

**Kenai Hydro, LLC**

3977 Lake Street  
Homer, AK 99603

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February 26, 2014

Secretary Kimberly D. Bose  
Federal Energy Regulatory Commission  
Attn: DHAC, PJ-12.2  
888 First Street, NE  
Washington, DC 20426

**- FILED ELECTRONICALLY -**

**RE: Fourth Six-Month Preliminary Permit Progress Report for the Grant Lake  
(Project No. 13212), September 1, 2013 – February 28, 2014**

Dear Secretary Bose:

Kenai Hydro, LLC (KHL) hereby submits its fourth six-month progress report, for the period of September 1, 2013 through February 28, 2014 for the proposed Grant Lake Project.

A second Preliminary Permit Application was submitted to the Federal Energy Regulatory Commission (FERC) and subsequently granted on March 23, 2012. KHL devoted the remainder of 2012 to hiring a natural resource consultant, refining study plans and working with stakeholders to comprehensively update them on developments related to more quantitative study plans and Project infrastructure. As a result, KHL adjusted the study schedule to allow resource studies to begin with the winter studies in 2012/2013 and the spring/summer/fall work to occur in 2013.

From January to May of 2013, KHL acquired all necessary permits for the field season and worked with their natural resource consultant to develop a sound logistical approach for completing all field work outlined in its 2013 study plans. Field work commenced in late March and has continued to date. The bulk of the studies were completed by late 2013 for all resource areas (Aquatics, Water Resources, Terrestrial, Recreation/Visual and Cultural). Remaining tasks are primarily associated with the Terrestrial aspect of the studies and will be completed in seasonal accordance with the final study plans that have been filed with FERC (March 21, 2013).

KHL has scheduled its Natural Resource Report Meetings for the week of March 17, 2014 and is in the process of finalizing Draft Resource Reports for distribution to the stakeholders in advance of the meetings for their review. The interim between now and the meeting week will be spent developing resource specific presentations and formalizing logistics and schedules. In addition to the presentation of the natural resource study results, KHL has been working with their selected engineering contractor on refinements to the infrastructural Project layout and operational conditions. Presentations related to engineering progress will also be given during the Resource Report Meetings to engage stakeholders in the engineering phase of the Project and begin dialogue with stakeholders related to Project and operational design. To date a generation/operations model has been developed and geotechnical, hydraulic, and hydrologic

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technical memos have been drafted. All of this work and pending stakeholder consultation and collaboration will continue KHL on its path to the development of Draft and Final License Applications.

### ACTIVITIES DURING THE REPORTING PERIOD (September 2013 – February 2014)

#### Stakeholder Outreach and Consultation

- KHL held a Grant Creek site visit on September 5, 2013. Multiple agency representatives attended representing ADF&G, ADNR, National Park Service, NMFS, USFS and AEA. The entire project infrastructure (study and proposed project plan) on the creek was toured.
- On November 13, 2013 KHL met with the USFS, Alaska State Parks, and ADNR to propose two alternative routes for the (yet to be constructed) commemorative Iditarod National Historic Trail (INHT) that would accommodate proposed project infrastructure. In addition to the alternative routes, the administrative process to reroute the trail was discussed.
- On November 21, 2013 KHL held a follow up conference call to the INHT meeting with ADNR regarding the implications of the realignment of the INHT under Section 106 of the State Historic Preservation Act.
- On November 27, 2013 KHL held a conference call with NOAA, ADF&G and USFWS regarding the appropriate species specific preference curves for use in the Grant Creek Instream Flow modeling effort.
- KHL continued collaboration with requisite resource agencies (Alaska Department of Fish & Game, Alaska Department of Natural Resources, Forest Service, State Historical Preservation Office, Kenai Peninsula Borough, Army Corps of Engineers, etc.) related to Natural Resources Study activities, permit compliance and study protocols.
- KHL coordinated with stakeholders and settled on meeting dates for the Aquatic, Natural Resource and Cultural Resource Working Group meetings to be held in Anchorage during the week of March 17<sup>th</sup>.
- KHL gave a presentation documenting the Grant Lake Project and associated progress made toward licensing in 2013/2014 at the Northwest Hydroelectric Association Conference in Seattle on February 20, 2014.
- KHL maintained the Kenai Hydro website ([www.kenaihydro.com](http://www.kenaihydro.com)) by posting the latest announcements and documents for public access. This site continues to serve as a conduit for information, including a library of existing information, a calendar of events, and a repository for contact information for interested parties.

