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TACOMA PUBLIC UTILITIES

ELECTRONIC FILING

March 23, 2007

Mrs. Philis Posey
Acting Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

**Re: City of Tacoma, Cowlitz River Project, FERC No. 2016
Settlement Agreement Article 6 - Fisheries and Hatchery Management Plan
Annual Project Evaluation and Status Report**

Dear Mrs. Posey:

On April 6, 2006, the Federal Energy Regulatory Commission issued an Order Modifying and Approving the Fisheries and Hatchery Management Plan. In ordering provision L of that order, the Director ordered that *In addition to submitting the annual Project Evaluation and Status Report under the Adaptive Management Plan to the Fisheries Technical Committee for review and comment as proposed, the licensee shall file their report annually with the Commission by April 1, beginning in 2007.* This attached plan is submitted in fulfillment of that requirement.

In addition to the usual 30-day review of the draft report by the Fisheries Technical Committee (FTC), their input was sought on the outline of the plan before the draft was prepared. The draft plan was also discussed at the March 7, 2007 FTC meeting. No comments on the draft plan were received from the FTC members.

If you have any questions regarding this request, please do not hesitate to contact Debbie Young, Natural Resource Manager, at (253) 502-8340 or Tom Martin, License Implementation Coordinator, at (253) 502-8298.

Sincerely,

Patrick D. McCarty
Generation Manager

Attachment

TM:Irs Article 6 – FHMP Project Eval and Status Rpt.doc

cc: Federal Energy Regulatory Commission, Portland Regional Office
Erich Gaedeke, Federal Energy Regulatory Commission, Portland Regional Office
Fisheries Technical Committee
Debbie Young
Tom Martin

**City of Tacoma,
Department of Public Utilities, Light Division
Cowlitz Hydroelectric Project
FERC No. 2016**

**Settlement Agreement License Article 6
Fisheries and Hatchery Management Plan**

**Annual Project Evaluation and Status Report
March 2007**

1. Introduction

By letter dated September 26, 2003, the Federal Energy Regulatory Commission (FERC) established July 18, 2003 as both the effective and issuance date of the new license for the Cowlitz River Project, No. 2016. The original Fisheries and Hatchery Management Plan (FHMP) was to be filed with FERC within nine months of the license issuance date, or by April 18, 2004, with updates submitted every six years thereafter, starting in year 7 of the new license. On April 7, 2004, Tacoma Power requested a four month extension of the filing date, to August 18, 2004. The extension was necessary to complete work on, and review of the FHMP within the Cowlitz Fisheries Technical Committee (FTC), and to accommodate requests from the public for additional time to review and comment on the document. This request for an extension of time was granted by the FERC on April 28, 2004.

This report is prepared in compliance with the requirements of Settlement Agreement License Article 6, contained in Appendix A of the Federal Energy Regulatory Commission's (the Commission) Order Modifying and Approving Fisheries and Hatchery Management Plan for FERC Project No. 2016, and issued April 6, 2006. The Order requires the City of Tacoma, Department of Public Utilities, Light Division (Tacoma Power) to submit, as a component of the Adaptive Management Plan, a Project Evaluation and Status Report annually beginning on April 1, 2007.

2. FERC License Article

Settlement Agreement and License Article 6. Fisheries and Hatchery Management Plan.

Within 9 months of license issuance, the Licensee shall submit a Fisheries and Hatchery Management Plan. The plan shall be updated every 6 years, starting in year 7, of the license. The plan shall identify: a) the quantity and size of fish to be produced at the Cowlitz Hatchery Complex; b) rearing and release strategies for each stock, including upward and downward production adjustments to accommodate recovery of indigenous stocks; c) credit mechanisms for production of high quality natural stocks; d) plans for Licensee-funded on-going monitoring and evaluation; and e) a fisheries management strategy consistent with the priority objective of maximizing the natural production of wild indigenous fish stocks and species in the basin. The Licensee shall prepare the plan in collaboration with the Fisheries Technical Committee provided for in the August 2000 Settlement Agreement, or if the Settlement Agreement has become void, with the U.S. Fish and Wildlife Service, National Marine Fisheries Service, Washington Department of Fish and Wildlife and Washington Department of Ecology (referred

to as “the FTC or agencies”). When a draft plan has been prepared, it shall be provided to all affected agencies and Tribes for 30-day review and comment. The Licensee shall include with the final plan documentation of consultation and copies of comments and recommendations, and specific descriptions of how the final plan accommodates all comments and recommendations. If the Licensee does not adopt a recommendation, the filing shall include the Licensee’s reasons, based on Project-specific information. The Commission reserves the right to make changes to the plan. Upon Commission approval, the Licensee shall implement the plan, including any changes required by the Commission. Following Commission approval, the plan becomes a requirement of the license, enforceable by the Commission.

3. Background

The Fisheries and Hatchery Management Plan was modified and approved by an Order issued by FERC on April 6, 2006. No appeals were filed by any party during the 30-day period following the issuance of the Order, and therefore, the Order became effective on May 6, 2006.

