

**U.S. Department of the Interior
Fish and Wildlife Service
Region 7**

Finding of No Significant Impact

**Terror Lake Hydroelectric Project
Non-Capacity Related Amendment to License
Terror Lake Hydroelectric Project — FERC #2743-079**

Kodiak National Wildlife Refuge

Introduction

On May 26, 2016, Kodiak Electric Association, Inc. (KEA) filed an application with the Federal Energy Regulatory Commission (FERC) for a license amendment to allow development of a trans-basin diversion of water on the Terror Lake Hydroelectric Project, FERC Project No. 2743. The project is located on the Terror and Kizhuyak Rivers on Kodiak, Alaska. The project currently occupies a total of 4,282 acres of federal lands which were withdrawn by FERC in 1981 to allow for the initial stage of this hydroelectric project. These lands are administered by the U.S. Fish and Wildlife Service (Service) within the Kodiak National Wildlife Refuge (Refuge). The amount of Refuge land occupied by the project would increase by 2 acres under the proposed action to 4,284 acres with the inclusion of a subterranean tunnel on Refuge lands. The remainder of this diversion project would occupy State lands upstream of the Refuge.

The Service has been a cooperating agency with FERC on the development of the Environmental Assessment (EA) for this proposal. A Memorandum of Understanding was executed between FERC and the Service regarding interagency cooperation in the development of the EA to evaluate the effects of the proposed amendment to the project license.

The proposed action would involve the use of an additional 2 acres of Refuge lands outside the existing FERC withdrawal. This expansion requires that the licensee obtain a right-of-way from the Service under Title XI Section 1101 of ANILCA.

Alternatives Considered

Two alternatives were selected and carried forward for analysis. These included: the No Action Alternative, and the Proposed Project Alternative as developed by KEA.

No action

Under the No-Action Alternative, the Service would not grant the proposed right-of-way. The project would continue to operate under current terms and conditions.

Proposed Project

The Proposed Project is a trans-basin development, capturing water from the upper reaches of the Hidden Basin watershed and transporting it to the Terror Lake Reservoir by means of a 1.7 mile tunnel. In the reservoir, these waters would mingle with existing project waters flowing to an existing powerhouse on the west bank of the Kizhuyak River. The only portion of the project which would be on Refuge lands is that portion of the tunnel which would be under the surface of the

Refuge. The rest of the project would occur off Refuge lands or within the existing FERC withdrawal.

Public Review

On May 11, 2017, the EA was released for a 30 day public review. FERC announced the availability of the EA with a letter and posting on it's website. The Service announced the availability on the Region 7 NEPA website. The EA has been posted since May 11, 2017 at: <https://www.fws.gov/alaska/nwr/planning/nepa.htm>.

Five comments were received on the EA; one each from the Environmental Protection Agency, Kodiak Electric Association, and Fish and Wildlife Service, and two from the National Marine Fisheries Service. These comments note concerns about aspects of the project but do not have serious reservations or a desire to stop the project. These comments have been addressed by FERC in it's finding on the license amendment.

Analysis

The EA analyzed impacts on the following:

- Geology and soils
- Water use and quality
- Wetlands
- Fishery resources
- Terrestrial resources
- Threatened and endangered species
- Cultural resources
- Land use
- Recreation and aesthetic resources
- Socioeconomic resources
- Subsistence (ANILCA 810 evaluation)

KEA agrees to implement measures to limit the environmental effects of construction activities. It agrees to develop and implement the 4(e) conditions stipulated by the Service and 10(j) conditions stipulated by the National Marine Fisheries Service (NMFS). Additionally KEA will follow best management practices during construction. These actions would help control erosion and sedimentation, help manage water resources, and prevent significant disturbances to wildlife.

Service stipulated 4(e) conditions specify the preparation of a vegetation management plan, limit construction activities and project associated helicopter traffic, require a plan to manage water levels in Terror Lake to meet instream flow requirements as specified in the existing Article 43 of the project license, require the licensee to develop a plan to monitor and mitigate any acid rock drainage associated with tunnel excavation activities, and require a new instream flow condition.

The proposed action is not likely to adversely affect any federally listed threatened or endangered species as there are no known listed species or critical habitats within the vicinity of the proposed action area.

The proposed project does not contain actions that would significantly reduce subsistence uses due to direct effects on wildlife or habitat resources nor would there be a significant increase in competition for resources. Similarly, the proposed project would not significantly change the availability of resources by altering their distribution or location.

Conclusions

Based on review and evaluation of the information contained in the EA, I have determined that the proposed project would not have significant individual or cumulative impacts to the human environment, within the meaning of section 102(2)(c) of the National Environmental Policy Act of 1969, as amended, and that the activities described in the EA are not major Federal actions. Accordingly, the Service is not required to prepare an Environmental Impact Statement.

Approval

Mitch Ellis
Chief of Refuges
Region 7
U.S. Fish and Wildlife Service



Date

