

BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

*Application for License for Major Project — Unconstructed*

1. Kenai Hydro, LLC. (KHL) applies to the Federal Energy Regulatory Commission (Commission) for an original license for the Grant Lake Hydroelectric Project, FERC No. 13212, as described in the attached exhibits. The following license application has been prepared in accordance with Chapter 18 of the Code of Federal Regulations (CFR) Section 4.41, License for Major Project, Existing Dam and Section 5.18, Application Content.

2. The location of the Project is:

State: Alaska  
County: Kenai Peninsula Borough  
Township or Nearby Town: Moose Pass  
Streams or other body of water: Grant Lake, Grant Creek

3. The exact name, business address, and telephone number of the applicant are:

Kenai Hydro, LLC  
3977 Lake Street  
Homer, AK 99603  
(907) 283-2375

Mikel Salzetti  
Manager of Fuel Supply & Renewable Energy Development  
280 Airport Way  
Kenai, AK 99611  
(907) 283-2375

4. KHL, a wholly owned subsidiary of Homer Electric Association, Inc., is a limited liability company and is not claiming preference under section 7(a) of the Federal Power Act.

5. (i) The statutory or regulatory requirements of the state in which the Project would be located and that affect the Project as proposed, with respect to bed and banks and to the appropriation, diversion, and use of water for power purposes, and with respect to the right to engage in the business of developing, transmitting, and distributing power and in any other business necessary to accomplish the purposes of the license under the Federal Power Act are:

a. **AS 42.05 - Alaska Public Utilities Regulatory Act**

This act outlines the regulations for operating a public utility and defines the authority of the Regulatory Commission of Alaska ("RCA") along with the basic rules for submitting and settling issues with the RCA.

b. **AS 46.15 - Water Use Act**

This act defines the authority of the Department of Environmental Conservation and sets regulations associated with pollution, hazardous substances and air and water issues. AS 46.15 specifically describes the regulations associated with the use of water in Alaska, how to apply and obtain a water right and also defines how priority is determined

c. **11 AAC 93 - Water Management**

These regulations define the procedural aspects of applying for a water right and detail the inspection of facilities and reporting measures required with the acquisition and utilization of a water right.

d. **AS 16.10.10 - Interference with Salmon Spawning Streams and Waters**

These statutes comprehensively address issues associated with spawning anadromous salmonids in Alaska. Both native, naturally reproducing populations and hatchery fish are addressed. AS 16.10.10 requires that an entity must obtain a permit or license from the Alaska Department of Environmental Conservation if they plan to divert, barricade or obstruct waters used by salmon.

e. **AS 41.14.870 - Protection of Fish and Game**

AS 41.14.870 requires that notification be given to the deputy commissioner of the Alaska Department of Fish and Game if a hydraulic project may change the natural flow of a stream.

f. **5 AAC - Fish and Game**

This title contains the regulations set forth by the Alaska Department of Fish and Wildlife and includes everything from habitat issues to guided fishing to subsistence fishing and more.

g. **11 AAC 58 - Leasing of Lands**

This regulation governs the leasing of land belonging to the Alaska Department of Natural Resources.

h. **11 AAC 95.285-320 - Road Construction**

These regulations contain the rules for construction of roads and includes rules to limit the amount of vegetation impacts and rules governing stream crossings/bridges, slope ratings and drainage ditches.

(ii) The steps which KHL has taken or plans to take to comply with each of the laws cited above are:

- a. HEA is an electric cooperative organized under the laws of the State of Alaska in good standing with the Alaska Secretary of State's Office. HEA was issued certificate of Public Convenience and Necessity No. 32 on March 11, 1965 (attached to this Initial Statement). HEA operates and abides by the authority of AS 42.05 and, as a public utility, is regulated by the Regulatory Commission of Alaska. HEA will continue to comply with the statutes under AS 42.05 and the regulations and authority of the Regulatory Commission of Alaska.
- b. As this is a new project, KHL will apply for a Certificate of Appropriation of Water to grant KHL the right to complete the Project as designed for the purposes of electric power generation at Grant Lake, upon approval of this FERC application. HEA has a long history and well-established relationship with the Alaska

Department of Environmental Conservation and will keep them apprised of the progress of this Project. A series of management plans have been identified and are either to be distributed for review between late April and mid-May, or have been committed to being developed when a license is acquired. Many of these plans address variables associated with the Water Use Act. These plans include:

