



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

FREEDOM OF INFORMATION ACT PROGRAM

April 30, 2024

In reply refer to: FOIA #BPA-2023-01311-F

SENT VIA EMAIL ONLY TO: PII [REDACTED]

Rebecca Deckert

PII [REDACTED]

PII [REDACTED]

Dear Ms. Deckert,

This communication is the Bonneville Power Administration's (BPA) final response to your request for agency records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA). BPA received your records request on July 18, 2023, and formally acknowledged your request on July 26, 2023.

Request

"[I seek] a) September 6, 1991, Settlement Agreement between Bonneville and the Friends of the Cowlitz (settlement) [; and] b) Discussions, correspondence relating to the settlement [; and] c) any later modifications/agreements relating to the settlement including ending the settlement. [The] agreement is referenced in Recital (B) of the attached file."

[B. Lewis and Bonneville entered into the Access Agreement and Grant of Easement, Bonneville Contract No. DE-MS79-95BP94818, dated June 12, 1995, granting Bonneville an easement (the "BPA Easement") on the CFP Property for construction and operation of the Cowlitz Falls Fish Facility ("CFFF") located on the CFP Property. The CFFF is a fish collection facility constructed by Bonneville pursuant to the September 6, 1991, Settlement Agreement between Bonneville and the Friends of the Cowlitz.]

Response

BPA has searched for and gathered records responding to your request from the agency's Contract Generating and Legal Natural Resource personnel offices have provided 203 pages of agency records. The records accompany this communication, with the following redactions applied:

- 45 redactions applied under 5 U.S.C. § 552(b)(6) (Exemption 6).

You'll find a detailed explanation of the applied exemptions below.

Explanation of Exemptions

The FOIA generally requires the release of all agency records upon request. However, the FOIA permits or requires withholding certain limited information that falls under one or more of nine statutory exemptions (5 U.S.C. §§ 552(b)(1-9)). Further, section (b) of the FOIA, which contains FOIA's nine statutory exemptions, also directs agencies to publicly release any reasonably segregable, non-exempt information that is contained in those records.

Exemption 6

Exemption 6 serves to protect Personally Identifiable Information (PII) contained in agency records when no overriding public interest in the information exists. BPA does not find an overriding public interest in a release of the information redacted under Exemption 6 — specifically, individuals' handwritten signatures. BPA cannot waive this PII redaction, as the protections afforded by Exemption 6 belong to individuals and not to the agency.

Lastly, as required by 5 U.S.C. § 552(a)(8)(A), information has been withheld only in instances where (1) disclosure is prohibited by statute, or (2) BPA foresees that disclosure would harm an interest protected by the exemption cited for the record. When full disclosure of a record is not possible, the FOIA statute further requires that BPA take reasonable steps to segregate and release nonexempt information. The agency has determined that in certain instances partial disclosure is possible and has accordingly segregated the records into exempt and non-exempt portions.

Certification

Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the records search, the redactions applied thereto, and the records release described above.

Appeal

The records release certified above is final. Pursuant to 10 C.F.R. § 1004.8, you may appeal the adequacy of the records search, and the completeness of this final release, within 90 calendar days from the date of this communication. Appeals should be addressed to:

Director, Office of Hearings and Appeals
HG-1, L'Enfant Plaza
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585-1615

The written appeal, including the envelope, must clearly indicate that a FOIA appeal is being made. You may also submit your appeal by e-mail to OHA.filings@hq.doe.gov, including the phrase "Freedom of Information Appeal" in the subject line. (The Office of Hearings and Appeals prefers to receive appeals by email.) The appeal must contain all the elements required by 10 C.F.R. § 1004.8, including a copy of the determination letter. Thereafter, judicial review will be available to you in the Federal District Court either (1) in the district where you reside,

(2) where you have your principal place of business, (3) where DOE's records are situated, or (4) in the District of Columbia.

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, Maryland 20740-6001
E-mail: ogis@nara.gov
Phone: 202-741-5770
Toll-free: 1-877-684-6448
Fax: 202-741-5769

Questions about this communication or the status of your FOIA request may be directed to James King, FOIA Public Liaison, at jjking@bpa.gov or 503-230-7621. Questions may also be directed to E. Thanh Knudson, Case Coordinator (ACS Staffing Group), at 503-230-5221 or etknudson@bpa.gov.

Sincerely,

Candice D. Palen
Freedom of Information/Privacy Act Officer

[Attachments / Enclosures: Agency records responsive to FOIA request BPA-2023-01311-F accompany this communication.](#)

Contract No. DE-MS79-91BP93443 has been assigned to this Settlement Agreement executed September 6, 1991, between Bonneville Power Administration and Friends of the Cowlitz. This contract number was not stated on the original signed contract.

SETTLEMENT AGREEMENT

Executed as of September 6, 1991

between

BONNEVILLE POWER ADMINISTRATION

and

FRIENDS OF THE COWLITZ

This agreement (Agreement), executed as of September 6, 1991, by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the Administrator of the Bonneville Power Administration (Bonneville) and FRIENDS OF THE COWLITZ, a non-profit organization duly incorporated, organized and existing under the laws of the State of Washington (collectively referred to herein as the Parties).

W I T N E S S E T H:

WHEREAS Bonneville is authorized to enter into this Agreement pursuant to section 2(f) of the Bonneville Project Act of 1937, section 9(a) of the Pacific Northwest Power Planning and Conservation Act of 1980 (Northwest Power Act), and other law;

WHEREAS Bonneville has requested and received the approval of the United States Department of Justice to enter into this Agreement;

WHEREAS The purposes for which Friends of the Cowlitz is organized include the protection of river systems and wetlands in the Pacific Northwest, including the Cowlitz River and its tributaries, the protection of their wildlife and habitat, and the establishment, protection, and perpetuation of viable fish populations therein;

WHEREAS Bonneville and Public Utility District No. 1 of Lewis County, Washington (District) entered into a Power Purchase Contract dated January 28, 1991, and restated May 22, 1991 (Contract), a copy of which is attached as Appendix 1, pursuant to which Bonneville has acquired for a term of years the electric power capability of the Cowlitz Falls Hydroelectric Project (Project) to be constructed, operated and maintained by the District;

WHEREAS On March 5, 1991, Friends of the Cowlitz filed a Petition For Review Under the Northwest Power Act in the United States Court of Appeals for the Ninth Circuit, Docket No. 91-70161, (Litigation) seeking review of Bonneville's decision to acquire the power output of the Project, entered on January 28, 1991 and published in the Federal Register on February 11, 1991, and Bonneville's adoption of Cowlitz Falls Final Environmental Impact Statement, entered December 13, 1990 and published in the Federal Register of December 21, 1990;

WHEREAS The Parties to the Agreement intend to settle the Litigation finally and completely;

WHEREAS Bonneville expects that the United States Army Corps of Engineers (Corps) will install and conduct tests in 1992 of Eicher fish screens at the Lower Monumental Hydroelectric Project (Lower Monumental) and fish screens similar to those to be installed and tested by the Corps at Lower Monumental have been installed at three other hydroelectric projects in the Pacific Northwest;

WHEREAS Bonneville expects that fish screens similar to the Eicher fish screens will be acquired for and installed at the Project; and

WHEREAS Bonneville intends to review the test results regarding the Eicher fish screens and to define testing procedures and begin testing fish screens in 1992 (or as soon as possible after such screens become operable at Lower Monumental) for the purpose of acquisition for and installation at the Project;

NOW THEREFORE, the Parties hereto mutually agree as follows:

1. Definitions.

(a) "Annual Prompt Payment Act Interest Rate" shall mean the interest rate, on an annual basis, published periodically in the Federal Register by the United States Department of Treasury pursuant to the Prompt Payment Act, Pub. L. 97-177, as amended Pub. L. 100-496, and hereafter amended.

(b) "Bonneville Portion" shall mean, with respect to any equipment, service contracts or capital facilities, a percentage equal to (i) the period, in months, from the date of initial use of such equipment, services or capital facilities through June 30, 2032, divided by (ii) the expected useful life, in months, of such equipment, services or capital facilities; PROVIDED, HOWEVER, that for purposes of such calculation, if any, in no case shall the Bonneville Portion exceed one hundred (100) percent; and PROVIDED FURTHER, HOWEVER, that the expected useful life of permanent fishways shall be 35 years, which Bonneville hereby represents is currently assumed for such fishways at Corps hydroelectric projects of the Federal Columbia River Power System.

(c) "Council" shall mean the Pacific Northwest Power Planning Council as referred to in the Northwest Power Act, or its successor;

(d) "Department of Fisheries" shall mean the Washington State Department of Fisheries, or its successor.

(e) "Department of Wildlife" shall mean the Washington State Department of Wildlife, its predecessor the Department of Game, or its successor.

(f) "Effective Date" shall mean the date of entry of an order (in response to the Motion for Voluntary Dismissal described in section 13 hereof) by the United States Court of Appeals for the Ninth Circuit dismissing the Litigation with prejudice.

(g) "FERC" shall mean the Federal Energy Regulatory Commission, or its successor.

(h) "FERC License" shall mean the license (FERC License No. 2833) issued by FERC to the District on June 30, 1986, and any

extensions, renewals, and amendments thereof, which permits the District to construct and operate the Project.

(i) "Fish and Wildlife Mitigation Agreement" shall mean the agreement dated February 24, 1986, and the accompanying Fish and Wildlife Mitigation Plan, agreed to by the District and the Department of Wildlife (then named Department of Game), a copy of which agreement is attached as Appendix 2.

(j) "Fish Collection Facilities" shall mean Fish Screens and related facilities installed at or near the Project, which Facilities shall be suitable for purposes of preventing the passage of migrant juvenile fish into the turbines of the Project and diverting, capturing and collecting migrant juvenile fish.

(k) "Fish Screens" shall mean Eicher fish screens or, in the event that Eicher screens are not available or do not achieve Satisfactory Testing in sufficient time to permit their acquisition and installation by the Planned Installation Date, equivalent screens for the collection of migrant juvenile fish, for which the Project has been designed to accommodate pursuant to section 14 of the Fish and Wildlife Mitigation Agreement.

(l) "Pacific Northwest Fish and Wildlife Program" shall mean the plan, then in effect, as required to be prepared by the Council pursuant to section 4(h) of the Northwest Power Act.

(m) "Penalty Rate" shall mean one twelfth of the Annual Prompt Payment Act Interest Rate then in effect.

(n) "Planned Installation Date" shall mean January 30, 1994, which reflects Bonneville's good faith estimate, as of the date of this Agreement, of the earliest practicable date by which Fish Collection Facilities can be installed at the Project prior to Project completion and commercial operation in order to protect Cowlitz River fisheries, after taking into account the Project construction schedule and the schedule for testing Fish Screens; or such earlier date as Bonneville may subsequently determine Fish Collection Facilities can practicably be installed at the Project to protect Cowlitz River fisheries.

(o) "Project Biologist" shall be a technically qualified person or firm who shall (i) perform the duties elsewhere specifically ascribed to it under this Agreement, (ii) monitor and periodically prepare reports on the performance by Bonneville of its respective obligations under this Agreement, (iii) monitor and periodically prepare reports on the implementation of all fish and wildlife mitigation required in connection with the construction, operation and maintenance of the Project, (iv) periodically apprise Friends of the Cowlitz and affected fish and wildlife agencies and otherwise make available as a matter of public record the reports of its monitoring

responsibilities, and (v) make proposals to Bonneville for the implementation of fish and wildlife protection, mitigation, and enhancement measures or programs at the Project site.

(p) "Projected Fish Collection Facilities Cost" shall mean four million two hundred thousand dollars (\$4,200,000), which is Bonneville's current good faith estimate of the cost of testing, acquiring and installing Fish Collection Facilities.

(q) "Satisfactory Testing" shall mean the good faith conclusion by Bonneville, after consultation with the National Marine Fisheries Service, the Department of Fisheries, FERC, and a designated representative of Friends of the Cowlitz and others, after reasonable measures to test the effectiveness and efficiency of Fish Collection Facilities, that such Facilities will be effective and efficient for their purposes.

(r) "Term Of The Contract" shall mean the period beginning January 28, 1991, and ending 2400 hours June 30, 2032, unless the Contract is earlier terminated pursuant to its terms.

(s) "Volitional Bypass" shall mean such structures, facilities, and measures that the passage of anadromous and game fish will not be obstructed by the dam for which such Volitional Bypass is required, its related structures and facilities, and their operation and water diversion; including, but not limited to, durable fishways and fish protection devices of suitable shape and size, or non-structural measures of suitable design.

2. Term of the Agreement.

The provisions of sections 9 through 18 shall become effective upon the execution of the Agreement by the Parties. The remaining sections of this Agreement shall become effective on the Effective Date. This Agreement shall remain effective throughout the Term Of The Contract unless this Agreement is earlier terminated as provided herein.

3. Fish Collection Facilities.

Bonneville shall acquire and install, suitable for operation, or cause to be acquired and installed, suitable for operation, Fish Collection Facilities at the Project. The Fish Collection Facilities shall be installed and suitable for operation at the Project no later than the Planned Installation Date; PROVIDED, HOWEVER, that the acquisition or installation of Fish Collection Facilities or any portions thereof may be delayed by Bonneville for a reasonable period (a) if the completion of Project construction is delayed and such delay renders acquisition or installation of the Fish Collection Facilities or any portions thereof impracticable, or (b) if for reasons beyond the control of Bonneville or the District:

(i) the Fish Collection Facilities, or relevant portions thereof, are not available for acquisition or installation or cannot be acquired or installed by the Planned Installation Date; or

(ii) Satisfactory Testing has not been achieved or completed in time sufficient to permit the acquisition and installation of the Fish Collection Facilities, or relevant portions thereof, by the Planned Installation Date.

In the event that the acquisition or installation of Fish Collection Facilities is delayed materially beyond the Planned Installation Date, due to one or more of the circumstances set forth in sections 3(a) or (b) hereof, or is expected by Bonneville to be delayed materially beyond the Planned Installation Date due to such circumstances, then Bonneville shall use its best efforts to complete Satisfactory Testing of Fish Collection Facilities of different design or construction, and take such other action as may be necessary, so that such Fish Collection Facilities can be acquired, installed, and suitable for operation, at the Project by the Planned Installation Date or within a reasonable time thereafter.

In the event that the installation of Fish Collection Facilities is delayed beyond the Planned Installation Date, the Projected Fish Collection Facilities Cost shall be increased at the Penalty Rate for every month of delay not due to one or more of the circumstances set forth in section 3(a) or (b) hereof; PROVIDED, HOWEVER, that if the installation of the Fish Collection Facilities is delayed beyond January 30, 1995, the Projected Fish Collection Facilities Cost shall be increased at the Penalty Rate for every month of delay thereafter regardless of whether such delay is due to one or more of the circumstances set forth in section 3(a) or (b) hereof.

4. Funding.

Payment of the Projected Fish Collection Facilities Cost, the cost of any overruns pursuant to section 5 hereof, the cost of retaining the Project Biologist pursuant to section 7 hereof and the payment of the Bonneville Portion shall be the obligation solely of Bonneville, and the District shall have no obligation or other responsibility independently to fund or meet such costs. Bonneville reserves the right to fund such costs in any manner, including by direct payments to contractors or by payments through the District under the Contract.

5. Overruns.

In the event that the actual costs of acquiring and installing the Fish Collection Facilities exceed the Projected Fish Collection Facilities cost, Bonneville shall continue to acquire

and install, or cause to be acquired and installed, the Fish Collection Facilities, and Bonneville shall pay such costs.

6. Underruns.

In the event that the actual costs of acquiring and installing the Fish Collection Facilities are less than the Projected Fish Collection Facilities Cost, Bonneville shall make available an amount equal to the amount by which the Projected Fish Collection Facilities Cost exceeds the actual costs of acquiring and installing the Fish Collection Facilities and Bonneville shall expend or cause to be expended such amounts to pay costs of fish and wildlife mitigation, protection, and enhancement programs or measures in connection with the Project (including but not limited to programs for the transport of fish) determined by Bonneville following consultation with the Project Biologist, the District, the Department of Wildlife or the Department of Fisheries (as the case may be), affected Tribes, FERC, Federal fish and wildlife agencies with jurisdiction, and the public. Such balance shall not be used to pay the costs of the programs and measures specified in the Fish and Wildlife Mitigation Agreement.

7. Retention of Project Biologist.

Bonneville shall retain or cause to be retained the services of the Project Biologist.

8. Volitional Bypass.

(a) Bonneville shall pay, either as a Project Power Cost under the Contract or directly from the Bonneville Fund, amounts equal to the Bonneville Portion of the costs of Volitional Bypass, if any, at the Project as or before the costs thereof become due if such Volitional Bypass shall be ordered or required pursuant to the FERC License or other valid and enforceable law or regulatory order.

(b) Nothing in this Agreement shall require or be construed to require the District to bear any portion of the costs of designing and installing Volitional Bypass, if any, including but not limited to the Bonneville Portion, during the Term Of The Contract.

9. Covenant Not To Sue Or Take Other Action.

(a) Friends of the Cowlitz shall not for the Term Of The Contract commence or threaten to commence litigation or formal administrative, license or regulatory proceedings that in any manner seeks to challenge, render unenforceable, invalidate, or enjoin the acquisition by Bonneville of the output of the Project.

(b) Friends of the Cowlitz shall not, before the date of commercial operation of the Project pursuant to the Contract, commence or threaten to commence litigation or formal administrative, license or regulatory proceedings that in any manner:

(i) Seeks to restate or otherwise litigate issues raised, or which would have arisen out of the same facts, in the Litigation, including litigation challenging the decision by Bonneville to acquire the Project or enter into the Contract on the basis that such actions violate the Northwest Power Act or the National Environmental Policy Act of 1969 and its implementing regulations;

(ii) Seeks or with reasonable foresight would result in the invalidation or unenforceability of the Contract or any of its terms, including Bonneville's obligation to pay Project Power Costs;

(iii) Seeks or with reasonable foresight would result in the delay or prohibition of the sale and issuance of Cowlitz Falls Bonds;

(iv) Seeks the delay, suspension or termination of Project construction or operation;

(v) Challenges the authority of the District to construct, own, operate or finance the Project; or

(vi) Challenges the validity of any license, permit, or regulatory approval, existing on the date hereof, necessary for and issued in connection with the Project.

(c) Friends of the Cowlitz shall not for a period of six months from the date of execution of this Agreement commence or file a formal petition or motion seeking to commence any formal administrative, license or regulatory proceeding regarding the Project.

(d) On or before the filing date of the motion referred to in section 13 of this Agreement, Friends of the Cowlitz shall provide to Bonneville covenants by each member of its Board of Directors in the form of the covenant attached as Appendix 3.

10. Reservation of Rights Regarding the Project.

Friends of the Cowlitz reserves the right, power and ability:

- (a) After the six month period specified in section 9(c) hereof, to commence or seek to commence any formal administrative, regulatory, or license proceeding to require Volitional Bypass or other fish and wildlife protection at the Project, including proceedings to amend the FERC License;
- (b) At any time, to engage in informal discussions, correspondence, or other communications with any administrative, regulatory, license or legislative body;
- (c) To participate or to seek to participate in any administrative, regulatory, license, legislative, or litigation proceeding related to the Project commenced as a result of the actions of an entity other than Friends of the Cowlitz, and any judicial review thereof;
- (d) To seek compliance with, enforcement of, or fulfillment of the federal Endangered Species Act by or against the Project, Bonneville, the District, or any other entity; and
- (e) To commence, threaten to commence, intervene in or support litigation that seeks:
- (i) To challenge or review any administrative, license or regulatory action denying, or administrative, license or regulatory inaction with the effect of denying, any future petition, request or other proposal that Volitional Bypass or other fish and wildlife protection be required in connection with the Project; PROVIDED, HOWEVER, that the action or inaction by the District or Bonneville shall not constitute administrative, license or regulatory action or inaction under this section 10(e);
 - (ii) Enforcement of, fulfillment of or compliance with (including against FERC, Bonneville or the District) provisions of the FERC License (including any term or condition thereof, and any agreement, plan, condition, authorization, or approval required under the FERC License); and
 - (iii) Enforcement of, fulfillment of or compliance with (including against FERC, Bonneville or the District) any FERC license provision or order, or any other valid and enforceable law or regulatory order requiring Volitional Bypass or other fish and wildlife protection measures in connection with the Project;

PROVIDED, HOWEVER, that in any litigation described in this section 10(e), Friends of the Cowlitz shall not, prior to the date of commercial operation of the Project pursuant to the Contract, seek as a remedy that the construction or operation of the Project be halted or suspended.

11. Other Reservations of Rights.

Friends of the Cowlitz reserves the right, power and ability:

(a) To commence, to seek to commence, to participate in or to seek to participate in any administrative, regulatory, license or legislative proceeding other than in connection with the Project, including any proceedings to amend the FERC licenses at the Mayfield Dam or the Mossyrock Dam, and any judicial review thereof;

(b) To obtain, and to seek to obtain, through litigation or otherwise, Volitional Bypass, other fish and wildlife protection or environmental protection, mitigation and enhancement, other than in connection with the Project, including the Mayfield Dam, the Mossyrock Dam, and facilities in the Cowlitz River basin other than the Project;

(c) To obtain, and to seek to obtain, through litigation or otherwise, enforcement of, fulfillment of or compliance with provisions of FERC licenses (including any term or condition thereof, and any agreement, plan, condition, authorization, or approval required or contemplated under such licenses) or any other law or regulatory order in connection with the Mayfield Dam, the Mossyrock Dam or facilities, other than the Project, located in the Cowlitz River basin;

(d) To commence, seek to commence, participate in, or to seek to participate in any administrative, regulatory, license or legislative proceeding generally applicable to the Cowlitz River and its tributaries or generally applicable to the hydroelectric facilities comprising the Federal Columbia River Power System (including such proceedings as the development and amendment of the Pacific Northwest Fish and Wildlife Program and other proceedings of the Council); and to commence, threaten to commence, intervene in or support litigation arising from such proceedings; PROVIDED, HOWEVER, that in any litigation described in this section 11(d), the Friends of the Cowlitz shall not, prior to the date of commercial operation of the Project pursuant to the Contract, seek as a remedy that the construction or operation of the Project be halted or suspended; and

(e) To seek by any method the compliance with, or enforcement or fulfillment of the terms of this Agreement by

or against Bonneville, the District or other responsible party.

12. Reservation of Rights of Bonneville and the District Regarding Volitional Bypass.

Nothing in this Agreement shall limit or be construed to limit the right, power or ability of Bonneville or the District in any manner or status to commence or participate in, or to seek to commence or participate in, any litigation or administrative, license, regulatory or legislative proceeding, including any proceeding regarding Volitional Bypass.

13. Dismissal.

The Parties shall immediately file a joint motion for voluntary dismissal with prejudice of the Litigation, in the form of motion attached as Appendix 4.

14. Opinion.

On or before the filing date of the motion described in section 13 of this Agreement, Friends of the Cowlitz shall provide, to Bonneville and the District, an opinion by counsel to Friends of the Cowlitz, in the form attached as Appendix 5, that this Agreement is a valid, binding and enforceable obligation of Friends of the Cowlitz.

15. Notification to FERC.

On or before the filing date of the motion described in section 13 of this Agreement, Bonneville shall forward a courtesy copy of this Agreement to FERC for its information.

16. Termination of the Agreement.

The respective obligations of the Parties pursuant to this Agreement shall be rendered unenforceable should any of the following circumstances occur and notice of such circumstances is given to the Parties:

- (a) In the event that Project construction is terminated;
- (b) During the period, if any, during which Bonneville's right under the Contract to receive Project Output is rendered unenforceable;
- (c) In the event that either Friends of the Cowlitz or Bonneville side does not comply materially with its respective obligations under this Agreement, and fails to cure such noncompliance within thirty days of notice from the other party

stating the claimed cause for which the obligations under this Agreement are to be rendered unenforceable;

(d) If within two years after the execution of this Agreement, any litigation is filed in connection with the Project, which litigation substantially delays, precludes or renders imprudent the financing, construction, or operation of the Project; or

(e) If, notwithstanding, the filing of the motion referred to in section 13 of this Agreement, the Litigation is continued by any entity, whether by intervention or other third party action.

In the event the obligations of the Parties pursuant to this Agreement are rendered unenforceable, through no fault of Friends of the Cowlitz, as a result of one of the circumstances specified in this section, and that cause is not remedied or removed within thirty days, Friends of the Cowlitz shall be entitled to declare this Agreement terminated and recommence the Litigation without regard to laches, statutes of limitation, or other defenses arising from passage of time, this settlement agreement, or the dismissal of the Litigation pursuant to this Agreement.

17. Notices.

All notices required or authorized under this Agreement shall be in writing and shall be delivered in person or by Certified U.S. mail or other form of delivery that provides written confirmation of receipt, and shall be deemed given when received by the parties at their respective addresses as follow:

If to Bonneville: Bonneville Power Administration
905 N.E. 11th Street
P.O. Box 3621
Portland, OR 97208
Attn: Administrator

with a copy to: Bonneville Power Administration
905 N.E. 11th Street
P.O. Box 3621
Portland, OR 97208
Attn: General Counsel

If to Friends of
of the Cowlitz: Friends of the Cowlitz
123 Cowlitz Street
P.O. Box 721
Toledo, WA 98591
Attn: President

with a copy to: Jonathan I. Feil
Simburg, Ketter, Sheppard & Purdy
999 Third Avenue, Suite 2525
Seattle, WA 98104-4089

18. Rules of Law.

(a) The rules of law that, in interpreting contracts, ambiguities will be construed against the drafter shall not be applicable to or used in resolving any dispute over the meaning or intent of this Agreement.

(b) This Agreement shall be construed under and shall be governed by Federal law.

(c) Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be construed as imposing a legal obligation on Bonneville or the District that conflicts with any of its existing applicable law or regulations, or that conflicts with any applicable law, regulation, procedure or policy.

(d) This Agreement shall not be construed to limit the responsibilities and obligations of Bonneville, the District, or any other governmental entity, under the FERC License, the Contract, the Pacific Northwest Fish and Wildlife Plan, the Fish and Wildlife Mitigation Agreement, or other applicable law, regulatory order, or agreement.

(e) This Agreement represents the entirety of the agreement between the Parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in several counterparts.

UNITED STATES OF AMERICA
Bonneville Power Administration

By (b)(6)
[ACTING] Administrator

FRIENDS OF THE COWLITZ

By (b)(6)

Title President

ATTEST
By (b)(6)

Title Secretary

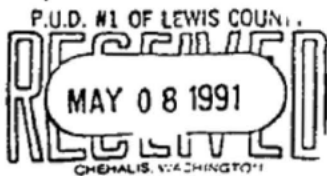
APPENDICES

- 1 - Restated Power Purchase Contract dated May 22, 1991 between Bonneville and the District
- 2 - Fish and Wildlife Mitigation Agreement dated February 24, 1986 between the District and Department of Wildlife
- 3 - Covenant by Friends of the Cowlitz Directors
- 4 - Joint Motion for Dismissal
- 5 - Opinion by Counsel to Friends of the Cowlitz

SETTLE.FIN

APPENDIX 1

Restated Power Purchase Contract
dated May 22, 1991
between Bonneville and the District



AUTHENTICATED COPY

Contract No. DE-MS79-918P93212
Procurement No. 76237

AMENDATORY CONTRACT FOR
POWER PURCHASE
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION

and

PUBLIC UTILITY DISTRICT NO. 1 OF LEWIS COUNTY, WASHINGTON
(Cowlitz Falls Project)

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This Amendatory Contract for Power Purchase (Contract), executed May 23, 1991, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and PUBLIC UTILITY DISTRICT NO. 1 OF LEWIS COUNTY, WASHINGTON (Lewis), a public utility district organized and existing under the laws of the State of Washington (the Parties);

W I T N E S S E T H:

WHEREAS, Bonneville is authorized and obligated to acquire sufficient power and energy to meet the electric power requirements placed on Bonneville, consistent with the resource priorities of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act); and

WHEREAS, Lewis is organized under the laws of State of Washington and is authorized to construct, acquire and operate works, plants, systems and facilities for the generation, conservation and transmission of electric power and energy and to enter into contracts for the disposition of electric power and energy produced thereby; and

WHEREAS, Lewis and Bonneville have executed a power sales contract (Contract No. DE-MS79-81BP90503, which as the same may be amended or replaced is hereinafter called "Bonneville power sales contract"), and a Residential Purchase and Sale Agreement (Contract No. DE-MS79-81BP90665, which as the same may be amended or replaced is hereinafter called "Residential Exchange Agreement"); and

WHEREAS, this Contract (Contract No. DE-MS79-91BP93212) amends and restates the Power Purchase Contract (Contract No. DE-MS79-90BP93106) executed by and between the Parties on January 28, 1991, and is intended to and shall represent the full and entire agreement of the Parties, notwithstanding any prior written or oral agreements, including the Power Purchase Contract; and

WHEREAS, the acquisition of the Project Output by Bonneville pursuant to this Contract will serve to satisfy Lewis' ongoing obligation, pursuant to Section 5 of the Bonneville power sales contract, to either serve its load with resources it develops, or to provide resources to Bonneville; and

WHEREAS, Lewis has obtained a license to construct a hydroelectric project on the Cowlitz River, known as the Cowlitz Falls Project (Project), which is a renewable resource having the highest priority for acquisition by Bonneville after conservation; and

WHEREAS, the Parties attempted in good faith, and elected not to obtain a letter of credit or other credit enhancement to secure initial Cowlitz Falls Bonds as contemplated in the Power Purchase Contract; and

WHEREAS, under the terms as hereby amended and restated in this Contract, Bonneville has determined that the acquisition of the Project Output by Bonneville remains cost-effective, and continues to meet all other requirements applicable to such acquisition under the Northwest Power Act or other law; and

WHEREAS, the Parties expect that Lewis will finance construction of the Project through the issuance of Cowlitz Falls Bonds, and may from time to time issue Cowlitz Falls Bonds for other Project purposes; and

WHEREAS, Bonneville is authorized and has agreed to pay to or on behalf of Lewis amounts equal to the Project Power Costs including Annual Debt Service on such Cowlitz Falls Bonds for the term of this Contract; and

WHEREAS, Bonneville is authorized by law to dispose of electric power and energy generated at various Federal hydroelectric projects in the Pacific Northwest or acquired from other resources; to construct and operate transmission facilities; to provide transmission and other services; and to enter into agreements to carry out such authority; and

WHEREAS, Bonneville will pay to Lewis an amount equal to Project Power Costs and thus has a direct interest in actions and decisions that will affect Project Power Costs; and

WHEREAS, this Contract establishes Bonneville's rights to oversee and participate in actions associated with construction, financing and operation of the Project; and

WHEREAS, on May 15, 1990, the Parties hereto executed an Option Agreement for the purchase of the Project Output of the Cowlitz Falls Project by Bonneville; and

WHEREAS, Bonneville's obligations hereunder are not, nor shall they be construed to be, general obligations of the United States, nor are they

intended to be or are they secured by the full faith and credit of the United States; and

WHEREAS, Bonneville expects to enter into a payment agreement with the Trustee for the Cowlitz Falls Bonds to provide timely payment of Annual Debt Service in the event that Bonneville's payment obligation hereunder is held to be unenforceable in any respect; and

WHEREAS, the Parties now wish to conclude the sale of the Project Output, as described in this Contract,

NOW, THEREFORE, the Parties hereto agree as follows:

1. Definitions.

- (a) "Actual Initial Construction Costs" means Initial Construction Costs less any Recovery Payments.
- (b) "Annual Availability Factor" means the percentage factor calculated by dividing the number of hours during an Operating Year the Project was available to generate electricity by the total number of hours in that Operating Year.
- (c) "Annual Debt Service" means the sum of amounts, required to be paid in any year to pay:
 - (1) the interest due in such year on all outstanding Cowlitz Falls Bonds, excluding interest paid from the proceeds of sale of Cowlitz Falls Bonds or other bonds; and
 - (2) the principal of all outstanding Cowlitz Falls Bonds due in such year, including sinking funds to amortize Cowlitz Falls Bonds that are term bonds, if any, during such year; and
 - (3) amounts required to pay premiums for redeeming Cowlitz Falls Bonds, prior to their scheduled maturity.
- (d) "Annual Operating Budget" means the budget mutually agreed to by the Parties which establishes the amount and due dates for the payment of an amount equal to Project Power Costs for each Operating Year during the Term.
- (e) "Bond Resolution" means the Resolution of the Commissioners of Lewis creating the Cowlitz Falls Hydroelectric Project as a separate system of Lewis, and providing a plan and system for the acquisition and construction for additions, betterments, improvements and extensions, creating an issue of Cowlitz Falls Hydroelectric Project Revenue Bonds, fixing the form and covenants of said bonds, and establishing certain funds and accounts, and all resolutions supplementing or amending such Bond Resolution.
- (f) "Commercial Operation Date" means the date, following a reasonable period of testing, when the Project Engineer

certifies that the Project is available for and capable of continuous operation on a commercial basis.

- (g) "Construction Fund" means the Cowlitz Falls Hydroelectric Project Construction Fund created by the Bond Resolution.
- (h) "Construction Notice to Proceed" means the written notice given by Lewis to the contractors to commence Initial Project Construction.
- (i) "Cowlitz Falls Bonds" means the Cowlitz Falls Hydroelectric Project Revenue Bonds of Lewis authorized to be issued pursuant to and under the authority of and for the purposes provided in the Bond Resolution, including but not limited to Initial Project Construction, completion of the Project and acquisition of additions, betterments, renewals, replacements, repairs, improvements and extensions of the Project, refunding Cowlitz Falls Bonds or any other lawful purpose of Lewis related to the Project.
- (j) "Delay Costs" means the costs to delay or to suspend the Initial Project Construction after the issuance of the Construction Notice to Proceed, including but not limited to such costs as contractor demobilization charges; maintenance and preservation of Project assets; insurance payments; contractual payment obligations which cannot be delayed; taxes; licenses, permits and regulatory costs; environmental compliance and mitigation activities; recordkeeping, administration and general expenses; contractor penalties, change orders, and judgments allocable to the Project; all of the above costs will be accounted for according to the FERC Uniform System of Accounts.
- (k) "FERC License" means the license (FERC License No. 2833) issued by the Federal Energy Regulatory Commission (FERC), or its successor, to Lewis on June 30, 1986, and any extensions, renewals, and amendments thereof, which permits Lewis to construct and operate the Project.
- (l) "FERC Uniform System of Accounts" means the system of accounts prescribed by the FERC for public utilities and licensees, as may be amended, at 18 CFR 101, et seq.
- (m) "Final Initial Construction Cost Estimate" means the estimate of Initial Construction Costs prepared by the Project Engineer after the receipt of construction bids for purposes of issuing Cowlitz Falls Bonds to finance Initial Project Construction.
- (n) "Financing Costs" means the costs associated with the authorization, issuance and sale of Cowlitz Falls Bonds, including but not limited to reserve and contingency funds, working capital, capitalized interest, debt service reserve, bond discount and finance expenses, letter of credit fees, bond insurance, and fees for bond counsel, bond printing, financial advisor, bond registrar/paying agent and Trustee, less any net receipts related to financing.

- (o) "Firm Capability" means that portion of the Project Output which may be used to serve the firm loads of Lewis, in accordance with the applicable criteria established pursuant to Bonneville's power sales contract with Lewis, or its successor contract, and regional criteria for coordinated resource operation, then in effect.
- (p) "Initial Construction Costs" means the costs incurred or to be incurred to design, acquire, construct, test and place the Project in operation, including but not limited to costs of construction, design, engineering, land acquisition, licensing, permitting, environmental compliance, mitigation, administration and general expenses associated with construction, a reasonable contingency, transmission facilities from the Project site to Glenoma Substation, Lewis' Investment relating to the Project and applicable taxes, but excluding Financing Costs; and less any net receipts related to construction which are not Recovery Payments.
- (q) "Initial Project Construction" means all actions to design, acquire, construct, test, and place the Project in Commercial Operation covering the time period from the issuance of the Construction Notice to Proceed to the Commercial Operation Date.
- (r) "Lewis' Investment" means the amount of money equal to the costs which Lewis has incurred in the Project as of January 28, 1991, as determined pursuant to the audit by Bonneville.
- (s) "Notice to Proceed" means the written notice given by Bonneville to Lewis to commence construction of the Project.
- (t) "Operating Working Capital" means an amount, mutually agreed by the Parties, that provides a balance sufficient to ensure that budgeted Project Power Costs, exclusive of costs associated with Annual Debt Service can be paid by Lewis when due.
- (u) "Operating Year" means any consecutive 12-month period during the Term which commences at 2400 hours, July 31, and ends at 2400 hours the following July 31.
- (v) "Operation and Maintenance Costs" (O&M Costs) means those expenses for operation and maintenance of the Project and routine repairs, renewals of and replacements to the Project, including payments into working capital reserves in the Revenue Fund for items of O&M Costs the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, operation and maintenance expenses; rents; costs of spare parts, recreation and Project mitigation which are not capitalized; administrative and general expenses, and insurance costs allocable to the Project; transmission wheeling costs incurred to integrate Project output; engineering expenses; legal fees, Trustee, paying agent, registrar, letter of credit fees, and financial advisor expenses; labor costs and associated taxes and benefits; insurance premiums; any amounts

required to be rebated to the Federal Government pursuant to Section 148 of the Internal Revenue Code as may be amended; and any taxes, assessments, payments in lieu of taxes or other lawful governmental charges, all to the extent properly allocable to the Project under generally accepted accounting principles. Operation and Maintenance Costs shall not include any costs or expenses for new construction that is capitalized, interest, amortization or any allowance for depreciation.

- (w) "Other Renewals and Replacements" (OR&R) means actions or items which are not included in O&M Costs that are required by the Project to repair loss or damage, make repairs, renewals and replacements, make additions, betterments, improvements and extensions, comply with regulatory requirements, and to keep the Project in good operating condition.
- (x) "Other Renewals and Replacements Costs" (OR&R Costs) means costs incurred for any OR&R for the Project.
- (y) "Point of Delivery" means the location at which Lewis will deliver and Bonneville will receive Project Output, and is the point which is approximately six (6) miles west of Tacoma City Light's (Tacoma) Mossyrock Dam and which is in the vicinity of the Silver Creek-Cinebar County Road where the 230 kV facilities of Tacoma and Bonneville are connected with an interconnection voltage of 230 kV.
- (z) "Preliminary Initial Construction Cost Estimate" means the estimate of Initial Construction Costs based on a June, 1991 construction start date, and including but not limited to contingencies and cost escalation prepared by the Project Engineer, attached as an exhibit to this Contract on the date Bonneville executes the Contract, and adjusted to account for inflation by escalating each cost component using the Handy-Whitman Index of Public Utility Construction Costs should Project construction commence later than June, 1991.
- (aa) "Project" means the separate system of Lewis as described in FERC License No. 2833, including amendments and revisions now or hereafter approved by FERC, consisting of the electric utility properties and assets, real and personal, tangible and intangible, of the Cowlitz Falls Hydroelectric Project of Lewis, as created by the Bond Resolution, including a dam, spillway, powerhouse, reservoir, transmission and electrical facilities, operations and maintenance facilities, land, and the facilities and programs for wildlife, recreation, debris and sediment control, and other mitigation, and all additions, betterments, renewals, replacements and repairs, improvements to and extensions of such Project, but shall not include the electric system of Lewis or any other properties, rights or assets, real or personal, tangible or intangible, that hereafter may be purchased, constructed or otherwise acquired by Lewis as a system that is declared by the Commission of Lewis at the time of financing thereof to be separate from the Project, the

revenues of which may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire or expand such separate system or otherwise may be pledged to the payment of the bonds of another such separate system of Lewis.

- (bb) "Project Engineer" means Bechtel Corporation, San Francisco, California, or another firm as mutually agreed to by the Parties, which is responsible for engineering, design, procurement, construction management, construction by force account, testing, and operation of the Project until the Commercial Operation Date.
- (cc) "Project Holding Cost" means any reasonable cost incurred or obligated by Lewis from January 28, 1991, to the Construction Notice to Proceed, to ensure that the Project is ready to finance and construct, including but not limited to costs of maintaining all licenses, permits and regulatory approvals, real property, options, acquisition costs of Project equipment and cancellation charges.
- (dd) "Project Operator" means the Party which has the responsibility for operating and maintaining the Project during any Operating Year.
- (ee) "Project Output" means the entire amount of capacity and energy including test energy, less station service, generated and available at the Project during the Term.
- (ff) "Project Power Costs" means with respect to each month an amount equal to all costs attributable to the Project, to the extent not payable from the proceeds of Cowlitz Falls Bonds or other sources (including income and investment of such proceeds), resulting from the ownership, operation, maintenance of, and repairs, renewals, replacements, additions, improvements, betterments and modifications of the Project, including, without limitation, the following items of cost:
 - (1) O&M Costs
 - (2) OR&R Costs
 - (3) An amount equal to the sum of the following:
 - (A) All amounts required under the Bond Resolution to be paid into the interest account, the serial bond principal and term bond principal accounts and the reserve account in the bond fund (as such terms are defined in the Bond Resolution) during such month;
 - (B) Any amount Lewis may be required during such month to deposit into any junior lien fund or account for Cowlitz Falls bonds;

- (C) Any amount required under the Bond Resolution to be paid or deposited during such month into the reserve and contingency account in the Revenue Fund, or any other fund or account under the Bond Resolution;
 - (D) Any amount that Lewis may be required during such month to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, betterments, and extensions that are necessary or prudent to keep the Project in good operating condition, to improve the operation thereof or to prevent a loss of revenues therefrom, but in each case only to the extent that funds for such payment are not available to Lewis from any funds or accounts established under the Bond Resolution for such purposes or funds for such payment are not provided by the issuance of Cowlitz Falls Bonds or other obligations of Lewis; and
 - (E) All other charges or obligations of the Project against the revenues of the Project of whatever nature and whether now or hereafter imposed by the Bond Resolution, by law or by contract.
- (gg) "Recovery Payments" means monies received by Lewis from any other person or entity other than Lewis or Bonneville to compensate for faulty design, construction, operation, performance, or the timing of the Project occurring prior to the Commercial Operation Date, including but not limited to: the proceeds of insurance covering loss occurring prior to the Commercial Operation Date, all monies received by reason of the default of contractors in connection with the construction of the Project, and the proceeds of any Project salvage sales as a result of construction whenever occurring, but excluding any reimbursement of Financing Costs and proceeds obtained to satisfy obligations for Project termination occurring prior to Commercial Operation Date.
- (hh) "Revenue Fund" means the Cowlitz Falls Hydroelectric Project Revenue Fund created by the Bond Resolution.
- (ii) "Special Operation and Maintenance Costs" (Special O&M Costs) means the following O&M Costs which are subject to payment and reimbursement pursuant to Sections 13 and 14, including renewals and replacements that are not OR&R, spare parts not capitalized, labor costs (including benefits but excluding taxes), consumables, transportation expenses, and administrative and general expenses incurred to maintain and operate the Project.
- (jj) "Termination Costs" means the costs incurred from January 28, 1991, to terminate Initial Project Construction prior to the Commercial Operation Date, including but not limited to the costs of terminating all contracts associated with the Project; the costs of any penalties, liquidated damages, or forfeitures;

the costs to the Project resulting from judgments, settlements, or claims properly allocable to the Project arising from termination; the expenses related to retirement, defeasance or call of outstanding Cowlitz Falls Bonds; the costs of report filings or other regulatory activities required by any regulatory body; and the costs of site restoration as directed by any regulatory body of competent jurisdiction.

