coordination and consultation with federal, state, tribal, and local government agencies per 16 U.S.C. § 460*l*. The Department also has responsibilities under the National Historic Preservation Act; the National Trails System Act; and the Wild and Scenic Rivers Act. Federal Power Act regulations mandate that applicants consult with the Department's National Park Service (Service) on proposed hydropower projects and identify topics for consultation, including recreational resources, historic and archaeological value, land management, and aesthetics.

JHI consulted with the Service's Hydropower Assistance Program at several points during the Alternative Licensing Process on the design and execution of recreational and aesthetic resource studies, impact assessments, and potential mitigation. In addition, the Service provided comments to JHI on its Draft License Application and Draft Environmental Analysis.

The Department's comments and recommendations on the FLA and Project-related documents are as follows:

Recreational Management

The Department supports the license requirement to finalize and periodically update the draft Recreation Management Plan (RMP), which is included in Appendix Z of the PDEA; however, the Department strongly recommends that this plan be scheduled for review more frequently than the 20-year interval proposed by JHI, especially in the years immediately following commencement of Project operations. Assuming the Commission's Project license includes the requirement that JHI provide recreational access improvements and facilities, such as the proposed Gilbert Bay moorings, public access to the new dock, access to the road, trail improvements, fishing access at the tailrace, and interpretive and educational materials concerning bear safety, the Department expects that the design and management of these features may need some adjustment during the first few years of use. Twenty years is too long a time for unanticipated issues to go unaddressed. Consequently, we recommend that the RMP be scheduled for revision four to eight years after it is initially completed and at ten year intervals thereafter.

The FLA characterizes recreational demand for experiences that could be provided by the Project area as being relatively low and stable (albeit with high inter-annual variability), in part because access is mainly via boat from Juneau and fuel prices are (or were, when JHI conducted its analysis) high. JHI states that most current visitors to the Project area are there to fish (sport fishing and personal use fishing) or are using Gilbert Bay as an anchorage, with few to no visitors to Sweetheart Lake. Based on this pre-Project assessment, JHI does not plan to construct facilities to receive visitors at the lake, provide aesthetic flow releases to mitigate the dewatering of waterfalls along Sweetheart Creek, nor manage Sweetheart Lake to minimize the adverse visual impact of the "bathtub ring" that may form due to lake level fluctuations. JHI predicts a modest five percent increase in recreational use due to the development of Project facilities. Infrastructure associated with the Project (e.g., dock and trail to the mouth of Sweetheart Creek) will provide easier access to Sweetheart Lake, which in turn may increase recreational use of the lake and surrounding Project area. The Department recommends that the Commission analyze the likely increase in recreational use in future Project-related documents, including the EIS.

Underlying these conclusions in the FLA is the assumption that demand is a linear function of the region's population size and that factors, such as a significant drop in fuel prices or the development of new types of recreational activities, will not influence the level of recreational use demand. Trends in the types of recreational experiences sought by current and potential future visitors to the Project area were not assessed. Visitors who come to fish were found to prefer fishing to other types of recreational use. Licensing decisions should not be based on an untested assumption that the public interest in recreation at hydropower projects is static, remaining at close to current levels over the 50-year term associated with original licenses. Therefore, the Department recommends the inclusion of measures in the final Project license to periodically assess and accommodate changes in recreational demand with time.

While the Commission's Form 80 requirement partially fulfills this need, the primary focus of Form 80 is to assess how close a project's various recreational facilities are to their physical capacity. Form 80 does not require that licensees assess other important aspects of recreational use, such as visitor satisfaction with recreational experiences provided by the Project, visitor displacement due to other factors, or demand for opportunities associated with new forms of recreation that are likely to evolve over the next half century. The Department recommends that JHI include measures to periodically monitor visitor use and satisfaction in the requirement for an RMP, as well as consider measures to address changes in demand. The monitoring interval should be shorter than the 20-year cycle proposed in the draft RMP.

The Department also recommends that JHI be required to establish and maintain, with frequent summer season updates, a website describing construction progress on the Project and any associated issues that potential recreational visitors may encounter as a consequence. JHI proposes to complete most of the recreational facilities at the Project area after construction is completed, so there will be at least two seasons during which boaters and anglers may experience short-term disruptions to their ability to access the area and changes in the quality of their recreational use. Easily accessible information can be provided at low cost via the licensee's existing website. Offering information about the kind of conditions visitors are likely to encounter at the Project while it is under construction would improve public safety and decrease potential conflicts between visitors and Project staff. A point of contact should be identified on the website, and provisions for receiving public comments should also be included, so that any unanticipated problems can be promptly addressed.

Impact Assessment and Cost of Environmental Measures

Although JHI's response to the Commission's AIR somewhat clarified the rationale used to derive annual and capital costs associated with various environmental measures, the Department believes the FLA and AIR response continue to overstate the cost of some recreational measures. For example, some Project features (hardened trails, berms, interpretive materials) are intended not only to improve recreational access and safety, but to mitigate Project impacts on wildlife (i.e., bears). In other cases, measures that benefit both recreation and aquatic resources (e.g., Sockeye salmon smolt collection) were included just under one section. It appears that costs associated with building and maintaining these measures were placed solely under the "Recreational Resources" heading instead of "Wildlife," for example. Further, given the low levels of recreational use in the Project area during the winter, it seems inappropriate to include snow removal as a recreational resource benefit (e.g., PDEA, p. 100). The Department recommends that these costs and measures be scrutinized by the Commission and be categorized more accurately where appropriate.

The Department notes that the \$10,000 annual cost estimate for litter control at the site appears to be very high, especially given the fact JHI does not intend to provide trash receptacles at Project access sites (JHI's AIR response, p. 116). Since this cost is included under the "Recreational Resources" heading, it presumably only includes the projected cost of controlling litter associated with public use, which is low except for a few weeks each summer. The draft RMP states that litter will only be picked up in July and August. Visitors access the area by boat, not motor vehicles, and they do not camp on shore, so it is difficult to imagine a visitor use

scenario generating a waste volume that would cost \$5,000 per month to remove, especially because the RMP states that “pack it in, pack it out” messages will be provided via signs and brochures, and there will be a JHI employee on-site to monitor any egregious behavior. We recommend that the Commission carefully review this cost estimate and assess if it can be justified.

JHI has not provided satisfactory explanations regarding its proposed 3 cubic foot per second (cfs) environmental flow release and the impact of this very low flow on Sweetheart Creek’s scenic integrity. In the PDEA (p. 137), JHI states that the 3 cfs it proposes to release is intended to serve as a “base flow for ecological maintenance.” However, JHI has not provided an assessment of the relationship between flows and ecological processes in the creek, so this statement cannot be validated. Also in the PDEA (p. 583), JHI states that the scenic resource impacts of the low instream flow (i.e., the almost total dewatering of a series of waterfalls and cascades) is “unavoidable.” Mitigating the effects of hydropower flow diversions on aquatic biological resources and aesthetic resources through the provision of substantial environmental flows is both feasible and common practice at hydroelectric projects. The Department recommends that the Commission consider the need to mitigate such impacts when balancing the power and non-power benefits of Sweetheart Lake and Sweetheart Creek in the EIS and license for the Project.

Thank you for considering our comments on this Project. If you have questions, please contact Cassie Thomas, National Park Service Hydropower Program Coordinator for the Alaska Region, at cassie_thomas@nps.gov or 907 350-4139.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Johnson", with a long horizontal flourish extending to the right.

Philip Johnson
Regional Environmental Officer – Alaska

Document Content(s)

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