4. Project and Plan description

Project

The Cowlitz Project (FERC No. 2016) is Tacoma Power’s largest electricity generating facility and is located on the Cowlitz River, Lewis County, Washington. The Project consists of two dams, the Mayfield Dam at river mile (RM) 52 and Mossyrock Dam, upstream at RM 65. In addition to the project generating electricity and providing flood control, Tacoma operates 3 major parks, manages approximately 14,000 acres of wildlife lands, and owns and funds operation of the Cowlitz Salmon Hatchery (RM 50) and the Cowlitz Trout Hatchery (RM 42). The Barrier Dam, associated with the Cowlitz Salmon Hatchery is located at RM 49.5. The original 50-year license for the Cowlitz Project was issued on December 28, 1951. A new thirty-five year license was issued and became effective on July 18, 2003.

The Mayfield development completed in 1963 includes a 250-foot-high, 850-foot-long, concrete arch and gravity dam that impounds Mayfield Lake, which has a maximum surface area of 2,250 acres. In addition to the Cowlitz River, inflows from the Tilton River also contribute to Mayfield Lake, which supports public and private recreational facilities. An 854-foot-long power tunnel passes through the right abutment of the dam and terminates at a concrete forebay structure. Four penstocks continue from the forebay structure to the four generating units, which have an installed capacity of 162-megawatts (MW).

The Mossyrock development completed in 1968 includes a 606-foot-high double curvature concrete arch dam that creates Riffe Lake, a 23-mile long, 11,830-acre reservoir with 52 miles of shoreline. Riffe Lake supports several parks and other recreational facilities. Three penstocks, varying in length from 248 to 285 feet, extend down to the powerhouse, which is adjacent to the base of the dam. The powerhouse contains two generating units with room for a third, and has a total installed capacity of 300 MW. Transmission lines link the Mossyrock and Mayfield developments.

Plan

The FHMP is a document of critical importance to the fisheries actions and measures established in the Cowlitz Project Settlement Agreement and approved through FERC License

Orders. The actions described and proposed in this plan provide the backbone for meeting the overriding principle of the Settlement Agreement, “ecosystem integrity and the restoration and recovery of wild, indigenous salmonid runs, including ESA-listed and unlisted stocks, to harvestable levels”. Because of the differing management objectives, and varying interpretations of the Settlement Agreement language, consensus upon several issues was hard to reach within the FTC; in fact, unattainable on several issues. Restoration of natural-origin stocks is a concept that can be easily supported and espoused as an ultimate objective; however, changing long-established fisheries management practices and the perceptions of the public to achieve such an objective are not easily accomplished.

From January 23, 2001, (the first meeting of the FTC) through January 6, 2004, a technical sub-committee worked on drafting the FHMP. Throughout this time period progress on the plan was discussed at each monthly FTC meeting and working drafts were distributed to the members. On January 6, 2004, the draft FHMP was made available to the public for review and comment. A public open house was hosted by Tacoma Power on February 5, 2004 to present the FHMP, hear comments, and answer questions. Due to the interest expressed in the plan during the open house, Tacoma Power held two workshops in March 2004 to give the public additional opportunity to learn about and discuss the plan. The plan was revised to reflect public interest in continued sea-run cutthroat trout supplementation in the lower Cowlitz River basin. The technical sub-committee and FTC continued to work to finalize the plan as they participated in mediated meetings to resolve outstanding issues. The final draft of the FHMP was distributed to the FTC on July 2, 2004 for review and comment. A full listing of the consultation record surrounding the development of the FHMP was appended to the final plan.

5. Process for implementing the FHMP

Fisheries Technical Committee: The FTC meets monthly at the Cowlitz Project office in Silver Creek, Washington. An FTC operating protocol has been established that calls for meeting agenda and meeting materials to be distributed to FTC members a week or more in advance of the meetings for review and comment.

As an oversight body, the FTC makes recommendations to the agencies and Tacoma for implementing specific portions of, and actions described, in the FHMP. Summaries of all FTC meetings are posted on the Tacoma Power web site, after FTC approval, and are accessible at http://www.tacomapower.com/parksandpower/hydro_licensing/cowlitz/technical_groups/fisheries_technical_committee.htm

6. Implementation actions - 2006

Adult handling protocols: In 2006, Tacoma Power proposed that the actions for the adult salmonids described in the FHMP be fully reviewed at subsequent FTC meetings in preparation for making management changes. A schedule was developed that provided the FTC with two meetings (and thus two months) devoted to presentations, discussions, findings and recommendations for each stock of salmonids. The process began in December 2006 with early winter-run steelhead and will continue through August 2007 as the FTC considers late winter-run steelhead, spring Chinook, sockeye, summer-run steelhead, chum, fall Chinook, pink salmon, coho, and sea-run cutthroat trout.

Early winter-run steelhead: The recycling of hatchery-origin early winter steelhead into the lower Cowlitz River was ended. The excess adults were transported to landlocked waters both in and outside of the Cowlitz River drainage.