- (kk) "Trustee" means the Trustee for the Cowlitz Falls Bonds appointed pursuant to the Bond Resolution.
- (ll) "Uncontrollable Force" means an act or event beyond the reasonable control of a Party, and which by exercise of due diligence and foresight such Party could not reasonably have been expected to avoid or remove, which impairs the ability of the Party to perform, and includes, but is not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, accident, fire, lightning and other natural catastrophes, epidemic, war, labor or material shortage, strike or labor dispute, or sabotage, and also includes restraint by an order of a court of competent jurisdiction or by regulatory authorities against any action taken or not taken by a Party, after a good faith effort by the appropriate Party to obtain: (1) relief from such order; or (2) any necessary authorizations or approvals from any governmental agency or regulatory authority.

2. Term.

- (a) This Contract shall be effective from 2400 hours on the date of execution and delivery by the Administrator to Lewis, and shall expire on 2400 hours June 30, 2032, provided that the Parties may mutually agree to terminate this Contract if adequate provision for the payment of Cowlitz Falls Bonds has been made in accordance with the defeasance provisions of the Bond Resolution. Unless this Contract is terminated prior to June 30, 2032 in accordance with the preceding sentence, all obligations incurred during the Term are preserved until satisfied.
- (b) The obligations of the Parties pursuant to Sections 27 and 30 shall remain in effect pursuant to their terms notwithstanding the expiration of this Contract, pursuant to Section 2(a).

3. Exhibits.

Exhibit A (Power Scheduling Procedures), Exhibit B (Calculation of Residual Value), Exhibit C (Technical Standards for the Integration of Small Generating Resources), Exhibit D (Provisions Required by Statute or Executive Order), Exhibit E (Preliminary Initial Construction Cost Estimate), Exhibit F (Administrative and General Overhead Cost Methodology), and Exhibit G (Resource Cost Reimbursement Calculation) are hereby attached and by this reference made a part of this Contract.

4. Purchase and Sale of Project Output.
Lewis hereby agrees to sell and deliver, and Bonneville hereby agrees to purchase and accept delivery of, the entire Project Output during the Term, subject to the provisions of this Contract. Bonneville agrees to pay to Lewis during each Operating Year (or portions thereof) of the Term an amount equal to Project Power Costs as set out in this Contract, whether or not the Project or any part thereof has been completed, terminated, is operating or operable, or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditioned upon the performance or nonperformance of any Party to any agreement for any cause whatever.
5. Project Holding Costs.
- (a) Bonneville agrees to fund Project Holding Costs incurred or obligated by Lewis. Project Holding Costs so funded shall not be included in Lewis' Investment.
 - (b) Bonneville has prepared and provided to Lewis a Project Holding Cost budget covering the period from January 28, 1991, until the expected sale and issuance of Cowlitz Falls Bonds to finance Initial Project Construction. In the event the Cowlitz Falls Bonds are not issued prior to June 30, 1991, after consultation with Lewis Bonneville shall prepare and provide to Lewis an amended Project Holding Cost budget on or before June 30, 1991, for the six-month period beginning July 1, 1991. Project Holding Costs budgets for succeeding six-month periods will be prepared by Bonneville as may be necessary. The Project Holding Cost budget shall state the Project Holding Costs which are expected to be incurred, and the amount and due dates of monthly payments needed to defray such Project Holding Costs. Bonneville shall pay to Lewis the amounts on or before the due dates set forth in the Project Holding Cost budget to fund such Project Holding Costs.
 - (c) Should the actual Project Holding Costs incurred in any month be more or less than the amount contained in the Project Holding Cost budget, Bonneville's payment for Project Holding Costs for the next month shall be increased or decreased to compensate for such difference, as approved by Bonneville.
 - (d) As promptly as possible after issuance of the Construction Notice to Proceed should actual Project Holding Costs incurred in the last month differ from the Project Holding Costs paid by Bonneville, Lewis shall provide Bonneville with written notification of the difference and the reasons therefor. As approved by Bonneville payments necessary to reconcile the above difference shall be made by the appropriate Party based on such written notification.

6. Initiation of the Project.

- (a) Bonneville issued the Notice to Proceed to Lewis on January 28, 1991.
- (b) Since receipt of the Notice to Proceed, Lewis and Bonneville have promptly taken actions necessary to obtain financing for Project construction.
- (c) Lewis has required the Project Engineer to promptly provide Lewis and Bonneville with a copy of the Final Initial Construction Cost Estimate.
- (d) The Parties intend that Project construction shall be financed by the issuance and sale of Cowlitz Falls Bonds. If the Parties are unable to finance Project construction by the issuance and sale of Cowlitz Falls Bonds, the Parties shall consult and mutually agree upon the appropriate course of action.
- (e) Bonneville reserves the right to provide funding for Initial Project Construction by whatever means Bonneville deems appropriate, including but not limited to funding from the Bonneville fund. If Bonneville elects to so fund Initial Project Construction from the Bonneville fund, disbursement of funds shall be governed by a separate letter agreement executed by the Parties.
- (f) Upon receipt of financing for Initial Project Construction, Lewis shall be responsible for initiating, supervising and taking all actions necessary to complete Initial Project Construction.

7. Contract Principles.

The Parties shall exercise their rights and discharge their duties, as set forth in this Contract, in a manner consistent with the following principles:

- (a) Proceed with all reasonable diligence to initiate and complete construction of the Project at the earliest practicable time consistent with this Contract; and
- (b) At all times operate the properties of the Project and the business in connection therewith in an efficient, reliable manner and at the lowest reasonable cost consistent with the objective of achieving the efficient integration into the Federal Columbia River Power System (FCRPS) and the longest reasonable operating life for the Project; and
- (c) Maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Project, and all additions, improvements and betterments thereto and extensions thereof, and in every part and parcel thereof in reasonably good repair, working order and condition; and

- (d) From time to time make, or cause to be made, all necessary and proper repairs, renewals, replacements, additions, improvements and betterments thereto and extensions thereof, so that at all times the business carried on in connection therewith shall be properly and advantageously conducted; and
- (e) Comply with the terms and conditions of any permit, license or approval for the Project issued by any Federal, State or local governmental agency or body having jurisdiction and with any Federal, State or local regulation applicable to the construction, operation, maintenance and repair of the Project, or requiring a license, permit or approval therefor, including without limitation the FERC License; and
- (f) Use best efforts to reach mutual agreement on matters relating to the Project, and to act promptly on any recommendation submitted in any fashion by either Party; and
- (g) In managing the investment of Project funds and accounts, exercise the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, consistent with the requirements of the Bond Resolution, State and Federal law, and Lewis' contractual obligations; and
- (h) Ensure that the income earned by each fund or account, including but not limited to working capital, is credited in accordance with the terms of the Bond Resolution; and
- (i) Take all actions related to the Project in a manner which is consistent with the terms and provisions of the Bond Resolution.

8. Project Oversight.

(a) Access to Project Information.

- (1) As requested by Bonneville, Lewis shall promptly provide to Bonneville or its designee information and documents related to any and all matters concerning the Project, including but not limited to:
 - (A) Contracts, agreements, construction budgets, licenses, permits, regulatory approvals and other documents between Lewis and Project contractors related to the financing, engineering, design and construction of the Project.
 - (B) Contracts, agreements and other documents between Lewis and Project contractors related to the operation and maintenance of the Project, and a quarterly

summary of vouchers paid to maintain and operate the Project.

- (C) Analyses and evaluations related to the Project, including but not limited to all Project cost information.
 - (D) Timely notice (including telephonic notice) of any meetings and negotiations related to the Project between Lewis and Project contractors or subcontractors, and Lewis staff meetings on topics which may effect Project Power Costs. Bonneville may attend and participate in all such meetings.
- (2) Bonneville or its designee may upon reasonable notice and at any reasonable time, inspect Lewis' books and records and shall be provided space to conduct such inspections.
 - (3) Bonneville or its designee may upon reasonable notice and at any reasonable time, have access to the Project.
- (b) Financing Oversight.
- (1) Project Construction Financing.
 - (A) The Preliminary Initial Construction Cost Estimate has been prepared by the Project Engineer, and has been reviewed and approved by the Parties. The Final Initial Construction Cost Estimate shall be prepared by the Project Engineer.
 - (B) Except as requested by Bonneville, the proceeds of Cowlitz Falls Bonds obtained to finance the Initial Project Construction shall not exceed the Final Initial Construction Cost Estimate and the final estimate of associated Financing Costs, including Lewis' Investment.
 - (C) Should Cowlitz Falls Bonds, in addition to those issued for Initial Project Construction, be required to finance the completion of Project construction, or any OR&R, such additional issue(s) shall not exceed the estimated cost of such completion or OR&R, including any contingency, and the final estimate of associated Financing Costs, as estimated by the Project Engineer.
 - (D) If requested by Bonneville, Lewis shall include in the Cowlitz Falls Bond issuance to finance Initial Project Construction an amount equal to all or any portion of the Project Holding Costs paid or obligated to be paid by Bonneville pursuant to Section 5 and the final estimate of associated Financing Costs. Upon receipt of the proceeds of such Cowlitz Falls Bonds, Lewis

shall pay to Bonneville from such proceeds an amount equal to Project Holding Costs included in such Cowlitz Falls Bonds.

(E) At Bonneville's request, Lewis shall use its best efforts to finance through sale and issuance of Cowlitz Falls Bonds Bonneville's share of Actual Initial Construction Costs in excess of the Preliminary Initial Construction Cost Estimate and any Delay Costs and the final estimate of associated Financing Costs.

(2) Review and Approval or Disapproval.

Commencing with the date of execution of this Contract, Bonneville shall review and approve or disapprove the following items prior to Lewis taking action on them. Bonneville shall exercise its right to review and approve or disapprove within a reasonable period under the circumstances. Any item submitted to Bonneville which is not disapproved within fifteen (15) days shall be deemed to be approved by Bonneville.

(A) Terms and conditions of agreements with and selection of bond counsel, financial advisors, underwriters or other entities as may be retained during the Term to facilitate or perform Project financing;

(B) The contents of all official documents prepared for use in the issuance and sale of any Cowlitz Falls Bond issue, including but not limited to official statements, press releases, financing plans, Project definitions, and modifications or revisions thereto; and

(C) The disposition of monies from funds or accounts established by the Bond Resolution which become available due to refunding or refinancing of Cowlitz Falls Bonds.

(3) Consent for Issuance.

Lewis shall not adopt any resolution, or indenture, or incur any indebtedness which constitutes a charge on the Project through which Lewis will acquire funds during the Term to pay costs of the Project without first requesting and obtaining Bonneville's written consent. Any such request submitted to Bonneville by Lewis which is not denied by Bonneville within fifteen (15) days shall be deemed to be consented to by Bonneville.

(4) Requests for Financing, Refinancing and Refunding.

(A) When requested by Bonneville, Lewis shall in good faith use its best efforts to arrange for the refinancing or refunding of all or a portion of the

Cowlitz Falls Bonds, the financing of Delay Costs, the financing of Termination Costs for site restoration, and the financing of all or any portion of any OR&R for the Project. Such requests by Bonneville shall not require Lewis to issue and sell Cowlitz Falls Bonds with maturities which are subsequent to the Term of this Contract, unless otherwise agreed to by the Parties.

- (B) Bonneville shall compensate Lewis for all costs incurred by Lewis in undertaking any refinancing, refunding or financing effort requested by Bonneville, including but not limited to staff compensation, and reasonable transportation, food, and lodging expenses.
- (C) Bonneville shall withdraw any request to Lewis for financing, refinancing or refunding made pursuant to Section 8(b)(4)(A) when Lewis demonstrates that complying with such request will detrimentally affect Lewis' costs, or materially impair Lewis' ability, to finance facilities necessary to provide reliable service to Lewis' retail customers.

(c) Construction Oversight.

- (1) Oversight during construction of the Project shall be conducted as follows:
 - (A) For Initial Project Construction, including any delay, suspension or termination thereof occurring prior to the Commercial Operation Date, Lewis shall direct the Project Engineer to prepare and submit to the Parties a monthly report containing a comparison of Initial Construction Costs expended to date to both the Preliminary Initial Construction Cost Estimate and the Final Initial Construction Cost Estimate, the percentage of the Project completed, the estimated Commercial Operation Date and the projected Actual Initial Construction Costs.
 - (B) During Initial Project construction, including any delay, suspension or termination thereof no later than the beginning of the sixth (6th), the twelfth (12th), eighteenth (18th), twenty-fourth (24th) and thirtieth (30th) months of the Project construction period, Lewis shall direct the Project Engineer to prepare and submit to the Parties a comprehensive Project construction cost budget patterned after the Final Initial Construction Cost Estimate, and stating among other items the then current estimated Actual Initial Construction Costs for the Project based upon then available information.

(C) For Project construction, including any delay, suspension or termination thereof occurring at any time during the Term, prior to Lewis incurring any obligations under any contract, agreement, construction budget or document relating to the engineering, design and construction of the Project, Lewis shall submit in writing the same to Bonneville and Bonneville shall have the right of review and approval or disapproval. Any item submitted to Bonneville which is not disapproved within fifteen (15) days shall be deemed to be approved.

(d) Written Recommendations.

- (1) Lewis may at any time submit to Bonneville written recommendations on any matter arising under this Section 8. Bonneville shall take action on such written recommendations within fifteen (15) days of receipt by adopting, modifying or rejecting such recommendations. Bonneville shall promptly notify Lewis in writing of Bonneville's decision and its reasons therefor. Upon receipt by Lewis of such written decision by Bonneville, Lewis shall promptly implement such decision.
- (2) For Initial Project Construction, including any delay, suspension or termination thereof occurring prior to one (1) year after the Commercial Operation Date, Bonneville may at any time submit to Lewis written recommendations on any matter arising out of such construction. Lewis shall have fifteen (15) days from receipt of such written recommendation to discuss the recommendation with Bonneville. Upon the expiration of the fifteen (15) day period, Lewis shall promptly implement the written recommendation of Bonneville unless Lewis can demonstrate that implementing the recommendation would be contrary to the provisions of the FERC License, State or Federal Laws, the requirements of the Bond Resolution, or any license, permit, approval or regulatory provisions applicable to the Project.
- (3) For Project construction, including any delay, suspension or termination thereof occurring at any time after the Commercial Operation Date, Bonneville may at any time submit to Lewis written recommendations on any matter arising out of such construction. Lewis shall take action on such written recommendation within fifteen (15) days of receipt by adopting, modifying or rejecting such recommendation. Lewis will promptly notify Bonneville in writing of its decision and the reasons therefor.

9. Budget Process.

(a) Annual Operating Budget.

(1) An Annual Operating Budget shall be prepared commencing with the earlier of the Operating Year that includes the Commercial Operation Date or November 1994. No later than one hundred and twenty (120) days prior to the earlier of the Commercial Operation Date or November 1994, and thereafter no later than one hundred and twenty (120) days prior to the start of each Operating Year during the Term, the Parties shall commence development of a mutually agreeable Annual Operating Budget covering a prospective seven (7) Operating Year period for the following Project Power Costs:

(A) O&M Costs (including Special O&M Costs and Operating Working Capital),

(B) OR&R Costs,

(C) Annual Debt Service,

(D) Payments required to be made into the reserve account in the bond fund for the Cowlitz Falls Bonds and the reserve and contingency account in the Revenue Fund, and

(E) All other Project Power Costs.

Such Annual Operating Budget shall be completed no later than thirty (30) days prior to either the Commercial Operation Date or the beginning of the Operating Year, as appropriate.

(2) The Annual Operating Budget so developed shall contain a detailed estimate of the Project Power Costs listed in Section 9(a)(1) by month for the next two (2) Operating Years, and a general estimate by quarter of the Project Power Costs listed in Section 9(a)(1) for an additional five (5) Operating Years. The Annual Operating Budget shall establish the amount and due dates for all payments from Bonneville to Lewis for Project Power Costs during the next two (2) Operating Years, based upon the best available information. The Annual Operating Budget shall establish the amount of Operating Working Capital required by the Project and the monthly payments from Bonneville to Lewis required to provide the Annual Operating Budget during the next two (2) Operating Years.

(3) Within sixty (60) days of the end of each Operating Year during the Term, Lewis shall provide Bonneville with a written comparison of the actual balance of Operating Working Capital with the amount budgeted for Operating

Working Capital for that Operating Year. If this comparison establishes a difference between actual balance and budgeted Operating Working Capital for that Operating Year, Bonneville's payments to Lewis for Operating Working Capital under the Annual Operating Budget then in effect shall be adjusted as follows:

- (A) If the actual balance exceeded amounts budgeted in the Annual Operating Budget for Operating Working Capital, for the Operating Year most recently ended, Bonneville's next monthly payment shall be reduced by such difference.
 - (B) If the actual balance was less than the amounts budgeted in the Annual Operating Budget for Operating Working Capital, for the Operating Year most recently ended, Bonneville's next monthly payment(s) shall be increased by such difference.
- (4) During any Operating Year either Party may request that the Annual Operating Budget for that Operating Year be amended when it believes that: (A) the Annual Operating Budget (excluding Annual Debt Service) will exceed actual Project Power Costs (excluding Annual Debt Service) by fifteen (15) percent or more; or (B) actual Project expenses have or will exceed the Operating Working Capital contained in the Annual Operating Budget. Upon mutual agreement of the Parties, the Annual Operating Budget shall be amended to reflect such actual or projected costs for that Operating Year.
 - (5) Bonneville shall pay to the Trustee or paying agent the portion of Project Power Costs, required to be paid pursuant to Section 4, consisting of Annual Debt Service, on or before the date such amounts are due under the Bond Resolution.
 - (6) Within one (1) year of the execution of this Contract, the Parties shall mutually agree upon a format and supporting documentation to be used for establishing the Annual Operating Budget, which format may be revised as agreed by the Parties.
 - (7) A methodology for defining and allocating administrative and general costs to the Project, is attached as Exhibit F and that methodology may be revised as agreed by the Parties.
 - (8) When other entities make demands or proposals which will increase Project Power Costs, the Parties shall consult and jointly decide whether the proposed increase should be contested. If the Parties jointly decide to contest a proposed increase, both Parties shall support and cooperate in the contest, and the costs of such contest shall be Project Power Costs.

(b) OR&R Cost Oversight.

- (1) As part of the Annual Operating Budget process the Parties shall consult and mutually agree upon the need for, timing of and means of funding any OR&R.
- (2) To the extent the Parties decide to issue Cowlitz Falls Bonds to finance all or a portion of any OR&R, the term of such Cowlitz Falls Bonds shall equal, as nearly as practicable, the expected life (or the weighted average of the expected lives) of the OR&R.

10. Delay, Suspension or Termination of Project Construction.

(a) Delay of Construction.

- (1) (A) Bonneville in its sole discretion after consultation with Lewis shall have the right to delay Initial Project Construction for the duration of any injunction applicable to the Project. The Parties shall take all reasonable actions necessary to lift the injunction.

(B) In addition to any delay instituted pursuant to Section 10(a)(1)(A), Bonneville in its sole discretion after consultation with Lewis shall have the right to delay Initial Project Construction for up to twelve (12) months in the aggregate for any reason, but in no event shall such delay extend beyond the construction start or completion date as established by FERC, or expiration date for any permit or license required for Initial Project Construction. Upon request by Bonneville, the Parties shall take actions necessary to extend any permits or licenses required for Initial Project Construction for a period at least equal to the delay period requested by Bonneville.
- (2) Bonneville shall provide Lewis with written notification within thirty (30) days of its decision to delay Initial Project Construction pursuant to Section 10(a)(1) and such written notification shall establish the effective date of delay and period of delay. Lewis shall take all actions necessary to delay Initial Project Construction for the period specified by Bonneville, at the earliest date, but in no case later than thirty (30) days after receipt of the written notification by Bonneville.
- (3) (A) For delays pursuant to Section 10(a)(1)(A) as promptly as possible after receipt of written notification Lewis shall prepare and provide to Bonneville Delay Cost budgets for consecutive twelve-month periods for the duration of the injunction. For delays pursuant to Section 10(a)(1)(B) as promptly as possible after

receipt of written notification Lewis shall prepare and provide to Bonneville a twelve-month Delay Cost budget. Each Delay Cost budget, shall state the Delay Costs which are expected to be incurred, and the amount and due dates of monthly payments needed to defray such Delay Costs. Bonneville shall pay to Lewis the amounts on the due dates set forth in the Delay Cost budgets to fund such Delay Costs.

- (B) Should the actual Delay Costs incurred in any month be more or less than the amount contained in the Delay Cost budget, Bonneville's payment for such costs for the next month shall be increased or decreased to compensate for such difference, as approved by Bonneville.
- (C) As promptly as possible after the end of the delay period should actual Delay Costs incurred in the last month differ from the Delay Costs paid by Bonneville, Lewis shall provide Bonneville with written notification of the difference and reasons therefor. As approved by Bonneville, payments necessary to reconcile the above difference shall be made by the appropriate Party based on such written notification.

(b) Termination of Construction.

- (1) Bonneville in its sole discretion after consultation with Lewis shall have the right to terminate Initial Project Construction as follows:
 - (A) Prior to the issuance of Construction Notice to Proceed, if Bonneville determines that the Final Initial Construction Cost Estimate, pursuant to Section 6(c), exceeds 107 percent of the Preliminary Initial Construction Cost Estimate by \$12 million, or more.
 - (B) After the issuance of Construction Notice to Proceed, if Bonneville determines that the projected Actual Initial Construction Costs, pursuant to Section 8(c)(1)(A) and (B), are forecast to exceed 107 percent of the Preliminary Initial Construction Cost Estimate by \$12 million or more.
 - (C) If there is any action by any legal, administrative or regulatory body of competent jurisdiction, which prohibits or renders impracticable completion of Initial Project Construction.
 - (D) If there is any act or event which constitutes an Uncontrollable Force which prohibits or renders impracticable completion of Initial Project Construction.

- (E) If Bonneville is required to adopt a policy which is applicable to the Project and which prohibits or renders impracticable completion of Initial Project Construction.
 - (F) If for any reason unrelated to the Project Bonneville determines that completion of Initial Project Construction is impracticable.
- (2) Bonneville shall provide Lewis with written notification within thirty (30) days of receipt of the most recent report submitted pursuant to Section 6(c) or 8(c)(1)(A) and (B) and such written notification shall establish the effective date of Bonneville's decision to terminate Initial Project Construction pursuant to Section 10(b)(1)(A) or (B). Lewis shall take all actions necessary to terminate Initial Project Construction, at the earliest date but in no case later than thirty (30) days after receipt of the written notification by Bonneville.
 - (3) Bonneville shall provide Lewis with written notification within thirty (30) days of the action, event, policy or determination and such written notification shall establish the effective date of Bonneville's decision to terminate Initial Project Construction pursuant to Section 10(b)(1)(C), (D), (E) or (F). Lewis shall take all actions necessary to terminate the Project, at the earliest date but in no case later than thirty (30) days after receipt of the written notification by Bonneville.
 - (4) Any decision by Bonneville not to provide written notification to Lewis of any election pursuant to Sections 10(b)(2) and (3) within the time periods set forth therein shall constitute an election not to terminate Initial Project Construction based on information then in Bonneville's possession.
 - (5) If Bonneville decides to terminate Initial Project Construction pursuant to Section 10(b)(1)(A) through (E), the Termination Costs shall be paid by the Parties as follows:
 - (A) For termination of Initial Project Construction occurring prior to the sale and issuance of Cowlitz Falls Bonds, Termination Costs shall be paid by Bonneville.
 - (B) For termination of Initial Project Construction after the sale and issuance of Cowlitz Falls Bonds and prior to the forty-sixth (46th) day after the issuance of the Construction Notice to Proceed, Lewis shall pay half of the Termination Costs subject to a total limit on such payments equal to the amount held in the separate account established pursuant to

Section 11(b), and from the \$2 million pledged by Lewis, pursuant to Section 11(a). Bonneville shall pay the remainder of the Termination Costs.

- (C) For termination of Initial Project Construction after the period established in Section 10(b)(5)(B) all funds held in the separate account established pursuant to Section 11(b), and from the \$2 million pledged by Lewis, pursuant to Section 11(a) shall be disbursed to Lewis for the payment of all Termination Costs. Bonneville shall pay the remainder of the Termination Costs.
- (6) For termination of Initial Project Construction pursuant to Section 10(b)(1)(F), Termination Costs shall be paid by Bonneville and no Termination Costs shall be paid from the separate account established pursuant to Section 11(b).
- (7) Should Bonneville elect to terminate Initial Project Construction pursuant to Section 10(b)(1), Termination Costs shall be budgeted and paid as follows:
 - (A) As promptly as possible after receipt of the written notification Lewis shall provide to Bonneville for approval a written statement of the Termination Costs which Lewis expects to incur.
 - (B) For termination pursuant to Sections 10(b)(1)(A) through (E), upon approval by Bonneville, Bonneville and Lewis shall authorize the Trustee to pay to Lewis from the separate account established pursuant to Section 11(b), an amount equal to the sum of the Termination Costs set forth in the written statement subject to limitations identified in Section 10(b)(5)(B) if applicable. In the event such funds are insufficient to pay all Termination Costs, the funds held in the Construction Fund for Project construction shall be made available to Lewis to pay Termination Costs. In the event such funds from these sources are insufficient to pay all Termination Costs, Bonneville shall pay to Lewis an amount equal to Termination Costs remaining unpaid.
 - (C) For termination pursuant to Section 10(b)(1)(F), upon approval by Bonneville, Bonneville shall authorize the disbursement to Lewis of an amount equal to the sum of the Termination Costs set forth in the written statement prepared pursuant to Section 10(b)(7)(A). Funds for such payments shall be from any source other than the separate account established pursuant to Section 11(b), as determined by Bonneville.
 - (D) As promptly as possible should the actual Termination Costs incurred by Lewis differ from those paid by Bonneville pursuant to Section 10(b)(7), Lewis shall promptly provide Bonneville written notification of

the amount of and reasons for such differences. The difference between the actual Termination Costs incurred by Lewis and the payment made by Bonneville shall be paid to the appropriate Party. The payment due under this Section 10(b)(7)(D) shall include interest on the sum owing from the date the Termination Costs are incurred, pursuant to Section 10(b)(7) until the date the invoice is paid, calculated using the weighted average of the interest rate on ninety (90) day Treasury Bills during the time period for which the interest charge is due.

11. Lewis' Investment in the Project.

- (a) Upon the receipt of the proceeds from the sale and issuance of Cowlitz Falls Bonds, Lewis shall retain \$3 million of such proceeds as partial repayment of Lewis' Investment. Lewis shall be obligated to use up to \$2 million of the \$3 million to pay reimbursement obligations pursuant to Section 14(a) or Termination Costs pursuant to Section 10(b)(5)(B) and (C) to the extent such obligations exceed the funds in the separate account established pursuant to Section 11(b).
- (b) On the day of receipt from the proceeds of the sale and issuance of Cowlitz Falls Bonds the entire amount of Lewis' Investment, minus \$3 million disbursed pursuant to Section 11(a) shall be placed on deposit in a separate account in the Construction Fund, as provided in the Bond Resolution.
- (c) The Trustee shall only disburse monies from the separate account upon receipt of invoices prepared in accordance with Section 16.
- (d) After payment of reimbursement obligations pursuant to Section 14(a) and Termination Costs pursuant to Section 10 the Trustee shall dispose of the funds remaining in the separate account as follows:
 - (1) The amount originally deposited in the separate account established pursuant to Section 11(b), less disbursements to pay reimbursement obligations pursuant to Section 14(a) and Termination Costs pursuant to Section 10 shall be disbursed to Lewis upon receipt of an invoice prepared in accordance with Section 16.
 - (2) Interest earnings on the fund held in the separate account established pursuant to Section 11(b) shall be paid as follows:
 - (A) To Lewis the amount determined by multiplying such interest earnings by a fraction the numerator of which shall be the amount originally deposited in such separate account pursuant to Section 11(b) less one half of the total disbursements from such separate account and the denominator of which shall be the

amount originally deposited in such separate account pursuant to Section 11(b).

- (B) To the bond fund for the Cowlitz Falls Bonds, or such other fund established by the Bond Resolution as Bonneville may direct, the interest earnings remaining after the payment to Lewis under Section 11(d)(2)(A).
- (e) If Bonneville terminates Initial Project Construction pursuant to Section 10(b)(1)(F) the Trustee shall disburse to Lewis all of the funds held in the separate account upon receipt of an invoice prepared in accordance with Section 16.

12. Project Performance.

The Parties shall ensure Project performance as follows:

- (a) As directed by Bonneville, prior to the start of the Annual Operating Budget process pursuant to Section 9(a), Lewis, Bonneville or a Project contractor shall perform a relative efficiency test(s) on the Project, using either a manual test or an automatic data recording test device. The test(s) will establish the relative efficiency of each of the Project's units, and provide information to optimize the operation of each unit.
- (b) Based on the information provided by each annual test, Lewis shall take the steps necessary to optimize the operation of each of the Project's units.
- (c) Based upon the results of the test(s), the Parties shall determine if either of the Project's units has suffered an efficiency loss compared with the test conducted in the preceding Operating Year, and shall determine the cause or causes of such loss.
- (d) After consultation with Lewis, Bonneville shall determine what corrective measures are needed to remedy the loss of efficiency, and shall include funding for such corrective measures in the Annual Operating Budget. Lewis shall promptly implement such corrective measures.
- (e) Based on the information provided by each annual test, Lewis shall take the steps necessary to optimize the two unit operation of the Project.

13. Incentive Performance Payments.

Starting on the Commercial Operation Date, Bonneville shall make incentive performance payments in the amounts and to Lewis determined as follows:

- (a) Actual Initial Construction Costs.
The Parties shall consult and mutually agree upon the Actual Initial Construction Costs within twenty-four (24) months after the Commercial Operation Date. Should Actual Initial Construction Costs be less than 95 percent of the Preliminary Initial Construction Cost Estimate, Bonneville shall pay Lewis an amount equal to one-half of the amount by which Actual Initial Construction Costs are less than 95 percent of the Preliminary Initial Construction Cost Estimate, less the underwriters discount and direct financing expenses associated with the amount to be paid to Lewis. The payment due under this Section shall include an interest charge on the payment for the period from the Commercial Operation Date to the date the invoice is paid, calculated using the weighted average of the interest rate on ninety (90) day Treasury Bills during the period for which the interest charge is due. For purposes of making the determination pursuant to this Section 13(a), Bonneville shall exclude from the Actual Initial Construction Costs all costs which are attributable to implementation of recommendations made pursuant to Section 8(d)(2), unless warranted as required by the Project Engineer.
- (b) Special Operation and Maintenance Costs.
Within sixty (60) days after the end of each Operating Year, the Parties shall consult and mutually agree on whether payments are due for Special O&M Costs, subject to the limitations contained in Section 15, as set forth below:
- (1) Actual Special O&M Costs incurred for the Project shall be compared with the unamended amount contained in the Annual Operating Budget for Special O&M Costs prior to the start of that Operating Year.
 - (2) Should actual Special O&M Costs for an Operating Year be less than 97.5 percent of the unamended amount contained in the Annual Operating Budget for Special O&M Costs prior to the start of that Operating Year, Bonneville shall pay to Lewis an amount equal to one-half of the amount by which actual Special O&M Costs are less than 97.5 percent of the unamended amount contained in the Annual Operating Budget for Special O&M Costs prior to the start of that Operating Year.
 - (3) The calculation set out in Section 13(b)(1) and (2) shall exclude actual Special O&M Costs which are attributable to an Uncontrollable Force.

14. Reimbursement Obligation.
During the Term, Lewis shall make reimbursement payments in the amounts as determined below:

(a) Actual Initial Construction Costs:

- (1) Should Actual Initial Construction Costs exceed 107 percent of the Preliminary Initial Construction Cost Estimate, Lewis will reimburse Bonneville from the amount held in the separate account established pursuant to Section 11(b), and from the \$2 million pledged by Lewis pursuant to Section 11(a), an amount equal to the amount by which Actual Initial Construction Costs exceed 107 percent of the Preliminary Initial Construction Cost Estimate, subject to a total limit on reimbursement payments by Lewis to Bonneville equal to the \$2 million pledged by Lewis pursuant to Section 11(a) and the amount held in the separate account established pursuant to Section 11(b).
- (2) For purposes of this Section Bonneville shall exclude from the Actual Initial Construction Costs all costs which are attributable to the implementation of recommendations made pursuant to Section 8(d)(2), unless warranted as required by the Project Engineer.
- (3) For purposes of Sections 13(a) and 14(a)(1), Bonneville shall include in the Actual Initial Construction Costs all Delay Costs which are attributable to delays or suspensions, pursuant to Section 10(a)(1), which are caused by:
 - (A) Any action by any legal, administrative or regulatory body of competent jurisdiction, which prohibits or renders impracticable continuation of Initial Project Construction;
 - (B) Any act or event which constitutes an Uncontrollable Force which prohibits or renders impracticable continuation of Initial Project Construction;
 - (C) If Bonneville is required to adopt a policy which is applicable to the Project and which prohibits or renders impracticable continuation of Initial Project Construction.
- (4) For purposes of Sections 13(a) and 14(a)(1), Bonneville shall exclude from the Actual Initial Construction Costs all Delay Costs which are attributable to delays or suspensions, pursuant to Section 10(a)(1)(B), which are caused by any reason, unrelated to the Project, for which Bonneville determines that continuation of Initial Project Construction is impracticable.

(b) Special Operation and Maintenance Costs.

Within sixty (60) days after the end of each Operating Year, the Parties shall consult and mutually agree on whether payments are due for Special O&M Costs, subject to the limitations contained in Section 15, as set forth below:

- (1) Actual Special O&M Costs incurred for the Project shall be compared with the unamended amount contained in the Annual Operating Budget for Special O&M Costs for that Operating Year.
- (2) Should actual Special O&M Costs for an Operating Year exceed 102.5 percent of the unamended amount contained in the Annual Operating Budget for Special O&M Costs for that Operating Year, Lewis shall pay to Bonneville an amount equal to one-half of the amount by which actual Special O&M Costs exceed 102.5 percent of the unamended amount contained in the Annual Operating Budget for Special O&M Costs for that Operating Year.
- (3) The calculation set out in Section 14(b)(1) and (2) shall exclude actual Special O&M Costs which are attributable to Uncontrollable Forces.

15. Limitations on Certain Incentive and Reimbursement Payments.

The obligations to make certain payments, pursuant to Sections 13 and 14 are limited as follows:

(a) Annual Obligation Limitation.

Lewis' obligation to reimburse Bonneville for certain Special O&M Costs, as set forth in Section 14(b), and Bonneville's obligation to make incentive payments for Special O&M Costs pursuant to Section 13(b), shall be limited during any Operating Year to an amount calculated by multiplying 3.6 mills per kilowatthour (9.5 percent of Lewis' 1988 retail rates) by Lewis' total retail sales (in kilowatthours) during the Operating Year in which the payment obligation was incurred subject to the cumulative payment limit set forth in Section 15(b).

(b) Cumulative Payment Obligation Limitation.

Commencing with the Commercial Operation Date, the cumulative payment obligation paid by Lewis during the Term to reimburse Bonneville for Special O&M Costs pursuant to Section 14(b), shall be limited to the amount remaining in the separate account after the disbursements pursuant to Sections 11(d)(2) and 14(a), inflated by the Gross National Product Implicit Price Deflator, as published in the Survey of Current Business by the United States Department of Commerce.

16. Billing and Payment.

(a) General Provisions.

The payment of amounts due from one Party to the other Party under this Contract shall be billed and paid as follows:

- (1) Except as provided in Section 9(a)(5) for the payment of Annual Debt Service, payment of all Project Power Costs from Bonneville to Lewis shall be due in the amounts and on

the due dates specified in the Annual Operating Budget established pursuant to Section 9(a).

- (2) Payments pursuant to Sections 13(a) and (b), 14(a) and (b), and Section 25 shall be made by invoice submitted from the Party entitled to payment to the Party owing payment.
 - (3) Payments shall be made as such costs are incurred pursuant to Sections 10(b)(7), 11(d) and (e), and 14(a) and shall be made by invoice prepared by Bonneville, acknowledged by Lewis, and submitted to the Trustee.
 - (4) Any invoice for payment submitted to a Party must state the Contract section under which payment is sought, the amount due, and the date the invoice was issued.
 - (5) Payment of amounts due under this Contract shall be due by the close of business on either: (A) the due date specified in the Annual Operating Budget; or (B) in the absence of a due date in the Annual Operating Budget, the 35th day after the issuance date shown on the invoice.
 - (6) Payments received by mail shall be accepted without assessment of the charges set out in Section 16(a)(7) provided that the postmark indicates payment was mailed either: (A) five (5) days prior to the payment due date established in the Annual Operating Budget; or (B) on or before the 30th day after issuance of the invoice. If the due date in the Annual Operating Budget, or the 35th day after the date of issuance of an invoice is a Saturday, Sunday or other non-business day of the paying Party, the next following business day shall be the last day on which payment may be made to avoid additional charges pursuant to Section 16(a)(7).
 - (7) Payments not received when due shall bear an additional charge, commencing ten (10) days after the payment due date, of one-twentieth percent (0.05%) of the amount remaining unpaid, which additional charge shall be added on each succeeding day until the entire amount, including the additional charge, is paid in full.
 - (8) Failure to receive an invoice shall not release a Party from liability for payment.
 - (9) Payments due for amounts payable under this Contract shall be made either by check or by electronic funds transfer to a financial institution designated by each of the Parties.
- (b) Billing Disputes.
In the event that a Party disputes an invoice, the Party disputing the invoice shall pay the invoice under protest. The Parties shall in good faith attempt to resolve such dispute by consultation. Any subsequent adjustment to such invoice

resulting from consultation by the Parties or arbitration shall include interest from the date payment was made, calculated using the weighted average of the interest rate on ninety (90) day Treasury Bills during the time period for which the interest charge is due. The Parties may challenge invoices and seek adjustments anytime within three (3) years after the date the invoice is issued, and shall thereafter be foreclosed from seeking adjustment.

17. Disposition of Funds Upon Contract Expiration.

Upon the expiration of this Contract:

- (a) Bonneville shall thereafter have no obligation to pay Project Power Costs.
- (b) Lewis shall not thereafter be required to refund to Bonneville any amounts on deposit in the bond fund, the Construction Fund, or any arbitrage rebate fund established pursuant to the Bond Resolution.
- (c) Lewis shall pay Bonneville a sum equal to the amount then on deposit which was paid by Bonneville into the Revenue Fund and all accounts therein, including the general account, which amount shall not include bond proceeds deposited in such fund and accounts.
- (d) Lewis shall pay Bonneville an amount equal to the fair market value of any inventory of generally consumable spares for the Project which are not in service, including but not limited to oil, wire, meters, tools, safety equipment and office supplies.
- (e) For equipment acquired for the Project which is not financed by Cowlitz Falls Bonds, including, but not limited to, vehicles and boats, and with an expected useful life, as mutually agreed by the Parties, extending beyond the Term, Lewis will pay Bonneville an amount equal to remaining costs of such equipment, calculated pursuant to Exhibit B.
- (f) For any OR&R not financed by Cowlitz Falls Bonds, and with an expected useful life, as mutually agreed by the Parties, extending beyond the Term, Lewis will pay Bonneville an amount equal to the residual value of such OR&R, calculated pursuant to Exhibit B.
- (g) For any prepayments of insurance premiums, taxes or any other Project expense, for a period which extends beyond the Term, Lewis will pay Bonneville an amount equal to remaining residual value of such prepayment, calculated pursuant to Exhibit B.

