FINDING OF NO SIGNIFICANT IMPACT

Water Supply Creek Hydroelectric Project
Hoonah-Angoon Census Area, Alaska

Rural Utilities Service
U.S. Department of Agriculture

Inside Passage Electric Cooperative

Prepared by:
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Rural Utilities Service

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A. INTRODUCTION

Inside Passage Electric Cooperative (IPEC), an electric cooperative corporation, is proposing to construct a small-scale, run-of-the-river hydroelectric project on Water Supply Creek located near Hoonah, Alaska. The Water Supply Creek Hydroelectric Project (Project) would supply reliable, lower-cost renewable energy to the town of Hoonah. Hoonah is located approximately 40 miles west from Juneau and is accessed only by air or water.

Rural Utilities Service (RUS) is considering this financing request. Prior to taking a federal action (i.e., providing financial assistance), RUS is required to complete an environmental impact analysis in accordance with the National Environmental Policy Act of 1969 (NEPA: 42 United States Code [U.S.C.] §§ 4321-4347 and USDA Rural Development's NEPA implementing regulations, Environmental Policies and Procedures (7 CFR Part 1970).

After completing an independent analysis of an environmental report prepared by IPEC and its consultant, RUS concurred with its scope and content. In accordance with 7 CFR 1970.102, RUS will adopt the report and issue it as the agency's Environmental Assessment (EA) for the proposed Project. RUS finds that the EA is consistent with federal regulations and meets the standards for an adequate assessment. IPEC published a newspaper notice, announcing the availability of the EA for public review, in accordance with 7 CFR 1970.102. In addition, RUS considers the proposed Project an undertaking subject to review under Section 106 of the National Historic Preservation Act (NHPA) (16 U.S.C. 470(f)), and its implementing regulation, "Protection of Historic Properties" (36 CFR 800).

B. PROJECT DESCRIPTION

The proposed facility on Water Supply Creek would be located approximately 5.0 miles southeast of Hoonah in the Hoonah-Angoon Census Area within Sections 11, 14, and 15; Township 44 South, Range 61 East. A water diversion weir would be installed within Water Supply Creek that would divert a portion of water from Water Supply Creek to a penstock. The penstock would convey water to a powerhouse containing the turbine. After the powerhouse, water would flow through a tailrace, an open waterway, and then back into Water Supply Creek upstream of the community of Hoonah's water supply intake. Access roads and road upgrades are proposed to provide access to the diversion weir and powerhouse.

C. PURPOSE AND NEED

USDA, Rural Development, RUS, is a mission area that includes three federal agencies: (1) Rural Business–Cooperative Service; (2) Rural Housing Service; and (3) RUS. The agencies offer more than 50 programs that provide financial assistance and a variety of technical and educational assistance to eligible rural and Native American Tribal populations, eligible communities, individuals, cooperatives, and other entities with a goal of improving the quality of life, sustainability, infrastructure, economic opportunity, development, and security in rural America. Financial assistance can include direct loans, guaranteed loans, and grants in order to accomplish program objectives.

The purpose of this Project is to provide additional reliable, lower-cost renewable energy to Hoonah and to reduce use of fossil fuels and air emissions from diesel generators by constructing a financially viable and logistically feasible hydroelectric facility on Water Supply Creek.

Hoonah's residential electricity rates are some of the highest in the state of Alaska. Residents pay an average rate of 73.83 cents per kilowatt (kW) hour, which is approximately 198.77 percent (%) above the average Alaska rate of 24.71 cents (Find Energy 2024). Hoonah relies on diesel generators to meet most of its energy needs since the community is electrically isolated. The Project would reduce energy costs for Hoonah and its consumption of, and dependence on, diesel fuel, and in turn, would improve air quality in the community and surrounding area.

D. ALTERNATIVES EVALUATED

1. No Action

Under the No Action Alternative, RUS would not provide financial assistance to IPEC, the Project would not be built, environmental resources in the Project area would not be affected, and the renewable energy that would be produced by the Project would not be developed.

Consequently, Hoonah would remain on the existing hydroelectric and diesel power plants for their electrical needs. Existing hydroelectric facilities do not provide enough energy to replace diesel in Hoonah. The price of diesel fluctuates and is expected to remain high, keeping the area's electricity rates high.

