Department of Energy
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U.S. DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
ROCKY MOUNTAIN CUSTOMER SERVICE REGION

FINDING OF NO SIGNIFICANT IMPACT

GREEN MOUNTAIN RESERVOIR SUBSTITUTION AND POWER INTERFERENCE AGREEMENTS DOE/EA-1633

AGENCY: U.S. Department of Energy (DOE), Western Area Power Administration (Western)

ÀCTION: Finding of No Significant Impact

SUMMARY: This Finding of No Significant Impact (FONSI) was prepared in accordance with Council on Environmental Quality Regulations for Implementing the Procedural Provisions of the National Environmental Policy Act (NEPA), 40 CFR § 1508.13; and DOE NEPA Implementing Procedures , 10 CFR § 1021.322. This FONSI supports Western's proposal to formalize a long-term Power Interference Agreement (Agreement) with the U.S. Bureau of Reclamation (Reclamation), and Colorado Springs Utilities (CSU). Under the Agreement, CSU would compensate Western for lost hydropower with power generated from its own facilities, at a time and location determined by Western. CSU has historically compensated Western without a formal agreement. CSU reserves the right to pay Western monetarily or with power. The FONSI describes the information Western used to determine that the proposal to formalize the Agreement will not have a significant impact on the human environment. Reclamation was the lead federal agency and Western was a cooperating agency on the environmental assessment (EA) that evaluates the potential environmental impacts associated with both Reclamation's and Western's decisions. Western adopts the EA and incorporates it by reference into this FONSI.

In response to a request from CSU, Reclamation, an agency of the Department of the Interior, proposed entering into a Green Mountain Reservoir Substitution Agreement with CSU and a long-term Power Interference Agreement with CSU and Western. The execution of the proposed agreements would allow CSU to provide a reliable source of municipal water to their citizen owners and customers.

The EA was prepared by Reclamation in accordance with the National Environmental Policy Act (NEPA) of 1969, as amended, the Council on Environmental Quality (CEQ) Regulations for Implementing the Procedural Provisions of NEPA (40 Code of Federal Regulations [CFR] 1500-1508), and Reclamation's Draft NEPA Handbook (U.S. Department of the Interior 2000). Western has statutory authority over the proposed project and was invited to participate in the NEPA process as a cooperating agency (40 CFR 1501.6 and 1508.5). Western accepted formal cooperating agency status and retained review and comment responsibility on the project pertaining to the Power Interference Agreement. The EA disclosed the potential environmental consequences of the No Action and Proposed Action alternatives. Implementation of the Green Mountain Reservoir Substitution and Power Interference Agreements requires approval by Reclamation. Western has statutory responsibility and authority pertaining to the Power Interference Agreement. The EA provides the basis for Reclamation's and Western's review and evaluation of potential effects of the agreements, as well as reasonable alternatives.

Project Description: In addition to the Substitution Agreement, during both substitution and non-substitution years, CSU repays Western for interfering with power generation from the Green Mountain Reservoir power plant. In the past, this has been accomplished through informal, annual, as-needed agreements with Western. The purpose of the long-term Interference Agreement is to provide a long-term, formalized agreement for the arrangement and conditions of repayment. The need for the agreement is to ensure that CSU repays Western for the interference of power generation from the Green Mountain Reservoir hydroelectric plant. Under the Proposed Action, a long-term Power Interference Agreement would be formalized with Reclamation and Western. Under the agreement, CSU would compensate for lost hydropower with power generated from their own facilities, at a time and location determined by Western. CSU reserves the right to pay Western monetarily or with power.

Public Involvement: Reclamation initiated the scoping process to provide for an early and open process to gather information from the public and interested agencies on the issues and alternatives to be evaluated in the EA. Reclamation conducted stakeholder interviews with federal and state agencies to solicit concerns and comments on the project, and determine the level of anticipated participation from each agency, as described in the scoping summary report prepared for this project. During the scoping period, Reclamation held a public scoping meeting on March 6, 2008, in Silverthorne, Colorado. The scoping period extended from March 6 to April 4, 2008. The NEPA scoping process, original scoping letters, and specific comments gathered by Reclamation during the process are detailed in the scoping summary report and in Chapter 4, Coordination and Consultation.

Reclamation prepared the Draft EA and made it available for comment during a 2-week comment period from September 30 through October 14, 2008.

Comments Received on the EA: A summary of the comments received on the Draft EA and responses can be found in Appendix D. In response to a comment on the Agreement,

Western may include language in the Power Interference Agreement referencing the Blue River Decree. The Agreement is a means to document and formalize the terms of compensation between CSU and Western. Western has historically received compensation from CSU with informal, as-needed agreements. Compensation from CSU was done without a formal agreement and could continue without a long-term formal agreement because Western is entitled to and has historically been compensated by court order (i.e. under the Blue River Decree). The Agreement neither allows nor disallows stream depletions granted by the Blue River Decree.

Alternatives: DOE's NEPA regulations require that an EA include a discussion of the no action alternative (10 C.F.R. 1021.321(c)). Under the no action alternative Western would not formalize the Agreement; the Agreement would remain informal as in the past.