18. Project Operator.

- (a) Lewis shall be responsible for constructing, operating and maintaining the Project during the Term. While Project Operator, Lewis may elect at any time to have Project operations performed by a Project contractor.
- (b) During the Term, Bonneville may replace Lewis as Project Operator if:
 - (1) The actual Special O&M exceeded budgeted Special O&M by an amount equal to or greater than the amount calculated pursuant to Section 15(a) for any three (3) years in any consecutive five (5) year period; or
 - (2) The amount by which actual Special O&M exceeded budgeted Special O&M by \$6 million or more, as inflated by the Gross National Product Implicit Price Deflator, as published in the Survey of Current Business by the United States Department of Commerce; or
 - (3) Either of the Project's units relative efficiency, measured pursuant to Section 12, declines by two (2) percent or more per year in any three (3) years during any consecutive five (5) year period; or
 - (4) The Project's Annual Availability Factor falls below 80 percent for any three (3) years in any consecutive five (5) year period.
- (c) If Bonneville removes Lewis as Project Operator, the Parties shall have no further obligation to make payments pursuant to Sections 13(b) and 14(b).
- (d) Should either Lewis or Bonneville elect to have Project operations performed by a Project contractor, pursuant to Sections 18(a) or (b), then the Party which has not made such election shall have the right to participate in the selection of the Project contractor, and to review and comment upon the proposed contract for Project operations prior to execution.
- (e) Notwithstanding any other provision of this Contract, Lewis shall have the right at any time during the Term to perform any and all acts required by an order or orders of FERC, or its successor, or any State or local agency or body of competent jurisdiction.

19. Power Deliveries.

Lewis shall make the Project Output available to Bonneville at the Point of Delivery as specified in this Section.

- (a) Project Dispatch.
Bonneville shall have the right to schedule the Project Output to best serve FCRPS requirements, subject to FERC License requirements and operating constraints. Lewis shall promptly provide to Bonneville all information and documentation necessary to determine FERC License requirements and operating constraints. Schedules of deliveries of Project Output to Bonneville shall be submitted according to the Power Scheduling Procedures Exhibit A.
- (b) Metering.
- (1) The amounts of capacity, energy and reactive energy delivered from the Project to Bonneville at the Point of Delivery during each month shall be computed using measurements made by meters installed at the Project at the generator bus bar over which the electric power flows, and adjusted for losses between the metering point and the Point of Delivery using the line loss calculation mutually agreed to by the Parties. The capacity, energy and reactive energy from the Project shall be metered at the generation voltage of the Project. Lewis shall test the metering equipment at least once every two (2) years. The costs of tests and inspections of the metering equipment shall be Project Power Costs. Either Party shall give the other reasonable notice of the time when any tests and inspections are to be made in order that both Parties may be properly represented at each test and inspection.
- (2) If Bonneville determines that automatic data acquisition (telemetering), microwave or other communication equipment is needed for scheduling, automatic generation control, two-way metering, or for other purposes, such equipment shall be installed upon request, and the costs of such equipment and its installation shall be Project Power Costs. Such equipment shall be the property of Bonneville, and at the expiration or termination of this Contract at Bonneville's request and expense, such equipment may be removed from the Project.
- (c) Character of Service.
Project Output made available to Bonneville shall be in the form of three phase current, alternating at a nominal frequency of sixty (60) hertz and at 230 kV. Phase imbalance shall be no greater than ten (10) percent.
- (d) Delivery Over Other Facilities.
The delivery of Project Output to Bonneville at the Point of Delivery shall be made by transfer over facilities of Tacoma City Light (Tacoma) and Lewis. The terms and conditions for use of the Tacoma facilities shall be governed by a transfer agreement between Lewis and Tacoma, which shall be based on the principles as agreed to by the Parties. The terms and conditions for the use of Lewis' facilities shall be governed by

a transfer agreement between Bonneville and Lewis. Lewis shall use its best efforts to effect quality and continuity of deliveries to Bonneville comparable to that which would be provided under direct deliveries.

(e) Continuity of Service.

Lewis or Bonneville may temporarily interrupt or reduce deliveries of capacity or energy from the Project if Lewis or Bonneville determines that such interruption or reduction is necessary or desirable in case of system emergencies, or in order to install equipment in, make repairs to, make replacements within, make investigations and inspections of, or perform other maintenance work on, Lewis' facilities or Bonneville's facilities. Except in the case of emergency, Lewis and Bonneville shall give notice to the other Party of any scheduled interruption or reduction, the reason for and the probable duration of any such interruption or reduction, to the extent possible.

20. Station Service.

Power required by the Project for station service shall be provided by the Project when available. When power is not available from the Project for station service, power for station service shall be provided to Lewis by Bonneville under applicable Bonneville rate schedules. The cost of power for station service provided by Bonneville shall be a Project Power Cost.

21. Interconnection.

- (a) Lewis shall engineer and design the Project giving due consideration to operational safety, integrity, and reliability of the FCRPS and the facilities with which it is interconnected.
- (b) Lewis and Bonneville shall mutually agree on the type and the extent of interconnection equipment necessary for integration of the Project Output following the guidelines established by the Technical Standards for Integration of Small Generating Resources to the Bonneville Transmission System, attached as Exhibit C.

22. Contractor Performance.

- (a) In all contracts and agreements between Lewis and all Project contractors and subcontractors related to the engineering, design and construction of the Project, Lewis shall include provisions to ensure that contractors and the subcontractors perform in accordance with contract specifications. All such contracts and agreements shall state that Bonneville shall have audit rights pursuant to Section 23. To the extent that such contracts and agreements impose financial penalties or require payments due to failure to perform, such penalties and payments

shall be assigned by mutual agreement of the Parties to Bonneville or the Project as appropriate.

- (b) The Parties agree to make a good faith effort to include in the contract with the Project Engineer, and with other contractors as appropriate, provisions that will establish incentives for constructing the Project on schedule and under budget, as mutually agreed to by the Parties.

23. Audits.

- (a) With regard to this Contract and payments made under it, each Party shall reserve the right to audit and to examine any cost, payment, Lewis' Investment, settlement or supporting documentation, including, but not limited to, audit reports resulting from any items set forth in this Contract. Any audit(s) shall be undertaken by either Party's representative(s) upon reasonable notice to the other Party and at reasonable times and in conformance with generally accepted auditing standards. The Party being audited agrees to cooperate fully with any such audit(s). The right to audit a cost shall extend for a period of three (3) years following the last day of the Operating Year in which such cost was incurred under this Contract. The Parties agree to retain all records and documentation related to this Contract prepared in the normal course of business for the entire length of this audit period. The Parties agree that all Project accounting and records shall be maintained in accordance with generally accepted accounting principles.
- (b) The Party being audited shall be notified in writing of any exception taken as a result of an audit promptly after completion of the audit. The Party being audited shall have thirty (30) days to review the notice of exception.
- (c) If the Parties agree upon any exception(s) found as a result of the audit, the owing Party shall directly refund the amount of such exception(s) to the other Party, with interest calculated using the weighted average of the interest rate on ninety (90) day Treasury Bills during the period for which the interest is being charged.

24. Uncontrollable Force.

- (a) Obligations of the Parties.
Except as provided in this Section 24(a), any obligation of a Party to perform under this Contract shall be excused when failure to perform such obligations is due to an Uncontrollable Force. In the event that either Party is unable to perform due to an Uncontrollable Force, such Party shall exercise due diligence to remove such inability with reasonable dispatch. Nothing in this Section shall be construed to require either

Party to settle any strike or labor dispute in which it may be involved. Nothing in this Section shall be construed to relieve either Party of its obligation to pay or reimburse the other Party, pursuant to Sections 4, 5, 10, 11, 13, 14, 17, 25 and 27(c) and (d).

(b) Notice.

Each Party shall notify the other as soon as practicable of any Uncontrollable Force which may impair performance under this Contract. Failure to give such notice within a reasonable period shall be deemed a waiver of such Uncontrollable Force.

25. Average System Cost Treatment.

(a) During the Term, it is the intention of the Parties to treat the Project as a separate system of Lewis. Further, the Parties intend that the costs incurred and payments made by the Parties, and the Project Output delivered by Lewis to Bonneville, pursuant to this Contract shall neither increase nor decrease the payments to which Lewis is entitled under the Average System Cost Methodology of the Residential Exchange Agreement.

(b) The Parties agree that any costs or payments made under this Contract which have been included in any retail revenue requirement used to establish Lewis' retail electric rates will be separately identified by Lewis and included in Lewis Average System Cost Filing. If Bonneville's Final Average System Cost Report on any Average System Cost Filing does not functionalize such costs and payments to Distribution/Other, or does not exclude Project Output from Lewis' Contract System Loads, then for the period such Final Average System Cost Report is in effect, Bonneville shall pay Lewis an amount equal to the difference between the payment received by Lewis pursuant to the Residential Exchange Agreement and the payment Lewis would receive if such costs and payments had been functionalized to Distribution/Other, or if Project Output had been excluded from Contract System Loads. Such payments, if any, accruing during any Operating Year shall be made within sixty (60) days after the end of that Operating Year.

(c) Should the Average System Cost Methodology be amended, revised, replaced or Bonneville issues a formal interpretation applicable to all Exchanging utilities, the Parties shall consult and determine if Section 25(b) still implements the intent of the Parties as set forth in Section 25(a). When the Parties determine that Section 25(b) does not implement Section 25(a), the Parties shall promptly amend Section 25(b) as necessary to implement the intent of the Parties set forth in Section 25(a).

26. Federal Base System Resource.

Bonneville agrees that during the Term of this Contract, the Project shall not be treated as a Federal base system replacement resource

when Bonneville computes Lewis' entitlement to and allocation of Firm Energy and Firm Capacity, during any period of insufficiency, pursuant to Section 7 and Exhibit D of Lewis' power sales contract (Contract No. DE-MS79-81BP90503) or under provisions of any successor power sales contract with Bonneville which implements Section 5(b)(6) of the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501.

27. Use of Project Output.

- (a) From the expiration date of this Contract (2400 hours, June 30, 2032) until the later of (1) the end of the second FERC License issued to Lewis to operate the Project; or (2) July 1, 2066, if and to the extent Lewis is licensed to operate the Project, Lewis agrees to dedicate the Firm Capability of the Project to serve the loads of Lewis under its power sales contract with Bonneville or its successor, in effect during such period. Lewis shall have no obligation under this Section 27 if Project construction is terminated pursuant to Section 10.
- (b) Subject to Bonneville's election pursuant to Section 27(c), Lewis shall be relieved of the obligation imposed pursuant to Section 27(a) during any Operating Year when the cost of the Firm Capability from the Project, calculated by dividing all costs properly chargeable to the Project pursuant to the FERC Uniform System of Accounts, or its successor, by the Project's Firm Capability exceeds Lewis' cost of wholesale power purchased from Bonneville. A sample calculation is attached as Exhibit G.
- (c) During the Operating Year when Lewis is relieved of the obligation imposed pursuant to Section 27(a) by operation of Section 27(b), Bonneville may elect to require Lewis to continue to dedicate the Firm Capability to serve the loads of Lewis. Bonneville shall make such election by providing Lewis written notification, not later than sixty (60) days after a determination that Lewis is relieved of its obligation under Section 27(a) pursuant to Section 27(b), that it will reimburse Lewis for all costs properly chargeable to the Project pursuant to the FERC Uniform System of Accounts, or its successor, less credits for the sale of nonfirm energy, in excess of Lewis' cost of wholesale power from Bonneville.
- (d) During the Operating Year when Bonneville elects to reimburse Lewis pursuant to Section 27(c), reimbursement payments from Bonneville to Lewis shall be made quarterly, unless otherwise agreed to by the Parties. Reimbursement under Section 27(c) shall be governed by a separate agreement to be negotiated by the Parties at the time Bonneville makes its election pursuant to Section 27(c). If the Parties are unable in good faith to mutually agree on the terms of such agreement within one hundred and eighty (180) days of receipt of Bonneville's election by Lewis, the election shall be deemed to be rescinded.

28. Assignment.

- (a) Each Party agrees that it shall not sell, assign or transfer its interests, rights, or obligations under this Contract except as follows:
- (1) To any corporation or other entity required or permitted under the Bond Resolution, including but not limited to the Trustee.
 - (2) So long as no Cowlitz Falls Bonds are outstanding under the Bond Resolution, any corporation or other entity with the written consent of the other Party, which consent shall not be unreasonably withheld.
 - (3) Bonneville may sell, assign, transfer or otherwise dispose of Project Output in any manner in its sole discretion.
- (b) In the event of any such assignment or transfer, the Party making the assignment shall provide the other Party with notice of the assignment or transfer, together with a true copy of the instrument of assignment or transfer not less than ten (10) days prior to the intended date of execution.
- (c) This Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the Parties.

29. Notices.

Any notice, demand, approval, proposal, protest, consent, direction, or request provided for in this Contract shall be effective from the date mailed or transmitted by facsimile or similar means, and shall be directed as follows:

IF TO LEWIS: Public Utility District
 No. 1 of Lewis County,
 Washington
 Manager
 P.O. Box 330
 Chehalis, WA 98532

IF TO BONNEVILLE: Bonneville Power Administration
 Assistant Administrator
 for Energy Resources - R
 P.O. Box 3621
 Portland, OR 97208-3621

Either Party may change their recipient of notice at any time by designating a new recipient in a letter delivered to the other Party.

30. Right of First Refusal.

So long as Lewis has any obligation to Bonneville pursuant to Section 27(b) and (c), Bonneville shall have the right of first

refusal to purchase from Lewis Firm Capability on the same terms and conditions (price, amount of power, and duration of sale) under which Lewis has entered into a memorandum of sale (or similar document) evidencing an intention to consummate a sale of the Firm Capability. The price shall be adjusted by Lewis to reflect costs which will not be incurred by Lewis should the Firm Capability be sold to Bonneville. Bonneville shall have ninety (90) days from the date Lewis proffers the Firm Capability to exercise this right of first refusal. At any time during this ninety (90) day period, Bonneville may make an offer to purchase Firm Capability under any terms and conditions it deems appropriate, and any such offer shall not revoke Bonneville's right to purchase Firm Capability under the terms and conditions originally proffered by Lewis.

31. Arbitration.

- (a) The Parties agree to submit to binding arbitration all issues, disputes and controversies arising out of this Contract except for those set forth in Section 31(b), which the Parties have the legal authority to arbitrate, and which cannot be otherwise resolved by discussions between the Parties.
- (b) The Parties agree that all issues, disputes, and controversies arising out of Sections 6(e), 8(a), 8(b)(1) through (3), and 8(c)(1)(C) regarding matters occurring before Commercial Operation Date; Sections 8(d)(2), 10(a)(1)(A) and (B), and 10(b)(1)(C) through (F); 14(a)(3) and (4) but not for matters of cost determinations; and Sections 10(b)(1)(A) and (B) regarding Bonneville's decision to terminate Initial Project Construction, shall not be subject to arbitration.
- (c) All arbitration proceedings under this Contract shall be conducted as follows:
 - (1) The Party which believes that agreement by the Parties on any issue, dispute or controversy regarding this Contract is unlikely may invoke binding arbitration by sending written notification to the other Party stating that it is invoking binding arbitration, and stating the issues to be resolved.
 - (2) The Party receiving notice of arbitration shall have ten (10) days from the date of the notice of arbitration to notify in writing the Party invoking arbitration of any additional issues that remain unsolved and warrant arbitration.
 - (3) The Parties shall have fifteen (15) days from the date the notice of arbitration is mailed to mutually agree upon an arbitrator.
 - (4) If the Parties are unable to mutually agree on an arbitrator, then no later than twenty-five (25) days after the date of notice of arbitration, each Party shall by

written notification to the other Party designate a representative.

- (5) No later than thirty-five (35) days after the date of notice of arbitration, the Parties' representatives shall send to the Parties written notice stating the arbitrator the representatives have mutually selected to conduct the proceeding.
 - (6) If the Parties' representatives are unable to mutually agree on an arbitrator, either Party may petition the Chief Judge of the U.S. District Court for the District of Oregon to appoint an arbitrator.
 - (7) No later than twenty (20) days after the appointment of the arbitrator, however appointed, each Party shall submit to the arbitrator in writing the proposal it recommends to resolve each of the issues that are the subject of the arbitration. These written proposals shall be accompanied by a written submittal, not exceeding fifty pages (not including exhibits) stating the rationale for the Party's proposed resolution. If requested, the arbitrator may permit the submittals to exceed fifty pages for good cause shown.
 - (8) The arbitrator shall decide the issues subject to arbitration based on the written submittals only, unless the arbitrator decides that a hearing to receive oral testimony is necessary.
 - (9) The conduct of any hearing to receive oral testimony is left to the sole discretion of the arbitrator, subject to the right of both Parties to have representatives present at any hearing.
 - (10) No later than thirty (30) days after the written submittals by the Parties, the arbitrator shall issue a written opinion deciding each of the issues submitted for arbitration. In deciding each issue, the arbitrator shall select one of the two proposed resolutions submitted by the Parties on each issue, and shall have no authority to fashion any alternative proposal or resolution.
 - (11) The Parties agree that they will not submit for arbitration, and that the arbitrator has no authority to decide, questions of law.
- (d) When resolving issues submitted for arbitration, the arbitrator shall choose the proposed resolution for any disputed issue which most completely conforms with the principles set forth in Section 7(a) through (i). Should the arbitrator determine that both of the proposed resolutions for any disputed issue equally conform to the principles set forth in Section 7(a) through (i), then the arbitrator shall choose the proposed resolution that

will result in the most efficient integration of the Project Output into the FCRPS.

- (e) The Parties agree that when arbitration is used to resolve any issues arising out of Sections 9(a) or (b), the arbitrator shall be an engineer with hydroelectric project experience. As part of the annual budget process under Sections 9(a) or (b), the Parties will endeavor to mutually agree on an engineer with hydroelectric project experience for the succeeding budget year or years, to serve as the arbitrator for issues arising out of Sections 9(a) or (b) of this Contract.
- (f) Each Party shall pay the costs of preparing and presenting its own case in any arbitration proceeding, including any fees paid to the Party's representative, and such costs shall not be Project Power Costs. The cost of the arbitrator shall be treated as a Project Power Cost.
- (g) During the pendency of any arbitration proceeding, the Parties shall fulfill all of their obligations under this Contract, and to the Project on the basis of the operating procedures and the Annual Operating Budget in effect when the issue, dispute or controversy being arbitrated arose.
- (h) Any cost which has been charged against the Project as a Project Power Cost, and which is disallowed by the arbitrator, shall be promptly reimbursed to the appropriate fund or account for the Project by the Party which charged such cost.

32. Governing Law.

This Contract shall be interpreted, governed by, and construed under the laws of the State of Washington, except to the extent governed by Federal laws.

33. Regulation.

It is agreed by the Parties that Lewis, in undertaking the planning, financing, construction, acquisition, operation and maintenance of the Project, must comply with the requirements of the Bond Resolution and all licenses, permits and regulatory approvals necessary for such planning, financing, construction, acquisition, operation and maintenance. It is also agreed that this Contract is made subject to the provisions of all such licenses, permits and regulatory approvals.

34. Right to Act.

It is recognized by the Parties that the planning, financing, construction, acquisition, operation and maintenance of the Project must be consistent with requirements of the Bond Resolution and comply with all licenses, permits and regulatory provisions necessary for such planning, financing, construction, acquisition, operation and maintenance; and it is therefore agreed that, notwithstanding any provision of this Contract, no action by Bonneville shall require

Lewis to act in any manner inconsistent with any such requirements or to refrain from acting as thereby required; and if Bonneville shall fail to make recommendations or act with respect to any matter in connection with which action is required to be taken pursuant to any of the foregoing, or if any matter is in dispute between the Parties Lewis shall have the right to take such action as is appropriate to assure compliance with the foregoing. The costs of such action, or any portion thereof, shall not be included in Project Power Costs until agreed to by Bonneville or ordered by the arbitrator.

35. Clean Air Act Allowances.

Lewis shall use its best efforts to obtain and market, pursuant to applicable law, any pollution allowances or credits attributable to the Project, including, but not limited to, any allowances that may be allocated to Lewis by the United States Environmental Protection Agency pursuant to the Federal Clean Air Act Amendments of 1990, Public Law 101-549. Unless otherwise agreed by the Parties, Lewis shall apply all proceeds of such marketing to the payment of Project Power Costs, for the Term of this Contract.

36. Required Provision.

All offerings, or promotional material for the sale or issuance of Cowlitz Falls Bonds, which may be offered by Lewis to fund its activities pursuant to this Contract, shall contain the following language:

"These obligations are not, nor shall they be construed to be, general obligations of the United States, nor are such obligations intended to be or are they secured by the full faith and credit of the United States."

37. Hold Harmless.

(a) Lewis Obligation to Hold Bonneville Harmless.

Lewis shall indemnify and hold Bonneville harmless from all claims, damages, losses, liability and expenses arising from the negligent or other tortious acts or omissions of Lewis, its employees, agents, or contractors arising under this Contract.

(b) Bonneville Obligation to Hold Lewis Harmless.

Bonneville shall indemnify and hold Lewis harmless from all claims, damages, losses, liability and expenses arising from the negligent or other tortious acts or omissions of Bonneville, its employees, agents, or contractors arising under this Contract.

38. Waivers.

Except as otherwise provided herein or as agreed by the Parties, no provision of this Contract may be waived except as documented or confirmed in writing. Any waiver at any time by a Party of its right with respect to a default under this Contract, or with any other

matter arising in connection therewith, shall not be deemed a waiver with respect to any subsequent default or matter. Either Party may waive any notice or agree to accept a shorter notice than specified in this Contract. Such waiver of notice or acceptance of shorter notice by a Party at any time regarding a notice shall not be considered a waiver with respect to any subsequent notice required under this Contract.

39. Invalid Provision.
The invalidity or unenforceability of any provision of this Contract shall not affect the other provisions hereof, and this Contract shall be construed in all respects as if such invalid or unenforceable provisions were omitted.
40. No Unspecified Third-Party Beneficiaries.
There are no third-party beneficiaries of this Contract. Nothing contained in this Contract is intended to confer any right or interest on anyone other than the Parties, their respective successors, assigns and legal representatives.
41. Amendment.
No change, amendment or modification of any provision of this Contract shall be valid unless set forth in a written amendment to this Contract signed by both Parties. This Contract shall not be amended, modified, or otherwise altered in any manner which will reduce the payments pledged as security for the Cowlitz Falls Bonds or extend the time of such payments provided herein or which will in any manner materially impair or adversely affect the rights of the holders from time to time of the Cowlitz Falls Bonds.
42. Headings Not Binding.
The headings and captions in this Contract are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Contract.
43. Agreement of the Parties.
This Contract represents the entirety of the agreement between the Parties, and this Contract supersedes any prior written or oral agreements between the Parties.
44. Interpretation of Contract.
The Parties agree that both Parties drafted this Contract, and that if any ambiguities arise in the later interpretation of this Contract, such ambiguities shall not be construed against either Party as the sole drafter of the Contract.

45. Computation of Days.
For purposes of this Contract, all references to days contained herein shall mean calendar days.
46. Federal Acquisition Regulations.
For purposes of determining the applicability of the Federal Acquisition Regulations, the Parties agree that nothing contained in this Contract shall establish, or be construed as establishing, a contractual relationship between Bonneville and any contractor or subcontractor hired by Lewis in conjunction with the Project.
47. Prior Contracts.
This Contract (Contract No. DE-MS79-91BP93212) amends and restates the Power Purchase Contract (Contract No. DE-MS79-90BP93106) executed by and between the Parties on January 28, 1991, and is intended to and shall represent the full and entire agreement of the Parties, notwithstanding any prior written or oral agreements, including the Power Purchase Contract.

48. Signature Clause.

Each Party hereto represents that it has the authority to execute this Contract and that it has been duly authorized to enter into this Contract.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract in counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

/s/ Sue F. Hickey

23 May 1991

By (b)(6)
Assistant Administrator
for Energy Resources
Date 23 May 1991

PUBLIC UTILITY DISTRICT NO. 1
OF LEWIS COUNTY, WASHINGTON

By (b)(6)
Title Vice President
Date May 23, 1991

ATTEST: /s/ Leonard M. Allen
Vice President
May 23, 1991

By (b)(6)
Title Secretary
Date May 23, 1991

By (b)(6)
Title President
Date May 23, 1991

/s/ John L. Kostick
President
May 23, 1991

/s/ David P. Knight
Secretary
May 23, 1991

(VS6-PMCE--531)

POWER SCHEDULING PROCEDURES

1. Annual Schedules.
No later than each January 1, Lewis shall submit to Bonneville the following information:
 - (a) the schedule of maintenance for the Project for the succeeding Operating Year.
 - (b) all other operational and maintenance information for the succeeding Operating Years which the Parties have determined to be pertinent to integrating the Project Output into the Federal Columbia River Power System (FCRPS).
2. Project Availability.
Lewis will provide to Bonneville by 1200 hours on each workday the following information:
 - (a) an estimate of the hourly amounts of electric power and energy to be produced at the Project during the following day or days; and
 - (b) the actual hourly amounts of electric power and energy produced at the Project during the previous day or days.
3. Scheduling Project Output.
Project Output shall be scheduled using the following procedures.
 - (a) No later than five (5) days before the first day of each month, Bonneville shall provide Lewis with preschedules of Project Output which Bonneville requests for each hour of each day of the month.
 - (b) No later than 1200 hours each day, Bonneville shall provide Lewis with the final schedule of Project Output which Bonneville requests for each hour of the next day.
 - (c) Bonneville may request a revision of a final schedule up to one clock hour prior to the hour of the requested revision of the final schedule. Lewis will make all reasonable efforts to comply with the requested revision.

- (d) If conditions change from those used in preparing the pre-schedules or final schedules, and such changes make compliance with the pre-schedule or final schedule impracticable, Lewis shall promptly notify Bonneville of the nature of the change, its expected duration, and their affect on Project Output available to Bonneville. Lewis and Bonneville shall revise the final schedules as necessary to take into account the change.
- (e) Lewis and Bonneville shall endeavor to keep changes in the schedules to a minimum. It is the Parties intention to comply with requests for schedule changes to the maximum extent possible, so as to maximize the power production of the Project and the FCRPS in the most efficient manner possible.

4. Report of Outages.

- (a) Lewis shall report to Bonneville as soon as reasonably possible any generation or transmission outages, scheduled or emergency, at the Project and shall use best efforts to return the Project to service as soon as possible.
- (b) Bonneville shall report to Lewis as soon as reasonably possible any transmission outage or FCRPS problem, scheduled or emergency, which would affect the Project, and shall use best efforts to return the Bonneville facilities to service as soon as possible.

5. Maintenance Schedule.

To the extent possible, Lewis and Bonneville shall schedule maintenance outages at the Project and on the transmission system in such a manner as to minimize adverse impacts on the FCRPS, on the Project, and Lewis' system.

6. Coordinated Operations.

- (a) At Bonneville's request and to the extent possible, Lewis will adjust Project generation levels to optimize the operation of FCRPS, subject to FERC License and operating constraints.

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Contract No. DE-MS79-918P
Procurement No.
Lewis County PUD
Effective at 2400 hours on

(b) In the event of scheduled and unscheduled outages of the FCRPS which renders receipt of Project Output by Bonneville impracticable, Lewis may adjust its generation levels to optimize the operation of the Project and service to the customers of the Lewis.

7. Revisions of This Exhibit.

This Power Scheduling Procedures Exhibit may be revised from time to time by agreement of the Parties.

(VS6-PMCE-+531)

Exhibit B
Contract No. DE-MS79-91BP
Procurement No.
Lewis County PUD
Effective at 2400 hours on

CALCULATION OF RESIDUAL VALUE

1. Project Equipment Not Capitalized.

- (a) Prior to acquiring equipment for the Project which is not capitalized, including vehicles and boats, the Parties shall mutually agree upon the expected useful life of such equipment.
- (b) If the expected useful life of such equipment will extend beyond the Term, the Parties shall calculate the remaining cost of such equipment as follows:
 - (1) The cost of acquiring such equipment shall be allocated in equal amounts to all months of the expected useful life of such equipment.
 - (2) Upon Contract expiration, costs allocated to months of the expected useful life of such equipment after Contract expiration shall be summed, and shall constitute the remaining cost of such equipment.

2. Project Prepayments.

Should insurance, taxes or any other Project expense be prepaid during the Term, and should the period for which prepayment was made extend beyond the Term, then the Parties shall calculate the remaining cost of such prepayment as follows:

- (a) The amount of any such prepayment shall be allocated equally to each month during the period for which prepayment was made.
- (b) Upon expiration of the Contract, prepayment amounts allocated to months after Contract expiration shall be summed and shall constitute remaining costs of such prepayment.

(VS6-PMCE--4531)

TRIAL TECHNICAL STANDARDS FOR INTERCONNECTION OF
SMALL GENERATING RESOURCES TO THE BPA
TRANSMISSION SYSTEM

December 27, 1989

TRIAL TECHNICAL STANDARDS FOR INTERCONNECTION OF
SMALL GENERATING RESOURCES TO THE BPA
TRANSMISSION SYSTEM

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December 27, 1989

TRIAL TECHNICAL STANDARDS FOR INTERCONNECTION OF
SMALL GENERATING RESOURCES TO THE BPA
TRANSMISSION SYSTEM

INTRODUCTION

The Bonneville Power Administration (BPA) has prepared standards for the integration of small generating resources directly or indirectly connected to the BPA system. The purpose of these standards is to ensure the safe operation, integrity, and reliability of the BPA electrical system and of the facilities with which it is interconnected.

These standards are not intended as a design specification or an instruction manual. Many requirements, particularly the protective equipment and relaying, will need to be considered on a case-by-case basis because the BPA system is so varied.

It is important to remember that the physical laws which govern the behavior of electric systems do not recognize defined lines of electric facility ownership. Thus, for a well engineered interconnection, it is mandatory that the systems be studied and analyzed critically without regard to ownership. BPA will review the interconnection plans with the owner/operator of the small generating resource and any interconnected utility. Factors such as short circuit currents, transient voltages, stability requirements, prudent utility practices, safety, operations, and maintenance will be considered.

I. SCOPE

These standards cover small generating resources directly connected to the BPA system or to another utility's system which is directly connected to BPA's system. Based on these standards, the small generating resource and the interconnected utilities must demonstrate that generation on, or connected to, their system will not degrade the reliability and safe operation of the BPA system or another utility's system directly connected to BPA.

A. Definition

A small generating resource (SGR) is a generating resource which has a production capacity of 50 Megawatts or less of electric power.

B. Application of Codes, Policies and Laws

Installations shall be in compliance with the National Electrical Code (ANSI C1), National Electrical Safety Code (ANSI C2), Western Systems Coordinating Council and Northwest Power Pool minimum operating reliability criteria, State and local electrical codes, BPA Reliability Criteria, and the General Contract Provisions of the agreement between BPA and the SGR or interconnected utility, as applicable.

BPA will not interconnect a SGR until completing an appropriate decisionmaking process, which may include preparation of an environmental document under the National Environmental Policy Act (42 U.S.C. & 4321 et seq.). The owner of the SGR may be asked to prepare the environmental document for BPA, or to submit relevant environmental information, before BPA will decide whether to offer a connection.

BPA, in cooperation with the interconnected utility and the SGR, shall determine that the BPA system is properly protected from any problems or disturbances that occur on the SGR's system and that the operation of the SGR is safe and reliable with respect to the BPA system before an interconnection is closed and interconnected operation may begin. At its discretion, BPA may waive those requirements which can be met by equivalent measures to maintain the reliability and safe operation of the BPA system.

Each of the parties involved in a direct or indirect connection of an SGR to the BPA System is responsible for the design, construction, reliability, protection, and safe operation of its own system.

Design of the SGR facilities should be supervised by a Registered Professional Engineer.

C. Interconnection Point

The interconnection point is that point on the BPA system where the facilities of the SGR or the transferring utility are connected with BPA. (The nominal voltage at the interconnection point will normally be at the lowest voltage available at that point.)

The term "interconnection point" is used in a general sense in these standards. The term is used somewhat differently in small resource wheeling agreements. The wheeling agreements define the "Point of Integration" as the point where the project output is made available to BPA, while the "Point of Interconnection" is the point where the developer makes the project output available to a third party utility so it can be wheeled to BPA.

II. PERFORMANCE STANDARDS

The SGR (owner) shall mitigate complaints such as audible noise, radio, television and telephone interference and voltage fluctuations caused by the SGR.

Each party involved in the connection of the SGR shall design, construct, operate, maintain, and use its facilities in conformance with prudent utility practices.

A. Electric Disturbances

Each party shall:

1. Minimize the effect of all electric disturbances such as, but not limited to:
 - a. an abnormal flow of power which may interfere with the interconnected electric systems;
 - b. the transient overvoltages that occur during ground faults.
2. Minimize the degradation of the reliability of the interconnected electrical system.

B. Voltage Regulation and Power Factor

1. The nominal high-side voltage of the SGR's step-up transformer shall be the same as the nominal or agreed upon voltage of the Interconnection Point for SGR's directly connected to the BPA system.
2. The SGR shall impose no restrictions on BPA's capability to operate within a system voltage range of five percent above or below nominal for voltages equal to or less than 25-kV, and 10 percent above or below nominal for voltages greater than 25-kV.
3. Synchronous generators shall:
 - a. Be rated at 0.95 power factor or lower, lagging and leading.
 - b. Coordinate with voltages as scheduled by BPA within the reactive capability of the machine. Design and operation of voltage regulators shall be coordinated with other voltage and reactive control equipment on the system.
4. Induction generators or groups of induction generators shall have a suitable reactive power supply to maintain a power factor that is acceptable to BPA and the other interconnected utilities. If the SGR induction generators can be self-excited during fault conditions, the SGR must provide protective relaying to promptly trip the generator.
5. Inverters or groups of inverters shall have a suitable reactive power supply to maintain unity power factor, or other power factor that may be acceptable to BPA and other interconnected utilities.

C. Voltage Flicker

The SGR shall limit to acceptable levels the production of voltage fluctuations (flicker) at the interconnection point.

D. Harmonics Requirements

The SGR shall limit to acceptable levels the production of total harmonic current distortion (THCD) and individual harmonic current distortion injected or coupled into the interconnected system. Harmonic current distortion is defined as the ratio of the rms value of the harmonic current to the rms value of the fundamental alternating current.

The harmonic current distortion of the SGR supplied power shall be limited to the levels indicated below:

<u>Individual Harmonic (h) Current Distortion, %</u>				<u>THCD, %</u>
<u>h<9</u>	<u>9<h<23</u>	<u>23<h<35</u>	<u>35<h</u>	
4.0	1.5	1.0	0.5	5.0

These values are for long term operation. For short term testing, and startup, these values may be exceeded. A level of 50% higher current distortion will be allowed for up to one hour.

Exception to these requirements will be considered on an individual basis.

E. Phase Unbalance

Generators shall not cause phase current unbalance greater than 10 percent.

F. Speed/Frequency Control/Damping

1. Speed governors shall be provided when the SGR is to be used to supply loads while operating in isolation from a power system synchronizing source.
2. Speed governors shall be designed and adjusted:
 - a. so that they do not react to cause frequency and power swings to develop during normal system conditions, and
 - b. so that any swings that do occur during system disturbances are well damped.

III. GENERAL REQUIREMENTS

A. Safety and Operation

All BPA and customer switchgear that could be opened, leaving equipment energized by the SGR, must be visibly marked so that all maintenance crews are aware of the potential hazard.

A switch shall be provided that physically and visibly opens the integrating circuit to the SGR. The device:

1. Must simultaneously open all phases to the SGR.
2. Must be accessible by BPA personnel at any time without notice to the SGR and without restricted access.
3. Must be lockable in the open position by BPA.

BPA personnel may lock the switch in the open position:

1. If it is necessary for the protection of maintenance crew personnel when working on de-energized circuits.
2. If the SGR's equipment presents a hazardous condition.
3. If the SGR's generating equipment interferes with the operation of the BPA transmission system.

B. Inspection, Test, Calibration, and Maintenance

The SGR owner has full responsibility for the inspection, testing, calibration and maintenance of the SGR generating and protection equipment.

Drawings, specifications, maintenance records and test records of SGR equipment pertinent to interconnected operation shall be made available to BPA and any interconnecting utility. In some instances, certain tests may be required by BPA. The type of test and required results will be determined by BPA on an individual basis.

Inspection, test, and calibration of the SGR generating and protection equipment shall be completed before initial operational acceptance and subsequently on a periodic basis. Maintenance intervals shall be based on prudent utility practice.

C. Grounding

Grounding requirements shall be in compliance with the National Electrical Code and any applicable State and local codes. Adequate station grounding shall be provided by the SGR.

If there is any possibility during normal or outage conditions of the SGR energizing an ungrounded system in the event of a disturbance on the connected BPA transmission line, the SGR must provide a grounding current source to the BPA system. In some instances, a fault detection scheme using three potential transformers may be substituted for the grounding current source, subject to approval by BPA.

In all cases the protection schemes and equipment necessary for the protection of the BPA system shall be approved by BPA. (See Section IV Protection Guidelines.)

D. Metering and Telemetering

The following revenue metering requirements apply to an SGR with which BPA has a contract to purchase or wheel its generated power.

1. The revenue metering shall be specified by BPA.
2. Specific revenue metering requirements will depend on contractual constraints, wheeling arrangements, designated point of delivery, scheduling requirements, and other factors (see Section F).
3. Metering requirements for an SGR will be the same as for any similarly sized BPA point of interconnection. This includes the overall metering scheme, the type of equipment used, and the overall metering accuracy for metering purposes. Required metering could include: recording three-phase kW-hours, kVAR-hours, KW demand and an RMS (Revenue Metering System) remote, complete with a surge-protected telephone line. Potential transformers and current transformers shall be 0.3% accurate metering class accuracy for the burden of the metering circuit. It may also include automatic data acquisition (telemetering) for scheduling, operating reserve responsibilities and/or billing requirements, Automatic Generation Control (AGC) and two-way metering.
4. At BPA's election, these devices may be owned, operated, and maintained by BPA.
5. Calibration of metering shall occur periodically. All parties may witness calibration.

E. Isolating and Synchronizing

The SGR shall not energize a BPA line that is de-energized unless the energization is specifically approved by the BPA dispatcher.

Whenever a disturbance occurs on the BPA system, interconnecting utility, or the SGR system, the disturbance must be isolated before equipment damage occurs.

If, for any reason, the system source is disconnected from the SGR (fault conditions, line switching, etc.), the switching device connecting the SGR to the system must open and not reclose until approved by the BPA dispatcher.

The SGR shall synchronize its equipment to the BPA and/or interconnected utilities' system.

The SGR shall clear its generator before the normal system reclosing time. The SGR shall not reclose out of synchronization with the BPA and/or interconnected utilities' system.

F. Scheduling

BPA's Power Supply and Scheduling Division will define scheduling requirements on an individual basis. The SGR operators shall adhere to these requirements.

G. Underfrequency/Voltage Relays

Relays must not trip the SGR for major system disturbances but must allow the generator to ride through system frequency and voltage transients.

In order to meet these requirements, the following relay settings are required.

<u>Relay Type</u>	<u>Setting/Delay</u>
1. <u>Undervoltage</u>	0.8 pu or above - 2 second delay minimum 0.75 pu - 0.8 sec. delay minimum 0.7 pu - 0.25 sec. minimum Below 0.7 pu - no restrictions on setting or delay
2. <u>Overvoltage</u>	1.2 or below - 2 second delay minimum 1.25 - 0.8 second delay minimum 1.3 - 0.25 second delay minimum above 1.3 - no restrictions on setting or delay
3. <u>Underfrequency</u>	59.5 Hz or above, 10 minutes min. trip 59.0 Hz - 4 minutes minimum trip 58.5 Hz- 1.2 minutes minimum trip 58.0 Hz- 0.3 minutes minimum trip 57.5 Hz- 0.06 minutes minimum trip 57.0 Hz- or below-no restrictions
4. <u>Overfrequency</u>	60.5 Hz or below - 10 minutes 61.0 Hz- 4 minutes 61.5 Hz- 1.2 minutes 62.0 Hz- 0.3 minutes 62.5 Hz- 0.06 minutes 63.0 Hz or above - no restrictions

IV. PROTECTION GUIDELINES

The protective devices (relays, instrument transformers, circuit breakers, etc.) required to protect BPA's or an interconnected utility equipment shall be specified by BPA, the SGR, and the interconnecting utility. At BPA's election, these devices may be owned, operated, and maintained by BPA. The settings of the protective devices shall be jointly agreed to by BPA, the SGR, and the interconnecting utility. The interconnected utility is fully responsible for the protection of all of its own equipment associated with the interconnection. The SGR shall protect its generator and all of its associated equipment from any and all disturbances or malfunctions.

The BPA system is so varied that there is no one single plan of service typical of all cases. The complexity of the protection required must be determined for each project. The following factors will influence the protection scheme:

1. The output (MVA) and the machine characteristics of the generator.
2. The electrical size of the SGR with respect to the load served by the transformer connected to the BPA system.
3. System protection requirements at the interconnection point and elsewhere on the system as a result of the interconnection configuration (both normal and alternate configurations).
4. The type of transformer electrical connections used to integrate the SGR.
5. The insulation level of the system served by the SGR.

Typical protection requirements for a 4 MW SGR connected to a BPA utility customer system with an 8 MW minimum load are shown in figure 1. Additional equipment such as a grounding transformer may be required in this example if the output of the generation approximately matches or exceeds the load.

In all cases, the protection schemes and equipment required for the protection of the BPA system shall be approved by BPA.