- Hazardous Materials Containment/Fuel Storage Plan
  - Spill Prevention, Control and Containment Plan
  - Operational Compliance Monitoring Plan
- c. As this is a new project, HEA will apply for a Certificate of Appropriation of Water to grant HEA the right to complete the Project as designed for the purposes of electric power generation at Grant Lake, upon approval of this FERC application. HEA has a long history and well-established relationship with the Alaska Department of Environmental Conservation and will keep them apprised of the progress of this Project.
- d. Once a FERC license has been issued to construct the Grant Lake Hydroelectric Project, KHL will apply for the appropriate permit(s) from the Alaska Department of Environmental Conservation required of a project diverting water in a creek that salmon utilize. KHL has involved all State and Federal agencies in the licensing process and will continue to do so during the filing and license acquisition phases. At the appropriate time, KHL will collaborate with the Alaska Department of Environmental Conservation to determine permit needs and application protocol.
- e. KHL has undertaken comprehensive engineering feasibility assessment of the proposed project along with a robust natural resource study program. Results from these efforts along with collaboration with stakeholders has resulted in a project design that alters flows in Grant Creek with very little (if any) negative impact to aquatic resources. That said and since the Project will change the natural flows of the stream, KHL will notify the deputy commissioner upon approval of this FERC license application.
- f. KHL has worked extensively and in a collaborative manner with the Alaska Department of Fish and Game to ensure adherence of all rules and regulations associated with both the natural resource study program and the proposed Project features. An abundance of effort has been placed on collaborating with all

stakeholders at every phase to ensure a robust study methodology and quantitative results that address potential impacts and address any mitigation and enhancement options.

- g. Upon license acquisition, KHL will collaborate with the Alaska Department of Natural Resources to appropriately apply for a lease for the requisite land managed by their agency.
- h. KHL will adhere to all best management practices (BMP) associated with the construction of the Grant Lake Project's infrastructure, including all roads.

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## Statement Pursuant to 18 C.F.R. § 4.32 (a)

- (1) Name and address of every person, citizen, association of citizens, domestic corporation, municipality, or state that has or intends to obtain and will maintain any proprietary right necessary to construct, operate, or maintain the Project:

Kenai Hydro, LLC  
3977 Lake Street  
Homer, AK 99603  
(907) 283-2375

- (2) Name and address of every county in which any part of the Project, and any Federal facilities that would be used by the Project would be located:

The Project is located in the Kenai Peninsula Borough, which has the following mailing address:

Kenai Peninsula Borough  
Borough Mayor: Mike Navarre  
144 North Binkley Street, Soldotna, Alaska 99669

Lands occupied by the Project include federal lands managed by:

Chugach National Forest  
PO Box 21628  
Juneau, AK 99802-1628

- (3) Name and address of every city, town, or similar local political subdivision in which any part of the Project, and any Federal facilities that would be used by the Project, would be located:

There are no cities, towns, or subdivisions in which any part of the Project, or any Federal facilities that would be used by the Project, would be located.

- (4) Name and address of every city, town, or similar local political subdivision that has a population of 5,000 or more people and is located within 15 miles of the Project dams:

There are no cities, towns, or subdivisions with population sizes of 5,000 or more within 15 miles of the proposed Project.

- (5) Name and address of every irrigation district, drainage district, or similar special purpose political subdivision in which any part of the Project, and any Federal facilities that would be used by the Project, would be located:

None.

- (6) Name and address of every irrigation district, drainage district, or similar special purpose political subdivision that owns, operates, maintains, or uses any Project facilities or any Federal facilities that would be used by the Project:

None.

- (7) Name and address of every other political subdivision in the general area of the Project that there is reason to believe would likely be interested in, or affected by, the application:

None.

- (8) Name and address of all Indian tribes that may be affected by the Project:

Chenega Corporation  
3000C Street, Suite 301  
Anchorage, AK 99503

Chugach Alaska Corporation  
3800 Centerpoint Drive, Suite 601  
Anchorage, AK 99503

Cook Inlet Region Inc. (CIRI)  
PO Box 93330  
Anchorage, AK 99509-3330



Kenaitze Indian Tribe  
PO Box 988  
Kenai, AK 99611

Kenai Native Associations  
2115 Fidalgo Ave., Suite 101  
Kenai, AK 99611-7776

Native Village of Eklutna  
26339 Eklutna Village Road  
Chugiak, AK 99567

Ninilchik Traditional Council  
PO Box 39070  
Ninlichik, AK 99639

Qutekcak Native Tribe  
PO Box 1467  
Seward, AK 99664

Salamatof Native Association  
PO Box 2682  
Kenai, AK 99611

**[The Initial Statement will be signed and notarized for the Final License Application.]**

SUBSCRIPTION AND VERIFICATION

This Application for New License for a Major Project, Unconstructed is executed in the

