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April 28, 2021

KIMBERLY D. BOSE, SECRETARY  
FEDERAL ENERGY REGULATORY COMMISSION  
888 1ST STREET NE, SUITE 1A  
WASHINGTON, D.C. 20426

Re: Newhalem Creek Hydroelectric Project No. 2705 – Notice of Intent to Surrender License and Proposed Process Plan and Schedule

Dear Secretary Bose:

Seattle City Light owns and operates the Newhalem Creek Hydroelectric Project (Project), located in Whatcom County, Washington, just west of the town of Newhalem. This 2.3 MW Project was built to supply power to the town of Newhalem and for construction of Gorge Dam and Powerhouse, which is part of the Skagit River Hydroelectric Project (No. 553). The current license for the Newhalem Creek Project expires on January 31, 2027.

Currently, the Project cannot be operated due to three issues—leaks in the power tunnel, maintenance at the headworks, and access road safety concerns. Based on an engineering and economic analysis of the necessary repairs, City Light has determined Project costs far exceed potential revenues of resuming generation. For this reason, City Light has decided not to restore the Project to operation and will not seek a new license for the Project.

The purpose of this letter is to inform the Federal Regulatory Energy Commission (Commission) that City Light plans to file an Application for License Surrender by the end of January 2022. A proposed Process Plan and Schedule is attached. To expedite this process, City Light requests designation as the Commission's non-federal representative for consultation under Section 7 of the Endangered Species Act and Section 106 of the National Historic Preservation Act.

In addition, City Light would like to request a stay of a compliance action related to the access road to the Newhalem Creek Project diversion dam and headworks. A landslide in early 2019 damaged the access road about a quarter of a mile from the dam; the adjacent slope is very unstable and has continued to unravel. Following an environmental compliance inspection in August 2019, the Commission ordered City Light to reestablish access to the headworks. On October 9, 2020, City Light submitted a plan to remediate the landslide and complete the road repairs by November 30, 2021; this schedule was accepted by the Commission on October 15, 2020. The road does not provide access to any public recreation sites or amenities and is currently gated at the lower end. If needed, City Light staff can reach the headworks on foot when conditions are not deemed hazardous.

The road repairs needed to provide access for decommissioning the Project diversion/headworks are likely to be very different than those required to reestablish permanent access. City Light's plans for providing the temporary access needed for removing the Project headworks will be included in the draft decommissioning plan, which will be filed with the Commission as part of the Application for License Surrender. Once the diversion/headworks are decommissioned, City Light will permanently close the access road in accordance with National Park Service specifications for remediation and restoration.

City Light appreciates the advice provided by Commission staff regarding the license surrender process and the access road issues. We look forward to a response on our request to be designated the non-federal representative for ESA and NHPA consultation and for a stay of the compliance action on the access road repairs.

If you have any questions, please feel free to contact me at (206) 858-0981 or [andrew.bearlin@seattle.gov](mailto:andrew.bearlin@seattle.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Bearlin".

Andrew Bearlin  
Manager, Skagit License  
Seattle City Light

Cc: David Turner, FERC  
Diana Shannon, FERC  
Mark Ivy, FERC

Enclosure: Surrender Application Process Plan and Schedule

## **Newhalem Creek Hydroelectric Project Surrender Application Process Plan and Schedule**

The Surrender Application and Decommissioning Plan for the Newhalem Creek Project must be filed with the Commission before the end of January 2022. The tasks to accomplish this are listed below, along with a rough schedule targeting a filing date in the third week of January. Post-filing tasks, such as permitting and responding to comments or additional information requests from the Commission are not included. Most tasks will need to be undertaken concurrently.

### **Task 1: Notification Letter & Early Consultation (March-April 2021)**

- Upload relevant files to SharePoint (complete)
- Develop Project description (complete)
- Prepare letter to the Commission – notice of plans to surrender the license, request to be the non-federal representative for Section 106 and ESA compliance; and request for delay on road repair request (complete)
- Identify parties for early consultation (complete)
- Contact NPS, Ecology, WDFW, NMFS, USFWS, DAHP, and tribes informing of them of City Light's intent to surrender the license and requesting meetings to initiate early consultation

### **Task 2: Decommissioning Consultation (April-May 2021)**

- Develop draft proposal for decommissioning
- Prepare letter to tribes and DAHP regarding APE
- Schedule meetings with NPS, DAHP, Ecology, and interested tribes
- Initiate Section 106 consultation with DAHP and tribes
- Initiate informal ESA consultation with USFWS and NMFS

### **Task 3: Decommissioning Plan (May-August 2021)**

- Identify decommissioning tasks/steps based on information from consultation
- Hold another round of consultation meetings
- Develop engineering designs and cost estimates for decommissioning and/or removal of structures
- Develop conceptual restoration plans
- Prepare plan outline
- Draft sections describing removal process for various facilities and BMPs

**Task 4: Application (May-September 2021)**

- Prepare application outline
- Prepare Ex. A (project works and description)
- Develop Ex. E (affected environment and impacts from decommissioning)
- Prepare consultation letters to NMSF, USFWS, and DAHP regarding impacts to listed species and cultural resources from decommissioning activities
- Prepare BA and submit to USFWS and NMFS
- Develop mitigation plan for removal of historic structures and submit to DAHP

**Task 5: Surrender Application (October 2021-January 2022)**

- Compile draft surrender application, including exhibits, appendices, and consultation record
- Submit draft to agencies and tribes for a 30-day review (no later than October 31, 2021)
- Schedule comment/response meetings if needed
- Address agency/tribe comments
- Revise application and finalize
- File final surrender application with the Commission