#### Environmental Studies

KHL continued work related to the following resource areas:

- Aquatic Resources
  - Aquatic Resource field studies conducted during the reporting period included:
    - Fish weir operation on Grant Creek
    - Anadromous and resident juvenile outmigration monitoring and habitat utilization via incline plane and minnow trapping
    - Grant Creek aquatic habitat mapping

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- Grant Creek instream flow study
- Trail Lake Narrows fish and aquatic habitat assessments
- Salmon escapement and distribution of spawning salmon analysis which included radio tagging of adult salmon, radio telemetry surveys and fixed telemetry analysis.
- Carcass surveys
- Radio tagging and tracking of Adult Dolly Varden
- November 4, 2013; equipment and personnel were demobilized from sight.
- Fish scale aging analysis
- Completed a draft Fisheries Assessment Study Report
- Grant Creek instream flow modeling & data analysis
- Completed a draft Instream Flow Study Report
- Completed a draft Macroinvertebrates Study Report
- Water Resources
  - Water Resource field studies conducted during the reporting period included:
    - Data collection from thermologgers in Grant Creek and Trail Lake Narrows
    - Data collection from the thermistor string in Grant Lake
    - Collection of water quality samples in multiple locations on Grant Creek
    - Collection of water quality samples on Grant Lake
    - Collection of water quality samples in the Trail Lake Narrows area
    - Monitoring and maintenance of the Grant Creek stream gauge including regular downloads and discharge measurements at a variety of flows
    - Grant Lake shoreline erosion inventory
    - Grant Creek spawning substrate recruitment assessment
  - Completed a draft Water Quality/Hydrology Study Report
  - Completed a draft Geomorphology Study Report
- Terrestrial Resources
  - Terrestrial Resource field studies conducted during the reporting period included:
    - Vegetation mapping survey
    - Sensitive plant survey
    - Invasive plant survey
    - Wetland mapping surveys
    - Wetland secondary impact surveys
    - Raptor nesting surveys
    - 1<sup>st</sup> of two winter water bird surveys
    - 1<sup>st</sup> of two winter moose surveys
  - Completed a draft Terrestrial Resources Study Report
- Cultural Resources
  - Completed a draft Cultural Resources Study Report

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- Recreation and Visual Resources
  - Completed a draft Recreation & Visual Resources Study Report

### Engineering

- KHL selected an engineering consultant to conduct the preliminary engineering feasibility work required for a FERC license application. A contract was negotiated and awarded for this work
- On October 17, 2013 KHL conducted an internal preliminary engineering feasibility kickoff meeting
- KHL began hydrologic analysis and drafted a technical memo
- KHL began hydraulic analysis and drafted a technical memo
- KHL developed a generation/operations model for the Project
- KHL began integration of the engineering team into the overall process by developing a presentation for the March Natural Resource Meetings in Anchorage

### **CONTINUING ACTIVITIES IN SUPPORT OF LICENSE APPLICATION DEVELOPMENT**

Over the course of the next six-month period, KHL anticipates finalization of the Natural Resource Study Reports once review and dialogue has been completed with stakeholders. These documents will be filed with FERC as part of a package that will also contain meeting minutes, agendas, presentations, etc. Winter and spring terrestrial work will be completed per the existing Terrestrial Resources Study Plan and associated data will be analyzed and documented. Engineering feasibility work in preparation for drafting that portion of the Draft License Application will continue as scheduled. As plans associated with the aforementioned efforts are refined, KHL will continue to be committed to keeping FERC apprised of all developments and scheduled activities.

### Environmental Studies

- KHL will hold Natural Resource Study Meetings in Anchorage during the week of March 17, 2014.
- KHL and their licensing and natural resource project manager will organize and lead the aforementioned study meetings.
- KHL and their licensing and natural resource project manager will work with stakeholders after the meeting to reach agreement on any outstanding issues and begin working toward the collaborative development of a Draft License Application.

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- KHL will continue efforts to engage the appropriate agencies in discussions related to the re-route of a small portion of the INHT.

### Engineering

- As mentioned above, KHL has begun analysis and development of required variables of the engineering feasibility piece of the License Application. Integration with requisite stakeholders has begun and will progress over the course of the next reporting period. KHL anticipates regular consultation and collaboration with stakeholders as key components of the engineering work are developed and drafted. KHL anticipates completing the remainder of this infrastructural and operational work in parallel with the natural resource investigations.

### Stakeholder Outreach and Consultation

- KHL plans to continue consultation with the public, resource agencies and other stakeholders on Project plans and resource studies.
- KHL plans to continue to work on the proposed rerouting of the INHT.
- As momentum continues to progress related to the development of a License Application, KHL anticipates continued regular and perhaps, more frequent consultation with FERC in an effort to both provide regular updates and request advice related to approach and process, as needed.
- KHL will remain committed to keeping FERC apprised of all developments and scheduled events associated with the licensing effort.

Please feel free to contact me (907.283.2375 or [msalzetti@homerelectric.com](mailto:msalzetti@homerelectric.com)) with any questions regarding this filing.

Sincerely,



/s/ Mike Salzetti

Mike Salzetti  
Project Manager  
Kenai Hydro,  
LLC

cc: Service List and Mailing List for Project No. 13212