STATE OF ALASKA

COUNTY OF \_\_\_\_\_

By Mikel Salzetti, Manager of Fuel Supply & Renewable Energy Development, of Kenai Hydro, LLC, 3977 Lake Street, Homer, Alaska, being truly sworn, deposes and says that the contents of this application are true to the best of his knowledge or belief. The undersigned applicant has signed this application this \_\_\_ day of \_\_\_\_\_, 2015.

Kenai Hydro, LLC  
(Applicant)

By: \_\_\_\_\_

Mikel Salzetti  
Manager of Fuel Supply & Renewable Energy Development

SUBSCRIBED AND SWORN TO before me, a Notary Public of the State of Alaska, this \_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_

NOTARY PUBLIC

My Commission Expires:

\_\_\_\_\_

# Alaska Public Utilities Commission

## Certificate of Public Convenience and Necessity No. 32

Having found that the grantee of this certificate is fit, willing and able to provide the utility services applied for and that such services are required for the convenience and necessity of the public, the Alaska Public Utilities Commission, pursuant to the authority vested in it by AS 42.05, hereby issues this certificate of Public Convenience and Necessity to

HOMER ELECTRIC ASSOCIATION, INC.

authorizing it to operate a public utility, as defined by AS 42.05. 701 (2) (A) for the purpose of furnishing

ELECTRIC SERVICE

This Certificate is issued under, and subject to, the provisions of AS 42.05 and all rules, regulations and orders from time to time promulgated by the Commission governing the rates, charges, services, facilities, and practices of utility operations of the kind authorized herein.

The specific nature, scope, terms, conditions and limitations of the authority granted by this Certificate, as amended to date, are set forth in the appendix hereto and in the following order (s) of the Commission which, by this reference, are incorporated in and made a part hereof as though fully set forth herein.

Docket No.

P-65-23

U-72-69 (1)

Date of Order

March 11, 1965

April 1, 1965

September 16, 1966

November 17, 1972

IN WITNESS THEREOF, the undersigned members of the Commission have executed this Certificate of Public Convenience and Necessity at Anchorage, Alaska on this 12th day of December 19 72 .

Alaska Public Utilities Commission



*John M. Steen, Jr.*  
(CHAIRMAN)

*George B. Zwick*  
(MEMBER)

*James A. ...*  
(MEMBER)

APPENDIX A

Certificate of Public Convenience  
and Necessity No. 32 granted to

HOMER ELECTRIC ASSOCIATION, INC.

DESCRIPTION OF SERVICE AREA:

Township 9 North, Ranges 8, 9, 10 and 11 West  
Township 8 North, Ranges 8, 9, 10, 11 and 12 West  
Township 7 North, Ranges 8, 9, 10, 11 and 12 West  
Township 6 North, Ranges 7, 8, 9, 10, 11 and 12 West  
Township 5 North, Range 5 West, Sections 1 through 24,  
and 26 through 35  
Township 5 North, Ranges 6, 7, 8, 9, 10, 11 and 12 West  
Township 4 North, Ranges 5, 6, 7, 8, 9, 10, 11 and 12 West  
Township 3 North, Ranges 10, 11 and 12 West  
Township 2 North, Ranges 11 and 12 West  
Township 1 North, Ranges 11, 12 and 13 West  
Township 1 South, Ranges 11, 12, 13 and 14 West  
Township 2 South, Ranges 11, 12, 13 and 14 West  
Township 3 South, Ranges 11, 12, 13, 14 and 15 West  
Township 4 South, Ranges 10, 11, 12, 13, 14 and 15 West  
Township 5 South, Ranges 10, 11, 12, 13, 14 and 15 West  
Township 6 South, Ranges 11, 12, 13, 14 and 15 West  
Township 7 South, Ranges 11, 12 and 13 West  
Township 8 South, Ranges 12, 13, 14 and 15 West  
Township 9 South, Ranges 12, 13, 14, 15 and 16 West  
Township 10 South, Ranges 15 and 16 West

All the above with reference to the Seward Meridian.

CHRONOLOGY:

Original Certificate granted 3/11/65  
First Revision 4/1/65  
Second Revision 9/16/66, (P-65-23)  
Third Revision 11/17/72, (U-72-69(1))