APPENDIX A
APPLICABLE STANDARDS

ANSI

C1	National Electrical Code
C2	National Electrical Safety Code
C37.4	Definitions...AC High Voltage Circuit Breakers
C37.16	Requirements...AC Low Voltage Circuit Breakers
C37.30	Definitions...Air Switches, Insulation, and Bus Supports
C37.48	Guide...Cutouts, Fuse Links, Secondary Fuses
C37.90	Relays...Electric Power Apparatus
C37.91	Relays...Transformers
C37.95	Relays...Utility Consumer Interconnections
C57.12.00	Distribution, Power Transformers...General Requirements
C57.12.01	Distribution, Power Transformers...Dry Type
C62.1	Surge Arrestors
C57.13	Instrument Transformers

WSCC Minimum Operating Criteria

NW Power Pool

National Environmental Policy Act

Pacific Northwest Regional Power Act

IEEE Guide 80 Guideline to Substation Grounding

Cogeneration and Small Power Production Guidelines for Public Power Systems, November 1980, American Public Power Association

IEEE Guide for Interfacing Dispersed Storage and Generation Facilities with Electric Utility Systems -- ANSI/IEEE Standard 1001-1988

December 27, 1989

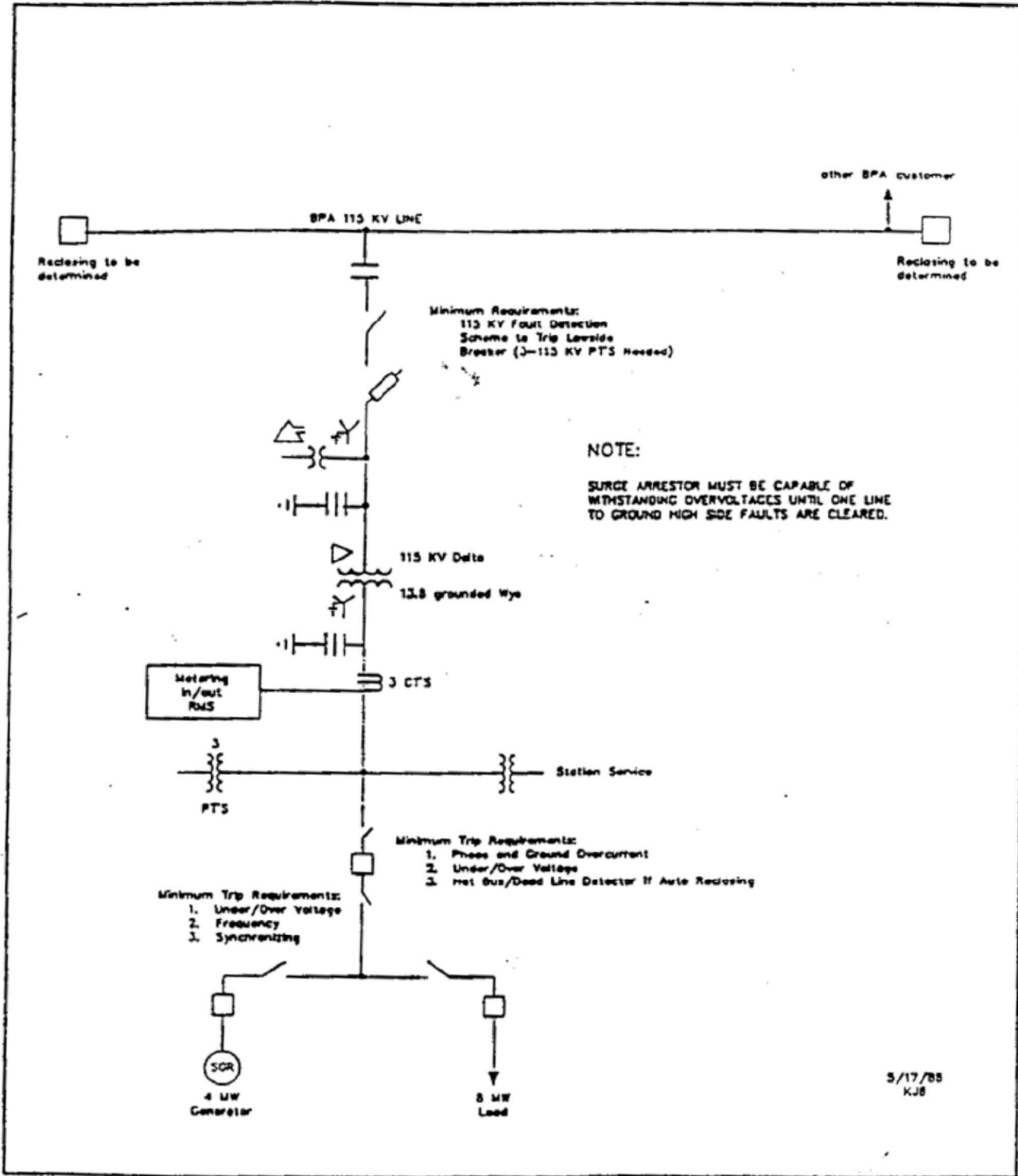


Fig. 1
Typical Example of Protection Requirements for a SCR

PROVISIONS REQUIRED BY STATUTE OR EXECUTIVE ORDER

1. Contract Work Hours and Safety Standards.

This contract, if and to the extent required by applicable law and if not otherwise exempted, is subject to the following provisions:

(a) Overtime Requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics, shall require or permit any laborer or mechanic in any workweek in which such worker is employed on such work to work in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times such worker's basic rate of pay for all hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, as the case may be.

(b) Violation; Liability for Unpaid Wages; Liquidated Damages. In the event of any violation of the provisions of subsection (a), the contractor and any subcontractor responsible therefor shall be liable to any affected employee for such employee's unpaid wages. In addition, such contractor and subcontractor shall be liable to the Government for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of subsection (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed in such work in excess of eight hours or in excess of such employee's standard workweek of 40 hours without payment of the overtime wages required by subsection (a) above.

(c) Withholding for Unpaid Wages and Liquidated Damages. Bonneville may withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in subsection (b) above.

(d) Subcontracts. The contractor shall insert in any subcontracts the clauses set forth in subsections (a) through (c) of this provision and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts which they may enter into, together with a clause requiring this insertion in any further subcontracts that may in turn be made.

(e) Records. The contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for 3 years from the completion of the contract.

2. Convict Labor. In connection with the performance of work under this contract, the contractor agrees, if and to the extent required by law and if not otherwise exempted, not to employ any person undergoing sentence of

PRELIMINARY INITIAL CONSTRUCTION COST ESTIMATE

COWLITZ FALLS PROJECT COST FORECAST SUMMARY /a

DESCRIPTION	Jan 91
Scheduled Construction Start	June 91
Direct Construction Cost	66,072,000
Turbine and Generator	11,543,000
Spillway Gate Hoist	357,000
SCADA System	200,000
Subtotal	78,272,000
Transmission Line	1,204,000
Taxes	6,000,000
Escalation	3,536,000
Project Contingency	7,983,000
Subtotal	96,995,000
Engineering & Constr. Management	13,309,000
Land Acquisition	3,167,000
Project Mitigation	2,987,000
Owner Administration	2,364,000
Owner Contingency	515,600
Subtotal	119,437,600
Lewis Investment /b	11,506,090
TOTAL PICCE	\$131,043,690

a/ Documentation of the costs for each line item is included on the following pages

b/ Lewis' Investment in the project is subject to BPA review. Through January 1991 the investment is \$12,216,937. This figure has been reduced by 5% to recognize exclusion of some expenses upon completion of BPA's review.

1/7/91

COWLITZ FALLS HYDROELECTRIC PROJECT
JOB NUMBER 18942

TOTAL PROJECT COST FORECAST

LINE	DESCRIPTION	TOTAL SEPT. 1990	TOTAL JAN. 1991	TO GO SEPT. 1990	TO GO JAN. 1991
	<u>Scheduled Construction Start Date:</u>	6/91	6/91	6/91	6/91
		\$	\$	\$	\$
	Construction Cost				
	Turbines and Generators	12,402	12,168	12,102	11,643
	Spillway Gate Hoist	350	357	350	357
	SCADA System	0	200	0	200
	Remainder of Construction	<u>64,782</u>	<u>66,072</u>	<u>64,782</u>	<u>66,072</u>
	Subtotal	<u>77,534</u>	<u>78,797</u>	<u>77,234</u>	<u>78,272</u>
	Transmission Line	1,180	1,204	1,180	1,204
	Taxes	5,904	6,000	5,881	6,000
	Escalation	4,820	3,536	4,820	3,536
0	Project Contingency	<u>7,845</u>	<u>7,983</u>	<u>7,845</u>	<u>7,983</u>
1	Subtotal	<u>97,283</u>	<u>97,520</u>	<u>96,960</u>	<u>96,995</u>
2	Engineering and Construction Mgmt.	18,141	18,141	14,003	13,309
3	Land Acquisition	3,468	3,468	3,193	3,167
4	Project Mitigation	2,987	2,987	2,987	2,987
5	Owner Administration	1,816	2,364	1,816	2,364
6	Owner Contingency	<u>560</u>	<u>616</u>	<u>560</u>	<u>616</u>
7	TOTAL	124,253	125,096	119,519	119,438

Note: See Sheet No. 2 for explanatory notes.

1/7/91

**COWLITZ FALLS HYDROELECTRIC PROJECT
JOB NUMBER 18942**

NOTES TO PROJECT COST FORECAST

<u>LINE NO.</u>	<u>NOTES</u>
1	The project is scheduled to start construction on June 1, 1991 and to complete construction on March 1, 1994.
2	The September, 1990 estimate assumed Notice for Release for manufacture (NRM) on July 1, 1991. The January 1991 estimate assumes NRM on March 1, 1991 in order to avoid delivery delays and associated delay in project completion. Escalation reduced accordingly. In accordance with Purchase Contract Change Order No. 1, since NRM was not issued by December 1, 1990, \$225,000 was paid to the supplier. This \$225,000 will apply against the total purchase price.
3	Gate hoist increased to allow for escalation.
4	SCADA system added to project scope following the meeting with BPA on October 9, 1990. The SCADA system will improve reliability of operation of the project. In particular, the proper spillway operation, hence flood level control, would be made more dependable with computer rather than manual operation.
5	Construction cost increased to allow for escalation at the rate of 6 percent per year for the months of October - December 1990. Quotes have been received for the trashrake, gantry crane, all gates and all major electrical equipment. The estimate has been adjusted accordingly.
7	Transmission line increased to allow for escalation.
8	Washington sales tax included at the rate of 7.5 percent of all construction costs. The September 1991 "TO GO" was in error due to the assumption that sales tax had been paid on the \$300,000 engineering fee paid the turbine and generator supplier. To date, the sales tax has not been paid.

NOTES TO PROJECT COST FORECAST
(Continued ...)

- 9 Escalation included from January 1991, to the midpoint of the construction schedule. The October 1990 estimate included escalation from October 1990 to the midpoint of construction. The total for escalation has decreased since money was moved from this item into the non-firm construction costs.
- 10 Contingency included at the rate of 10 percent on all construction-related costs and 2 percent of the turbine and generator supply.
- 12 Engineering and construction management unchanged in total. The "TO GO" amount includes all unpaid invoices from November 1990 through completion of the project.
- 13 Land acquisition unchanged. January "TO GO" is reduced by \$26,000 to account for re-optioning costs which were paid in December. Contingency of 15 percent is included in the item total.
- 14 Project mitigation unchanged. See attached sheet for details.
- 15 Owner administration adjusted to add cost attributable to project of power line to provide construction power and to modify the District's general and administrative costs. See attached sheet for details.
- 16 Owner contingency included at 10 percent of project mitigation plus owner administration except that contingency for wildlife mitigation is included at 20 percent.

1/8/91

Owner Administration

	<u>Total</u> <u>Sept. 1990</u>	<u>Total</u> <u>Jan. 1991</u>
District Staff*	\$ 550,000	\$ 838,000
Staff Consultant**	375,000	375,000
Consulting Board	95,000	95,000
Disputes Review Board and Other		
Legal	250,000	250,000
Permit Fees	60,000	60,000
Small Tools and Furnishings	150,000	150,000
Operator Training***	156,000	156,000
District Costs (January-June 1991)****	180,000	143,000
Construction Power Distribution		
Line and Temporary Substation	<u>0</u>	<u>297,000</u>
TOTAL	\$1,816,000	\$2,364,000

*The District Staff figure is an amount projected from the 1991 budget using a 4% annual cost of living adjustment and a 51.8 labor benefit loading. A&G will reset each budget period during the construction period. The amount resulting from the budget process will be a not to exceed amount. A&G is calculated using the methodology agreed upon by BPA and Lewis in the letter agreement dated January 21, 1991.

**Includes staff consultant, Bob Sato, for a 36-month duration.

***During last six months prior to Commercial Operation.

****September 1990 figure includes costs for period October to June. January 1991 figure includes 32% adder for indirect A&G as defined by A&G methodology. These are Project holding costs and may or may not be financed.

1/7/91

PROJECT MITIGATION

	TOTAL SEPT. 1990	TOTAL JAN. 1991
Wildlife Mitigation	\$ 794,000	\$ 794,000
Fisheries	288,000	288,000
Recreation	1,835,000	1,835,000
Landscaping	20,000	20,000
Work from DOE Settlement	<u>50,000</u>	<u>50,000</u>
TOTAL	\$ 2,987,000	\$ 2,987,000

Exhibit E, Page 7 of 7
Contract No. DE-MS79-90BP93106
Procurement No. 76153
Lewis County PUD

LEWIS INVESTMENT IN COWLITZ FALLS

(Summary /a)

Investments through 11/90 (Nov. Financials)	11,771,868
Accounts Payable for Dec 90	440,481
Payroll through Dec 90	10,588
Less non-project Transmission	(192,000)
Accounts Payable for Jan 91	186,000
Total	<u>12,216,937</u>

a/ Detailed documentation of all expenses is available for BPA
review.

COWLITZ FALLS ADMINISTRATIVE AND GENERAL OVERHEAD COST METHODOLOGY
As proposed by Bonneville to Lewis County PUD

EXHIBIT F

Purpose of Establishing a Methodology

Section 7(d)7 of the contract between Bonneville and Lewis County PUD (District) requires a methodology for general and administrative (G&A) costs to be developed within one year after execution of the contract. However, in the memo from Sue Hickey to Gary Kalich, dated October 31, 1990, it was stated that Bonneville intended to pursue completion of the G&A cost methodology prior to execution of the contract.

The District prepared a proposed methodology using estimated hours for indirect labor costs and using a labor percentage applied to other G&A costs. Bonneville has developed the following methodology based on the Lewis proposal.

Bonneville proposes using the labor percentage of Cowlitz Falls Direct Payroll to Total Payroll as the basis for allocating both indirect labor and other indirect costs. As suggested in the District proposal, there will be a charge for office space used for the project. The full proposal is explained under General Principles, below.

Various Methodologies

In accordance with the contract, there are actually four periods of time when the methodology should be examined for applicability.

The first is the Pre-Contract period. During this period there should be no G&A expenses allocated to Bonneville. Pre-Contract sunk costs are costs directly charged to the Project. An after the fact G&A allocated charge was never contemplated.

Second is the period of time beginning when the Contract is signed and ending with the bond fund release of holding costs. During this period of time, the Holding Period, Bonneville should pay for G&A costs. The G&A costs will be calculated as a percentage of indirect labor (loaded) added to a percentage of specific indirect costs added to an office space fee. The District will bill Bonneville monthly by applying a fixed rate to unloaded direct labor dollars charged to the project. See attachment I.

Third is the construction period. During the construction period, the District will capitalize G&A costs. The methodology developed for the Holding Period costs will apply during the construction period. However, Bonneville will examine the methodology when the construction estimate has been finalized, prior to start of construction, to determine if any changes should be made. The G&A costs will be calculated, as described above, and capitalized. For bond financing purposes, G&A costs for the construction period will be the Indirects as specified on Attachment II, page 2. However, each year of the construction period, the G&A amount will be recalculated using the final budget resulting from the budget process. The amount resulting from the budget process will be a "not to exceed" amount. See attachment II.

Attachment I

Using 1991 Budget information the indirects will be calculated as follows:

HOLDING PERIOD

Labor Percentage

Direct CFP Payroll \$109,376 = 3.75%
 Total District Payroll \$2,917,569

Indirect Labor Total
 351,749.16 x 1.518 = 533,955.22 x .0375 = 20,023

	1991 Budget	3.75% Allocation	
Indirect Other			
US West	\$30,000	\$1,125	
AT&T	3,000	113	
SCAN	7,500	281	
Telephone	<u>40,500</u>	<u>1,519</u>	
Postage (As agreed)		200	
PO Box Rental	295	11	
Mail Machine Rental	700	26	
Stationery	13,000	488	
Material & Supplies-G&A	10,000	375	
Stationery & Supplies	<u>23,995</u>	<u>1,100</u>	
Copier Maintenance	10,000	375	
Office Machine Maint	2,700	101	
Computer Maintenance	5,000	188	
Banking Services	1,600	60	
Maint & Banking Services	<u>19,300</u>	<u>724</u>	
System 36 Equipment	11,000	413	
Personal Computers	15,000	563	
Office Equipment	25,000	938	
Truck Shop Test Equip	18,000	675	
Replacement Equipment	<u>69,000</u>	<u>2,589</u>	
Total Indirect Other	152,795		5,932
Office Space			<u>9,000</u>
Total Indirect Charges			34,955 *****

To be billed as a percentage (%) 34,955 = 32%
 of unloaded CFP charged to the 109,376
 project each month.

BWeller:bw:5297:1/16/91 (VS10-DSAC-3155F)

1/8/91

Owner Administration

	<u>Total</u> <u>Sept. 1990</u>	<u>Total</u> <u>Jan. 1991</u>
District Staff*	\$ 550,000	\$ 838,000
Staff Consultant**	375,000	375,000
Consulting Board	95,000	95,000
Disputes Review Board and Other Legal	250,000	250,000
Permit Fees	60,000	60,000
Small Tools and Furnishings	150,000	150,000
Operator Training***	156,000	156,000
District Costs (January-June 1991)****	180,000	143,000
Construction Power Distribution Line and Temporary Substation	<u>0</u>	<u>297,000</u>
TOTAL	\$1,816,000	\$2,364,000

*The District Staff figure is an amount projected from the 1991 budget using a 4% annual cost of living adjustment and a 51.8 labor benefit loading. A&G will reset each budget period during the construction period. The amount resulting from the budget process will be a not to exceed amount. A&G is calculated using the methodology agreed upon by BPA and Lewis in the letter agreement dated January 21, 1991.

**Includes staff consultant, Bob Sato, for a 36-month duration.

***During last six months prior to Commercial Operation.

****September 1990 figure includes costs for period October to June. January 1991 figure includes 32% adder for indirect A&G as defined by A&G methodology. These are Project holding costs and may or may not be financed.

Cowlitz Falls Project

Owner Administration Cost

Construction Period

District Staff

	June-Dec 91	1992	1993	Jan-Mar 94
Direct	\$90,887.66	\$162,039.71	\$168,272.01	\$43,626.08
51.8% Overhead	\$47,079.81	\$83,936.57	\$87,164.90	\$22,598.31
	<u>\$137,967.47</u>	<u>\$245,976.28</u>	<u>\$255,436.91</u>	<u>\$66,224.39</u>
Indirect	\$26,235.77	\$46,219.02	\$47,477.03	\$12,187.41
Total	<u>\$164,203.24</u>	<u>\$292,195.30</u>	<u>\$302,913.94</u>	<u>\$78,411.80</u>
Grand Total	\$837,724.28			

CONSTRUCTION PERIOD ESTIMATE FOR LABOR AND G & A COSTS

	June-Dec 91	1992	1993	Jan-Mar 1994
CFP Direct	\$155,807.41	\$162,039.71	\$168,272.01	\$174,504.30
Total of Budget	\$2,952,568.49	\$3,045,296.92	\$3,138,025.35	\$3,230,753.79
Percentage	5.28%	5.32%	5.36%	5.40%
Annual Direct Labor Based on 1991 Rates	\$348,195.79	\$360,217.81	\$372,239.83	\$384,261.84
times	1.518	1.518	1.518	1.518
	\$528,561.21	\$546,810.64	\$565,060.06	\$583,309.47
times	5.28%	5.32%	5.36%	5.40%
Total indirect labor	\$27,908.03	\$29,090.33	\$30,287.22	\$31,498.71
Indirect Other				
Total Indirect Other	\$8,067.58	\$8,128.69	\$8,189.81	\$8,250.93
152795 x %				
Office Space	\$9,000.00	\$9,000.00	\$9,000.00	\$9,000.00
	\$17,067.58	\$17,128.69	\$17,189.81	\$17,250.93
Total Indirect Charges	\$44,975.61	\$46,219.02	\$47,477.03	\$48,749.64
Monthly	\$3,747.97	\$3,851.58	\$3,956.42	\$4,062.47
x 7 months		x 12 months	x 12 months	x 3 months
	\$26,235.77	\$46,219.02	\$47,477.03	\$12,187.41
divided by	\$44,975.61	\$46,219.02	\$47,477.03	\$48,749.64
	\$155,807.41	\$162,039.71	\$168,272.01	\$174,504.30
	29%	29%	28%	28%

Lewis County PUD Cowlitz Falls Project

Attachement II Page 4

Owner Administration

01/18/91

Estimated District Costs for Five-Month Holding Period in 1991

Direct Labor

Annual Direct Labor \$109,376.09
Divided by 12

Monthly Direct Unloaded Labor \$9,114.67
times 5

5 Months Direct Unloaded Labor \$45,573.37
times 1.518

5 Months Direct Loaded Labor \$69,180.38

Indirect Charges

Annual Indirect \$34,955.32
Divided by 12

Monthly Indirect Charges \$2,912.94
times 5

5 Months Indirect Charges \$14,564.72

Total Direct Labor and Indirect Charges \$83,745.09

Estimated Other Contractual Services for Five Months 1991

Contractor		Five Months
Armstrong-VanderStoe	Attorneys (Local)	\$7,500.00
Gordon-Thomas	Attorneys (Contracts)	\$10,000.00
Marsh-Mundorf	Attorneys (Transmission)	\$7,000.00
Ritts-Brickfield	Attorneys (FERC)	\$10,000.00
Robt. Sato	Engineer	\$15,000.00
Applied Demographics	Environmental/PR	\$10,000.00

Total Other Contractual Charges \$59,500.00

Total Est. District Costs for the Holding Period 1991 \$143,245.09

SAMPLE CALCULATION

COMPARISON OF LEWIS PUD WHOLESALE POWER COST and COST OF COWLITS FALLS POWER

A. Definitions

- PFC = Cost of power from Cowlits Falls; all costs properly chargeable to the Project pursuant to the FERC System of Accounts or its successor.
- FELCC = Firm Energy Load Carrying Capability of Cowlits Falls as determined by Coordinated System Planning under the Pacific Northwest Coordination Agreement or successor agreement.
- APC = Average Cowlits Falls Project Power Cost in cents/kwh.
- LTCR = Lewis' total monthly capacity requirements (from annual financial statement).
- LTER = Lewis' total monthly energy requirements (from annual financial statement).
- LCG = Lewis' total monthly capacity generation (from annual financial statement).
- LEG = Lewis' total monthly energy generation (from annual financial statement).
- LCP = Lewis' total monthly wholesale capacity purchases.
- LEP = Lewis' total monthly wholesale energy purchases.
- CR = Applicable EPA wholesale rate in effect at the time of comparison for capacity purchases by Lewis.
- ER = Applicable EPA wholesale rate in effect at the time of comparison for energy purchases by Lewis.
- LEC = Lewis' total monthly wholesale energy purchase cost.
- LCC = Lewis' total monthly wholesale capacity purchase cost.
- LTPC = Lewis' total monthly wholesale power purchase cost.
- AWPC = Lewis' Average Annual Wholesale Power Cost in cents/kwh

B. Determination of Cowlits Falls Average Power Costs

$$APC = PFC / FELCC = 12,000,000 / 194,000,000$$

$$APC = 6.19 \text{ cents/kwh}$$

C. Determination of Lewis' Average Wholesale Power Purchase Cost

1. Determine Total Wholesale Purchases (capacity and energy)

$$LCP = LTCR - LCG$$

$$LEP = LTER - LEG$$

Month	Total Requirements		Mill Creek Hydro		Wholesale Purchases	
	Eng (kwh) (LTER)	Cap (kw) (LTCR)	Eng (kwh) (LEG)	Cap (kw) (LCG)	Eng (kwh) (LEP)	Cap (kw) (LCP)
Jan	67,932,371	132,357	163,200	600	67,769,171	131,757
Feb	72,970,059	147,097	306,000	600	72,664,059	146,497
Mar	56,286,938	127,440	288,000	600	55,998,938	126,840
Apr	54,119,753	122,910	54,000	200	54,065,753	122,710
May	51,342,157	108,701	158,400	300	51,183,757	108,401
Jun	48,082,885	96,444	147,600	300	47,935,285	96,144
Jul	44,682,923	84,556	0	0	44,682,923	84,556
Aug	48,584,631	89,088	0	0	48,584,631	89,088
Sep	48,518,124	92,868	0	0	48,518,124	92,868
Oct	53,582,580	115,434	0	0	53,582,580	115,434
Nov	60,739,182	120,005	92,400	200	60,646,782	119,805
Dec	74,178,055	179,746	246,000	600	73,932,055	179,146
Total	681,019,654	1,416,646	1,455,600	3,400	679,564,054	1,413,246

2. Determine Total Wholesale Power Purchase Cost

LCC = LCP * CR
 LEC = LEP * ER
 LTPC = LCC + LEC + Any wholesale power cost adjustments

Month	Wholesale Purchases		Wholesale Rates		Wholesale Power Cost		
	Eng (kwh) (LEP)	Cap (kw) (LCP)	Eng (c/kwh) (ER)	Cap (\$/kw) (CR)	Energy (\$) (LEC)	Capacity (\$) (LCC)	Total (\$) (LTPC)
Jan	67,769,171	131,757	1.84	3.46	1,246,953	455,879	1,702,832
Feb	72,664,059	146,497	1.84	3.46	1,337,019	506,880	1,843,898
Mar	55,998,938	126,840	1.84	3.46	1,030,380	438,866	1,469,247
Apr	54,065,753	122,710	1.44	3.46	778,547	424,577	1,203,123
May	51,183,757	108,401	1.44	3.46	737,046	375,067	1,112,114
Jun	47,935,285	96,144	1.44	3.46	690,268	332,658	1,022,926
Jul	44,642,923	84,556	1.44	3.46	643,434	292,564	935,998
Aug	48,584,631	89,088	1.44	3.46	699,619	308,244	1,007,863
Sep	48,518,124	92,868	1.84	3.46	892,733	321,323	1,214,057
Oct	53,582,580	115,434	1.84	3.46	985,919	399,402	1,385,321
Nov	60,646,782	119,805	1.84	3.46	1,115,901	414,525	1,530,426
Dec	73,932,055	179,146	1.84	3.46	1,360,330	619,845	1,980,175
Total	679,564,058	1,413,246			11,518,169	4,849,831	16,408,000

Plus Adjustments

Low Density Discount 5.0% 820,400

Total Wholesale Power Purchase Cost

\$15,587,600

3. Calculate Lewis' Average Wholesale Power Cost

$$AWPC = LTPC / LEP = \$15,587,600 / 679,564,058$$

$$AWPC = 2.29 \text{ cents/kwh}$$

D. Comparison of Project Power Cost to Lewis Wholesale Purchase Power Cost

1. IF APC > AWPC ;

Lewis is not required to dedicate Cowlitz Falls to serve load

2. IF APC < AWPC ;

Lewis is required to dedicate Cowlitz Falls to serve load

1/ Based on the actual costs of the Project from the preceeding Operating Year, a 20-year forecast of the cost of Firm Capability from the Project shall be prepared using generally accepted forecasting methodologies then in use, as mutually agreed by the Parties.

APPENDIX 2

Fish and Wildlife Mitigation Agreement
dated February 24, 1986
between the District and Department of Wildlife

COWLITZ FALLS PROJECT

FISH AND WILDLIFE

MANAGEMENT AGREEMENT

February 24, 1986

Public Utility District No. 1 of Lewis County

and

Washington State Department of Game

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Cowlitz Falls Project Fish and Wildlife Management Agreement

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COWLITZ FALLS PROJECT FISH AND WILDLIFE
MANAGEMENT AGREEMENT

THIS AGREEMENT is entered into this _____ day of _____, 1986, by and between the Public Utility District No. 1 of Lewis County, a municipal corporation and public utility district organized and existing under the Laws of the State of Washington, hereinafter referred to as the "District", and the State of Washington, acting by and through its Department of Game, hereinafter referred to as "Game".

WHEREAS, it is the goal of the District to develop a hydroelectric generating resource in Lewis County, Washington for the benefit of its residents, and in pursuit of that goal, the District has applied for a license from the Federal Energy Regulatory Commission to construct and operate the Cowlitz Falls Hydroelectric Project (FERC Project No. 2833).

WHEREAS, it is also the goal of the District and Game upon the development of the Cowlitz Falls Hydroelectric Project to protect, conserve and mitigate fish and wildlife resources and to achieve habitat replacement.

WHEREAS, the District and Game agree that implementation of the Mitigation Plan shall constitute the District's full and complete compliance with its obligation to Game with respect to fish and wildlife.

NOW, THEREFORE, the District and Game, for and in consideration of the mutual covenants and agreements herein contained, hereby agree, subject to FERC approval, as follows:

1. Definition of Terms

Agreement - shall mean Cowlitz Falls Project Fish and Wildlife Management Agreement as executed between the District and Game.

Buffer Zone - shall mean the land around the reservoir located in the FERC Project boundary, other than for Project features. Section 5, Maps of the Mitigation Plan, sets forth the Project Boundary as proposed to the FERC.

Cowlitz Falls Hydroelectric Project or Project - shall mean the facility described in the FERC License Application for the Cowlitz Falls Hydroelectric Project, FERC Project No. 2833, or any substantially similar project utilizing the same water resources developed pursuant to a FERC license. These facilities shall include, but not be limited to, a dam, spillway, powerhouse, reservoir, transmission and electric-

cal facilities to and including the Glenoma Substation, operation and maintenance facilities and Project lands, and the facilities and programs for fish and wildlife (including wildlife sites), recreation, debris and sediment control.

Commercial Operation for the Project shall mean 12:01 a.m. of the day the Project is ready to deliver power and energy on a continuing basis.

District - shall mean Public Utility District No. 1 of Lewis County, Washington, a municipal corporation and public utility district organized and existing under the laws of the State of Washington or its successor agency operating the Project.

FERC - shall mean the Federal Energy Regulatory Commission, United States Department of Energy, or its successor agency.

Mitigation Plan - shall mean the attached Cowlitz Falls Project Fish and Wildlife Mitigation Plan describing actions to be taken to mitigate, compensate and enhance fish and wildlife resources affected by the Project.

Notice of Commencement - shall mean the written notification to Game of the District's intent to proceed with the Project and begin the Mitigation Plan.

Washington State Department of Game (Game) - shall mean the State of Washington acting through its Department of Game, or successor agency, for the protection of game fish and wildlife resources.

Wildlife Mitigation Lands - shall mean the coniferous managed forests and deciduous managed forests, Sites #1 through #8, as set forth in the Cowlitz Falls Project Mitigation Plan. Although not defined as Wildlife Mitigation Lands, other Project lands will also be used for wildlife mitigation as described in the Wildlife Plan (e.g., transmission corridor, Buffer Zone).

2. Purpose of Agreement

The purpose of this Agreement is to formalize fish and wildlife mitigation plans to protect, replace or substitute, and in some cases enhance, the fish and wildlife habitat affected by the Cowlitz Falls Hydroelectric Project as described in the FERC license and amendments thereof. This Agreement, with the attached Mitigation Plan, sets forth the improvements and management techniques, both initial and long term, for fish and wildlife mitigation. The Agreement also defines the District's obligations to Game for all game fish and

wildlife resources affected by the construction and operation of the Project.

3. Term of Agreement

The Agreement will run concurrently with the FERC license for the Project (FERC No. 2833) and, when issued, is expected to last up to 50 years in duration. The District or Game has the option of renewing this Agreement if the Project is relicensed to the District. This Agreement will become void if the Project is not developed by the District.

4. Description of Project

In April 1981, the District filed for a license from the Federal Energy Regulatory Commission to construct and operate the Project (FERC Project No. 2833). The Project, as proposed, would include a concrete-gravity dam and integral powerhouse at river mile 88.6 in the Cowlitz River, a reservoir at elevation 866 feet which would inundate 12.3 miles of the Cowlitz River and 1.7 miles of the Cispus River, and an overland transmission corridor to the District's planned Glenoma Substation. Downstream channel modifications to increase the head on the turbines would also be included. The Project construction and operation is more fully described in the FERC License Application and in the FERC license. Impacted areas for which mitigation is being proposed include:

<u>Feature</u>	<u>Approx. Acres</u>	<u>Comments</u>
Dam and Powerhouse	20	--
Reservoir, Elevation 866'	870	425 acres-terrestrial
Buffer Zone	665	434 acres-wildlife mitigation
Transmission Corridor and Switchyard	36	--
Construction Yards and Roads	20	Some only temporary
Recreation	175	Includes campground, park, boat launch and lands for future sites
Downstream Channel	<u>44</u>	
Total	1,830	

The Mitigation Plan addresses the impacts of all these features; however, initial impacts may be somewhat less based on FERC action and final design. If the District amends the FERC license to modify Project features and no Wildlife Mitigation Lands or other lands are significantly affected, then no additional mitigation will be needed.

5. Alternative Reservoir Elevations

The District, during the evaluation of the Project, studied reservoir elevations of 862, 866 and 872 ft. All reservoir levels provide energy at comparable cost. The 872 ft. reservoir elevation provides the greatest amount of energy; however, significant reductions in the environmental impact of the Project are realized by lowering the reservoir to elevation 866 ft. The Mitigation Plan is designed to mitigate and compensate impacts at the selected level of 866 ft., but also allows for adjustment of the Mitigation Plan if the Project is licensed at the reservoir elevation of 862 ft.

6. Background Study

In August 1979, the District contracted with the Applied Research Section of the Washington State Department of Game (Game) Habitat Management Division to study terrestrial habitats, wildlife populations and game fish in the Cowlitz Falls area. The purpose of the study was to collect data on existing habitats and associated populations of game fish and wildlife to use as a base to determine impacts from the Project. Once habitats and populations were determined, a plan was recommended to mitigate the impacts of the Project.

The document produced, "Cowlitz Falls Fish and Wildlife Study, Final Report, November 1981," (Wood, et al., 1981) contains the results of the study to determine the impacts of the Project, and is the basis for the mitigation program as set forth in this Agreement.

7. Regional Plan

The District and Game recognize the goals and objectives of the Columbia River Basin Fish and Wildlife Program (Program) developed as part of the Regional Plan. The Mitigation Plan takes into account, to the extent practicable, the pertinent elements of the Program for the development of the Cowlitz Falls Project.

8. Threatened or Endangered Species

In compliance with the Endangered Species Act of 1973, the

District, in consultation with the U.S. Fish and Wildlife Service, has addressed the impacts to the bald eagle and other threatened or endangered species. The Cowlitz Falls Project Mitigation Plan details mitigation and enhancement measures designed for the conservation of these species.

9. Cumulative Impacts

The District and Game agree that Project impact studies and the Mitigation Plan when fully implemented adequately address any concerns of cumulative impacts.

10. Implementation of Plan

- a) The District will begin implementation of the Mitigation Plan at the start of construction of the Project. During final design, a Project schedule will be developed in cooperation with Game to allow adequate time to survey mitigation areas, to order plants, to establish game fish sources and to begin the alteration of existing vegetation before inundation occurs. The schedule will address all actions under this Agreement. It is planned that initial mitigation work will be accomplished concurrently with the construction of the Project.
- b) The District has the responsibility of implementing the Mitigation Plan in accordance with this Agreement. The District will send Game a "Notice of Commencement" to implement the Mitigation Plan as per this Agreement. The District will contract with Game to participate in the implementation of the Mitigation Plan. It is the District's desire to implement the Mitigation Plan in the most effective, successful, and economical way available. The intent is to utilize Game for those tasks where their expertise and qualified personnel are reasonably available. The scope of work to be contracted to Game will be negotiated at the start of the final design phase of the Project.
- c) The District agrees to pay the personnel and material costs necessary to implement the Mitigation Plan. The District is not responsible for work done by Game prior to a written contract for such work.
- d) If 50% of the acreage for the Wildlife Mitigation Land is available for initial mitigation work, and \$300,000 is placed in an account reserved for implementing the Mitigation Plan, not including land purchase, then the District has the right to proceed with construction of the Project, and Game agrees to allow the Project

to proceed to completion.

11. Appointment of Representative

The District and Game agree to appoint one person each as representative to the Cowlitz Falls Project. Their responsibilities are to coordinate with each other and their respective agencies, the activities under the Mitigation Plan, and to suggest solutions to any problem which may arise in implementing the Mitigation Plan. The District's representative will inform Game of emergency or unusual events in Project construction and operation. The representatives should meet as necessary but at least once a year to review Project mitigation.

The District or Game may change the designation of its representative by giving the other party written notice of the name of the replacement representative.

12. Dissemination of Information

Reports, records and information developed or retained by or under the control of the District or Game relative to habitat management, wildlife and fish management, and wildlife and fish populations in the Cowlitz Falls Project area shall be made readily available to the parties.

13. Game Activities

- a) Game agrees to conduct its activities and operations so as not to interfere with the proper and safe construction and operation of the District's Cowlitz Falls Project and its related facilities.
- b) Game has the right to utilize the Wildlife Mitigation Lands to manage fish and wildlife resources outside the scope of the Mitigation Plan, including for public hunting and fishing, provided that such use does not result in increased cost to the District.

14. Anadromous Fish

The District and Game agree it may be desirable to return the upper Cowlitz River basin to anadromous fish production. The District will cooperate with Game, the Washington Department of Fisheries, and funding agencies in the reintroduction of anadromous species in the upper basin. The District's obligation and liability for anadromous fisheries shall be limited to the design of the Project to accommodate the future addition of facilities for capturing and collecting

downstream migrants.

15. Final Wildlife Mitigation Lands

If a parcel(s) of Wildlife Mitigation Land is not available for development in accordance with the Project schedule, or is withdrawn for use other than for Wildlife Mitigation Lands, the District will inform Game of the difficulty in obtaining, or of withdrawal of, such parcel, and the effect on the Mitigation Plan. The District may, with Game's concurrence, wait a reasonable time to acquire such parcel even though timing is outside the Project schedule, or substitute an acreage with equivalent habitat value, or otherwise agree with Game on a solution.

Within two years after start of Commercial Operation of the Project, the District will send Game a map(s) showing final Wildlife Mitigation Lands with habitat types and habitat unit goals. These lands may or may not be in the FERC Project boundary.

It is the District's desire to own in fee simple all Wildlife Mitigation Lands.

16. Changes in Methods

It is desired to manage the Wildlife Mitigation Land using the most effective and economical methods available. If more efficient and better suited methods for maintaining habitat values are developed, the District and Game may alter management techniques used in the Mitigation Plan.

17. Mitigation Monitoring

A monitoring program will be conducted every five (5) years during the life of the license. The monitoring will evaluate the progress of Wildlife Mitigation Lands toward reaching habitat unit goals. The program is further described in the Mitigation Plan.

18. Existing Conditions

The District and Game recognize that some changes in land use and vegetation will have occurred between the time the Mitigation Plan was developed and the time it is implemented. Some minor changes in initial land management techniques might be necessary to obtain the preferred habitat values.

19. Reservoir Operations

The Project will primarily operate as a run-of-the-river

plant, with flows through the turbine(s) nearly matching the incoming stream flow. The reservoir level will essentially remain at a constant elevation with limited active storage; however, daily variations of approximately one to two feet could be expected under normal operating conditions. Reservoir operations will be within the requirements of the FERC License.

During the drawdown periods of Riffe Reservoir (below elevation 750 ft. msl), the flow below the Project will be maintained at the lesser of a minimum of 1,000 cubic feet per second (cfs) or whatever natural flow occurs.

20. Emergency Operation

Potential flood conditions, sediment build-up, or other emergency situations (e.g., earthquake, volcanic eruption, severe erosion, request of authorities) may require immediate reduction of the reservoir level. Game will be notified of such an event.

21. Buffer Zone Management Plan

The District will consult with Game in the development of the Buffer Zone Management Plan. The District wishes to limit and resolve potential conflicts associated with use and management of Buffer Zone lands for wildlife, recreation, and use by adjacent land owners (e.g., farming and logging). Game recognizes other land uses within the Buffer Zone, the need for such a plan, and agrees to help District resolve related conflicts.

22. Project Operational Plans

The District, as part of the FERC requirements for the operation of the Project, will develop normal operational procedures to handle debris and sedimentation. These plans may require the removal of trees and snags within the flood plain to minimize spillway blockage. A copy of these plans will be forwarded to Game for review and recommendation. The District will include Game's recommendations in these plans to the extent reasonably possible.

23. Soil Erosion Plan

The District shall submit a final soil erosion plan to Game during the final design phase of the Project. At that time, the District will address such issues as spoil areas, bank cuts, roads, concrete cure and other construction activities. Specific measures to reduce possible siltation and enhance reseeded vegetation shall be examined. The soil erosion

plan will be submitted to Game as part of the Hydraulic Project Approval (HPA) for the Project. No major construction will start without Game's issuance of the HPA. Game will act expeditiously on the processing of the HPA in order not to cause delay of the Project.

24. Amendments

This Agreement, as well as the Mitigation Plan, may be amended from time to time if agreed upon in writing by both parties and with the approval of FERC.

25. Dispute Resolution

If either party desires arbitration, it shall notify the other party in writing of such desire and state the name of the person selected by it as one of the three arbitrators. Within thirty (30) days after receipt of such notice, the other party shall mail written notice to the party, initiating the arbitration, containing the name of the person selected as the second arbitrator. The two arbitrators so selected shall select a third arbitrator. If the two arbitrators do not agree as to the third arbitrator within 30 days after the selection of the second, either party may request the presiding judge of the Lewis County Superior Court to select the third arbitrator. The arbitrator shall be governed by the laws of the State of Washington (Chapter 7.04).

26. Applicable Laws

This Agreement shall be governed by the Laws of the State of Washington. Venue for any cause of action based upon this Agreement shall be in Lewis County, Washington.

27. Validity of Agreement

In the event any section, sentence, clause or phrase of this Agreement shall be adjudicated by a court of last resort and of competent jurisdiction to be invalid or illegal, the remainder of this Agreement shall be unaffected by such adjudication, and all other provisions of this Agreement shall remain in full force and affect as though the section, sentence, clause or phrase so adjudicated to be invalid had not been included herein.