2. Action Alternative (Preferred Alternative)

Under the Action Alternative, RUS would consider financing the proposed Project. The Proposed Action includes the construction and operation of a run-of-the river hydroelectric facility at Water Supply Creek. The hydroelectric facility would be supported with a stream diversion, control building, penstock, powerhouse, tailrace, access roads, two bridges, and an overhead transmission line. The hydroelectric facility would be located entirely on land owned by Sealaska, which is an Alaska Regional Native Corporation located in Southeast Alaska. The City of Hoonah and the land owned by Sealaska is surrounded by the Tongass National Forest which is managed by the U.S. Forest Service.

Access to the site would be provided by upgrading an existing logging road and constructing two new permanent access roads, the powerhouse access road, and the intake access road. Upgrades would occur over 1.0 mile on the existing logging road and would include replacing a bridge. The powerhouse access road would be approximately 32-feet long and would include the construction of a new bridge over Water Supply Creek. Road construction would require excavation and earth removal. Both bridges are sited over Water Supply Creek and would be 72-feet long and 27-feet wide. Bridges would be made of steel. The intake access road would be a 0.34-mile road and would provide access to the intake and diversion weir.

Drainage ditches and culverts would be installed to carry runoff from the roads. Culverts would have a minimum diameter of 18 inches, and the minimum depth of cover over culverts would be 12 inches. Culverts would have slopes of at least two percent.

In-water work in Water Supply Creek would first be conducted by installing a diversion channel and coffer dam to divert water around the construction area. The dried creek bed would be excavated to allow for the construction of a sluiceway and an intake structure within the intake control building. The sluiceway is a channel for water to flow through which regulates the amount of flow to the intake. The bank of the Water Supply Creek would be excavated to allow for the siting of the intake control building. The sluiceway and a mesh screen outfitted to the intake would keep the intake free of obstructions such as leaf litter, branches, and other organic debris naturally found in waterways. The flow would then be diverted from the creek to the intake by removing the first coffer dam and installing a second. This addition of the second coffer dam would dry the area downstream of the intake and would allow for a diversion weir to be constructed. Once the diversion weir is constructed, the remaining coffer dam would be removed.

The 10-foot-tall concrete and rock diversion weir would divert flow to the intake which would then be conveyed to the penstock. The diversion structure would raise the water level by 10 feet in the creek bed, creating pool habitat. The 4,700-foot-long penstock would convey water from the intake to the powerhouse. The first 4,300 feet of penstock is 24-inch-diameter, high-density polyethylene pipe. Excavation depth would vary based on the existing ground level. The remaining 400 feet of the penstock would be constructed with 20-inch-diameter steel pipe. The penstock would allow for a maximum flow of 12 to 14 cubic feet per second. High-density polyethylene portions of the penstock would be buried adjacent to the intake access road. The section of the penstock composed of steel would be above the ground. The pipes have been designed to withstand the 100-year flood event level. A communications cable would be buried along with the penstock to provide Supervisory Control and Data Acquisition communications between the powerhouse and intake.

The diversion intake and powerhouse would be designed to limit maintenance needs. It is expected that the site would be visited five to seven days per week by personnel. Daily visits would include equipment and intake inspections, debris removal, and equipment servicing.

E. SUMMARY OF ENVIRONMENTAL EFFECTS

The analyses in the EA documented that the proposed Project would have no significant adverse effects to coastal resources, land use (important farmland and/or formally classified lands), threatened and endangered species, marine mammals, essential fish habitat, geology, vegetation, or transportation.

No Endangered Species Act listed species or marine mammals have ranges or critical habitat in the Project area. No essential fish habitat exists in the Project area. Due to the continuous flow release from the Proposed Action, periodic natural high flows, supplemental tributary flow, pool habitat, and naturally cool water conditions, the diversion of water would provide sufficient water quantity and quality for resident fish in their Fish Habitat Permit for the Project. As a result of changes to water quality parameters and habitat, the Proposed Action is anticipated to result in direct, negligible, long-term, adverse impacts on fish in Water Supply Creek.

