

Background

Seattle City Light (SCL) met with representatives of active relicensing participants on May 13, 2008 in response to a request received from the Selkirk Conservation Alliance. Attendees included representatives from the U.S. Forest Service (FS), U.S. Fish & Wildlife Service (USFWS), Bureau of Land Management (BLM), and WA Department of Fish & Wildlife (WDFW), and the non-governmental community (Selkirk Conservation Alliance and Hydropower Reform Coalition). The purpose was to explore the potential for engaging in early protection, mitigation and enhancement (PME) discussions. In addition, there was significant interest by relicensing participants at the May 13, 2008 meeting in mitigation opportunities at Sullivan Creek. Following is SCL's response to the interest in engaging in early PME discussions, and specifically in potential opportunities at Sullivan Creek.

Response to Request for Early PME Discussions

SCL has proposed in several meetings with relicensing participants (2007, 2008) that PME discussions occur through an Integrated Resource Analysis once study program results are available. We appreciate the interest on the part of some participants to begin the PME discussions in 2008.

SCL is currently completing the second year of studies in support of the Boundary licensing application and beginning to prepare comprehensive reports of the two year study effort. Planning is also underway for engaging with relicensing participants in the integrated resource analysis that will provide information for our preliminary licensing proposal, and ultimately our license application.

The first step in the integrated resource analysis is to identify, and quantify to the extent possible, the effects of the ongoing operation of the Boundary Project. Hand in hand will be our assessment of possible protection, mitigation and enhancement (PME) measures that could potentially help to address project effects. The evaluation of PME measures must focus on actions that are related to identified project effects and must, at least initially, focus on opportunities found at the project to address those effects. Only after those opportunities have been exhausted does the focus move to off-site opportunities.

Because we will not have results of the study program on project effects in hand until late 2008/early 2009, SCL's plan for conducting the IRA discussions will begin with the discussion of project effects in the fall of 2008. These discussions will occur in work group meetings – in person, via phone, or via webex - on specific resources. In the winter 2009, we will continue these discussions of project effects and move into discussions of PMEs both in work group settings and in larger relicensing participant group meetings. We would expect that discussions regarding Boundary effects and PME options will continue through the months leading up to the filing of the Boundary license application in September, 2009.

Relicensing Participant Interest in Sullivan Creek Mitigation

SCL appreciates relicensing participants' interest in exploring the potential role that SCL and the Boundary relicensing effort might play in reaching a solution regarding the disposition of the Sullivan Creek Project. We continue to believe that a methodical evaluation of Boundary's effects, the potential for on-site PME measures for addressing effects, and then, as appropriate,

evaluating off-site measures where on-site measures are inadequate is consistent with and in the best interest of SCL and its ratepayers.

We understand that the FS and Pend Oreille PUD (PO PUD) are currently identifying possible options that will greatly influence the future of Sullivan Creek, as well as potential information needs to support the FS's special use authorization process. We are interested in what actions the FS and PO PUD may ultimately determine are appropriate for the Sullivan Creek Project. SCL will seek additional information on the FS and PO PUD settlement discussions for the Sullivan Creek project, and evaluate this process in light of the Boundary relicensing process. To the extent that these activities unfold in a fashion that allows the consideration of SCL's potential involvement in Sullivan Creek to occur in concert with the completion of the pre-filing relicensing activity would seem to be advantageous to all concerned.

SCL Integrated Resource Analysis Discussions

Goals

1. Engage relicensing participants in discussions of project effects and protection, mitigation and enhancement measures (PMEs) based on sound science as evidenced through the relicensing study program.
2. Engage relicensing participants in discussions of an integrated resource analyses in support of the development of protection, mitigation and enhancement measures (PMEs).
3. Develop timeline of activities to support the integration resource analyses process.
4. Identify roles and responsibilities for SCL and relicensing participants in the integration resource analyses process.
5. Develop protocol for discussions that addresses how the group will conduct itself during the integration resource analyses process.

Timeline

SCL recognizes some advantages of engaging relicensing participants in the development of PMEs in support of a new license to operate Boundary Dam, and is committed to continuing to work collaboratively with the participants. Following are key elements of the integrated resource analysis plan.

Fall 2008

SCL plans to engage in discussions at a resource area level – in established work groups for fish/aquatics, water resources, terrestrial, recreation, land use, aesthetics, cultural, and to focus on the resources, not on each of the individual studies. In addition, this time frame is critical for us to discuss a protocol that addressed how all participants will engage in discussions regarding project effects and possible PME measures beginning in winter 2008.

January - February 2009

SCL will ensure that relevant Updated Study Report component reports are distributed to relicensing participants in advance of engaging in resource area discussions, to the extent

possible. The distribution of the Updated Study Report will be staggered in early 2009, similar to what occurred in 2008. This will provide relicensing participants the opportunity to review the reports over a longer period of time, and in advance of their formal comment period identified in the ILP (March 15 – May 8, 2009).

SCL proposes to schedule several multi-day engagements in Spokane for 1) work group meetings, and 2) a larger group including all participants. Since water resource implications are mostly fish and aquatic related, we will schedule these resource areas for the same multi-day session(s). Similarly, recreation/land use/aesthetics, terrestrial/geology/soils work groups would meet. These discussions will focus on project effects and identification of possible resource-specific PME measures. [Note: Input on cultural resources and potential interactions with other resources will be provided by the cultural work group, which would be responsible for maintaining confidentiality of any site specific information.]

There is a realistic limit to how long people can engage before productivity diminishes significantly, so we assume no more than 3 days of engagement for any single event. While we may need more time for fish/aquatics and water resources than other areas, having two engagements would seem preferable to having a single event of extended duration.

It seems unlikely that the integrated resource analysis can be completed prior to submittal of the Preliminary License Proposal in April 2009. The February 2009 discussions will out of necessity focus first on individual PME measures as opposed to a comprehensive PME package. Any agreements reached would be considered tentative until a comprehensive PME package can be developed and evaluated by SCL.

May – August 2009

Following issuance of the Preliminary License Proposal, SCL and relicensing participants can continue their engagement on project effects and possible PME measures, with the focus being on completing a more comprehensive assessment of possible PME packages for consideration in the License Application. This engagement could continue, if needed, through August 2009, at which time SCL will finalize the License Application.

SCL and participants can utilize the early 2009 IRA experience to make any needed process modifications before re-engaging after the issuance of the Preliminary License Proposal. It is anticipated that SCL would capture the output from this continued engagement and reflect it in the License Application, including any agreements where those have been reached as well as continuing differences of opinion.

October 2009 and Beyond

Discussions regarding a comprehensive PME package can continue past the filing of the License Application (9/30/09), if SCL and participants agree that such engagement would be productive. Consideration will be given for the ILP requirements that occur after the filing of the License Application for agencies and other participants.