



United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
Northwest Regional Office
911 NE 11th Avenue
Portland, Oregon 97232-4169

In Reply Refer to
Manager Hydroelectric Power Program

JUL 01 2015

David R. Poe
Counsel, Northwestern Corporation
Bracewell and Giuliani LLP
2000 K Street NW
Washington, District of Columbia
20006-1809

RE: Kerr Project No. P-5; Approval of Request for License Variance

Dear Mr. Poe:

Your June 24, 2015 request to the Secretary of the Interior (Secretary) was forwarded to my office for action. We also received copies of Northwestern Energy's (Northwestern) May 27 and June 3, 2015 letters apprising the Secretary of potential drought conditions in the Flathead basin. In addition, staff from the Bureau of Indian Affairs (BIA) has been participating in monthly meetings with Northwestern, the United States Army Corps of Engineers (USACE), and the Bureau of Reclamation (BOR) to discuss 2015 operations on a real time basis. These interactions have helped to inform our response to your current request.

Throughout the planning year, Northwestern has been monitoring various river forecasts and working with USACE, BOR and BIA to plan and shape Kerr Dam discharge to meet the myriad requirements of its license. Northwestern has also provided information to inform potential future implementation of BIA's preferred action as identified in its March 2010 *Final Environmental Impact Statement regarding Drought Management Planning at the Kerr Hydroelectric Project Flathead Lake, Montana*. Unfortunately, the rapid deterioration in hydrologic conditions in the Flathead basin, at such a late date in the planning year, allowed for very little preparation. Neither Northwestern's proposed Drought Management Plan nor BIA's preferred alternative forecasted current conditions with sufficient lead time to modify operations in anticipation of this event. We plan to look more closely at these issues as we work to finalize a drought management plan over the coming months.

As we understand your proposal, discharge from Kerr Dam will be reduced within the ramping rate constraints identified in license articles 57 and 58 to achieve proposed outflows of 5,750 cubic feet per second (cfs) and 3,300 cfs by July 15 and July 31, respectively. This operation will allow you to maintain lake elevations above 2,892 feet above mean sea level, approximately one foot below full pool. The July 15 target is below the required 6,400 cfs identified in license article 56 and several of the between day instream flow changes exceed the allowed maximums. Pursuant to license article 56, the Secretary of the Interior must approve modifications to the minimum flow targets in writing prior to implementation.

We are aware that BOR has temporarily increased discharge from Hungry Horse Dam in coordination with Northwestern. These increases, coupled with Northwestern's proposed operations should limit potential effects on natural resources while helping to maintain Flathead Lake elevations to the extent possible. Of specific concern are potential impacts to bull trout (*Salvelinus confluentus*), which are currently listed on the federal list of Endangered Species as threatened. Given current water temperatures in the lower Flathead River, however, bull trout have likely moved to cooler tributary waters that are largely unaffected by Kerr operations. We do not anticipate any effects to bull trout or any lake fisheries from the slight reduction in lake elevation. We have no information at this time, indicating that the slight reductions proposed for instream flows would have any greater effect on downstream organisms than those required by article 56. However, if circumstances dictate the potential for further reductions in instream flows, impacts to water quality downstream of Kerr Dam and effects to other organisms that use this area may be an issue. As such, we would appreciate as much advanced notice as possible if flows could potentially drop below 3,200 cfs after July 31.

Based on our review of the proposal, and information available to us at this time, I approve reductions in instream flows consistent with the Proposed Outflows identified in Exhibit 1 of your June 24, 2015 request. We understand that these modifications will be implemented consistent with ramping rates identified in license articles 57 and 58. If hydrologic conditions continue to deteriorate beyond what is currently forecasted, and additional changes in Kerr Dam operations are considered, we would appreciate as much advanced notice as possible.

Thank you for your efforts in this matter. If you have any questions, please contact Bob Dach at (503) 231-6711 or at robert.dach@bia.gov.

Sincerely,


Northwest Regional Director

cc: Chairman, Confederated Salish and Kootenai Tribes of the Flathead Reservation
Secretary, Federal Energy Regulatory Commission (electronic filing)

Document Content(s)

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