PUBLIC UTILITY DISTRICT NO. 1
OF LEWIS COUNTY

By (b)(6)
President

WASHINGTON STATE
DEPARTMENT OF GAME

By (b)(6)
Director, Washington
State Department of Game

ATTEST:

By (b)(6)
Secretary

By (b)(6)
Commissioner

Approved as to Form this 25
day of February
19 86.

(b)(6)
Assistant Attorney General

COWLITZ FALLS PROJECT
FISH AND WILDLIFE MITIGATION PLAN

February 24, 1986

Public Utility District No. 1 of Lewis County
and
Washington State Department of Game

- Section 1 - Wildlife Plan**
- Section 2 - Fisheries Plan**
- Section 3 - Threatened or Endangered Species
Mitigation and Enhancement Plan**
- Section 4 - Reservoir Level at 862 Feet MSL**
- Section 5 - Maps**

MITIGATION PLAN

SECTION 1

Wildlife Plan

Preface

The goal of the Wildlife Plan is to preserve wildlife resources affected by the Project. Fundamental to the Plan is the proposition that wildlife resources will be retained if suitable habitats are established and maintained. The Wildlife Mitigation Plan will preserve habitats, where appropriate, and enhance habitats in other areas through management techniques as described herein. The Habitat Evaluation Procedure (HEP) developed by the U.S. Fish and Wildlife Service was used to determine habitat units with and without the Project. The Wildlife Plan is designed to maintain habitat values equal to the no-project condition.

The following measures will mitigate, compensate and enhance wildlife habitat for the Cowlitz Falls Project at a reservoir elevation of 866 ft. msl. Adjustments to reflect impacts at reservoir elevation 862 ft. msl are discussed in Section 4. Maps in Section 5 show the size and the location of Wildlife Mitigation Lands.

Management Techniques

To increase the wildlife carrying capacity of Wildlife Mitigation Lands, certain management techniques are proposed. The techniques listed will act as a guideline for the type of activities to be implemented by the District during an initial period of two to five years. Some of these techniques will be repeated at five year intervals to maintain habitat value. It is recognized that some items (e.g., nest boxes, erosion areas) may require annual maintenance. These techniques will from time to time be evaluated by the District and Game for effectiveness and modified as agreed.

1. Canopy Thinning. Forests will be thinned to open up the canopy to allow light penetration by selective cutting or establishing small clearcuts. This would primarily involve the removal or thinning of red alders. Bigleaf maple and cottonwoods would remain. Suggested percent canopy closure is given for each management unit (site).
2. Snag Management Program. To promote habitat for cavity nesters and to provide perch sites, snags and high stumps will remain. Several existing Douglas firs, and other species if available, greater than 15 feet tall, will be top cut or girdled to create new snags. The goal by conclusion of

the 50 year license period is up to five snags per acre.

3. Fertilization. To stimulate growth and increase available nutrients, revegetated shoreline area, newly established coniferous forest clearcuts and cleared areas will be initially fertilized. A soil test should be performed to analyze soil chemistry and soil nutrients. Input from the Lewis County Extension Agent in silviculture should be utilized before fertilizer and chemical application to Wildlife Mitigation Lands.
4. Planting Shrubs and Trees. All shrubs and trees, if possible, should be planted while dormant and should be bare root seedlings; one to two years old. Willows can be planted year round from cuttings. Sites to be planted should be first cleared of existing vegetation and lightly fertilized. Seedlings may require some protection from animals until vegetation reaches six to eight feet in height. Preferred planting schedules for shrubs and trees are listed in Tables 1 and 3. Other plant species may be substituted based on cost, availability and suitability. Native plant species are preferred to provide natural wildlife habitat. Cottonwoods and other danger species will be located away from the floodway.
5. Seeding. Seeding can be done year round if proper protective measures are taken to aid germination. To obtain maximum erosion control, early autumn seedings are preferred on roads, dikes and construction areas. A balanced starting fertilizer, such as 10-20-20 or 16-20-0, may be applied at the time of seeding. Mulching may also be necessary in some areas to maintain soil moisture. New plantings may require refertilization to maintain vigor. The preferred planting schedule for seeding is listed in Table 2. Other seed mixtures may be used based on cost, availability and suitability.
6. Shoreline/Riparian Establishment. To establish new shoreline/ riparian habitat along the reservoir edge, vegetation would be accelerated by using certain procedures. Following acquisition of Wildlife Mitigation Lands, and where slope allows, up to a 50-foot wide strip of Wildlife Mitigation Lands along the reservoir will be selectively clearcut. Planting with appropriate herb, shrub and tree species as indicated on Table 1 or Table 3 would occur in the following fall through spring. Other plant species may be substituted based on cost, availability and suitability. Only shoreline vegetation that will survive a pre-reservoir environment will be planted. All plantings shall be consistent with the District's management program for debris and sedimentation, which may require

trimming or removal of trees that impose a hazard along the floodway.

Coniferous Managed Forests

The coniferous managed forests are divided into six sites. These areas are to be managed initially and at intervals of five years with techniques listed below. Limited logging activities can be maintained in order to selectively thin and to produce clearcut areas over the term of this Agreement. Sites are to be managed to produce a high habitat suitability index, as defined in the HEP, for black-tailed deer and ruffed grouse.

Site #1: Cispus River - West, 50 acres

1. Initial Management
 - a) Canopy thinning (30% closure)
 - b) Begin snag management program (goal - 5 snags/acre in 50 years)
 - c) Fertilization (in cleared acres)
 - d) Shoreline/riparian establishment (plant apple, plum and cottonwood seedlings per Table 3)
 - e) Limit access to site and seed roads (per Table 2)
2. Five Year Management
 - a) Evaluate site success
 - b) Canopy thinning and new clearcuts
 - c) Fertilization

Site #2: Cispus River - East, 53 acres

1. Initial Management
 - a) Canopy thinning (30% closure)
 - b) Leave 25 ft. wide uncut border along road
 - c) Begin snag management program (goal - 5 snags/acre in 50 - years)
 - d) Shoreline/riparian establishment (plant per Table 1)

- e) Limit access to site and seed logging roads (per Table 2)
- 2. Five Year Management
 - a) Evaluate site success
 - b) Canopy thinning and new clearcuts
 - c) Fertilization

Site #3: Oxbow Cowlitz River, 35 acres

- 1. Initial Management
 - a) No thinning required until 1996
 - b) Leave trees within 25 ft. of bordering road
 - c) Begin snag management program (goal - 5 snags/acre in 50 - years)
 - d) Shoreline/riparian establishment on southern shoreline (plant per Table 1)
 - e) Fertilization
 - f) Limit access to site and seed logging roads (per Table 2)
- 2. Five Year Management
 - a) Evaluate site success
 - b) Canopy thinning and new clearcuts
 - c) Fertilization

Site #4: Boat Launch and Future Recreation Area, 56 acres

- 1. Initial Management
 - a) Canopy thinning (30% closure)
 - b) Leave trees within 25 ft. bordering road
 - c) Begin snag management program (goal - 5 snags/acre in 50 years)
 - d) Fertilization
 - e) Shoreline/riparian establishment (plant per Table 1)

- f) Limit access on south site and seed logging roads (per Table 2)

2. Five Year Management

- a) Evaluate site success
- b) Canopy thinning, if necessary
- c) Fertilization

Site #5: Dike Area, South Side - Cowlitz River, 132 acres

1. Initial Management

- a) Canopy thinning (30% closure)
- b) Begin snag management program (goal - 5 snags/acre in 50 years)
- c) Fertilization
- d) Shoreline/riparian establishment (plant clumps of apple, plum and cottonwood seedlings per Table 3)
- e) Limit access to site and seed logging roads (per Table 2)

2. Five Year Management

- a) Evaluate site success
- b) Canopy thinning
- c) Fertilization

Site #6: Dike Area - North Side Cowlitz River, 71 acres

1. Initial Management

- a) Canopy thinning (30% closure)
- b) Begin snag management program (goal - 5 snags/acre in 50 years)
- c) Fertilization
- d) Shoreline/riparian establishment (plant per Table 1)
- e) Limit access to site and seed logging roads (per Table 2)

2. Five Year Management
 - a) Evaluate site success
 - b) Canopy thinning, if necessary
 - c) Fertilization

Deciduous Managed Forests

Site #7: Upper River North Shore, 20 acres

Site #8: Upper River South Shore, 17 acres

1. Sites #7 and #8 are primarily composed of bigleaf maple. Management will consist of fencing out livestock to establish dense ground cover. These areas will be kept in deciduous forest. Scattered snags will be created out of large maples to serve as nest trees for cavity nesters.

Transmission Corridor Management

The corridor will be at least 75 feet in width and cut through approximately two miles of red alder/Douglas fir forest (18 acres). The corridor will be cleared during the construction of the transmission line. An attempt will be made to break up the tunnel effect caused from clearing of the right-of-way. The corridor will be reseeded to prevent erosion and to provide forage for wildlife species. A small planting of apple, plum, crabapple and blueberry will be made at approximately 1,000-foot intervals. The corridor is not part of the Wildlife Mitigation Lands, but can provide substantial wildlife habitat.

Power poles, as much as practical, will be designed to provide a safe perch for raptors in accordance with the publication, "Suggested Practices for Raptor Protection on Powerlines - The State of the Art 1981," by Richard R. Olendorf. Nesting structures will also be installed on or near some of the poles in the two mile corridor.

Diked Subimpoundments

Wetland South - 30 acres* in Site #5

Wetland North - 9 acres* in Site #6

* Approximate size at reservoir elevation 866 ft. msl; smaller size at reservoir elevation 862 ft. msl.

1. Construction. Two inlets in the reservoir at the 866 ft. msl will be diked to form subimpoundments or wetland areas.

Construction of each subimpoundment will consist of building a 600 to 800 foot long dike across the inlet opening. Material for the dike will be obtained from deepening the pool area or other local sources. The top of the dike will be approximately two feet above the reservoir level with ends graded into the natural banks. A water level control structure such as a concrete structure with stop-planks will be incorporated into the dike. The stop-planks could be used as a means of lowering or raising a fixed crest spillway to pass excess run-off. The dike will be rip-rapped in danger areas, or otherwise designed to reduce risk of wash-outs from flooding.

The purpose of the dikes is to create wetlands by limiting or reducing water exchange with the Cowlitz River, to help maintain a fairly stable water level and to raise the temperature regime of the water. The dike may not, however, permit a sustained water level differential between the pond level and reservoir level due to substrate material.

2. Planting. It is expected that submergent and immergent vegetation would occur naturally in the subimpoundments. Shorelines to be planted would first be selectively clearcut a maximum of 50 feet back from the pool edge. Initially, dikes will be planted with grasses for erosion control (per Table 2). The following year the dikes will be planted with shrubs and trees (per Table 1).
3. Nest Boxes. Wood duck boxes will be installed on trees or platforms adjacent to the subimpoundment shorelines. Approximately three to six nest boxes per each subimpoundment will be needed. Annual maintenance will be required.
4. Maintenance (every five years). Habitat in the subimpoundments will be evaluated and, if necessary, the immergent and submergent vegetation may need to be controlled. The top of the dikes may require fertilization to maintain vegetation growth. The District will not be required to deepen subimpoundments after initial construction.

Undiked Shallows

The District will utilize spoil material from construction of the Project to create two to four islands on the west shore of the Cispus River. The size and number of islands will depend on the amount of suitable spoil material available. Management techniques will be similar to that of diked subimpoundments. Islands will not be replaced if destroyed (e.g., flooding, erosion).

Reservoir Shoreline Management

1. Section 32, Township 12 North, Range 6 East. This area is presently void of a woody riparian vegetation. The District will plant a 50 ft. wide strip with shrubs and trees (per Table 1) and the remainder of this area within the Buffer Zone in Douglas fir.
2. Siler Creek. The District will fence and plant approximately a 100 ft. wide strip along Siler Creek from the Cowlitz River upstream to the Wood Creek Road bridge (approximately 1.5 miles). Planting would consist of Pacific willows next to the banks to control erosion and to provide creek cover. Cottonwoods would be planted next to the fence line. Sparsely vegetated areas will be planted with other shrubs and trees (per Table 1). Existing creek side vegetation would remain.

Cattle watering points and access across the creek would be permitted.

3. Kiona Creek. The District will fence and plant approximately a 100 ft. wide strip along Kiona Creek from the Cowlitz River upstream to the Peters Road bridge (approximately 1.3 miles). Existing fencing may be adequate in some places.

Planting would consist of Pacific willows next to the banks to control erosion and to provide creek cover. Cottonwoods would be planted next to the fence line. Sparsely vegetated areas will be planted with other shrubs and trees (per Table 1). Existing creek side vegetation would remain.

Cattle watering points and access across the creek would be permitted.

Remaining Forested Reservoir Shoreline

The existing deciduous forested shoreline provides habitat for many species of wildlife. It is desirable to preserve as much of the deciduous forested shoreline as practical where consistent with other uses of Project lands. The District should avoid clearcut timber harvesting within 50 feet of the reservoir shoreline in these areas. The District's forested Project lands, where appropriate, will be harvested following the Washington Forest Practice Rules and Regulations (1976). Other uses of this shoreline will be permitted.

Wildlife Mitigation Monitoring

A biologist will be used to help design, implement and monitor wildlife mitigation measures. The biologist will be available for

consultation during the final design phase, during the construction phase and thereafter until all management sites had been initiated.

The biologist's position will start part-time during the final design phase and continue during Project construction into Project operation until all management sites are developed. This period is expected to be four to five years.

Subsequently, at five-year intervals, a biologist will review mitigation status and recommend any adjustments to the Wildlife Plan. It is recognized that some items will also require annual maintenance.

Reporting

After all management sites have been developed, a status report on the Wildlife Plan will be prepared by the District's biologist. Updated maps (Section 5) showing Wildlife Mitigation Lands and the habitat types thereon, will be included. The report will contain recommended maintenance techniques to retain habitat values.

Subsequent reports to assess the Wildlife Plan will be prepared at five-year intervals. Copies of all these reports will be forwarded to Game.

Reservoir Clearing

To minimize the impact on wildlife, reservoir clearing will be deferred as long as practical. However, it is understood that clearing for Project features, access roads, quarries, spoil areas, and other necessary construction and mitigation areas may disturb vegetative areas at any early time. The District will provide Game a schedule and plan for reservoir clearing.

Planting Schedule
Cowlitz Falls Project

Table 1

<u>Dikes, Island, Streams, and River Banks</u>	<u>Plant Part</u>	<u>Maximum Planting Density^c</u>
Pacific Willow	Cutting ^a	435/acre (50/100' x 50')
Red-osier Dogwood	Seedling ^b	174/acre (20/100' x 50')
Hawthorn	" b	" "
Oceanspray	" b	" "
Mockorange	" b	" "
Red Elderberry	" b	" "
Cottonwood	" b	" "
Oregon Crabapple	" b	" "

Table 2

Seed Mixture for Dikes, Island,
Roads, and Construction Site

Subterranean Clover	Seed	7 lbs./acre
White Clover	"	4 lbs./acre
Birdsfood Trefoil	"	6 lbs./acre
Sudangrass	"	20 lbs./acre
Tall Fescue	"	15 lbs./acre
Japanese Millet	"	20 lbs./acre
Trailing Blackberry	"	0.4lb./acre

Table 3

River Banks, Transmission Line^d

Apple	Seedling	3 seedlings per grouping			
Plum	"	"	"	"	"
Oregon Crabapple	"	"	"	"	"
Blueberry	"	"	"	"	"
Cottonwood ^e	"	"	"	"	"

Notes:

- a - Seedling 2-3 feet tall
- b - Seedling 18-24 inches tall
- c - Type and numbers may vary with experience
- d - Preferred planting, may be substituted
- e - Planted away from flood plain - not to be located on transmission route

MITIGATION PLAN

SECTION 2

Fisheries Plan

Preface

The goal of the Fisheries Plan is no net loss of fisheries resources affected by the Project. The following measures will mitigate, compensate and enhance fisheries resources affected by the Cowlitz Falls Project at a reservoir elevation of 866 ft. msl. Adjustments to reflect impacts at reservoir elevation 862 ft. msl are discussed in Section 4.

Design and Construction Considerations

1. Spillway. The spillway will be designed and constructed to minimize nitrogen supersaturation below the dam (not greater than 105%).
2. Soil Erosion Control. Standard engineering practices will be used to minimize erosion while building the dam and roads, using borrow areas and depositing spoils. These activities will include proper land stabilization, reclamation and revegetation measures.
3. Migrant Fish Collection Facilities. The District, in the layout design of the Project, will make allowances for the future installation of downstream migrant fish collection facilities for the possibility of reintroducing anadromous fish into the upper Cowlitz River basin. If some other entity wishes to fund, construct, operate and maintain this and associated facilities, then the District will cooperate with the sponsor of the facilities.

Fish Stocking

1. Construction Impacts. It will be necessary to replace fishing opportunity loss during the construction of the Project. During the expected 31-month construction period, plants totaling 6,400 catchable-size rainbow trout (size - five trout per pound) will be made. The District will sponsor four plants of 1,600 trout each. Plants will be made in June and August of the first construction season, and then in June and August of the following year. Changes in the planting schedule can be made as agreed between the District and Game.

The District has the option of obtaining fish for stocking from private hatcheries or contracting with Game to supply and/or plant these fish.

2. Trout Stocking Program. The trout stocking program would develop a reservoir fishery resource enhanced by an annual stocking of trout. The reservoir will be planted with non-anadromous rainbow or cutthroat trout, probably beginning with catchable-size fish (five per pound).

The goal of the stocking program is to establish an overall catch per unit of effort of one-half fish per hour in the reservoir impounded by the Cowlitz Falls Project. The proposed reservoir area presently supports 1,400 angler trips annually. The program will provide fish up to a maximum of 50,000 annually, corresponding to a potential annual use figure of approximately 20,000 angler days (assuming five hours of actual fishing per day).

Plantings in the initial two years after reservoir fill shall consist of 5,000 legal-sized trout at five fish per pound planted following spill in June. Several locations in the reservoir will be planted to provide a distribution of fish. Additional plants of 5,000 and 2,500 trout will be made in July and August, respectively, of the initial two years. Creel censuses will be taken to ascertain the success or failure of the planting program, and the magnitude of downstream fish passage. After the initial two years of planting and if downstream fish passage of catchable trout is low, fingerling plants may be substituted in lieu of larger fish.

3. Subimpoundments. Two subimpoundments, 30 acres and 9 acres, will be diked off from the main reservoir to provide wildlife and fish habitat. The subimpoundments will be managed to encourage a spiny-ray fishery. Largemouth bass will be initially stocked at two adult bass per acre in September and 100 fingerlings per acre in May. Black crappie will be planted at one pair per acre.

It may be necessary to rehabilitate the subimpoundments periodically if overpopulation occurs. Populations in the subimpoundments will be evaluated every five years.

Game agrees to assist the District in acquiring largemouth bass and black crappie from local lakes to stock subimpoundments.

4. Source of Trout. The District has the option of obtaining fish for annual stocking from a variety of sources. They

include:

- a) Purchase from private vendor(s).
- b) Purchase from Game (when available).
- c) Funding additional raceway or rearing at Game hatchery.
- d) Any combination of the above.

Any fish secured from private vendors will be inspected by a pathologist to insure compliance with Game fish stocking requirements. The District will coordinate all stocking with Game.

Reservoir Habitat

To provide fish cover, substrate for macroinvertebrates and nutrients to the reservoir, areas of the proposed reservoir (mainly coves and inlets) will not be cleared. Prior to reservoir clearing, the District will provide Game a map indicating which areas are to have standing vegetation remain after inundation.

Stream Habitat Improvements

Stream habitat improvements will compensate for the loss or degradation of habitats caused by the Project. The improvements will consist of livestock control, instream habitat structures and stream bank revegetation. These measures would increase the value of streams for trout production. Common goals exist for fisheries and wildlife mitigation relative to riparian improvement. Therefore, the program for riparian management, described as a wildlife mitigation measure, will also benefit fishery resources.

1. Siler Creek. The District will fence a strip approximately 100 ft. wide along Siler Creek from the Cowlitz River upstream to the Wood Creek Road bridge, 1.5 miles. Cattle watering sites would be provided as requested by adjacent land owners.

At the lower 0.5 mile of the creek, it is estimated that seven instream devices or dam structures would be necessary to optimize the pool/riffle ratio. The banks will be revegetated as described in the Wildlife Plan.

2. Kiona Creek. The District will fence a strip approximately 100 ft. wide along Kiona Creek from the Cowlitz River upstream to the Peters Road bridge, 1.3 miles. Cattle watering sites would be provided as requested by adjacent land owners.

In this reach, instream devices or dam structures will be

installed to increase pool cover during low flows. It is preferred that boulders in groups of three be used as control structures. Careful attention not to compound a chronic flooding problem will be important. The banks will be revegetated as described in the Wildlife Plan.

3. Other Creeks. An additional 1.0 mile of stream habitat will be improved, preferably in additional reaches on Kiona and Siler Creeks. However, due to land owner resistance and the potential flooding problems on these creeks, other stream reaches in Lewis County may be substituted for improvement. The improvement will consist of securing, and if necessary fencing, a 100-foot wide strip and revegetating stream banks. Game will assist the District in suggesting alternative creeks and in obtaining the rights to implement improvements (conservation easements).

Fisheries Mitigation Monitoring

A biologist will be used to help design, implement and monitor fish mitigation measures. He will be available for consultation during the construction phase and to collect and analyze creel census data.

The biologist's position will start part-time during the final design phase and continue during Project construction and during the initial two years after reservoir fill while initial stocking programs are in progress.

Subsequently, at five-year intervals, a biologist will review mitigation status and recommend any adjustments to the Fisheries Plan. It is recognized that some items will also require annual maintenance.

Reporting

At the end of the second summer following reservoir fill, a status report on the fisheries mitigation program will be prepared by the District. The report will contain information on habitat improvement areas, including methods used, location of improvements and recommended procedures to maintain good habitats. Based upon previous years' reservoir stocking and creel surveys, the recommended stocking procedure for the next five years will be developed. Subsequent reports to assess the Fisheries Plan will be prepared at five-year intervals. Copies of these reports will be forwarded to Game.

MITIGATION PLAN

SECTION 3

Threatened or Endangered Species Mitigation and Enhancement Plan

Project impacts to threatened or endangered species are expected to be small. The U.S. Fish and Wildlife Service has indicated that the bald eagle (Haliaeetus leucocephalus) is the only threatened species occurring in the Project vicinity that is protected by the Endangered Species Act of 1973 (ESA). As required by the ESA, the District has consulted with the U.S. Fish and Wildlife Service to address potential adverse impacts which may occur with development of the Project. These impacts are associated with the possible loss of perch sites and disturbance during the construction of the Project.

The Cowlitz River appears to be a foraging area and flight pathway for wintering bald eagles during the months from January to March. Concentrations of eagles have been observed above the confluence area feeding on carrion at Tom White's Ranch (T12N, R6E, S27). No active or inactive bald eagle nests were observed in or near the Project area.

The following measures will mitigate any potential adverse impacts or effects on the bald eagle from the construction or operation of the Project, either at the 862 ft. msl or 866 ft. msl reservoir level.

Perch Sites

The availability of perch sites, tall trees and snags are scarce along the shorelines of the Cowlitz River in the Project reservoir area. To mitigate any Project impact to bald eagles, it is proposed to leave some vegetation standing in the new reservoir for perch sites. Additional perch sites would also be created by leaving selected trees around the perimeter of the reservoir and by the installation of artificial perches and roost sites. The planting of the new buffer zone with a number of cottonwoods would develop future live tree perch sites during the life of the Project. Location of cottonwood seedlings shall be located on higher ground to provide better perch sites and to prevent these future large trees from entering the floodway. Location shall be consistent with the District's debris management program and consistent with FERC requirements. The District and Game will survey the reservoir shoreline prior to the start of clearing activities for the Project to determine which trees are to remain as perch sites.

Artificial Perches

The artificial perch sites will consist of 23-foot poles

with 3 foot by 3 foot platforms placed on top. Mammalian predator guards should skirt each pole. These types of nest structures will be placed at approximately two-mile intervals along both sides of the reservoir. It is estimated that 10 to 20 perch sites will be located with the cooperation of Game. These sites will also provide nesting platforms for Ospreys.

Reservoir Clearing

To reduce any potential impact to wintering eagles from construction of the Project, reservoir clearing activities on the Cowlitz River upstream of the confluence with the Cispus River will be avoided during the period of January 1 to March 1. This will also reduce impact on other wildlife using this area. Activities as described in the Mitigation Plan to improve habitat for fish and wildlife will be allowed.

Transmission Line

Power poles, as much as practical, will be designed to provide a safe perch for raptors following the publication, "Suggested Practices for Raptor Protection on Powerlines - The State of the Art 1981," by Richard R. Olendorf.

MITIGATION PLAN

SECTION 4

Reservoir Level at 862 Feet MSL

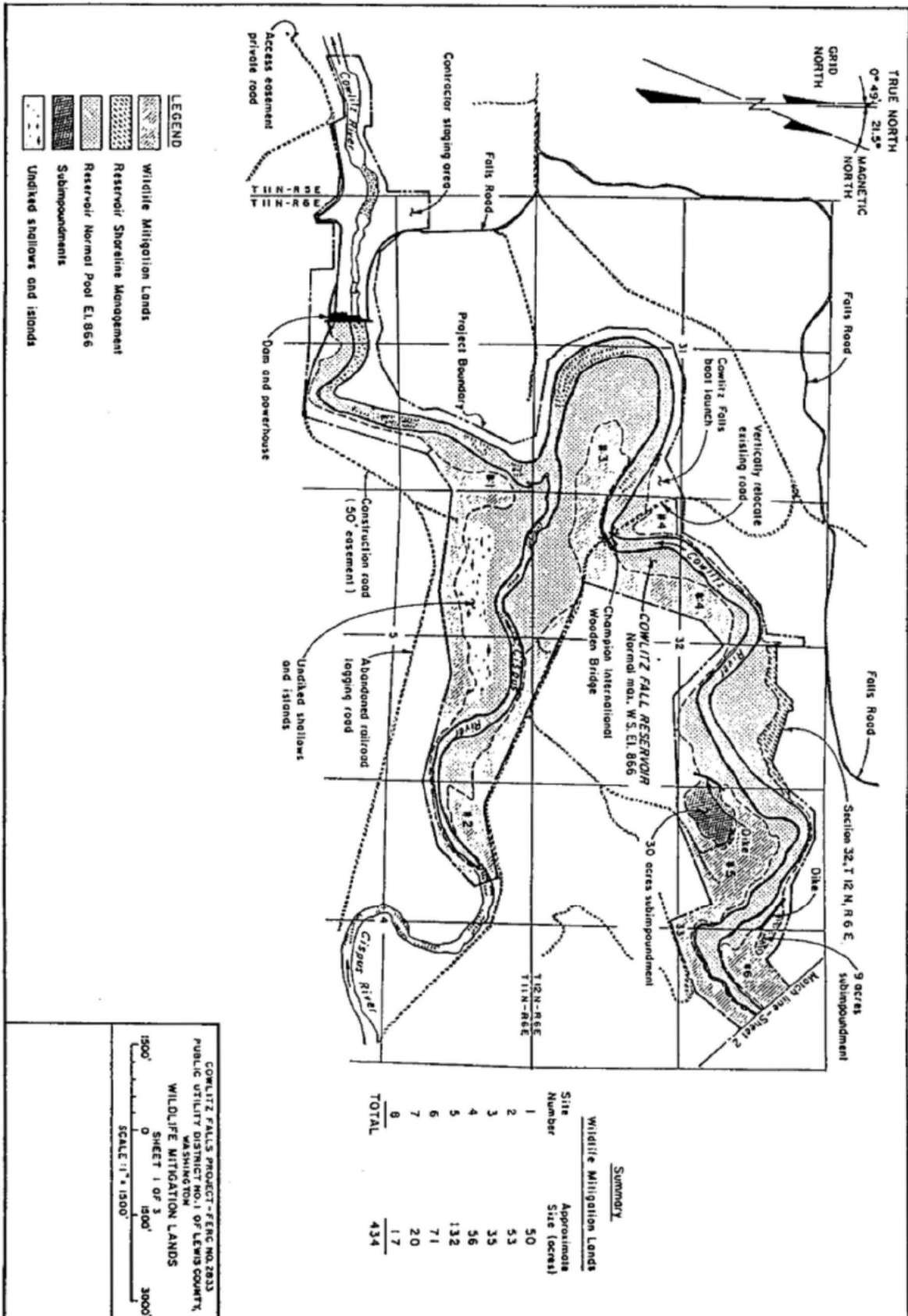
The District has submitted a License Application for a Project reservoir level of 866 ft. msl. License Application studies assessed fish and wildlife concerns, and mitigation plans were developed for the associated impacts at the 866 ft. msl level. Due to FERC's concerns over other impacts of the Project at the 866 ft. msl level, the Project may be licensed at reservoir level of 862 feet msl. In the event that the alternative level is licensed, some changes will be made to the previously described Mitigation Plan to reflect the reduced impacts to fish and wildlife habitat.

At the 862 ft. msl reservoir level, there is approximately 100 acres less terrestrial habitat lost to inundation. In addition, Siler and Kiona Creeks are not effected by a slack water condition in their lower reaches.

To adjust mitigation to reflect the reduced impacts at 862 ft. msl reservoir level, the following modifications will be made to the Mitigation Plan.

1. Site #1 will not be included as Wildlife Mitigation Lands and will not be managed as described in the Wildlife Plan. Although a limited effort will be made to establish a new shoreline/riparian zone with the planting of groups of apple, plum and cottonwood seedlings, the acreage, if purchased, will be primarily managed as timberland. Upon harvesting, the largest clearcut area will be no greater than 10 acres.
2. Site #4 will not be included as Wildlife Mitigation Lands and will not be managed as described in the Wildlife Plan. A limited effort will be made to establish a shoreline/riparian zone by planting small areas of preferred wildlife shrubs and trees shown in Table 1. The acreage will be primarily managed as timberland and for recreation.
3. Stream habitat improvement management will be initiated only on 1.3 miles of Kiona Creek and 0.5 mile of Siler Creek.

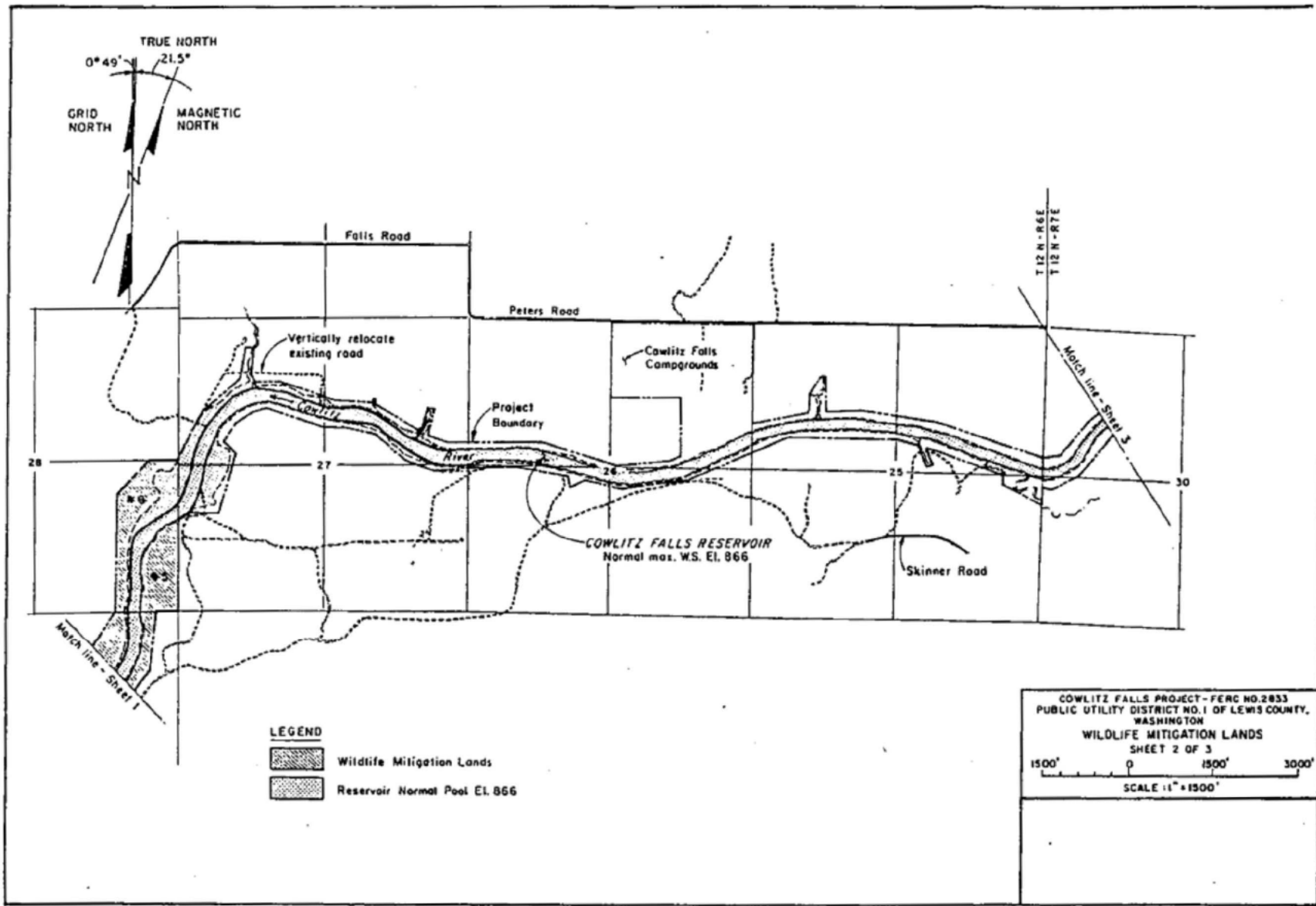
If the District subsequently operates the Project at 866 ft. msl reservoir level, this Section 4 will be deleted and the additional mitigation will be implemented at that time.

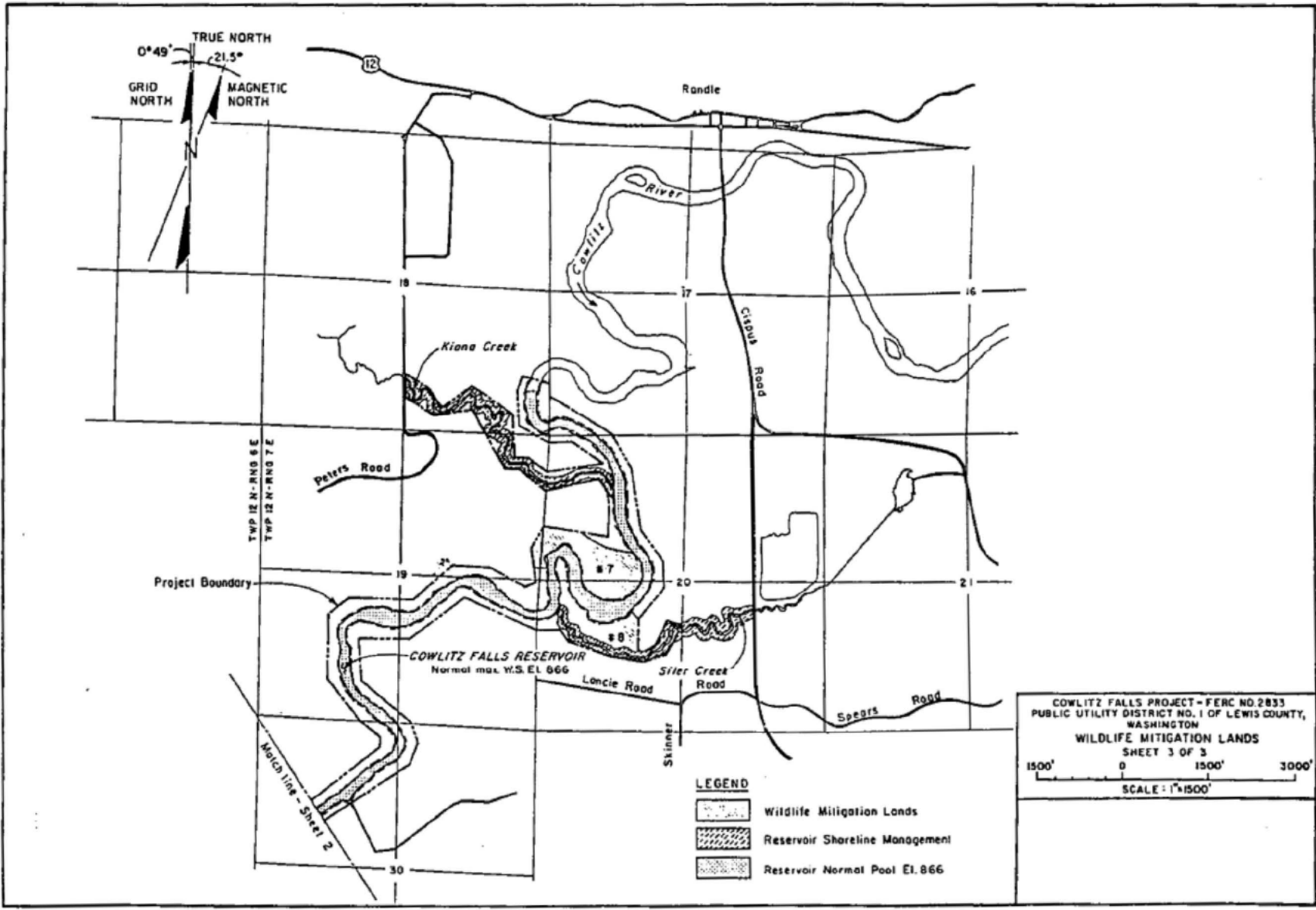


Summary

Site Number	Approximate Site (acres)
1	50
2	53
3	35
4	56
5	132
6	71
7	20
8	17
TOTAL	434

COWLITZ FALLS PROJECT - FERC NO. 2033
 PUBLIC UTILITY DISTRICT NO. 1, OF LEWIS COUNTY,
 WASHINGTON
WILDLIFE MITIGATION LANDS
 SHEET 1 OF 3
 1500' 0 1500' 3000'
 SCALE: 1" = 1500'





APPENDIX 3

Covenant by Friends of the Cowlitz Directors

C O V E N A N T

I, _____, am a duly appointed member of the Board of Directors of Friends of the Cowlitz, a non-profit organization under the laws of the State of Washington. I have read the attached agreement executed as of September 6, 1991, between Bonneville Power Administration and Friends of the Cowlitz (Settlement Agreement). Unless where otherwise clearly indicated, capitalized terms used in this covenant shall have the meanings defined in the Settlement Agreement.

1. In connection with the Settlement Agreement, I hereby covenant that:

(a) For the Term Of The Contract I shall not commence or threaten to commence litigation or formal administrative, license or regulatory proceedings that in any manner seeks to challenge, render unenforceable, invalidate, or enjoin the acquisition by Bonneville of the output of the Project.

(b) Before the date of commercial operation of the Project pursuant to the Contract, I shall not commence or threaten to commence litigation or formal administrative, license or regulatory proceedings that in any manner:

(i) Seeks to restate or otherwise litigate issues raised, or which would have arisen out of the same facts, in the Litigation, including litigation challenging the decision by Bonneville to acquire the Project or enter into the Contract on the basis that such actions violate the Northwest Power Act or the National Environmental Policy Act of 1969 and its implementing regulations;

(ii) Seeks or with reasonable foresight would result in the invalidation or unenforceability of the Contract or any of its terms, including Bonneville's obligation to pay Project Power Costs;

(iii) Seeks or with reasonable foresight would result in the delay or prohibition of the sale and issuance of Cowlitz Falls Bonds;

(iv) Seeks the delay, suspension or termination of project construction or operation;

(v) Challenges the authority of the District to construct, own, operate or finance the Project; or

(vi) Challenges the validity of any license, permit, or regulatory approval, existing on the date hereof, necessary for and issued in connection with the Project.

(c) For a period of six months from the date of execution of the Settlement Agreement, I shall not commence or file a formal petition or motion seeking to commence any formal administrative, license or regulatory proceeding regarding the Project.

2. I reserve the right, power and ability:

(a) After the six month period specified in section 1(c) above, to commence or seek to commence any formal administrative, regulatory, or license proceeding to require Volitional Bypass or other fish and wildlife protection at the Project, including proceedings to amend the FERC License;

(b) At any time, to engage in informal discussions, correspondence, or other communications with any administrative, regulatory, license or legislative body;

(c) To participate or to seek to participate in any administrative, regulatory, license, legislative, or litigation proceeding related to the Project commenced as a result of the actions of an entity other than Friends of the Cowlitz, and any judicial review thereof;

(d) To seek compliance with, enforcement of, or fulfillment of the federal Endangered Species Act by or against the Project, Bonneville, the District, or any other entity; and

(e) To commence, threaten to commence, intervene in or support litigation that seeks:

(i) To challenge or review any administrative, license or regulatory action

denying, or administrative, license or regulatory inaction with the effect of denying, any future petition, request or other proposal that Volitional Bypass or other fish and wildlife protection be required in connection with the Project; PROVIDED, HOWEVER, that the action or inaction by the District or Bonneville shall not constitute administrative, license or regulatory action or inaction under this section 2(e);

(ii) Enforcement of fulfillment of or compliance with (including against FERC, Bonneville or the District) provisions of the FERC License (including any term or condition thereof, and any agreement, plan, condition, authorization, or approval required under the FERC License); and

(iii) Enforcement of fulfillment of or compliance with (including against FERC, Bonneville or the District) any FERC license provision or order, or any other valid and enforceable law or regulatory order requiring Volitional Bypass or other fish and wildlife protection measures in connection with the Project;

PROVIDED, HOWEVER, that in any litigation described in this section 2(e), I shall not, prior to the date of commercial operation of the Project pursuant to the Contract, seek as a remedy that the construction or operation of the Project be halted or suspended.