Section 106 for this Project was conducted in accordance with 36 CFR § 800.12 and no comments were received during the seven-day notification period. This Project facilitates the production and generation of domestic energy resources and expands the integrity and reliability of the Nation’s energy infrastructure to more adequately meet the Nation’s needs and therefore responds to the National Energy Emergency

formally declared by the President of the United States on January 20, 2025, Executive Order 14156, Declaring a National Energy Emergency. In accordance with this Executive Order, this Project is an emergency undertaking which was submitted for expedited review consistent with 36 CFR § 800.12(b). On April 24, 2025 RUS notified the Advisory Council on Historic Preservation, the Alaska State Historic Preservation Officer, Hoonah Indian Association & Hoonah Delegate to the Central Council of Tlingit & Haida, Sealaska Corporation, Huna Totem Corporation, and the Skagway Village of the project (Appendix E: Notification of Emergency Undertaking). The notification stated that, based on the information available, including the magnitude and nature of the undertaking and the avoidance and/or minimization measures included, the Project was not likely to affect historic properties. The above listed parties were provided an opportunity to comment within seven days of the notice per 36 CFR § 800.12(b)(2). No responses were received within the seven-day comment period and the Section 106 process was concluded on May 2, 2025.

FEMA floodplain maps are not available, and therefore, the extent to which Proposed Action Infrastructure is sited within floodplains cannot be directly analyzed. However, due to the proximity of Proposed Action Infrastructure to Water Supply Creek, it is likely that components of the Proposed Action would be sited within its floodplain. Water displacement from Proposed Action infrastructure in the floodplain would be minimal due to the relatively small footprint of Proposed Action components. It is not anticipated that the changes to floodplains under the Proposed Action Alternative would affect the function of floodplain habit.

During Proposed Action construction, flows in Water Supply Creek would be temporarily diverted using a phased approach. The contractor would implement Best Management Practices and other measures to minimize construction-related impacts on water quality for surface and groundwater during construction. Due to changes in dissolved oxygen, temperature, and flow, the Proposed Action is anticipated to result in direct, minor, long-term, impacts on water resources.

The Project would result in the temporary loss of 0.07-acre of wetlands. There would be a permanent loss of 1.04 acres of wetlands and a 0.02-acre loss of streams. IPEC applied for Nationwide Permit 17 Hydroelectric Projects for the Proposed Action. IPEC received approval by the Department of the Army on February 23, 2024, which is valid until March 14, 2026.

The Project area is in attainment for criteria air pollutants. The Project may have temporary impacts during construction to aesthetics, noise, and transportation. There are no identified hazardous materials in the Project site. The Project will have no significant impact to aesthetics, air quality, socioeconomics, noise, transportation, and human health & safety.

F. PUBLIC INVOLVEMENT

A local newspaper advertisement, announcing the availability of the EA, was published twice in two publications a week newspaper on July 9 and July 12, 2025, in the Juneau Empire in Juneau, AK. A copy of the EA was available for public review at https://www.rd.usda.gov/resources/environmental-studies/assessment/water-supply-creek-hydroelectric-project. The 14-day comment period ended on July 23, 2025. RUS received no comments on the EA during the public review period.

G. FINDING OF NO SIGNIFICANT IMPACT

Based on the EA, RUS has concluded that the proposed Project would have no significant effects to existing land use, floodplains, wetlands, cultural resources, threatened and endangered species, water resources, coastal resources, the surrounding community, air quality, noise, transportation, aesthetics, or human health and safety. The proposed Project will have no effects on historic properties listed or eligible

for listing on the National Register of Historic Places and no effects to federally listed species or designated critical habitat.

In accordance with the National Environmental Policy Act, as amended, the Council on Environmental Quality Regulations, and Rural Development's Environmental Policies and Procedures, RUS has determined that the environmental impacts of the proposed Project have been adequately addressed and that no significant impacts to the quality of the human environment will result from construction and operation of the proposed Project. Any final action by RUS related to the proposed Project will be subject to, and contingent upon, compliance with all relevant federal and state environmental laws and regulations. Because RUS action will not result in significant impacts to the quality of the human environment, RUS will not prepare an Environmental Impact Statement for its potential federal action associated with the proposed Project.

H. RUS LOAN REVIEW AND RIGHT OF ADMINISTRATIVE REVIEW

This FONSI is not a decision on a loan application and, therefore, not an approval of the expenditure of federal funds. Issuance of the FONSI and its notices concludes RUS's environmental review process. The ultimate decision on loan approval depends upon conclusion of this environmental review process in addition to financial and engineering reviews. Issuance of the FONSI and publication of notices will allow for these reviews to proceed. The decision to provide financial assistance also is subject to the availability of loan funds for the designated purpose in RUS's budget. There are no provisions to appeal this decision (i.e., issuance of a FONSI). Legal challenges to the FONSI may be filed in Federal District Court under the Administrative Procedures Act.

I. APPROVAL

This Finding of No Significant Impact is effective upon signature.

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