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UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman; Vicky A. Bailey, William L. Massey, Linda Breathitt, and Curt Hébert, Jr.

The Montana Power Company
)
Confederated Salish and) Project Nos. 5-029 and 030
Kootenai Tribes of the)
Flathead Reservation)

ORDER ON REHEARING AND LIFTING STAY

(Issued October 30, 1998)

The U.S. Department of the Interior, the Confederated Salish and Kootenai Tribes of the Flathead Reservation (Tribes), and Montana Power Company have filed requests for rehearing of the Commission's June 25, 1997 order approving, with modifications, Montana Power's proposed Mitigation and Management Plan for the 170.875-megawatt Kerr Project No. 5, located in northern Montana, and partially on lands within the Flathead Indian Reservation. 1/As discussed below, we grant rehearing in part and deny rehearing in part.

BACKGROUND

The Kerr Project is located on the lower Flathead River approximately 4.5 miles downstream from the natural outlet of Flathead Lake. Flathead Lake, the largest natural freshwater lake west of the Mississippi, is 28 miles long and, at its broadest point, is 15 miles wide. The lake and the nearby portions of the Flathead River house a thriving and varied fishery, and support a varied population of wildlife and vegetation. The area contains a number of historic and prehistoric cultural resource sites. Flathead Lake is also an important recreation site, and many second homes and retirement developments are located along the shoreline. The lake's water level is controlled for purposes of flood control, in accordance with a memorandum of understanding between Montana Power and the U.S. Army Corps of Engineers.

The southern, downstream half of Flathead Lake is located within the Flathead Indian Reservation. The dam, the penstocks, and the powerhouse are all located on the reservation. On the northern and eastern sides of the lake, the project occupies

1/ 79 FERC ¶ 61,376.

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