3. I also reserve the right, power and ability:

(a) To commence, to seek to commence, to participate in or to seek to participate in any administrative, regulatory, license or legislative proceeding other than in connection with the Project, including any proceedings to amend the FERC licenses at the Mayfield Dam or the Mossyrock Dam, and any judicial review thereof;

(b) To obtain, and to seek to obtain, through litigation or otherwise, Volitional Bypass, other fish and wildlife protection or environmental protection, mitigation and enhancement, other than in connection with the Project, including the Mayfield Dam, the Mossyrock Dam, and facilities in the Cowlitz River basin other than the Project;

(c) To obtain, and to seek to obtain, through litigation or otherwise, enforcement of, fulfillment of or compliance with provisions of FERC licenses (including any term or condition thereof, and any agreement, plan, condition, authorization, or approval required or contemplated under such licenses) or any other law or regulatory order in connection with the Mayfield Dam, the Mossyrock Dam or facilities, other than the Project, located in the Cowlitz River basin;

(d) To commence, seek to commence, participate in, or to seek to participate in any administrative, regulatory, license or legislative proceeding generally applicable to the Cowlitz River and its tributaries or generally applicable to the hydroelectric facilities comprising the Federal Columbia River Power System (including such proceedings as the development and amendment of the Pacific Northwest Fish and Wildlife Program and other proceedings of the Council); and to commence, threaten to commence, intervene in or support litigation arising from such proceedings; PROVIDED, HOWEVER, that in any litigation described in this section 3(d), I shall not, prior to the date of commercial operation of the Project pursuant to the Contract, seek as a remedy that the construction or operation of the Project be halted or suspended; and

(e) To seek by any method the compliance with, or enforcement or fulfillment of the terms of the Settlement Agreement by or against Bonneville, the District or other responsible party.

(Name)

STATE OF WASHINGTON)
) ss
COUNTY OF LEWIS)

Subscribed and sworn to
before this date: _____.

Notary public for Washington
My commission expires _____.

COVEN. FIN

APPENDIX 4

Joint Motion for Dismissal

No. 91-70161

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FRIENDS OF THE COWLITZ,

Petitioner,

v.

ADMINISTRATOR, BONNEVILLE POWER
ADMINISTRATION,

Respondent,

and

PUBLIC UTILITY DISTRICT NO. 1
OF LEWIS COUNTY,

Intervenor.

STIPULATED MOTION FOR DISMISSAL

Jonathan I. Feil
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Attorneys for Respondent

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HILLIS, CLARK, MARTIN & PETERSON, P.S.
500 Galland Building, 1221 Second Ave.
Seattle, WA 98101
Attorneys for Intervenor

STIPULATED MOTION FOR DISMISSAL

The claims of Petitioner in this case have been fully settled, pursuant to the Settlement Agreement attached hereto as Exhibit A.

The parties concur that the Settlement Agreement resolves the substance of this appeal. Petitioner considers the settlement to provide substantially all the relief sought in its appeal. The parties therefore have agreed that this Court may dismiss this case with prejudice.

The parties reserve their rights to seek attorneys' fees and costs under applicable law. Petitioner intends to apply for attorneys' fees under 28 U.S.C. § 2412(d) (Equal Access to Justice Act), and will submit its application for fees within thirty days of the Court's final order in this case, as required by 28 U.S.C. § 2412(d)(1)(B). Bonneville and the District reserve the right to oppose such an application.

A proposed order is enclosed.

Respectfully submitted,

Jonathan I. Feil

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Attorneys for Intervenor, Public
Utility District No. 1 of Lewis County

DATED: September ____, 1991

DISM.FOC

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FRIENDS OF THE COWLITZ,)	
)	
Petitioner,)	
)	
vs.)	
)	
ADMINISTRATOR, BONNEVILLE)	
POWER ADMINISTRATION,)	
)	No. 91-70161
Respondent,)	
)	
and)	
)	
PUBLIC UTILITY DISTRICT NO. 1)	
OF LEWIS COUNTY,)	
)	
Intervenor.)	
_____)	

ORDER

On consideration of the order the joint request of the parties for an order dismissing this case, and it appearing that the parties have entered into an agreement fully settling all claims in this case and that the settlement resolves the substance of this appeal, it is

ORDERED by the Court that this case is dismissed with prejudice. It is

FURTHER ORDERED by the Court that any application for attorneys fees and costs under 28 U.S.C. § 2412(d) (Equal Access to Justice Act) shall be submitted within thirty days of this order, as required by 28 U.S.C. § 2412(d)(1)(B). Any opposition to such application shall be filed within the time period for oppositions to motions provided in the rules of the Court.

APPENDIX 5

Opinion by Counsel to Friends of the Cowlitz

OPINION LETTER

_____, 1991

Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208

Attn: Robb F. Roberts, Esq.
Office of General Counsel

Re: Settlement Agreement, Executed as of September 6, 1991
Between Bonneville Power Administration and
Friends of the Cowlitz

Dear Mr. Roberts:

We have been requested to provide, as legal counsel for Friends of the Cowlitz, an opinion in connection with an agreement between the United States of America, Department of Energy, acting by and through the Administrator of the Bonneville Power Administration ("Bonneville") and Friends of the Cowlitz, a Washington non-profit organization. The agreement has been executed as of September 6, 1991 and is referenced herein as the "Settlement Agreement." This opinion is delivered pursuant to Section 14 of the Settlement Agreement.

We have examined the originals, or certified, conformed, or reproduction copies of documents described herein. In all such examinations we have assumed the genuineness of all signatures on original or certified copies and the conformity to original or certified copies of all copies submitted to us as conformed or reproduction copies. For the above stated purpose the following documents have been deemed relevant or necessary as the basis for the opinion hereafter expressed:

1. Settlement Agreement executed as of September 6, 1991.
2. Certificate of Cheryl E. Cameron, Secretary of Friends of the Cowlitz, dated _____, 1991 authenticating:
 - (a) Articles of Incorporation of Friends of the Cowlitz, filed with the office of the Secretary of State of Washington on February 15, 1989;

- (b) Bylaws of Friends of the Cowlitz, dated June 1990;
 - (c) Board of Directors resolutions of Friends of the Cowlitz dated August 15, 1991.
3. Certificate of Good Standing from the office of the Secretary of State of Washington dated _____, 1991 certifying that Friends of the Cowlitz was duly incorporated as a Washington non-profit organization under the laws of the State of Washington and is in good standing.

We have relied upon the certificates of public officials and the statements or certificates of officers or representatives of Friends of the Cowlitz attached to this letter.

Based upon the foregoing, we are of the opinion that the following matters are in conformity with the laws of the State of Washington:

- 1. The individual who has signed the Settlement Agreement on behalf of Friends of the Cowlitz was duly authorized to execute that document; and
- 2. As so executed the Settlement Agreement imposes upon Friends of the Cowlitz legally valid and binding obligations enforceable in the State of Washington in accordance with its terms.

Partners of this firm are members of the Bar of the State of Washington, and we do not hold ourselves out as being conversant with and do not express any opinion as to the laws of any jurisdiction other than those of the United States of America and the State of Washington.

The opinions expressed herein are solely for the benefit of Bonneville Power Administration in connection with the Settlement Agreement and may not be relied on in any other manner or for any other purpose or by any other person.

Very truly yours,

SIMBURG, KETTER, SHEPPARD & PURDY

By: _____

Jonathan I. Feil
A Member of the Firm

OPIN.FOC

memorandum

DATE: April 21, 2014

REPLY TO
ATTN OF: KEC-4

SUBJECT: Environmental Clearance Memorandum

TO: Joan Kendall
Realty Specialist, Real Property Field Services – TERR-3

Proposed Action: Cowlitz Falls Fish Facility and Fish Transfer Facility Property Transfers

Categorical Exclusion Applied (from Subpart D, 10 C.F.R. Part 1021): B1.24 Property Transfers

Locations: Lewis County, Washington

Proposed by: Bonneville Power Administration (BPA)

Description of the Proposed Action: BPA proposes to transfer ownership of two fish facilities located on the Cowlitz River to the City of Tacoma (Tacoma). The facilities include the Cowlitz Falls Fish Facility (CFFF) and the Fish Transfer Facility (FTF).

BPA currently funds the operation of both fish facilities. The CFFF is near Lewis County Public Utility District's (PUD) Cowlitz Falls Project at river mile 88.6, and the FTF is at Tacoma's Cowlitz Salmon Hatchery near Barrier Dam at river mile 49.5. The facilities support fish transport from the Cowlitz Falls Project downstream to below Mossyrock and Mayfield dams, which are owned by Tacoma. BPA funded the construction, operation, and maintenance of the CFFF as part of a 1991 Settlement Agreement for the project. BPA has a power purchase agreement for the generation output of the Cowlitz Falls Project through June 30, 2032.

BPA proposes to transfer its property interests in the CFFF and FTF, together with associated buildings, structures, and equipment, by entering into a three-party agreement among BPA, the PUD and Tacoma. Under the terms of the three-party agreement, BPA would release its easement for the CFFF to the PUD, and the PUD would release BPA from all obligations associated with the CFFF Access Agreement and Grant of Easement. BPA would execute a quitclaim deed and bill of sale to Tacoma for the CFFF and FTF properties. BPA would also release its license to enter the FTF to Tacoma, and Tacoma would agree to release BPA from all obligations associated with the Cowlitz Salmon Hatchery Access Agreement.

Tacoma would own and operate the facilities to comply with its Federal Energy Regulatory Commission hydroelectric license, the Endangered Species Act (ESA), and fish-passage requirements for its dams. BPA would make annual payments to Tacoma to offset a portion of the cost of operations and maintenance for the CFFF through 2031. Tacoma is proposing to expand the CFFF facilities, but BPA's payments would not fund construction, operations, or maintenance of any new Tacoma facilities.

Operations of the CFFF have been conducted under an ESA incidental take permit from the National Marine Fisheries Service (NMFS). NMFS granted a one-year extension of the permit to allow

continued operations until the transfer of the CFFF property to Tacoma. With completion of the property transfer, compliance obligations under the ESA and other applicable environmental laws and regulations for the continued operations of the CFFF would become the responsibility of Tacoma.

In general, the operation of the fish facilities would not change with transfer of the properties. In addition, the transfer of properties would not have the potential to release substances that could pose a threat to public health or the environment, nor would the transfers have the potential to cause a significant change in impacts from before the transfers.

Findings: BPA has determined that the proposed action complies with Section 1021.410 and Appendix B of Subpart D of the Department of Energy's (DOE) NEPA Regulations (57 FR 15144, Apr. 24, 1992, as amended at 61 FR 36221-36243, July 9, 1996; 61 FR 64608, Dec. 6, 1996, 76 FR 63764, Nov. 14, 2011). The proposed action does not present any extraordinary circumstances that may affect the significance of the environmental effects of the proposal. The proposal is not connected [40 C.F.R. 1508.25(a)(1)] to other actions with potentially significant impacts, has not been segmented to meet the definition of a categorical exclusion, is not related to other proposed actions with cumulatively significant impacts [40 C.F.R. 1508.25(a)(2)], and is not precluded by 40 C.F.R. 1506.1 or 10 C.F.R. 1021.211. Moreover, the proposed action would not (i) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, (ii) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities, (iii) disturb hazardous substances, pollutants, contaminants, or Comprehensive Environmental Response, Compensation and Liability Act-excluded petroleum and natural gas products that pre-exist in the environment such that there would be uncontrolled or unpermitted releases, (iv) have the potential to cause significant impacts on environmentally sensitive resources, or (v) involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements.

We therefore determine that the proposed action may be categorically excluded from further NEPA review and documentation.

/s/ Jeffrey J. Maslow
Jeffrey J. Maslow
Environmental Protection Specialist

Concur:

/s/ Stacy Mason
Stacy Mason
NEPA Compliance Officer

Date: *April 21, 2014*

Attachment:
Environmental Checklist for Categorical Exclusions

becc:

D. Carlson – PGC-Richland

H. Harwood – PGB-5

B. Kinsey – LC-7

J. Leary – LC-7

J. Kendall – TERR-3

D. Kennedy – KEC-4

Official File – KEC (EQ-15)

JMaslow;jjm:3928:4/21/2014

http://portal.bpa.gov/orgs/efw/KEC/psrvcs/Projects/Final_CFFF_CX.docx

Environmental Checklist for Categorical Exclusions

Name of Proposed Project: Cowlitz Falls Fish Facility and Fish Transfer Facility Property Transfers

Work Order #: 00003824

This project does not have the potential to cause significant impacts on the following environmentally sensitive resources. See 10 CFR 1021, Subpart D, Appendix B for complete descriptions of the resources. This checklist is to be used as a summary – further discussion may be included in the Categorical Exclusion Memorandum.

<u>Environmental Resources</u>	<u>No Potential for Significance</u>	<u>No Potential, with Conditions (describe)</u>
1. Historic Properties and Cultural Resources BPA consulted with the Confederated Tribes of the Chehalis Reservation, Confederated Tribes and Bands of the Yakama Nation, and Cowlitz Indian Tribe. On December 10, 2013, Washington State Department of Archaeology and Historic Preservation concurred with BPA's determination of no historic properties affected.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. T & E Species, or their habitat(s) No effects to T & E species or critical habitat would occur from the proposed property transfers. With completion of the property transfers, compliance obligations under the ESA for the continued operations of the CFFF and FTF would become the responsibility of Tacoma.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Floodplains or wetlands	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Areas of special designation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Health & safety	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Prime or unique farmlands	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Special sources of water	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Other (describe)	<input type="checkbox"/>	<input type="checkbox"/>

Signed: /s/ Jeffrey J. Maslow

Date: April 21, 2014

LEWIS COUNTY 7 1024

201658

Return Address:

TACOMA PUBLIC UTILITIES
REAL PROPERTY SERVICES
P.O. BOX 11007
TACOMA, WA 98411

EXCISE TAX
LEWIS COUNTY TREASURER
DATE 1/14/15

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document <u>must</u> be filled in)
EASEMENT AGREEMENT AND MEMORANDUM OF EASEMENT AGREEMENT
Reference Number(s) of Documents assigned or released: Additional reference #'s on page _____ of document
Grantor(s) (Last name, first name, initials) 1. Public Utility District of Lewis County, Washington
Grantee(s) (Last name first, then first name and initials) 1. City of Tacoma, Washington
Legal description (abbreviated: i.e. lot, block, plat or section, township, range) Portion of Section 6, Township 11 North, Range 6 East, W.M., Including any portion of the bed of the Cowlitz River, if any, in Lewis County, Washington Additional legal is on pages 6-18 of document.
Assessor's Property Tax Parcel/Account Number <input type="checkbox"/> Assessor Tax # not yet assigned: 027303009000, 027303015000, 027303013001
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

(b)(6)

Signature

**EASEMENT AGREEMENT AND
MEMORANDUM OF EASEMENT AGREEMENT**

This **EASEMENT AGREEMENT AND MEMORANDUM OF EASEMENT AGREEMENT** (this "Easement Agreement") is made and entered into this 1st day of October 2014, between Public Utility District of Lewis County, Washington ("Grantor") and the City of Tacoma, Washington ("Grantee").

RECITALS

Grantor is the fee simple owner of the parcel of real property legally described in Attachment A (the "Property") which is part of a hydroelectric project known as the Cowlitz Falls Project, Federal Energy Regulatory Commission ("FERC") Project No. 2833 (the "Cowlitz Falls Project").

In connection with a FERC license for the Cowlitz River Project, FERC Project 2016, held by Grantee, Grantee intends to design, construct, and operate a migrant juvenile anadromous fish collection facility on the Property known as the "Northshore Collector" and appurtenant facilities (the "Collector"). Grantee also acquired from Bonneville Power Administration and intends to operate the Cowlitz Falls Fish Facility (the "CFFF," together with the Collector, the "Northshore Project") located at the Property.

Grantor and Grantee, along with the Bonneville Power Administration, entered into that certain Northshore Project Easement Agreement dated June 20, 2014 (the "Agreement"), pursuant to which Grantor agreed to grant certain easements for the Northshore Project on the terms and conditions provided in the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Agreement and pursuant to Section 1(a) of the Agreement, the parties agree as follows:

AGREEMENT

1. Grant of Exclusive Easement. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor grants and conveys to Grantee, its successors and assigns a perpetual, exclusive easement (the "Exclusive Easement") under, across, and over the Exclusive Easement Area (as hereinafter defined) to construct, alter, protect, repair, maintain, inspect, replace, operate and remove the Northshore Project, subject to the terms and conditions of the Agreement, which are incorporated herein by reference. As used herein, the "Exclusive Easement Area" shall mean that portion of the Property legally described in Attachment B attached hereto and depicted in Attachment C attached hereto: (a) over which the existing CFFF improvements have been constructed (excluding roadways), (b) over which Grantee constructs the Collector improvements (excluding roadways), and (c) excluding therefrom the improvements owned by Grantor (including without limitation the Cowlitz Falls Dam) (the improvements described in this clause (c) are referred to as the "Grantor Improvements").

2. Grant of Nonexclusive Easement. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and subject to the terms and conditions of the Agreement, Grantor grants and conveys to Grantee, its successors and assigns a perpetual, non-exclusive easement (the "Nonexclusive Easement") through the Nonexclusive Easement Area to construct, alter, protect, repair, maintain, inspect, replace, operate and remove certain facilities installed and used by Grantee as part of the Northshore Project, including the existing CFFF facilities. Grantee's use of the Nonexclusive Easement Area shall be subject to Grantor's and Grantee's rights and obligations under the Agreement. As used herein, the "Nonexclusive Easement Area" shall mean that portion of the Property legally described in Attachment B attached hereto and depicted in Attachment C attached hereto, and/or as approved by Grantor pursuant to the terms of the Agreement, over which the CFFF improvements and Collector improvements are or will be constructed and that are located through or within the Grantor Improvements.

3. Term. This Easement Agreement shall be for a perpetual term but shall be terminable on the terms and conditions provided in the Agreement.

4. Access and Utility Easements. Grantor grants and conveys to Grantee, its successors and assigns a perpetual, nonexclusive access easement (the "Access Easement") over and across the existing and planned improved right of ways within the Property as depicted on Attachment C attached hereto and such other areas as agreed between Grantor and Grantee. Grantor grants and conveys to Grantee, its successors and assigns, a perpetual, nonexclusive utility easement (the "Utility Easement") over and across the existing utility corridor within the Property as depicted on Attachment C attached hereto currently serving the CFFF, and anticipated to serve the Collector, and such other areas as agreed between Grantor and Grantee. The Access Easement and the Utility Easement shall be subject to the terms and conditions of the Agreement.

5. Governing Law. This Easement Agreement shall be governed by Washington law.

6. Headings. The headings used herein are for convenience only and are not to be used in interpreting this Easement Agreement.

7. Counterparts. This Easement Agreement may be executed in counterparts, each of which shall be deemed the original, but which together shall constitute one and the same instrument.

(SEE ATTACHED FOR SIGNATURES)

GRANTOR:

PUBLIC UTILITY DISTRICT OF LEWIS
COUNTY, WASHINGTON

By: (b)(6)

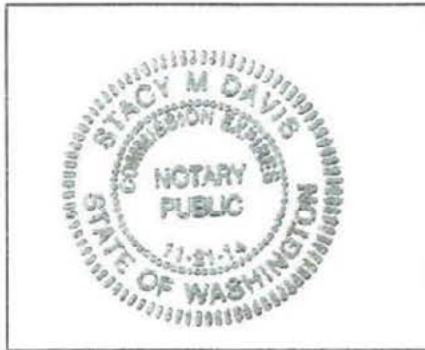
Its: Manager

STATE OF WASHINGTON)
) SS
COUNTY OF Lewis)

I certify that I know or have satisfactory evidence that Robert D. Geddes, the Manager of Public Utility District of Lewis County, Washington, is the person who appeared before me, and said person acknowledged that they signed this instrument, and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

Dated this 29th day of September, 2014.

Place Notary Seal in Box



(b)(6)

Notary Public in and for the State
of Washington

Residing in Chenalis

My Commission Expires 11-21-14

GRANTEE:

CITY OF TACOMA, WASHINGTON

Accepted

By: (b)(6)
Theodore C. Coates
Tacoma Power Superintendent/COO

STATE OF WASHINGTON)
COUNTY OF Pierce) SS

I certify that I know or have satisfactory evidence that Theodore C. Coates, Tacoma Power Superintendent/COO of the City of Tacoma, Department of Public Utilities, Light Division is the person who appeared before me, and said person acknowledged that they signed this instrument, and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument.

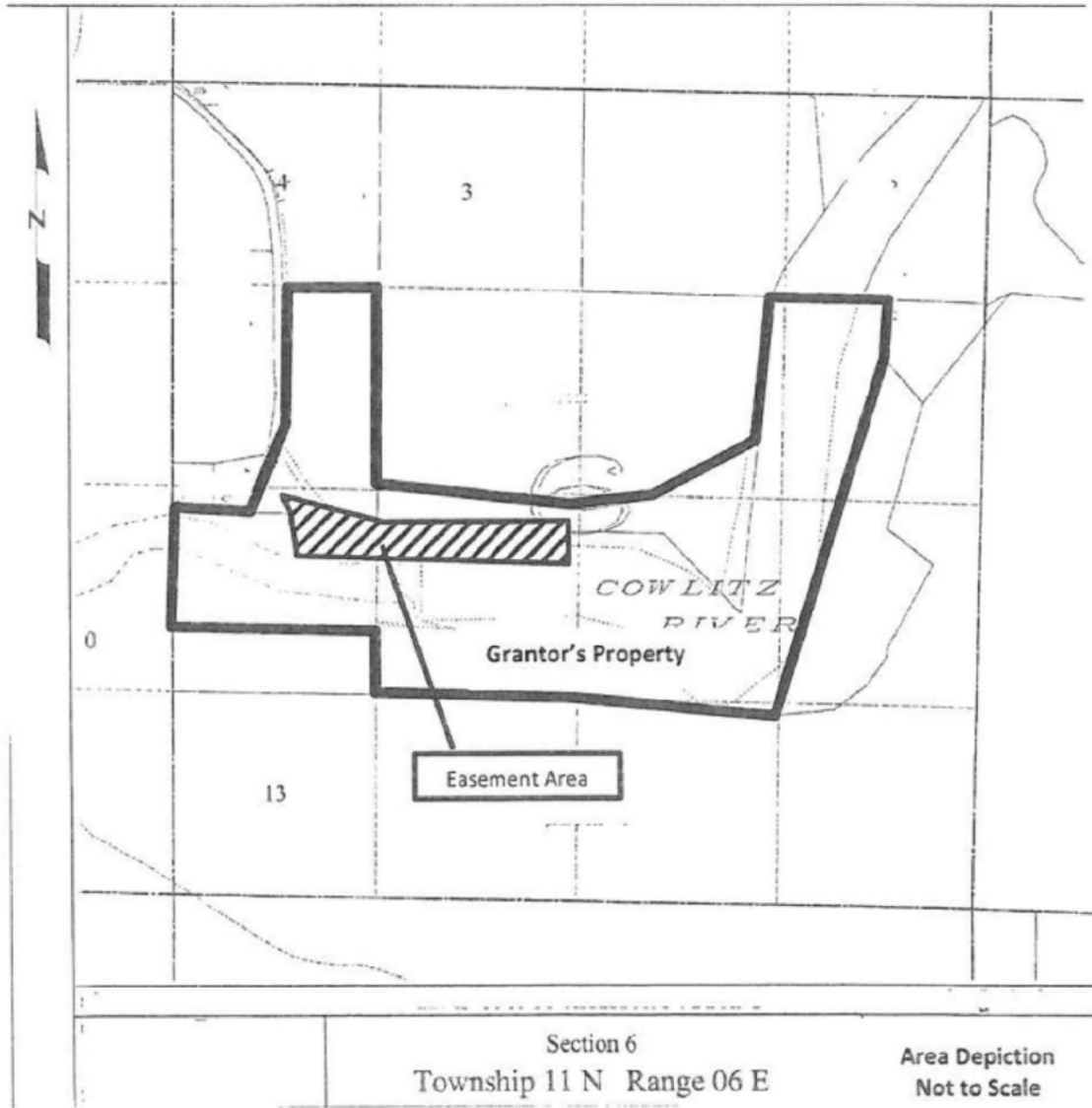
Dated this 30th day of Sept., 2014.

Place Notary Seal in Box



(b)(6)
Notary Public in and for the State
of Washington
Residing in Gig Harbor, WA
My Commission Expires 10-8-17

City of Tacoma – Department of Public Utilities
Light Division Easement No. 13278
Attachment A



City of Tacoma - Department of Public Utilities
Light Division Easement No. 13278
Attachment A

SECTION 1, T11N, R5E, W1K.
AND
SECTION 6, T11N, R5E, W1K. ✓

8 41

Portions of the South One Half of Section 1, Township 11 North, Range 5 East, W.M. and Section 6, Township 11 North, Range 6 East, W.M. in Lewis County, Washington described as follows:

Beginning at the Southeast Corner of Government Lot 10 in said Section 1; thence N88°41'12"W along the South Line of said Lot 10 a distance of 1333.71 feet to the Southwest Corner of said Lot 10; thence S64°40'53"W a distance of 1485.86 feet to a point on the West Line of Government Lot 11 in said Section 1 which is 650.00 feet northerly of the Southwest Corner of said Lot 11; thence N01°10'41"E along the West Line of said Lot 11 a distance of 1182.03 feet to a point on the West Line of Government Lot 8 in said Section 1 which is 800.00 feet southerly of the Northwest Corner of said Lot 8; thence N63°30'28"E a distance of 752.25 feet to a point which is 450.00 feet southerly of the North Line and parallel with the East Line of said Lot 8; thence S88°45'52"E parallel with the North Line of said Lot 8 a distance of 656.27 feet to a point on said East Line which is 450.00 feet southerly of the Northeast Corner of said Lot 8; thence S01°21'15"W along said East Line a distance of 70.00 feet; thence S88°45'52"E parallel with the North Line of Government Lot 9 in said Section 1 a distance of 250.00 feet; thence N57°40'35"E a distance of 950.72 feet; thence S88°45'52"E parallel with said North Line a distance of 215.00 feet to a point on the East Line of said Lot 9 which is 140.01 feet southerly of the Northeast Corner of said Lot 9; thence S81°56'19"E a distance of 202.02 feet to a point which is 1477.19 feet southerly of the North Line of Government Lot 5 of said Section 6; thence S88°30'58"E parallel with said North Line a distance of 525.48 feet; thence S17°27'20"E a distance of 256.78 feet to a point which is 1720.08 feet southerly of said North Line and parallel with said East Line; thence S88°30'58"E parallel with said North Line a distance of 500.00 feet to a point on the East Line of said Lot 5 said point lying S00°55'45"W a distance of 1720.08 feet from the Northeast Corner of said Lot 5; thence N84°03'37"E a distance of 1315.84 feet to a point on the East Line of Government Lot 6 of said Section 6 said point lying S01°14'53"W a distance of 1550.00 feet from the Northeast Corner of said Lot 6; thence S88°30'51"E parallel with the

VCL453PAGE497

City of Tacoma – Department of Public Utilities
Light Division Easement No. 13278
Attachment A

North Line of Government Lot 7 of said Section 6 a distance of 550.00 feet; thence S43°38'00"E a distance of 706.58 feet; thence N06°49'20"E a distance of 2058.92 feet to a point on the North Line of said Lot 7 said point lying S88°30'53"E a distance of 1250.00 feet from the Northwest Corner of said Lot 7; thence S88°30'53"E along said North Line a distance of 726.03 feet to a point on the North Line of Government Lot 8 of said Section 6 said point lying N88°30'53"W a distance of 650.00 feet from the Northeast Corner of said Lot 8; thence S02°02'23"W parallel with the East Line of said Lot 8 a distance of 400.00 feet; thence S17°10'56"W a distance of 957.05 feet to a point on the South Line of said Lot 8 said point lying N88°25'06"W a distance of 900.00 feet from the Southeast Corner of said Lot 8; thence S17°29'31"W a distance of 1375.06 feet to a point on the South Line of Government Lot 9 of said Section 6 said point lying N88°23'46"W a distance of 1266.37 feet from the Southeast Corner of said Lot 9; thence S17°29'16"W a distance of 103.97 feet to a point on the East Line of Government Lot 10 which is 100.00 feet southerly of the Northwest Corner of the Southeast Quarter of the Southeast Quarter of said Section 6; thence N83°53'46"W a distance of 1298.54 feet to the Southeast Corner of Government Lot 11 of said Section 6; thence N88°22'07"W along the South Line of said Lot 11 a distance of 1312.66 feet to the Southeast Corner of Government Lot 12 of said Section 6; thence N01°27'36"E along the East Line of said Lot 12 a distance of 400.00 feet; thence N88°22'07"W a distance of 1303.82 feet to a point on the West Line of said Lot 12; thence S01°41'54"W along said West Line a distance of 400.00 feet to the Point of Beginning.

EXCEPTING THEREFROM that portion, if any, of United States Plywood Corporation's mainline truck road, as it was reserved under Fee Nos. 697885 and 701160, records of Lewis County Auditor.

TOGETHER WITH AND SUBJECT TO easements, reservations, restrictions and agreements of record in Lewis County, Washington.

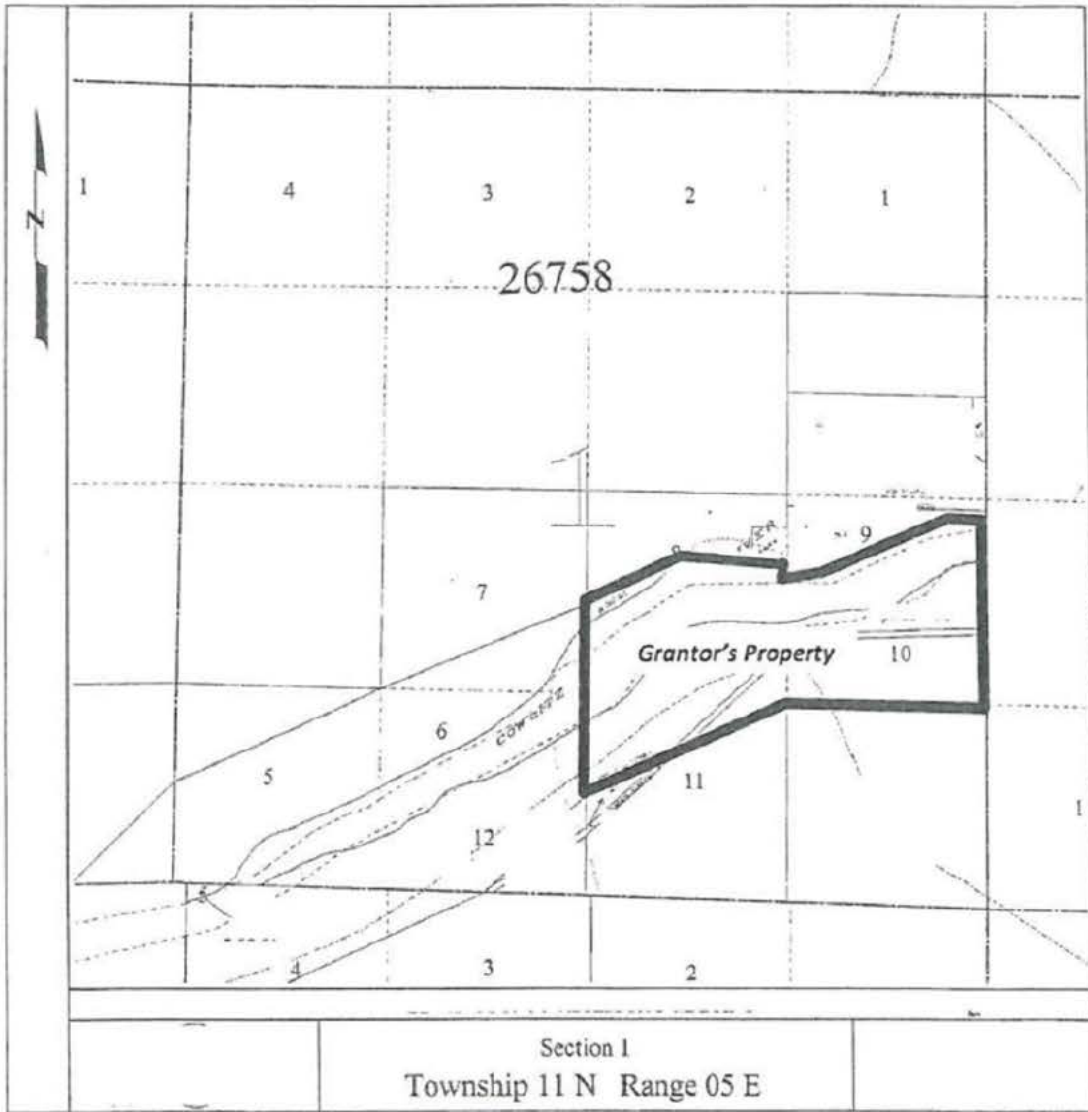
Reviewed:

(b)(6)

Engineer

VGL453PAGE498

City of Tacoma – Department of Public Utilities
Light Division Easement No. 13278
Attachment A



City of Tacoma – Department of Public Utilities

Light Division Easement No. 13278
Attachment A

PARCEL A

That portion of Government Lots 4 and 5 in Section 6, Township 11 North, Range 6 East, W.M., Lewis County, Washington, more particularly described as follows:

Beginning at the northeast corner of said Government Lot 4; thence south $00^{\circ}55'45''$ west along the east line of said Lots 4 and 5 a distance of 2647.90 feet to the true point of beginning of this description; thence north $89^{\circ}59'58''$ west a distance of 320.13 feet; thence north $43^{\circ}35'53''$ west a distance of 172.82 feet; thence north $33^{\circ}20'12''$ west a distance of 274.00 feet; thence west a distance of 83.31 feet to the westerly margin of Falls Road; thence south $09^{\circ}33'40''$ west along said margin a distance of 66.51 feet; thence south $20^{\circ}39'40''$ west along said margin a distance of 375.39 feet; thence south $30^{\circ}33'12''$ west a distance of 83.72 feet to a point on the north boundary of the City of Tacoma Reservoir property as described in deed recorded September 3, 1946 as recorded in Volume 448 of Deeds, page 3, records of Lewis County, Washington; thence south $88^{\circ}31'00''$ east along said north boundary a distance of 381.03 feet; thence continuing along said boundary south $17^{\circ}27'10''$ east a distance of 256.67 feet; thence continuing along said boundary south $83^{\circ}31'00''$ east a distance of 606.00 feet to the east line of said Government Lot 5; thence north $00^{\circ}55'45''$ east along said east line a distance of 400.00 feet to the true point of beginning. EXCEPTING THEREFROM Falls County Road.

PARCEL B

That portion of Government Lot 5 in Section 6, Township 11 North, Range 6 East, W.M., Lewis County, Washington, lying easterly of Falls County Road described as follows:

Beginning at the northeast corner of said Government Lot 5; thence south $00^{\circ}55'45''$ west along the east line of said Government Lot 5 a distance of 1320.98 feet; thence north $89^{\circ}59'58''$ west a distance of 320.13 feet; thence north $43^{\circ}35'53''$ west a distance of 172.82 feet; thence north $33^{\circ}20'12''$ west a distance of 274.00 feet; thence south $90^{\circ}00'00''$ west a distance of 27.47 feet to the easterly margin of said road; thence north $09^{\circ}33'40''$ east along said margin a distance of 235.70 feet; thence north $00^{\circ}23'20''$ west along said margin a distance of 749.12 feet to the north line of said Government Lot 5; thence south $83^{\circ}31'00''$ east along said north line a distance of 605.98 feet to said northeast corner and the point of beginning.

SUBJECT TO:

AN EASEMENT AFFECTING A PORTION OF GOVERNMENT LOT 5 in favor of City of Tacoma for Road Right of way, recorded July 1, 1946 under Auditor's File No. 697402,

AN EASEMENT AFFECTING GOVERNMENT LOT 5 in favor of Public Utility District No. 1 of Lewis County, for Underground electrical line recorded November 26, 1975 under Auditor's File No. 808139.

VOID-HARMLESS agreement affecting a portion of Government Lot 5 as contained in 4022-23 the City of Tacoma, recorded September 3, 1946 under Auditor's File No. 700112.

Any adverse claim based upon the assertion that: said land or any part thereof is now or at any time has been below the ordinary high water mark of the Cowlitz River, some portion of said land has been created by artificial means and if some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Cowlitz River, or has been formed by accretion to any such portion.

WCL473PAGE1&0

City of Tacoma - Department of Public Utilities
Light Division Easement No. 13278
Attachment A

Parcel #1

That portion of the North Half of Section 5, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Beginning at the Northeast Corner of said Section; thence S02°43'22"W along the East Line of said section a distance of 346.61 feet to the True Point of Beginning; thence continuing S02°58'10"W along said East Line of said section a distance of 1300.72 feet; thence N73°08'51"W a distance of 1400.00 feet; thence S81°53'35"W a distance of 1311.76 feet; thence N84°31'34"W a distance of 1364.06 feet; thence S40°24'28"W a distance of 137.16 feet to the West Line of said section; thence N02°02'32"E along said West Line a distance of 1378.18 feet to the Northwest Corner of said section; thence S23°58'18"E along the North Line a distance of 4469.70 feet; thence S65°45'18"E a distance of 917.48 feet to the True Point of Beginning.

EXCEPTING THEREFROM the Cispda River, containing 131.00 acres.

Parcel #2

That portion of the Northeast Quarter of Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Beginning at the Northeast Corner of said section; thence S02°02'29"W along the East Line of said section a distance of 1376.15 feet; thence S40°24'28"W a distance of 782.57 feet; thence N01°53'27"E a distance of 680.48 feet; thence N88°11'16"W a distance of 725.98 feet; thence N19°18'50"E a distance of 618.48 feet; thence N04°07'33"W a distance of 122.80 feet; thence N02°29'18"W a distance of 67.78 feet to the North Line of said section; thence S29°07'30"E along said North Line a distance of 1323.47 feet to the Point of Beginning.

EXCEPTING THEREFROM the Coolidge River, containing 28.41 acres.

Parcel #3

That portion of Government Lots 6 and 7 of Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Commencing at the Northwest Corner of Government Lot 6; thence S00°55'46"W along the West Line of said Government Lot 6 a distance of 1316.20 feet to the True Point of Beginning; thence N89°16'18"E a distance of 108.98 feet; thence S93°19'12"E a distance of 1248.46 feet; thence N80°51'49"E a distance of 416.96 feet; thence N67°07'26"E a distance of 607.83 feet; thence N61°24'34"E a distance of 248.52 feet to the intersection of Tacoma City Light's Project boundary; thence S06°49'20"W along said boundary a distance of 1199.54 feet; thence N43°38'00"W along said boundary a distance of 708.58 feet; thence N88°30'31"W along said boundary a distance of 550.00 feet to the intersection of said Government Lots; thence S84°04'12"W along said boundary a distance of 1319.15 feet to said West Line of said Lot 6; thence N01°27'13"E along said West Line a distance of 404.16 feet to the True Point of Beginning. Containing 18.11 acres.

Parcel #4

That portion of Government Lot 12 in Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Beginning at the Southwest Corner of said Government Lot; thence S88°22'14"E along the South Line of said Government Lot a distance of 1305.35 feet to the Southeast Corner of said Government Lot; thence N01°27'39"E along the East Line of said Government Lot a distance of 399.75 feet; thence N88°22'14"W a distance of 1305.70 feet to the West Line of said Government Lot; thence S01°41'54"W along said West Line a distance of 399.75 feet to the Point of Beginning. Containing 11.97 acres.

VL 473742691

Attachment B
Tacoma Power Easement #E13278

**LEGAL DESCRIPTION OF THE EXCLUSIVE EASEMENT AREA AND
NONEXCLUSIVE EASEMENT AREA**

AN EASEMENT FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF THE NORTSHORE FISH FACILITY PROJECT INCLUDING ALL APPURTENANT EQUIPMENT AND STRUCTURES, OVER, UNDER AND ACROSS THAT PORTION OF GOVERNMENT LOTS 5 AND 6, SECTION 6, TOWNSHIP 11 NORTH, RANGE 6 EAST, W.M., INCLUDING ANY PORTION OF THE BED OF THE COWLITZ RIVER, IF ANY, IN LEWIS COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 6 BEING MARKED BY AN IRON PIPE MONUMENT WITH BRASS CAP; SAID CORNER BEARS SOUTH 00°34'33" WEST 2627.34 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 6; THENCE SOUTH 77°22'49" EAST 742.44 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIBED EASEMENT; THENCE SOUTH 50°22'01" EAST 243.54 FEET; THENCE SOUTH 69°24'43" EAST 90.15 FEET; THENCE SOUTH 00°02'15" WEST 108.49 FEET; THENCE SOUTH 85°42'36" EAST 152.46 FEET; THENCE SOUTH 89°49'50" EAST 162.83 FEET; THENCE NORTH 85°06'49" EAST 149.26 FEET; THENCE SOUTH 88°48'19" EAST 612.27 FEET TO A POINT WHICH BEARS NORTH 69°52'26" EAST 507.74 FEET FROM A BRASS DISK MONUMENT EMBEDDED IN THE TOP OF COWLITZ FALLS DAM STAMPED "SP-6"; THENCE NORTH 00°00'14" EAST 168.92 FEET; THENCE SOUTH 89°27'01" WEST 472.76 FEET; THENCE SOUTH 01°35'29" WEST 33.99 FEET; THENCE NORTH 89°49'38" WEST 95.60 FEET; THENCE NORTH 89°41'56" WEST 133.15 FEET; THENCE NORTH 74°45'08" WEST 142.91 FEET; THENCE NORTH 89°59'46" WEST 201.55 FEET; THENCE NORTH 64°10'24" WEST 335.48 FEET; THENCE SOUTH 26°12'40" WEST 8.54 FEET TO THE TRUE POINT OF BEGINNING.