Coho salmon: An attempt was made to change the existing adult handling protocol of returning hatchery-origin coho salmon on the Cowlitz River, as described in the FHMP. During October 2006 some adults were sacrificed and given to the state-wide fish buyer. Other adults were released into Riffe Lake and limitations upon the number of adults placed in the upper Cowlitz River tributaries were announced. After discussions around changing the protocol, a decision was made to return to the status quo. Approximately 51,000 adult coho were released above Mayfield Dam in the Cowlitz River system in 2006/2007.

Hatchery production: Both the FHMP and the Settlement Agreement call for changes in hatchery production to occur after the remodel of the Cowlitz Hatchery Complex. The construction schedule for the remodel program is from October 2007 through March 2009.

Fisheries management: In 2006 WDFW implemented fishery harvest changes for hatchery-origin early winter steelhead on the Cowlitz River, and adult and jack coho salmon were released into Riffe Lake for harvest opportunity.

7. Planned implementation actions - 2007

Adult handling protocols: The process to review and recommend actions for the adult salmonids described in the FHMP will continue at FTC meetings in 2007. The goal is to make recommendations and implement any changes to the existing adult handling protocols prior to the first adult of that stock returning to the hatcheries during the year.

Late winter-run steelhead: The FTC analyzed the existing data, and due to not meeting the triggers, recommended no changes to the existing adult handling protocol for late winter steelhead in 2007.

Summer-run steelhead: It is anticipated that the recycling of hatchery-origin summer steelhead will end in 2007. The disposition of the excess adults is unknown at this time.

Spring Chinook: The FTC analyzed the existing data, and due to not meeting the triggers, recommended no changes to the existing adult handling protocol for spring Chinook in 2007.

Fall Chinook: Based on the FTC discussions and recommendations for the other stocks to date, no changes to the existing adult handling protocol are anticipated for fall Chinook in 2007.

Coho: The adult handling protocol for coho salmon in 2007 will depend on agreement within the FTC on the intent of the FHMP. The disposition of any resultant excess adults is unknown at this time.

Sea-run cutthroat trout: Based on the FTC discussions and recommendations for the other stocks to date, no changes to the existing adult handling protocol are anticipated for sea-run cutthroat trout in 2007.

Sockeye salmon: The FTC recommended that WDFW close the sport fishery for sockeye salmon in the Cowlitz River.

Other salmonid stocks: Based on the FTC discussions and recommendations for the other stocks to date, no changes to the existing adult handling protocol are anticipated for other salmonid stocks in 2007

Fisheries management: In 2007, the WDFW fishery harvest changes for 2006 are anticipated to continue for hatchery-origin early winter steelhead on the Cowlitz River, and for adult and jack coho salmon released into Riffe Lake.

Genetics subcommittee: In 2007, the FTC formed a genetics subcommittee to look at specific recommendations and studies called for in the FHMP. The initial meeting was in February, and the subcommittee reports monthly to the FTC. In 2007 it is anticipated that Tacoma will advertise for proposals to conduct a steelhead genetics impact study upon natural-origin late winter-run steelhead in the lower Cowlitz River.

Cowlitz Evaluations: Tacoma funds WDFW for partial evaluations of its fisheries mitigations on the Cowlitz Project. The annual work plan is developed around the Monitoring and Evaluations (Chapter 7.0, FHMP) objectives and tasks. The annual report is currently due to Tacoma by June 30, 2007. In 2007, Tacoma and WDFW will re-align the annual Cowlitz Evaluations report to include the results with the filing of this annual report.

8. Consultation Record

| Date | Agencies/Committees | Participants | Type of Communication | Topics |
|-------------------|---------------------------------------|--------------------------------------|---|--|
| February 26, 2007 | Cowlitz Fisheries Technical Committee | TP, TU, USFWS, WDOE, WDFW, NMFS, YN. | Draft annual report. | <ul style="list-style-type: none"> Draft Annual Project Evaluation and Status Report for review. |
| March 7, 2007 | Cowlitz Fisheries Technical Committee | TP, TU, WDOE, WDFW, NMFS. | Verbal comments on the draft annual report. | <ul style="list-style-type: none"> Discussion of the draft Annual Project Evaluation and Status Report at the March 7, 2007 FTC meeting. |
| March 9, 2007 | Cowlitz Fisheries Technical Committee | TP, TU, USFWS, WDOE, WDFW, NMFS, YN. | Final draft annual report. | <ul style="list-style-type: none"> Distribution of the final draft Annual Project Evaluation and Status Report for review. |

Abbreviations

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| FTC | Fisheries Technical Committee |
| NMFS | National Marine Fisheries Service |
| TP | Tacoma Power |
| TU | Trout Unlimited |
| USFWS | U.S. Fish and Wildlife Service |
| WDOE | Washington Department of Ecology |
| WDFW | Washington Department of Fish and Wildlife |
| YN | Yakama Nation |