Under the No Action alternative, payment for replacement of power at the Green Mountain Reservoir power plant would continue to be accomplished through informal, as-needed, annual agreements between Western, Reclamation, and CSU as authorized in the Blue River Decree (see discussion in Chapter 1, Section 1.4.2 Reclamation and Green Mountain Reservoir). CSU's operations on the Blue River impact Reclamation's ability to produce hydropower; therefore CSU is required to replace the power that would have been generated by the water that CSU diverts under their 1948 water rights. CSU reserves the right to pay Western monetarily or with power. Since CSU owns and operates power generation facilities, power interference may be repaid with power. CSU coordinates with Western to deliver the required amount of replacement power at a time and location determined by Western.

ENVIRONMENTAL CONSEQUENCES: Western's conclusions on the Project's environmental impacts are based on information contained in the EA. Western determined that no mitigation is needed to render the impacts of its decision as insignificant, therefore no mitigation action plan was prepared (10 CFR 1021.331(b)).

Chapter 3, Affected Environment and Environmental Consequences, contains a summary of the resources Reclamation identified to be included for further evaluation in the EA, and those considered but excluded from further evaluation along with a brief explanation. In summary, resource issues and impact topics evaluated in Chapter 3 include:

- Hydroelectric generation
- Hydrology
- Water quality
- Aquatic resources
- Wetlands/riparian resources
- Special status species associated with aquatic resources and wetland and riparian areas
- Recreation
- Socioeconomics

Resource issues and impact topics considered, but excluded from further evaluation in the EA include:

Resource issues and impact topics considered, but excluded from further evaluation in the EA include:

- Geology
- Soils
- Farmlands
- Air quality
- Noise
- Transportation
- Land use
- Visual resources
- Hazardous materials
- Terrestrial upland communities and wildlife
- Terrestrial special status species
- Environmental justice
- Cultural and Indian Trust resources

The basis for Western's conclusions about the proposed Project impacts on the resources are presented in Chapter 3.4.2 of the EA.

In summary, under the No Action alternative, CSU would continue to operate according to the Blue River Decree during substitution years. Therefore, hydroelectric power generation would not change as a result of CSU's substitution operations. Per the Blue River Decree, CSU would continue to pay Reclamation and Western at Green Mountain Reservoir Power Plant on an as-needed basis for lost power generation due to their diversions from the Blue River. As a result, this alternative is expected to have no direct, indirect, or cumulative impacts on hydroelectric power generation.

Under the Proposed Action, a long-term Power Interference Agreement would be formalized with Reclamation and Western. Under the Agreement, CSU would compensate Reclamation and Western for lost hydropower in substitution years with power generated from their facilities, at a time and location determined by Western. CSU may pay Western in cash or with power.

Model results indicate there were13 substitution years during the 56-year study period from 1950 through 2005. In those years, there was no change in Springs Utilities' *total* substitution obligation between the No Action and Proposed Action alternatives because there was no difference in the deficit at Green Mountain Reservoir in those years. CSU would divert the same amount of water under the Proposed Action from the Blue River at their Continental-Hoosier System diversion points. As a result, there would be little to no change in hydropower generation under the Proposed Action. However, even though the Springs Utilities' total substitution obligation would not change under the Proposed Action, the timing and sources of water used for substitution payback would change. Small changes in the timing and amount of releases from Dillon Reservoir, Green Mountain Reservoir, Homestake Reservoir, Wolford Mountain Reservoir, and Williams Fork Reservoir could have a minor impact on hydroelectric power generation. The

biggest difference in the payback of the substitution obligation under the Proposed Action would occur when the substitution obligation is greater than 2,100 AF. The substitution bill is greater than 2,100 AF in approximately seven of the substitution years during the 56-year study period. In those years, content in the Upper Blue Reservoir was not sufficient to fully pay back the substitution obligation. Therefore, under the Proposed Action more water would be released from Springs Utilities' accounts in Wolford Mountain and Homestake reservoirs while Denver Water's substitution releases for CSU from either Wolford Mountain Reservoir or Williams Fork Reservoir would decrease. Changes in hydropower generation at each facility due to changes in the timing and source of water used for substitution payback are discussed in section 3.4.2.2.

Detailed discussions of the impact analyses for affected resources in the Study Area are presented in Sections 3.3 through 3.9. Table 3-25 presents a summary of impacts to resources evaluated as a result of the Proposed Action, especially those related to Reclamation's proposal on the Substitution Agreement, and provides a comparison of the potential effects for each resource. In general, the Proposed Action would either result in no impacts or minor short-term adverse impacts to the affected environment.

Cumulative Impacts. No significant cumulative impacts are identified that are associated with Western's proposal to formalize the Agreement. .

Unavoidable Adverse Effects. No unavoidable adverse effects were identified related to Western's proposal to formalize the Agreement with Reclamation and CSU.

COPIES OF THE FINAL EA ARE AVAILABLE FROM:

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FOR FURTHER INFORMATION ON THE DOE NEPA PROCESS CONTACT:

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DETERMINATION: Based on the information presented in the final EA, Western determines that its proposal to formalize the Power Interference Agreement does not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act. Therefore,

an Environmental Impact Statement is not required, and Western is issuing this Finding of No Significant Impact.

Issued in Loveland, Colorado on JAN 2 6 2009, 2009.

James D. Keselburg
Regional Manager