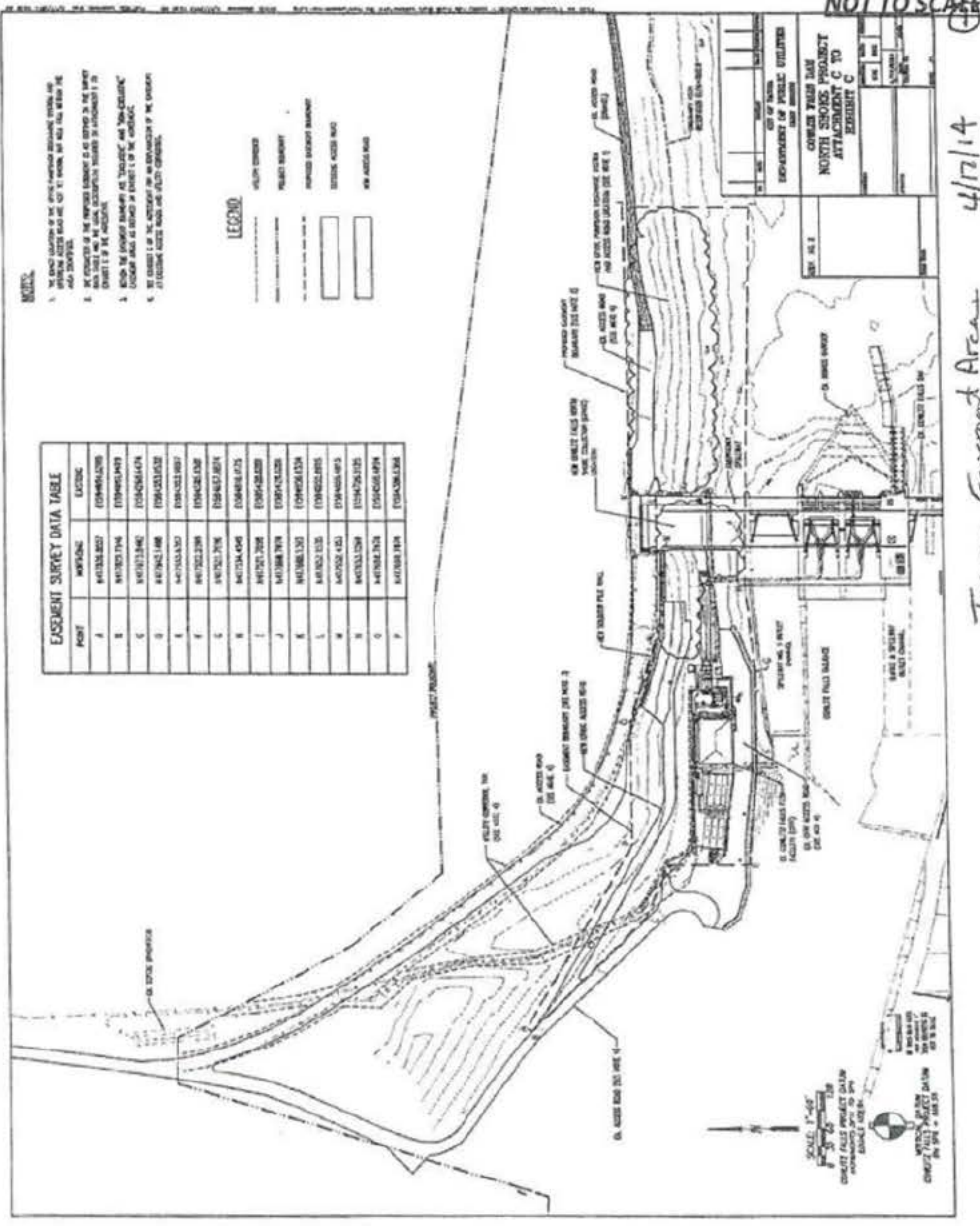
THIS DESCRIPTION IS BASED ON THE WASHINGTON STATE COORDINATE SYSTEM SOUTH ZONE GRID [NAD83 (1991)] HAVING A COMBINED SCALE FACTOR OF 0.999876199.

ATTACHMENT C

Pulled for Recording

**City of Tacoma - Department of Public Utilities
Light Division Easement No. 13278**

Portion of Section 6, Township 11 North, Range 6 East, W.M., Including any portion of
the bed of the Cowlitz River, if any, in Lewis County, Washington



EASEMENT SURVEY DATA TABLE

POINT	WORKING	EXISTING
A	847030.887	1596846.028
B	847031.714	1596851.943
C	847032.540	1596857.858
D	847033.366	1596863.773
E	847034.192	1596869.688
F	847035.018	1596875.603
G	847035.844	1596881.518
H	847036.670	1596887.433
I	847037.496	1596893.348
J	847038.322	1596899.263
K	847039.148	1596905.178
L	847039.974	1596911.093
M	847040.800	1596917.008
N	847041.626	1596922.923
O	847042.452	1596928.838
P	847043.278	1596934.753

NOT TO SCALE
4/17/14
Tacoma Government Areas
© Cowi Inc. Follo Dam

REAL PROPERTY SERVICES ILLUSTRATION

Reference No. P2014-163

This illustration is not to scale. It is provided as a customer convenience to assist in identifying significant characteristics of the installation. No liability is assumed by reason of reliance hereon.

Attachment C
Page 1 of 1



LEWIS COUNTY TITLE

Return Address:

TACOMA PUBLIC UTILITIES
REAL PROPERTY SERVICES
P.O. BOX 11007
TACOMA, WA 98411

Please print or type information WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document must be filled in)

Quitclaim Deed and Bill of Sale

Reference Number(s) of Documents assigned or released:

Additional reference #'s on page _____ of document

Grantor(s) (Last name, first name, initials)

1. United States of America, Department of Energy, Bonneville Power Administration

Grantee(s) (Last name first, then first name and initials)

1. City of Tacoma

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Section 24, Township 12 North, Range 1 East, W.M., Lewis County, WA

Additional legal is on page 1 of document.

Assessor's Property Tax Parcel/Account Number

028099001001

Assessor Tax # not yet assigned: _____

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

(b)(6)

Signature

201659
Lewis County Treasurer
State 1715

FISH TRANSFER FACILITIES

QUITCLAIM DEED AND BILL OF SALE

The United States of America, acting by and through the U.S. Department of Energy, Bonneville Power Administration, the Grantor, for valuable consideration, in hand paid, conveys and quitclaims to the City of Tacoma, the Grantee, the improvements located on the following described real estate, situated in the County of Lewis, State of Washington, together with property located on or used in connection with such real property and set forth in Attachment 1, attached hereto and incorporated herein by this reference.

Said real estate is located in Section 24, Township 12 North, Range 1 East, Willamette Meridian, and described under:

Auditor's File No. 695405, in Volume 446, on Pages 23 & 24; and
Auditor's File No. 696884, in Volume 446, on Pages 464 & 465; and
all filed in Lewis County Recorder's Office, State of Washington, and
as more fully set forth in Exhibit A, attached hereto and incorporated herein by this reference.

The Grantor shall execute and deliver to the Grantee any and all registration certificates, documents and instruments reasonably necessary or appropriate to confirm or perfect the conveyance subject hereof.

[Signatures on following pages.]

Effective as of October 1, 2014.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

(b)(6)

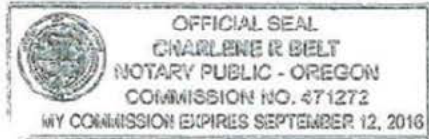
By Joseph E. Cottrell II, Realty Specialist
Real Property Field Services

STATE OF OREGON)
) ss:
County of Multnomah)

On this day personally appeared before me Joseph E. Cottrell II, known to me to be the Realty Specialist, Real Property Field Services, Bonneville Power Administration, who subscribed to and executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 21st day of September, 2014.

(b)(6)



Notary Public for State of Oregon
County of Multnomah 9/12/2016
My Commission expires: _____

ATTACHMENT 1

	Item Description	Model #	Serial Number (if applicable)	Date Acq'd	Purchased	Good	Fair	Inoperable	Physical Location	Remarks
1	pump (33 hp)			1996	X			X	all items on this list are	under water since 1996; started up - not used
2	pump (140 hp)			1996	X			X	located at Tacoma Power's	under water since 1996; started up - not used
3	Quincy air compressor	OT5M	6059995	1996	X		X		Cowlitz Salmon Hatchery in	once pressure is built up - can not be turned off
4	Acme motor (3HP)		U3751003381				X		Salkum, Washington	together compressor & motor built by Lincoln
5	electrical panel			1996	X			X		outdated
6	holding pond (#3)				X	X				fiberglass
7	holding pond (#6)				X	X				fiberglass
8	raceways (12 ea; 47' x 8')			1996	X	X				with stop logs and screens
9	fry raceway (1 set; 47' x 8')			1996						1/2 a raceway divided lengthwise in half
10	degassers (2 each)			1996	X	X				needs to be cleaned
11	metal outbuilding (20' x 15 1/2')			1996	X	X				contains freezer; misc raceway equipment
12	freezer			1996	X	X				hold dead smolts
13	outfall pipeline			1996	X	X				underground pipe from raceway to Cowlitz River
14	cyclone fence (55' x 40')			1996	X	X				surrounds the raceways
15	pipe			1996	X			X		underground pipe from pumps to ponds
***** NOTHING FOLLOWS *****										

Exhibit A

PARCEL 1:

That portion of Government Lots 1 and 2, and the NE 1/4, NW 1/4 of Section 24, Township 12 North, Range 1 East, Lewis County, Washington, lying southerly of the following described line:

Beginning at the NW corner of said Section 24, thence southerly along west line of said Section 24 a distance of 575.60 feet to the T.P.B. thence N 88° 58' E a distance of 275.70 feet; thence S 45° 50' E a distance of 50.00 feet, thence S 69° 38' E a distance of 358.00 feet, thence S 46° 10' E a distance of 520.00 feet; thence S 64° 26' E a distance of 127.50 feet; thence S 83° 49' E a distance of 416.70 feet; thence N 75° 35' E a distance of 361.30 feet; thence S 48° 16' E a distance of 248.00 feet; thence S 66° 29' E a distance of 604.00 feet, more or less, to a point on the east line of said Government Lot 2, - 1,570.00 feet southerly from the N 1/4 corner of said Section 24.

EXCEPT:

Beginning on the right bank of Cowlitz River at the southeast corner of said Lot 2, Section 24, Township 12 North, Range 1 East, Willamette Meridian, and running thence North 350 links, thence West 350 links, thence South 160 links to the right bank of the Cowlitz River, thence South 65° East, up right bank of river to the place of beginning.

TOGETHER WITH a perpetual road easement 60 feet in width plus whatever additional width is necessary to construct and maintain cuts and fills adjacent to said road, being 30 feet wide on each side of line described as follows:

Beginning at a point which is the North quarter corner of said Section 24, Township 12 North, Range 1 East, W.M., thence southerly on the north-south centerline of said section to a point, being the southeast corner of the NE 1/4 NW 1/4 said section thence westerly along the south line of said NE 1/4 NW 1/4 said section a distance of 608.54 feet to a point, thence S 0° 11'37" West a distance of 531.78 feet to a point, being City of Tacoma Engineer's Station 0 + 00 and the True Point of Beginning of this description, thence N 4° 14'11" W 1.24' to a point, being the P.C. of a 20° curve to the right having a radius of 286.48 feet, thence on the arc of said 20° curve to the right a distance of 250.87 feet to a point (Engr's. Station 2 + 52.11) thence N 45° 56' 21" E 88.04' to a point being the P.C. of a 28° curve to the left having a radius of 204.62 feet thence on the arc of said 28° curve to the left a distance of 325.95 feet to a point (Engr's. Station 6 + 66.10) thence N 45° 19'34" W, 284.54 feet to a point, being the P. C. of a 30° curve to the left having a radius of 190.99 feet, thence on the arc of said 30° curve to the left a distance of 248.00 feet to a point (Engr's. Station 11 + 98.64) thence S 60° 16' 19" W, 45.50 feet to a point, being the P.C. of a 30° curve to the right having a radius of 190.99 feet thence on the arc of said curve to the right a distance of 190.55 feet to a point (Engr's. Station 14 + 34.69) thence N 62° 33' 50" W, 93.28 feet to a point, being the P.C. of a 10° curve to the left having a radius of 572.96 feet, thence on the arc of said 10° curve to the left a distance of 134.25 feet to a point (Engr's. Station 16 + 62.22) thence N 75° 59' 15" W, 75.93 feet to a point, being the P.C. of a 30° curve to the right having a radius of 190.99 feet, thence on the arc of

said 30° curve to the right a distance of 159.36 feet to a point (Engr's. Station 18 + 97.51) thence N 28° 10' 45" W, 127.46 feet to a point, being the P.C. of a 24° curve to the left having a radius of 238.73 feet, thence on the arc of said 24° curve to the left a distance of 158.33 feet to a point (Engr's. Station 21 + 83.30) being a point on the existing road known both as the John Brim County Road and as the Singleton Spencer County Road, said point being 1119.90 feet on a bearing S 58° 04' 50" E of the northwest corner of Section 24, Township 12 North, Range 1 East, W.M., and the end of this line description.

PARCEL 2:

Beginning at a point 575.6 feet South 1°02' East of the Northwest corner of Lot 1, Section 24, Township 12 North, Range 1 East, W.M., said point being on the Westerly boundary line of said Lot 1; thence continuing along said course 353.9 feet; thence South 37°59' East 2120.0 feet to the Easterly boundary of said Lot 1 extended; thence North 0°32' West along said Easterly boundary of said Lot 1, 495 feet; thence North 37°59' West 1689.9 feet; thence North 15°03' East 174.0 feet; thence North 45°50' West, 50 feet; thence South 88°58' West, 275.7 feet to the point of beginning.

ALSO, a perpetual easement for a haul road 40 feet in width, being 20 feet wide on each side of a line described as follows:

Beginning at the Northwest corner of Lot 1, Section 24, Township 12 North, Range 1 East, W.M.; thence South 1°02' East 575.6 feet along the Westerly line of said Lot 1; thence North 88°58' East 275.7 feet; thence South 45°50' East 50.0 feet to the true point of beginning of this description; thence South 81°06' East 465.9 feet; thence South 51°10' East 407 feet; thence South 80°28' East 171.0 feet; thence North 84°34' East 193.3 feet; thence South 63°46' East 119.3 feet; thence North 55°55' East 113.4 feet; thence North 17°51' West 101.5 feet to a county road right of way and the end of this line description.

ALSO, a perpetual easement for a haul road over and across the strip of land 50 feet in width, parallel with and contiguous to that portion of the Northeasterly side of the tract of land hereinabove conveyed which bears North 37°59' West.

FISH TRANSFER FACILITIES

**TERMINATION OF HATCHERY ACCESS AGREEMENT
AND
RELEASE OF OBLIGATIONS**

THIS TERMINATION OF HATCHERY ACCESS AGREEMENT AND RELEASE OF OBLIGATIONS (the "Release") is made and entered into, by and between the City of Tacoma, Washington ("Tacoma") and the United States of America, U.S. Department of Energy, Bonneville Power Administration ("Bonneville").

Recitals

A. Tacoma is the owner of real property located in Lewis County, Washington (the "Tacoma Property"), that is encumbered by an Access, Construction and Operations and Maintenance Agreement at the Cowlitz Salmon Hatchery in Support of the Cowlitz Falls Dam Management Plan, Bonneville Contract No. DE-MS79-96BP94847, dated November 13 and 21, 1995 (the "Hatchery Access Agreement").

B. Bonneville no longer requires the benefit of the Hatchery Access Agreement and, as a result, Tacoma and Bonneville now desire to finally and permanently release, extinguish and terminate the Hatchery Access Agreement.

NOW, THEREFORE, in consideration of the mutual benefits received by the termination of the Hatchery Access Agreement from the Tacoma Property, Tacoma and Bonneville hereby declare as follows:

1. Release by Bonneville. Bonneville hereby unconditionally waives, releases, reconveys and extinguishes fully and forever any and all title, interest, and rights Bonneville may have in the Tacoma Property by virtue of the Hatchery Access Agreement granted, reserved, created or otherwise referenced in the Hatchery Access Agreement or otherwise. This waiver, release and extinguishment are permanent, shall run with the land and shall bind all heirs, successors and assigns of Bonneville.

2. Release by Tacoma. Tacoma hereby unconditionally releases Bonneville from all obligations under the Hatchery Access Agreement except for those obligations accruing prior to this Release, provided, however that Bonneville shall not be obligated to (a) operate the facilities referenced in the Hatchery Access Agreement, and (b) pay costs accruing after the date of this Release relative to the Hatchery Access Agreement. This Release is permanent, shall run with the land and shall bind all heirs, successors and assigns of Tacoma.

3. Termination. The Hatchery Access Agreement is hereby terminated.

[Signatures on following pages.]

Effective as of October 1, 2014.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

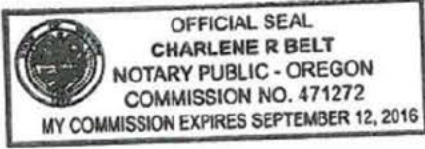
By (b)(6)
Joseph E. Cottrell II, Realty Specialist
Real Property Field Services

STATE OF OREGON)
) ss:
County of Multnomah)

On this day personally appeared before me **Joseph E. Cottrell II**, known to me to be the **Realty Specialist, Real Property Field Services, Bonneville Power Administration**, who subscribed to and executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 21st day of September, 2014.

(b)(6)



Notary Public for State of Oregon
County of Multnomah
My Commission expires: 9/12/2016

CITY OF TACOMA

By (b)(6) *on behalf of*
Print Name William A. Gaines
Print Title Director/CEO Dept. of Public Utilities

STATE OF WASHINGTON)
County of Pierce) ss:

On this day personally appeared before me Jim Sant, known to me to be the Deputy Director, City of Tacoma, who subscribed to and executed the within and foregoing instrument and acknowledged that she/he signed the same as her/his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 6th day of Oct., 2014.

(b)(6)

Notary Public for State of Washington
County of Pierce
My Commission expires: 10.8.19 *am*



COWLITZ FALLS FISH COLLECTION FACILITY

**EXTINGUISHMENT OF EASEMENT
AND
RELEASE OF OBLIGATIONS**

THIS EXTINGUISHMENT OF EASEMENT AND RELEASE OF OBLIGATIONS (the "Release") is made and entered into, by and between Public Utility District No. 1 of Lewis County, Washington ("Lewis") and the United States of America, U.S. Department of Energy, Bonneville Power Administration ("Bonneville").

Recitals

A. Lewis is the owner of real property located in Lewis County, Washington (the "Lewis Property"), that is encumbered by an Access Agreement and Grant of Easement, Bonneville Contract No. DE-MS79-95BP94818, dated June 12, 1995 ("Contract"), granting Bonneville an easement (the "BPA Easement").

B. Bonneville no longer requires the benefit of the BPA Easement and, as a result, Lewis and Bonneville now desire to finally and permanently release, extinguish and terminate the BPA Easement.

NOW, THEREFORE, in consideration of the mutual benefits received by the release of the BPA Easement from the Lewis Property, Lewis and Bonneville hereby declare as follows:

1. Release by Bonneville. Bonneville hereby unconditionally waives, releases, reconveys and extinguishes fully and forever any and all title, interest, and rights Bonneville may have in the Lewis Property by virtue of the BPA Easement granted, reserved, created or otherwise referenced in the BPA Easement or otherwise. This waiver, release and extinguishment are permanent, shall run with the land and shall bind all heirs, successors and assigns of Bonneville.

2. Release by Lewis. Lewis hereby unconditionally releases Bonneville from all obligations under the BPA Easement and Contract except for those obligations accruing prior to this Release, provided, however that Bonneville shall not be obligated to (a) operate the improvements on the BPA Easement area after the date of this Release, (b) pay costs accruing after the date of this Release relative to the BPA Easement, and (c) remove the improvements on the BPA Easement area and restore the BPA Easement area to its pre-BPA Easement condition. This Release is permanent, shall run with the land and shall bind all heirs, successors and assigns of Lewis.

3. Termination. The BPA Easement is hereby terminated.

[Signatures on following pages.]

Page 1 of 3

BPA Tract: Cowlitz Falls Fish Facility (CWFLS-FF)
Case File No. 20130414

Effective as of October 1, 2014.

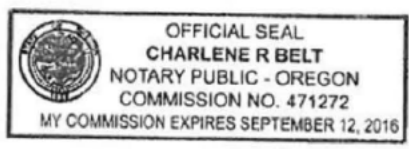
UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b)(6)
Joseph E. Cottrell II, Realty Specialist
Real Property Field Services

STATE OF OREGON)
) ss:
County of Multnomah)

On this day personally appeared before me **Joseph E. Cottrell II**, known to me to be the **Realty Specialist, Real Property Field Services, Bonneville Power Administration**, who subscribed to and executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 24th day of September, 2014.



(b)(6)
Notary Public for State of Oregon
County of Multnomah
My Commission expires: 9/12/2016

PUBLIC UTILITY DISTRICT NO. 1 OF LEWIS COUNTY

(b)(6)

By _____
Print Name Robert D. Geddes
Print Title Manager

STATE OF WASHINGTON)
) ss:
County of Lewis)

On this day personally appeared before me Robert D. Geddes, known to me to be the Manager, Public Utility District No. 1 of Lewis County, who subscribed to and executed the within and foregoing instrument and acknowledged that she/he signed the same as her/his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 29th day of September, 2014.



(b)(6)
Notary Public for State of Washington
County of Lewis
My Commission expires: 11-21-14



LEWIS COUNTY TITLE

Return Address:

TACOMA PUBLIC UTILITIES
REAL PROPERTY SERVICES
P.O. BOX 11007
TACOMA, WA 98411

Courtesy Recording Only
No Liability For Validity And/Or
Accuracy Assumed by
Lewis County Title Co.

201997 Excise Tax Pay

Lewis County Treasurer

Please print or type information WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document must be filled in)

QUITCLAIM DEED AND BILL OF SALE

Reference Number(s) of Documents assigned or released:

Additional reference #'s on page _____ of document

Grantor(s) (Last name, first name, initials)

1. United States of America, Department of Energy, Bonneville Power Administration

Grantee(s) (Last name first, then first name and initials)

1. City of Tacoma

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Section 6, Township 11 North, Range 6 East, W.M., Lewis County, WA

Additional legal is on page 1 of document. Additional legal on Attachment A.

Assessor's Property Tax Parcel/Account Number

27303-9, 27303-13-1 and 27303-15³⁰³

Assessor Tax # not yet assigned: _____

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

(b)(6)

Signature

COWLITZ FALLS FISH COLLECTION FACILITY
QUITCLAIM DEED AND BILL OF SALE

The United States of America, acting by and through the U.S. Department of Energy, Bonneville Power Administration, the Grantor, for valuable consideration, in hand paid, conveys and quitclaims to the City of Tacoma, the Grantee, the improvements located on the following described real estate, situated in the County of Lewis, State of Washington, together with property located on or used in connection with such real property and set forth in Attachment 1, attached hereto and incorporated herein by this reference.

Section 6, Township 11 North, Range 6 East, W.M.

The Grantor shall execute and deliver to the Grantee any and all registration certificates, documents and instruments reasonably necessary or appropriate to confirm or perfect the conveyance subject hereof.

[Signatures on following pages.]

Effective as of October 1, 2014.

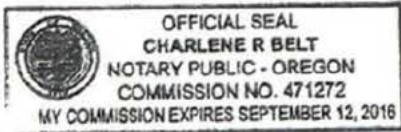
UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b)(6)
Joseph E. Cottrell II, Realty Specialist
Real Property Field Services

STATE OF OREGON)
) ss:
County of Multnomah)

On this day personally appeared before me **Joseph E. Cottrell II**, known to me to be the **Realty Specialist, Real Property Field Services, Bonneville Power Administration**, who subscribed to and executed the within and foregoing instrument and acknowledged that he signed the same as his free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 24 day of September, 2014.



(b)(6)
Notary Public for State of Oregon
County of Multnomah
My Commission expires: 9/12/2018

ATTACHMENT 1

Physical Location: All items noted on this inventory are located at the Cowlitz Falls Fish Facility at Lewis County PUD's Cowlitz Falls Project site in Randle; however, some equipment is stored in the storage shed or at the Bone Yard.											
	Item Description	Model #	Serial Number (if applicable)	Date Acq'd	Purchased	Approx. purchase price	Good	Fair	Remarks	Tacoma Notes following 3/25/14 site visit	E-waste Disposal
1	Chevrolet 1/2-ton 4x4 truck	K1500 Silverado	1GCEK14V16Z258477		X	\$18,682.92	X			Noted as 2006 with about 32K miles	
2	Riefl 650 gallon fish transport tank			1/1/1993	X	\$8,920.00		X		located at storage shed bone yard	
3	150 gallon fish transport tank									new item on list	
4	2x square fiberglass bottom drain tanks									new item on list	
5	1x 650 gallon bottom drain circular tanks									new item on list	
6	US Electrical 100HP 3-phase primary pump		100380/Z01Y2980135R-1								
7	Freezer	C22J-032	36469KY9310	1/1/1993	X	\$300.00		X	rusty	Most Freezer	
8	Wayac submersible sump pump (60 HZ)	CDU800		1/1/1996	X	\$400.00		X			
9	Baffle Panels (4 sets)			1/1/1995	X	\$10,000.00	X				
10	Baffle Panel lifting beam			1/1/1995	X	\$45,000.00		X	jib/crane needed to operate		
11	HP printer	1300		1/1/2007	X			X			Yes
12	Cannon copier	D340		1/1/2009	X						Yes
13	Cannon Penix	Optico 43WR		1/1/2008	X	\$200.00		X			Yes
14	Epson			1/1/2008	X		X		3 in 1 (printer/fax/scanner)		Yes

ATTACHMENT J

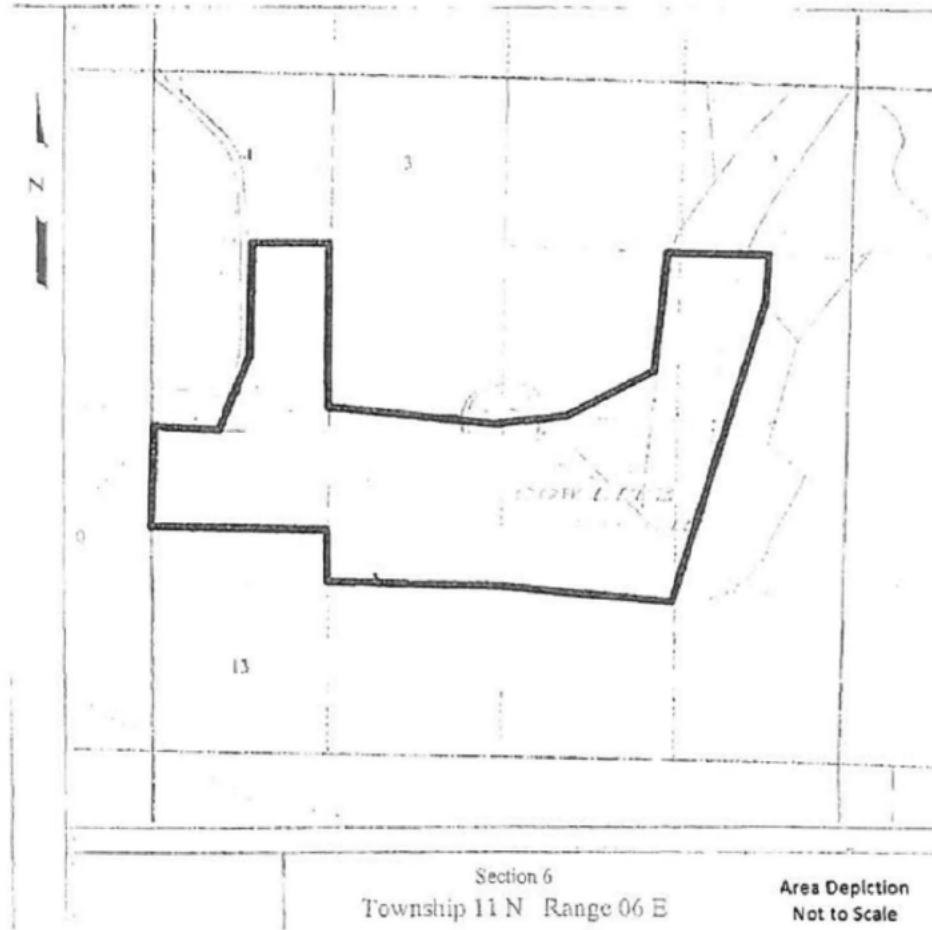
<p align="center">Physical Location: All items noted on this inventory are located at the Cowlitz Falls Fish Facility at Lewis County PUD's Cowlitz Falls Project site in Randle; however, some equipment is stored in the storage shed or at the Bone Yard.</p>											
	Item Description	Model #	Serial Number (if applicable)	Date Acq'd	Purchased	Approx. purchase price	Good	Fair	Remarks	Tacoma Notes following 3/25/14 site visit	E-waste Disposal
15	Office chairs (2)			1/1/2013	X	\$200.00	X				
16	Amana refrigerator			1/1/1996	X			X	in CFFF kitchen		
17	CFFF building and related structures (flumes Separator Building; adult holding tanks; secondary and primary pump back systems; sample tanks; PIT tag tank; PIT tag diverter; fry and smolt tanks; hopper; six raceways plus one fry raceway; Compressor Building (to include compressor and related electronics))										
18	BPA and Public Utility District No. 1 of Lewis County Cowlitz Falls Project, Hydraulic model for fish collection facilities.		ENSR Consulting and Engineering Document Number 3373-001-330	1993					Final Report Bonneville Power Administration to Tacoma Power. Document is currently in Tacoma Power's possession.		
19	BPA and Public Utility District No. 1 of Lewis County Cowlitz Falls Project, Hydraulic model for fish collection facilities, data appendices A to F.		ENSR Consulting and Engineering Document Number 3373-001-330	1993					Final Report Bonneville Power Administration to Tacoma Power. Document is currently in Tacoma Power's possession.		

ATTACHMENT 1

Physical Location: All items noted on this inventory are located at the Cowlitz Falls Fish Facility at Lewis County PUD's Cowlitz Falls Project site in Randle; however, some equipment is stored in the storage shed or at the Bone Yard.											
	Item Description	Model #	Serial Number (if applicable)	Date Acq'd	Purchased	Approx. purchase price	Good	Fair	Remarks	Tacoma Notes following 3/25/14 site visit	E-waste Disposal
20	BPA and Public Utility District No. 1 of Lewis County Cowlitz Falls Project, Hydraulic model for fish collection facilities, appendices G to I [FFTC meeting minutes, design recommendation memo to BPA]		ENSR Consulting and Engineering Document Number 3373-001-330	1993					Final Report Bonneville Power Administration to Tacoma Power. Document is currently in Tacoma Power's possession.		
21	Volume I CFP - FISH PASSAGE FACILITY O&M MANUAL Spec Sections 07300 - 15880			4/16/1997					black, 3-ring binder; 3 inches		
22	Volume II CFP - FISH PASSAGE FACILITY O&M Manual Spec Sections 16050 - 16740			4/16/1997					black, 3-ring binder; 3 inches		
23	Cowlitz Falls Fish Passage Facilities Record Drawings (Harza)			6/3/1995					engineering drawings; 40 1/2" x 28"		
24	O&M Instructions - Cowlitz Falls Fish Passage Facility		Harza	9/1/1998					3-ring binder; 1 inch		
NOTHING FOLLOWS											

City of Tacoma – Department of Public Utilities

Attachment A



Section 6
Township 11 N Range 06 E

Area Depiction
Not to Scale

City of Tacoma - Department of Public Utilities

Attachment A

SECTION 1, T11N, R5E, W.M.

AND
SECTION 6, T11N, R6E, W.M. ✓

8 41

Portions of the South One Half of Section 1, Township 11 North, Range 5 East, W.M. and Section 6, Township 11 North, Range 6 East, W.M. in Lewis County, Washington described as follows:

Beginning at the Southeast Corner of Government Lot 10 in said Section 1; thence N88°41'12"W along the South Line of said Lot 10 a distance of 1113.71 feet to the Southwest Corner of said Lot 10; thence S64°40'58"W a distance of 1485.86 feet to a point on the West Line of Government Lot 11 in said Section 1 which is 650.00 feet northerly of the Southwest Corner of said Lot 11; thence N01°10'41"E along the West Line of said Lot 11 a distance of 1182.03 feet to a point on the West Line of Government Lot 8 in said Section 1 which is 800.00 feet southerly of the Northwest Corner of said Lot 8; thence N63°30'28"E a distance of 752.25 feet to a point which is 450.00 feet southerly of the North Line and parallel with the East Line of said Lot 8; thence S88°45'52"E parallel with the North Line of said Lot 8 a distance of 666.27 feet to a point on said East Line which is 450.00 feet southerly of the Northeast Corner of said Lot 8; thence S01°21'15"W along said East Line a distance of 70.00 feet; thence S88°45'52"E parallel with the North Line of Government Lot 9 in said Section 1 a distance of 250.00 feet; thence N47°40'35"E a distance of 950.72 feet; thence S88°45'52"E parallel with said North Line a distance of 215.00 feet to a point on the East Line of said Lot 9 which is 140.01 feet southerly of the Northeast Corner of said Lot 9; thence S11°56'19"E a distance of 202.02 feet to a point which is 1477.19 feet southerly of the North Line of Government Lot 5 of said Section 6; thence S88°30'58"E parallel with said North Line a distance of 525.48 feet; thence S17°27'20"E a distance of 256.78 feet to a point which is 1720.08 feet southerly of said North Line and parallel with said East Line; thence S88°30'58"E parallel with said North Line a distance of 500.00 feet to a point on the East Line of said Lot 5 said point lying S00°55'45"W a distance of 1720.08 feet from the Northeast Corner of said Lot 5; thence N84°03'37"E a distance of 1315.84 feet to a point on the East Line of Government Lot 6 of said Section 6 said point lying S01°14'53"W a distance of 1550.00 feet from the Northeast Corner of said Lot 6; thence S88°30'53"E parallel with the

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City of Tacoma – Department of Public Utilities

Attachment A

North Line of Government Lot 7 of said Section 6 a distance of 550.00 feet; thence S43°38'00"E a distance of 706.58 feet; thence N06°49'20"E a distance of 2058.92 feet to a point on the North Line of said Lot 7 said point lying S38°30'53"E a distance of 1250.00 feet from the Northwest Corner of said Lot 7; thence S38°30'53"E along said North Line a distance of 726.03 feet to a point on the North Line of Government Lot 8 of said Section 6 said point lying N83°10'53"W a distance of 650.00 feet from the Northeast Corner of said Lot 8; thence S02°02'23"W parallel with the East Line of said Lot 8 a distance of 400.00 feet; thence S17°10'56"W a distance of 957.05 feet to a point on the South Line of said Lot 8 said point lying N88°23'06"W a distance of 900.00 feet from the Southeast Corner of said Lot 8; thence S17°29'31"W a distance of 1375.06 feet to a point on the South Line of Government Lot 9 of said Section 6 said point lying N88°23'46"W a distance of 1266.37 feet from the Southeast Corner of said Lot 9; thence S17°29'16"W a distance of 103.97 feet to a point on the East Line of Government Lot 10 which is 100.00 feet southerly of the Northwest Corner of the Southeast Quarter of the Southeast Quarter of said Section 6; thence N33°53'46"W a distance of 1298.54 feet to the Southeast Corner of Government Lot 11 of said Section 6; thence N38°22'07"W along the South Line of said Lot 11 a distance of 1312.66 feet to the Southeast Corner of Government Lot 12 of said Section 6; thence N01°27'36"E along the East Line of said Lot 12 a distance of 400.00 feet; thence N38°22'07"W a distance of 1303.82 feet to a point on the West Line of said Lot 12; thence S01°41'54"W along said West Line a distance of 400.00 feet to the Point of Beginning.

EXCEPTING THEREFROM that portion, if any, of United States Plywood Corporation's mainline truck road, as it was reserved under Fee Nos. 697385 and 701160, records of Lewis County Auditor.

TOGETHER WITH AND SUBJECT TO easements, reservations, restrictions and agreements of record in Lewis County, Washington.

Reviewed:

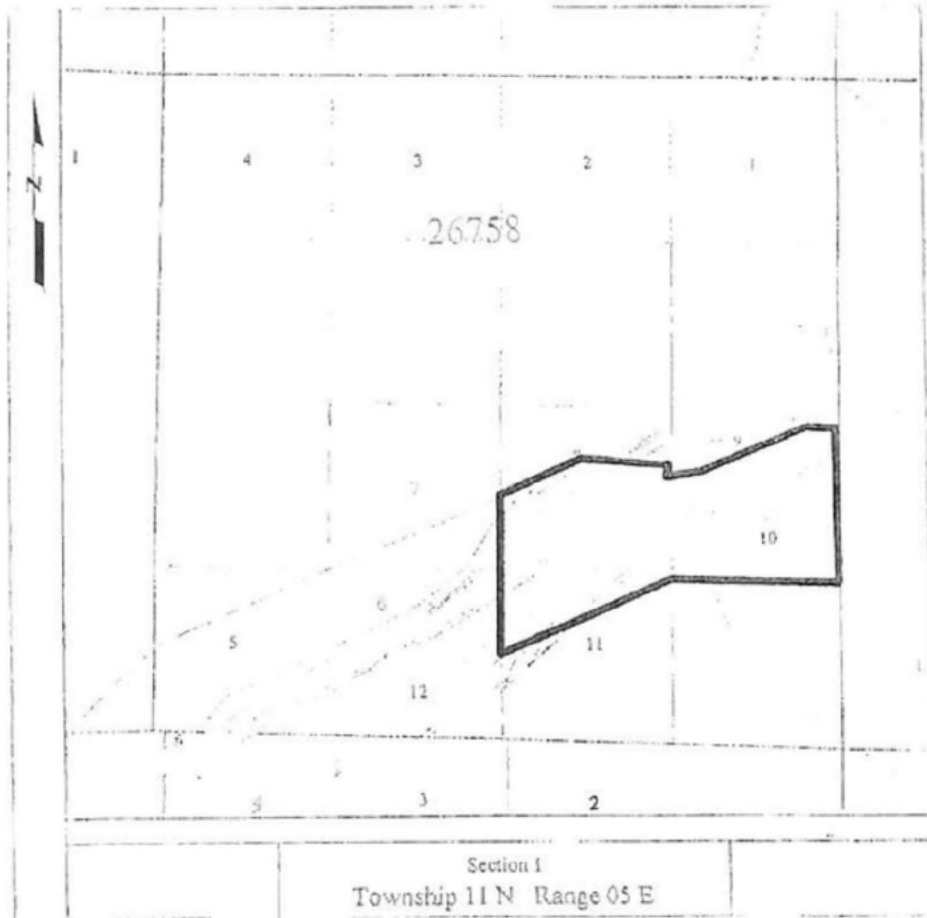
(b)(6)

Engineer

VCL453PAGE498

City of Tacoma – Department of Public Utilities

Attachment A



City of Tacoma – Department of Public Utilities

Attachment A

X PARCEL A

That portion of Government Lots 4 and 5 in Section 6, Township 11 North, Range 6 East, W.M., Lewis County, Washington, more particularly described as follows:

Beginning at the northeast corner of said Government Lot 4; thence south $00^{\circ}55'45''$ west along the east line of said Lots 4 and 5 a distance of 2647.90 feet to the true point of beginning of this description; thence north $89^{\circ}59'58''$ west a distance of 320.13 feet; thence north $43^{\circ}35'53''$ west a distance of 172.82 feet; thence north $33^{\circ}20'12''$ west a distance of 274.00 feet; thence west a distance of 88.31 feet to the westerly margin of Falls Road; thence south $09^{\circ}33'40''$ west along said margin a distance of 66.51 feet; thence south $70^{\circ}39'40''$ west along said margin a distance of 275.39 feet; thence south $30^{\circ}33'12''$ west a distance of 83.72 feet to a point on the north boundary of the City of Tacoma Reservoir property as described in deed recorded September 3, 1966 as recorded in volume 448 of deeds, page 3, records of Lewis County, Washington; thence south $88^{\circ}31'00''$ east along said north boundary a distance of 381.03 feet; thence continuing along said boundary south $17^{\circ}17'10''$ east a distance of 256.63 feet; thence continuing along said boundary south $88^{\circ}31'00''$ east a distance of 506.03 feet to the east line of said Government Lot 5; thence north $00^{\circ}55'45''$ east along said east line a distance of 400.00 feet to the true point of beginning. EXCEPTING THEREFROM Falls County Road.

X PARCEL B

That portion of Government Lot 5 in Section 6, Township 11 North, Range 6 East, W.M., Lewis County, Washington, lying easterly of Falls County Road described as follows:

Beginning at the northeast corner of said Government Lot 5; thence south $00^{\circ}55'45''$ west along the east line of said Government Lot 5 a distance of 1220.08 feet; thence north $89^{\circ}59'58''$ west a distance of 320.13 feet; thence north $43^{\circ}35'53''$ west a distance of 172.82 feet; thence north $33^{\circ}20'12''$ west a distance of 274.00 feet; thence south $90^{\circ}00'00''$ west a distance of 27.47 feet to the easterly margin of said road; thence north $09^{\circ}33'40''$ east along said margin a distance of 235.70 feet; thence north $00^{\circ}28'20''$ west along said margin a distance of 749.12 feet to the north line of said Government Lot 5; thence south $88^{\circ}31'00''$ east along said north line a distance of 605.98 feet to said northeast corner and the point of beginning.

SUBJECT TO:

AN EASEMENT AFFECTING A PORTION OF GOVERNMENT LOT 5 in favor of City of Tacoma for Road Right of Way, recorded July 1, 1966 under Auditor's File No. 697402.

AN EASEMENT AFFECTING GOVERNMENT LOT 5 in favor of Public Utility District No. 1 of Lewis County, for Underground Electrical line recorded November 26, 1975 under Auditor's File No. 809139.

VOID HARMLESS agreement affecting a portion of Government Lot 5 as contained in deed to the City of Tacoma, recorded September 3, 1966 under Auditor's File No. 700212.

Any adverse claim based upon the assertion that: said land or any part thereof is now or at any time has been below the ordinary high water mark of the Cowlitz River, some portion of said land has been created by artificial means and if some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Cowlitz River, or has been formed by accretion to any such portion.

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City of Tacoma - Department of Public Utilities

Attachment A

~~Parcel #1~~

~~That portion of the North Half of Section 5, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:~~

~~Beginning at the Northwest Corner of said Section; thence S02°58'33"W along the East Line of said section a distance of 346.51 feet to the True Point of Beginning; thence continuing S02°56'30"W along said East Line of said section a distance of 1321.72 feet; thence N73°02'51"W a distance of 1100.00 feet; thence S81°57'55"W a distance of 1511.76 feet; thence N64°33'54"W a distance of 1164.84 feet; thence S60°24'22"W a distance of 132.16 feet to the West Line of said section; thence N02°02'38"E along said West Line a distance of 1378.18 feet to the Northwest Corner of said section; thence S74°55'15"W along the North Line a distance of 4469.70 feet; thence S66°45'18"E a distance of 917.48 feet to the True Point of Beginning.~~
~~EXCEPTING THEREFROM the Cloyd River, Containing 131.00 acres.~~

~~Parcel #2~~

~~That portion of the Northeast Quarter of Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:~~

~~Beginning at the Northeast Corner of said section; thence S22°02'28"W along the East Line of said section a distance of 1376.15 feet; thence S60°24'22"W a distance of 762.33 feet; thence N01°55'23"E a distance of 400.48 feet; thence N88°21'36"W a distance of 725.90 feet; thence N19°18'56"E a distance of 638.48 feet; thence N04°07'35"W a distance of 728.50 feet; thence N08°21'31"W a distance of 61.70 feet to the North Line of said section; thence S89°07'07"E along said North Line a distance of 1223.47 feet to the Point of Beginning.~~
~~EXCEPTING THEREFROM the Cowlitz River, Containing 28.41 acres.~~

~~Parcel #3~~

~~That portion of Government Lot 6 and 7 of Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:~~

~~Commencing at the Northwest Corner of Government Lot 6; thence S00°55'46"W along the West Line of said Government Lot 6 a distance of 1316.20 feet to the True Point of Beginning; thence N89°16'18"W a distance of 109.88 feet; thence S53°19'32"E a distance of 1248.46 feet; thence N84°51'49"E a distance of 426.94 feet; thence N02°07'26"E a distance of 507.83 feet; thence N41°24'34"E a distance of 248.52 feet to the intersection of Tacoma City Light's Project Boundary; thence S04°49'20"W along said boundary a distance of 1199.54 feet; thence N43°38'00"W along said boundary a distance of 708.58 feet; thence N28°20'31"W along said boundary a distance of 338.00 feet to the intersection of said Government Lots; thence S81°04'17"W along said boundary a distance of 1319.13 feet to said West Line of said Lot 6; thence N01°27'13"E along said West Line a distance of 404.16 feet to the True Point of Beginning. Containing 19.11 acres.~~

~~Parcel #4~~

~~That portion of Government Lot 12 in Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:~~

~~Beginning at the Southwest Corner of said Government Lot; thence S28°22'14"W along the South Line of said Government Lot a distance of 1705.75 feet to the Southeast Corner of said Government Lot; thence N01°27'39"E along the East Line of said Government Lot a distance of 399.75 feet; thence N82°21'14"W a distance of 1203.70 feet to the West Line of said Government Lot; thence S01°41'54"W along said West Line a distance of 399.75 feet to the Point of Beginning. Containing 11.97 acres.~~

VCL473762691

REAL ESTATE EXCISE TAX AFFIDAVIT

This form is your receipt when stamped by cashier

PLEASE TYPE OR PRINT

CHAPTER 82.45 RCW -- CHAPTER 458-61A WAC

THIS AFFIDAVIT WILL NOT BE ACCEPTED UNLESS ALL AREAS ON ALL PAGES ARE FULLY COMPLETED

(See back of last page for instructions)

(Check box if partial sale of property)

(If multiple owners, list percentage of ownership next to name)

SELLER GRANTOR	Name: <u>United States of America, Department of Energy</u>	BUYER GRANTEE	Name: <u>City of Tacoma, Department of Public Utilities, Light Division</u>
	Bonneville Power Administration		Attn: Real Property Services
	Mailing Address: <u>PO Box 3621 (TERR-3)</u>		Mailing Address: <u>3628 S. 35th Street - A65 2nd Floor</u>
	City/State/Zip: <u>Portland, OR 97208-3621</u>		City/State/Zip: <u>Tacoma, WA 98409</u>
Phone No. (including area code): <u>(503) 230-5932</u>	Phone No. (including area code): <u>(253) 395-3080</u>		
Send all property tax correspondence to <input checked="" type="checkbox"/> Same as Buyer/Grantee		List all real and personal property tax parcel account numbers - check box if personal property	
Name: _____		List assessed value(s)	
Mailing Address: _____		27303-9 <input type="checkbox"/> 11,753,600	
City/State/Zip: _____		27303-13-1 <input type="checkbox"/> 191,500	
Phone No. (including area code): _____		27303-15 <input type="checkbox"/> 35,900	

Street address of property: Falsified MHP, Inc.

This property is located in Lewis County

Check box if any of the listed parcels are being segregated from another parcel, are part of a boundary line adjustment or parcels being merged

Legal description of property (if more space is needed)

Section 6, Township 11 North, Range 6 East, W4

3426518 ExciseTaxAffidavit D

02/11/2015 11:18:05 AM Total Pages: 1 Fees: 84.00

Larry E. Grove, CPA, Lewis County Auditor, Chehalis, Washington



Select Land Use Code(s)
45-Use-00

enter any additional codes: 0118
(See back of last page for instructions)

Was the seller receiving a property tax exemption or deferral under chapters 84.36, 84.37, or 84.38 RCW (nonprofit organization, senior citizen, or disabled person, homeowner with limited income)? YES NO

Is this property designated as forest land per chapter 84.33 RCW? YES NO

Is this property classified as current use (open space, farm and agricultural, or timber) land per chapter 84.34? YES NO

Is this property receiving special valuation as historic property per chapter 84.26 RCW? YES NO

If any answers are yes, complete as instructed below

(1) NOTICE OF CONTINUANCE (FOREST LAND OR CURRENT USE)
NEW OWNER(S): To continue the current designation as forest land or classification as current use (open space, farm and agriculture, or timber) land, you must sign on (3) below. The county assessor must then determine if the land transferred continues in quality and will indicate by signing below. If the land no longer qualifies or you do not wish to continue the designation or classification, it will be removed and the compensating or additional taxes will be due and payable by the seller or transferor at the time of sale. (RCW 84.33 140 or RCW 84.34 106) Prior to signing (3) below, you may contact your local county assessor for more information.

This land does does not qualify for continuance

DEPUTY ASSESSOR _____ DATE _____

(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY)
NEW OWNER(S): To continue special valuation as historic property, sign (3) below. If the new owner(s) does not wish to continue, all additional tax calculated pursuant to chapter 84.26 RCW, shall be due and payable by the seller or transferor at the time of sale.

(3) OWNER(S) SIGNATURE _____
PRINT NAME _____

List all personal property (tangible and intangible) included in selling price

If claiming an exemption, list WAC number and reason for exemption

WAC No. (Section/Subsection) 458-61A-205 - Government Transfers

Reason for exemption
BPA Exemption Regulation No. 830 334 712
US Federal Government

Type of Document Quitclaim Deed / Bill of Sale

Date of Document 10/1/14

Gross Selling Price \$	_____
* Personal Property (deduct) \$	_____
Exemption Claimed (deduct) \$	_____
Taxable Selling Price \$	0.00
Excise Tax - State \$	0.00
0.0050 Local \$	0.00
* Delinquent Interest - State \$	_____
Local \$	_____
* Delinquent Penalty \$	_____
Subtotal \$	0.00
* State Technology Fee \$	5.00
* Affidavit Processing Fee \$	_____
Total Due \$	10.00

A MINIMUM OF \$10.00 IS DUE IN FEE(S) AND/OR TAX
*SEE INSTRUCTIONS

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Signature of Grantor or Grantor's Agent: (b)(6)

Name (print): Bonneville Power Administration

Date & city of signing: 12/12/14 Seattle WA

Signature of Grantee or Grantee's Agent: (b)(6)

Name (print): City of Tacoma, Department of Public Utilities

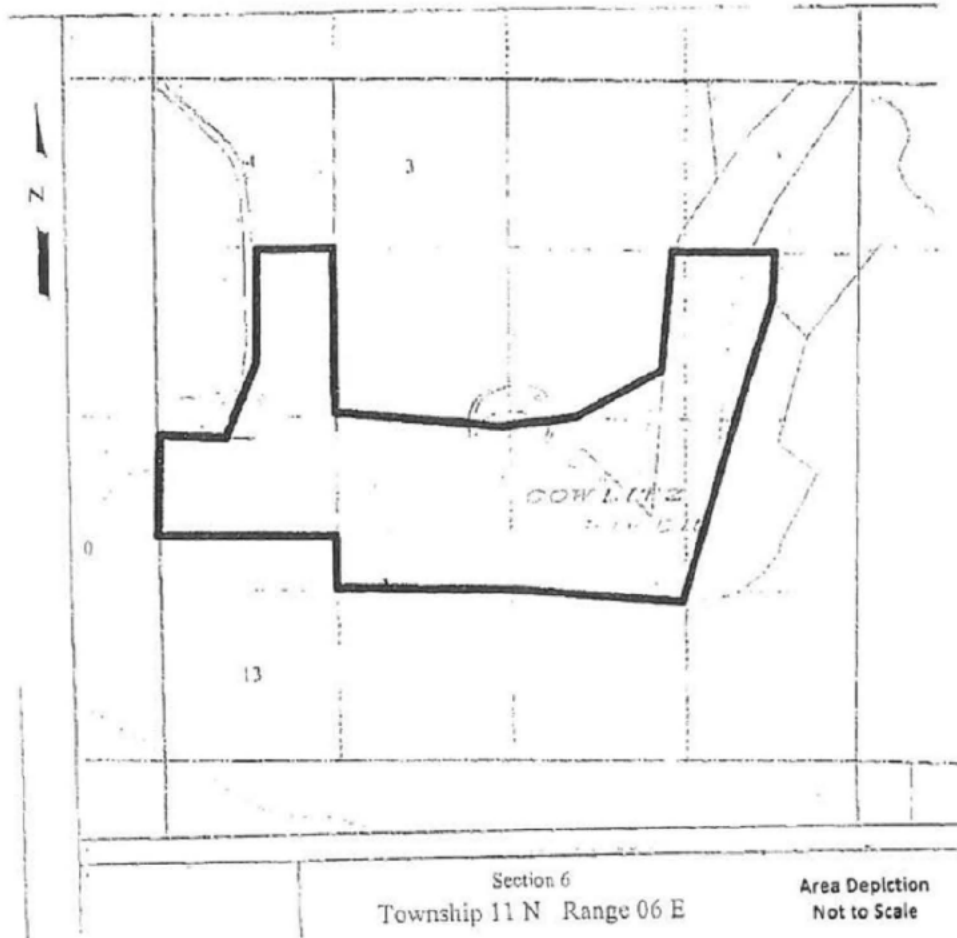
Date & city of signing: 12/13/14 Seattle WA

Perjury: Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars (\$5,000.00), or by both imprisonment and fine (RCW 9A 20.020 (1C))

REV 84 0001a (6/26/14) THIS SPACE - TREASURER'S USE ONLY 201997 COUNTY ASSESSOR

City of Tacoma – Department of Public Utilities

Attachment A



City of Tacoma – Department of Public Utilities

Attachment A

SECTION 1, T11N, R5E, W4E.
AND
SECTION 6, T11N, R6E, W4E. ✓

§ 4,

Portions of the South One Half of Section 1, Township 11 North, Range 5 East, W.M. and Section 6, Township 11 North, Range 6 East, W.M. in Lewis County, Washington described as follows:

Beginning at the Southeast Corner of Government Lot 10 in said Section 1; thence N88° 41' 12" W along the South Line of said Lot 10 a distance of 1333.71 feet to the Southwest Corner of said Lot 10; thence S54° 40' 58" W a distance of 1485.86 feet to a point on the West Line of Government Lot 11 in said Section 1 which is 450.00 feet northerly of the Southwest Corner of said Lot 11; thence N01° 10' 41" E along the West Line of said Lot 11 a distance of 1182.03 feet to a point on the West Line of Government Lot 8 in said Section 1 which is 800.00 feet southerly of the Northwest Corner of said Lot 8; thence N63° 30' 28" E a distance of 752.25 feet to a point which is 450.00 feet southerly of the North Line and parallel with the East Line of said Lot 8; thence S88° 45' 52" E parallel with the North Line of said Lot 8 a distance of 666.27 feet to a point on said East Line which is 450.00 feet southerly of the Northeast Corner of said Lot 8; thence S01° 21' 13" W along said East Line a distance of 70.00 feet; thence S88° 45' 52" E parallel with the North Line of Government Lot 9 in said Section 1 a distance of 250.00 feet; thence N67° 40' 35" E a distance of 950.72 feet; thence S88° 45' 52" E parallel with said North Line a distance of 215.00 feet to a point on the East Line of said Lot 9 which is 140.01 feet southerly of the Northeast Corner of said Lot 9; thence S81° 56' 19" E a distance of 202.02 feet to a point which is 1477.19 feet southerly of the North Line of Government Lot 5 of said Section 6; thence S88° 30' 58" E parallel with said North Line a distance of 525.48 feet; thence S17° 27' 20" E a distance of 256.78 feet to a point which is 1720.08 feet southerly of said North Line and parallel with said East Line; thence S88° 30' 58" E parallel with said North Line a distance of 500.00 feet to a point on the East Line of said Lot 5 said point lying S00° 55' 45" W a distance of 1720.08 feet from the Northeast Corner of said Lot 5; thence N84° 03' 37" E a distance of 1315.84 feet to a point on the East Line of Government Lot 6 of said Section 6 said point lying S01° 14' 53" W a distance of 1550.00 feet from the Northeast Corner of said Lot 6; thence S88° 30' 50" E parallel with the

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City of Tacoma - Department of Public Utilities

Attachment A

North Line of Government Lot 7 of said Section 6 a distance of 550.00 feet; thence S43°38'00"E a distance of 708.58 feet; thence N06°49'20"E a distance of 2058.92 feet to a point on the North Line of said Lot 7 said point lying S38°30'53"W a distance of 1250.00 feet from the Northwest Corner of said Lot 7; thence S38°30'53"E along said North Line a distance of 726.03 feet to a point on the North Line of Government Lot 8 of said Section 6 said point lying N38°30'53"W a distance of 650.00 feet from the Northeast Corner of said Lot 8; thence S02°02'23"W parallel with the East Line of said Lot 8 a distance of 400.00 feet; thence S17°10'56"W a distance of 957.05 feet to a point on the South Line of said Lot 8 said point lying N38°23'06"W a distance of 900.00 feet from the Southeast Corner of said Lot 8; thence S17°29'31"W a distance of 1375.06 feet to a point on the South Line of Government Lot 9 of said Section 6 said point lying N38°23'45"W a distance of 1266.37 feet from the Southeast Corner of said Lot 9; thence S17°29'16"W a distance of 103.97 feet to a point on the East Line of Government Lot 10 which is 100.00 feet southerly of the Northwest Corner of the Southeast Quarter of the Southeast Quarter of said Section 6; thence N33°53'45"W a distance of 1298.54 feet to the Southeast Corner of Government Lot 11 of said Section 6; thence N33°22'07"W along the South Line of said Lot 11 a distance of 1312.66 feet to the Southeast Corner of Government Lot 12 of said Section 6; thence N01°27'36"E along the East Line of said Lot 12 a distance of 400.00 feet; thence N33°22'07"W a distance of 1303.82 feet to a point on the West Line of said Lot 12; thence S01°41'54"W along said West Line a distance of 400.00 feet to the Point of Beginning.

EXCEPTING THEREFROM that portion, if any, of United States Plywood Corporation's mainline truck road, as it was reserved under Fee Nos. 697835 and 701160, records of Lewis County Auditor.

TOGETHER WITH AND SUBJECT TO easements, reservations, restrictions and agreements of record in Lewis County, Washington.

Reviewed:

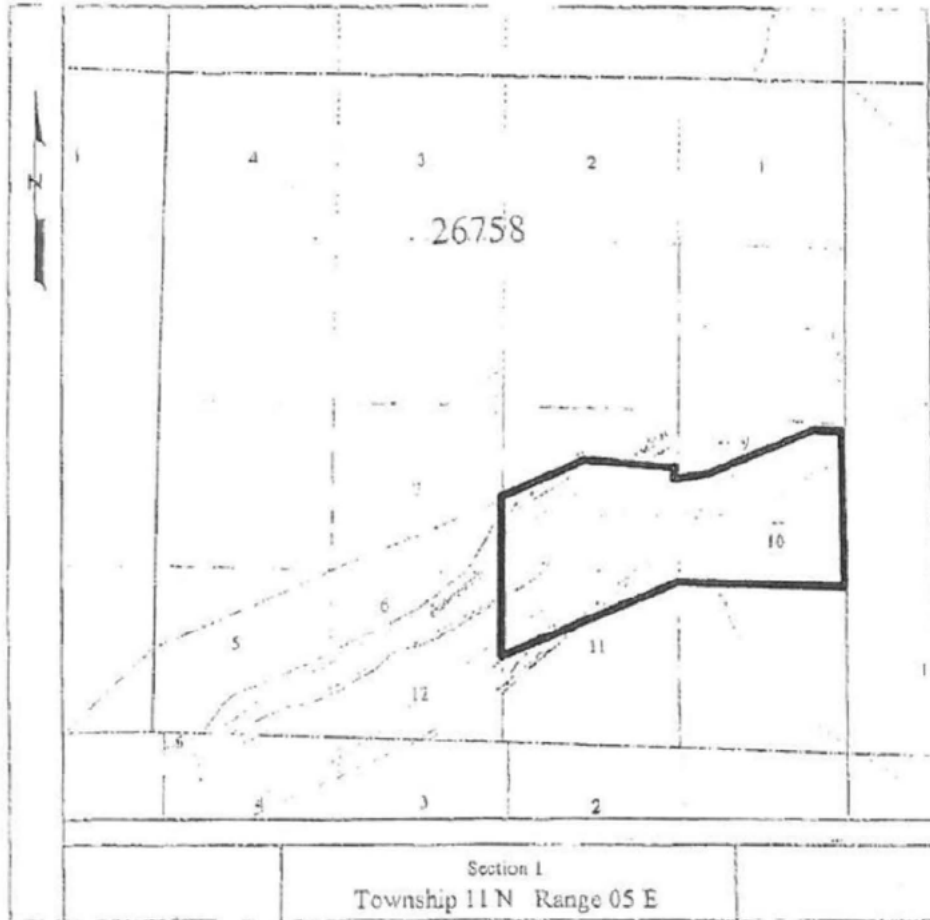
(b)(6)

Engineer

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City of Tacoma – Department of Public Utilities

Attachment A



City of Tacoma – Department of Public Utilities

Attachment A

* PARCEL A

That portion of Government Lots 4 and 5 in Section 6, Township 11 North, Range 6 East, W.M., Lewis County, Washington, more particularly described as follows:

Beginning at the northeast corner of said Government Lot 4; thence south 00°55'45" west along the east line of said Lots 4 and 5 a distance of 2647.96 feet to the true point of beginning of this description; thence north 09°59'58" west a distance of 320.13 feet; thence north 43°35'53" west a distance of 272.82 feet; thence north 33°20'12" west a distance of 274.00 feet; thence west a distance of 88.31 feet to the westerly margin of Falls Road; thence south 09°33'40" west along said margin a distance of 66.51 feet; thence south 20°39'40" west along said margin a distance of 273.37 feet; thence south 30°33'12" west a distance of 23.72 feet to a point on the north boundary of the City of Tacoma Reservoir property as described in deed recorded September 3, 1966 as recorded in volume 449 of Deeds, page 3, records of Lewis County, Washington; thence south 86°31'00" east along said north boundary a distance of 382.03 feet; thence continuing along said boundary south 17°27'40" east a distance of 256.69 feet; thence continuing along said boundary south 86°31'00" east a distance of 400.00 feet to the east line of said Government Lot 5; thence north 00°55'45" east along said east line a distance of 400.00 feet to the true point of beginning. EXCEPTING THEREFROM Falls County Road.

* PARCEL B

That portion of Government Lot 5 in Section 6, Township 11 North, Range 6 East, W.M., Lewis County, Washington, lying easterly of Falls County Road described as follows:

Beginning at the northeast corner of said Government Lot 5; thence south 00°55'45" west along the east line of said Government Lot 5 a distance of 1320.68 feet; thence north 09°59'58" west a distance of 320.13 feet; thence north 43°35'53" west a distance of 272.82 feet; thence north 33°20'12" west a distance of 274.00 feet; thence south 90°00'00" west a distance of 27.47 feet to the easterly margin of said road; thence north 09°33'40" east along said margin a distance of 235.70 feet; thence north 00°28'20" west along said margin a distance of 749.12 feet to the north line of said Government Lot 5; thence south 86°31'00" east along said north line a distance of 603.98 feet to said northeast corner and the point of beginning.

SUBJECT TO:

AN EASEMENT AFFECTING A PORTION OF GOVERNMENT LOT 5 in favor of City of Tacoma for Road right of way, recorded July 1, 1966 under Auditor's File No. 697432.

AN EASEMENT AFFECTING GOVERNMENT LOT 5 in favor of Public Utility District No. 1 of Lewis County, for Underground Electrical Line recorded November 26, 1975 under Auditor's File No. 809139.

NO O-WARRANT agreement effecting a portion of Government Lot 5 as contained in 488-22-the City of Tacoma, recorded September 3, 1966 under Auditor's File No. 700212.

Any adverse claim based upon the assertion that: said land or any part thereof is now or at any time has been below the ordinary high water mark of the Cowlitz River, some portion of said land has been created by artificial means and if some portion of said land has been brought within the boundaries thereof by an avulsive movement of the Cowlitz River, or has been gained by accretion to any such portion.

VOL. 473 PAGE 180

City of Tacoma -- Department of Public Utilities

Attachment A

Parcel #1

That portion of the North Half of Section 5, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Beginning at the Northeast Corner of said Section; thence S02°48'33"W along the East Line of said section a distance of 346.81 feet to the True Point of Beginning; thence continuing S02°58'30"W along said East Line of said section a distance of 128.72 feet; thence N73°08'51"W a distance of 1170.00 feet; thence S81°57'55"W a distance of 1311.76 feet; thence N84°33'54"W a distance of 1854.86 feet; thence S60°24'22"W a distance of 172.16 feet to the West Line of said section; thence N02°02'38"E along said West Line a distance of 1378.18 feet to the Northwest Corner of said section; thence N81°55'15"W along the North Line a distance of 4469.79 feet; thence S66°45'18"E a distance of 917.48 feet to the True Point of Beginning.

EXCEPTING THEREFROM the Cleyde River, containing 131.00 acres.

Parcel #2

That portion of the Northeast Quarter of Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Beginning at the Northeast Corner of said section; thence S02°02'29"W along the East Line of said section a distance of 1376.13 feet; thence S60°14'28"W a distance of 762.50 feet; thence N01°55'27"E a distance of 460.68 feet; thence N88°31'16"W a distance of 725.98 feet; thence N19°18'58"E a distance of 638.48 feet; thence N04°07'35"W a distance of 248.96 feet; thence N02°29'38"W a distance of 62.78 feet to the North Line of said section; thence S89°07'22"E along said North Line a distance of 1223.47 feet to the Point of Beginning.

EXCEPTING THEREFROM the Cowlitz River, containing 28.41 acres.

K

Parcel #3

That portion of Government Lots 4 and 7 of Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Commencing at the Northwest Corner of Government Lot 6; thence S00°55'46"W along the West Line of said Government Lot 6 a distance of 1116.20 feet to the True Point of Beginning; thence N89°16'18"E a distance of 109.98 feet; thence S83°19'32"E a distance of 1248.46 feet; thence N80°51'49"E a distance of 436.94 feet; thence N07°07'28"E a distance of 607.83 feet; thence N41°24'34"E a distance of 148.52 feet to the intersection of Tacoma City Light's Project Boundary; thence S04°49'20"W along said boundary a distance of 1199.54 feet; thence N43°38'00"W along said boundary a distance of 708.58 feet; thence N88°20'53"W along said boundary a distance of 590.00 feet to the intersection of said Government Lots; thence S84°04'17"W along said boundary a distance of 1319.15 feet to said West Line of said Lot 6; thence N01°27'13"E along said West Line a distance of 404.16 feet to the True Point of Beginning. Containing 19.11 acres.

Parcel #4

That portion of Government Lot 12 in Section 6, Township 11 North, Range 6 East, W.M., in Lewis County, Washington described as follows:

Beginning at the Southwest Corner of said Government Lot; thence S88°22'14"E along the South Line of said Government Lot a distance of 1305.35 feet to the Southeast Corner of said Government Lot; thence N01°27'39"E along the East Line of said Government Lot a distance of 197.75 feet; thence N88°22'14"W a distance of 1303.70 feet to the West Line of said Government Lot; thence S01°41'54"W along said West Line a distance of 197.75 feet to the Point of Beginning. Containing 11.97 acres.

VL 27375691

REAL ESTATE EXCISE TAX AFFIDAVIT
CHAPTER 82.45 RCW – CHAPTER 458-61A WAC

This form is your receipt when stamped by cashier.

PLEASE TYPE OR PRINT

THIS AFFIDAVIT WILL NOT BE ACCEPTED UNLESS ALL AREAS ON ALL PAGES ARE FULLY COMPLETED
(See back of last page for instructions)

Check box if partial sale of property

If multiple owners, list percentage of ownership next to name

SELLER GRANTOR	Name <u>United States of America, Department of Energy</u>	BUYER GRANTEE	Name <u>City of Tacoma, Department of Public Utilities, Light Division</u>																
	<u>Bonneville Power Administration</u>		<u>Attn: Real Property Services</u>																
	Mailing Address <u>PO Box 3621 (TERR-3)</u>		Mailing Address <u>3628 S. 35th Street</u>																
	City/State/Zip <u>Portland, OR 97208-3621</u>		City/State/Zip <u>Tacoma, WA</u>																
Phone No. (including area code) <u>(503) 230-5932</u>	Phone No. (including area code) <u>(253) 396-3060</u>																		
Send all property tax correspondence to <input checked="" type="checkbox"/> Same as Buyer/Grantee		List all real and personal property tax parcel account numbers – check box if personal property																	
Name _____		<table border="1"> <tr> <td><u>27209-9</u></td> <td><u>028099001001</u></td> <td><input type="checkbox"/></td> <td><u>21,947,500.00</u></td> </tr> <tr> <td><u>27209-98-6</u></td> <td></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><u>27209-98-6</u></td> <td></td> <td><input type="checkbox"/></td> <td></td> </tr> <tr> <td><u>27209-98-6</u></td> <td></td> <td><input type="checkbox"/></td> <td></td> </tr> </table>		<u>27209-9</u>	<u>028099001001</u>	<input type="checkbox"/>	<u>21,947,500.00</u>	<u>27209-98-6</u>		<input type="checkbox"/>		<u>27209-98-6</u>		<input type="checkbox"/>		<u>27209-98-6</u>		<input type="checkbox"/>	
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<u>27209-98-6</u>		<input type="checkbox"/>																	
<u>27209-98-6</u>		<input type="checkbox"/>																	
<u>27209-98-6</u>		<input type="checkbox"/>																	
Mailing Address _____																			
City/State/Zip _____																			
Phone No. (including area code) _____																			

Street address of property _____

This property is located in Lewis County

Check box if any of the listed parcels are being segregated from another parcel, are part of a boundary line adjustment or parcels being merged

Legal description of property (if more space is needed, you may attach a separate sheet to each page of the affidavit)

Section 24, Township 12 North, Range 1 East, Willamette Meridian, and described under: Auditor's File No. 695405, in Volume 446, on pages 23 & 24, and Auditor's File No. 696884, in Volume 446, on Pages 404 & 405, and all filed in Lewis County Recorder's Office, State of Washington, and as more fully set forth in Exhibit A, attached hereto and incorporated herein by this reference.

<p>Select Land Use Code(s): <u>45 - Utilities</u></p> <p>enter a 10-digit parcel number (See back of last page for instructions)</p> <p>Was the seller claiming a property tax exemption or deduction under chapter 84.36, 84.37, or 84.38 RCW (nonprofit organization, senior citizen or disabled person, homeowner with limited income)?</p> <p>Is this property designated as forest land per chapter 84.33 RCW?</p> <p>Is this property classified as current use (open space, farm and agricultural, or timber) land per chapter 84.34 RCW?</p> <p>Is this property receiving special valuation as historical property per chapter 84.26 RCW?</p> <p>If any answers are yes, complete as instructed below.</p> <p>(1) NOTICE OF CONTINUANCE (FOREST LAND OR CURRENT USE) NEW OWNER(S): To continue the current designation as forest land or classification as current use (open space, farm and agriculture, or timber) land, you must sign on (3) below. The county assessor must then determine if the land transferred continues to qualify and will indicate by signing below. If the land no longer qualifies or you do not wish to continue the designation or classification, it will be removed and the compensating or additional taxes will be due and payable by the seller or transferor at the time of sale. (RCW 84.33.140 or RCW 84.34.108) Prior to signing (3) below, you may contact your local county assessor for more information.</p> <p>This land <input type="checkbox"/> does <input type="checkbox"/> does not qualify for continuance.</p> <p>DEPUTY ASSESSOR _____ DATE _____</p> <p>(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY) NEW OWNER(S): To continue special valuation as historical property, sign (3) below. If the new owner(s) does not wish to continue, all additional tax calculated pursuant to chapter 84.26 RCW, shall be due and payable by the seller or transferor at the time of sale.</p> <p>(3) OWNER(S) SIGNATURE _____</p> <p>PRINT NAME _____</p>	<p>List all personal property (tangible and intangible) included in selling price.</p> <p>If claiming an exemption, list WAC number and reason for exemption:</p> <p>WAC No. (Section/Subsection) <u>458-61A-205 - Government Transfers</u></p> <p>Reason for exemption <u>BPA Exemption Regulation No. 930 334 712</u> <u>U.S. Federal Government</u></p> <p>Type of Document <u>Quitclaim Deed / Bill of Sale</u></p> <p>Date of Document <u>10/1/2014</u></p> <table border="1"> <tr> <td>Gross Selling Price \$</td> <td>_____</td> </tr> <tr> <td>* Personal Property (deduct) \$</td> <td>_____</td> </tr> <tr> <td>Exemption Claimed (deduct) \$</td> <td>_____</td> </tr> <tr> <td>Taxable Selling Price \$</td> <td>0.00</td> </tr> <tr> <td>Excise Tax - State \$</td> <td>0.00</td> </tr> <tr> <td><u>0.0050</u> Local \$</td> <td>0.00</td> </tr> <tr> <td>* Delinquent Interest: State \$</td> <td>_____</td> </tr> <tr> <td>Local \$</td> <td>_____</td> </tr> <tr> <td>* Delinquent Penalty \$</td> <td>_____</td> </tr> <tr> <td>Subtotal \$</td> <td>0.00</td> </tr> <tr> <td>* State Technology Fee \$</td> <td>5.00</td> </tr> <tr> <td>* Affidavit Processing Fee \$</td> <td>_____</td> </tr> <tr> <td>Total Due \$</td> <td>10.00</td> </tr> </table> <p>A MINIMUM OF \$10.00 IS DUE IN FEE(S) AND/OR TAX *SEE INSTRUCTIONS</p>	Gross Selling Price \$	_____	* Personal Property (deduct) \$	_____	Exemption Claimed (deduct) \$	_____	Taxable Selling Price \$	0.00	Excise Tax - State \$	0.00	<u>0.0050</u> Local \$	0.00	* Delinquent Interest: State \$	_____	Local \$	_____	* Delinquent Penalty \$	_____	Subtotal \$	0.00	* State Technology Fee \$	5.00	* Affidavit Processing Fee \$	_____	Total Due \$	10.00
Gross Selling Price \$	_____																										
* Personal Property (deduct) \$	_____																										
Exemption Claimed (deduct) \$	_____																										
Taxable Selling Price \$	0.00																										
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<u>0.0050</u> Local \$	0.00																										
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Subtotal \$	0.00																										
* State Technology Fee \$	5.00																										
* Affidavit Processing Fee \$	_____																										
Total Due \$	10.00																										

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Signature of Grantor or Grantor's Agent (b)(6)
Name (print) Bonneville Power Administration
Date & city of signing: 12/12/14 Seattle WA

Signature of Grantee or Grantee's Agent (b)(6)
Name (print) City of Tacoma, Department of Public Utilities, Light Division
Date & city of signing: 12/12/14 Seattle WA

Perjury: Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by or by both imprisonment and fine (RCW 9A.20.020 (1C)).

3424997 ExciseTaxAffidavit D
01/07/2015 03:13:27 PM Total Pages: 1 Fees: 78.00
Larry E. Grove, CPA, Lewis County Auditor, Chehalis, Washington

R'S USE ONLY COUNTY TREASURER

0659



Exhibit A

PARCEL 1:

That portion of Government Lots 1 and 2, and the NE 1/4, NW 1/4 of Section 24, Township 12 North, Range 1 East, Lewis County, Washington, lying southerly of the following described line:

Beginning at the NW corner of said Section 24, thence southerly along west line of said Section 24 a distance of 575.60 feet to the T.P.B. thence N 88° 58' E a distance of 275.70 feet; thence S 45° 50' E a distance of 50.00 feet; thence S 69° 38' E a distance of 358.00 feet; thence S 46° 10' E a distance of 520.00 feet; thence S 64° 26' E a distance of 127.50 feet; thence S 83° 49' E a distance of 416.70 feet; thence N 75° 35' E a distance of 361.30 feet; thence S 48° 16' E a distance of 248.00 feet; thence S 66° 29' E a distance of 604.00 feet, more or less, to a point on the east line of said Government Lot 2, - 1,570.00 feet southerly from the N 1/4 corner of said Section 24.

EXCEPT:

Beginning on the right bank of Cowlitz River at the southeast corner of said Lot 2, Section 24, Township 12 North, Range 1 East, Willamette Meridian, and running thence North 350 links, thence West 350 links, thence South 160 links to the right bank of the Cowlitz River, thence South 65° East, up right bank of river to the place of beginning.

TOGETHER WITH a perpetual road easement 60 feet in width plus whatever additional width is necessary to construct and maintain cuts and fills adjacent to said road, being 30 feet wide on each side of line described as follows:

Beginning at a point which is the North quarter corner of said Section 24, Township 12 North, Range 1 East, W.M., thence southerly on the north-south centerline of said section to a point, being the southeast corner of the NE 1/4 NW 1/4 said section thence westerly along the south line of said NE 1/4 NW 1/4 said section a distance of 608.54 feet to a point, thence S 0° 11'37" West a distance of 531.78 feet to a point, being City of Tacoma Engineer's Station 0 + 00 and the True Point of Beginning of this description, thence N 4° 14'11" W 1.24' to a point, being the P.C. of a 20° curve to the right having a radius of 286.48 feet, thence on the arc of said 20° curve to the right a distance of 250.87 feet to a point (Engr's. Station 2 + 52.11) thence N 45° 56' 21" E 88.04' to a point being the P.C. of a 28° curve to the left having a radius of 204.62 feet thence on the arc of said 28° curve to the left a distance of 325.95 feet to a point (Engr's. Station 6 + 66.10) thence N 45° 19'34" W, 284.54 feet to a point, being the P. C. of a 30° curve to the left having a radius of 190.99 feet, thence on the arc of said 30° curve to the left a distance of 248.00 feet to a point (Engr's. Station 11 + 98.64) thence S 60° 16' 19" W, 45.50 feet to a point, being the P.C. of a 30° curve to the right having a radius of 190.99 feet thence on the arc of said curve to the right a distance of 190.55 feet to a point (Engr's. Station 14 + 34.69) thence N 62° 33' 50" W, 93.28 feet to a point, being the P.C. of a 10° curve to the left having a radius of 572.96 feet, thence on the arc of said 10° curve to the left a distance of 134.25 feet to a point (Engr's. Station 16 + 62.22) thence N 75° 59' 15" W, 75.93 feet to a point, being the P.C. of a 30° curve to the right having a radius of 190.99 feet, thence on the arc of

said 30° curve to the right a distance of 159.36 feet to a point (Engr's. Station 18 + 97.51) thence N 28° 10' 45" W, 127.46 feet to a point, being the P.C. of a 24° curve to the left having a radius of 238.73 feet, thence on the arc of said 24° curve to the left a distance of 158.33 feet to a point (Engr's. Station 21 + 83.30) being a point on the existing road known both as the John Brim County Road and as the Singleton Spencer County Road, said point being 1119.90 feet on a bearing S 58° 04' 50" E of the northwest corner of Section 24, Township 12 North, Range 1 East, W.M., and the end of this line description.

PARCEL 2:

Beginning at a point 575.6 feet South 1°02' East of the Northwest corner of Lot 1, Section 24, Township 12 North, Range 1 East, W.M., said point being on the Westerly boundary line of said Lot 1; thence continuing along said course 353.9 feet; thence South 37°59' East 2120.0 feet to the Easterly boundary of said Lot 1 extended; thence North 0°32' West along said Easterly boundary of said Lot 1, 495 feet; thence North 37°59' West 1689.9 feet; thence North 15°03' East 174.0 feet; thence North 45°50' West, 50 feet; thence South 88°58' West, 275.7 feet to the point of beginning.

ALSO, a perpetual easement for a haul road 40 feet in width, being 20 feet wide on each side of a line described as follows:

Beginning at the Northwest corner of Lot 1, Section 24, Township 12 North, Range 1 East, W.M.; thence South 1°02' East 575.6 feet along the Westerly line of said Lot 1; thence North 88°58' East 275.7 feet; thence South 45°50' East 50.0 feet to the true point of beginning of this description; thence South 81°06' East 465.9 feet; thence South 51°10' East 407 feet; thence South 80°28' East 171.0 feet; thence North 84°34' East 193.3 feet; thence South 63°46' East 119.3 feet; thence North 55°55' East 113.4 feet; thence North 17°51' West 101.5 feet to a county road right of way and the end of this line description.

ALSO, a perpetual easement for a haul road over and across the strip of land 50 feet in width, parallel with and contiguous to that portion of the Northeasterly side of the tract of land hereinabove conveyed which bears North 37°59' West.

REAL ESTATE EXCISE TAX AFFIDAVIT
CHAPTER 82.45 RCW - CHAPTER 458-61A WAC

This form is your receipt when stamped by cashier.

PLEASE TYPE OR PRINT

THIS AFFIDAVIT WILL NOT BE ACCEPTED UNLESS ALL AREAS ON ALL PAGES ARE FULLY COMPLETED
(See back of last page for instructions)

Check box if partial sale of property

If multiple owners, list percentage of ownership next to name.

SELLER GRANTOR	1 Name: <u>Public Utility District of Lewis County, Washington</u>	BUYER GRANTEE	1 Name: <u>City of Tacoma, Washington</u>
	Mailing Address: <u>240 7th Street</u>		Attn: <u>Real Property Services</u>
	City/State/Zip: <u>Morton, WA 98356</u>		Mailing Address: <u>3626 S. 35th Street</u>
	Phone No. (including area code): <u>(360) 496-6100</u>		City/State/Zip: <u>Tacoma, WA 98409</u>
3 Send all property tax correspondence to: <input type="checkbox"/> Same as Buyer/Grantee		List all real and personal property tax parcel account numbers - check box if personal property	
Name: <u>Public Utility District of Lewis County, Washington</u>		List assessed value(s)	
Mailing Address: <u>240 7th Street</u>		027303009000 <input type="checkbox"/> <u>11,753,600</u>	
City/State/Zip: <u>Morton, WA 98356</u>		027303015000 <input type="checkbox"/> <u>131,500</u>	
Phone No. (including area code): <u>(360) 496-6100</u>		027303013001 <input type="checkbox"/> <u>35,900</u>	

4 Street address of property: No Specific Site Address
This property is located in Lewis County
 Check box if any of the listed parcels are being segregated from another parcel, are part of a boundary line adjustment or parcels being merged.
Legal description of property (if more space is needed, you may attach a separate sheet to each page of the affidavit)
See Exhibit A Attached

5 Select Land Use Code(s):
43 - Utilities
enter any additional codes on a separate sheet (See back of last page for instructions)

6 Will the seller/grantee be claiming a property tax exemption or deduction under chapters 84.26, 84.37, or 84.38 RCW (nonprofit organization, senior citizen, disabled person, homeowner with limited income)?
 YES NO

7 Is this property designated as forest land per chapter 84.33 RCW?
 YES NO

8 Is this property classified as current use (open space, farm and agricultural, or timber) land per chapter 84.34 RCW?
 YES NO

9 Is this property being transferred to a government agency per chapter 84.26 RCW?
 YES NO

If any answers are yes, complete as instructed below.
(1) NOTICE OF CONTINUANCE (FORESTLAND OR CURRENT USE)
NEW OWNER(S): To continue the current designation as forest land or classification as current use (open space, farm and agriculture, or timber) land, you must sign on (3) below. The county assessor must then determine if the land transferred continues to qualify and will indicate by signing below. If the land no longer qualifies or you do not wish to continue the designation or classification, it will be removed and the compensating or additional taxes will be due and payable by the seller or transferor at the time of sale. (RCW 84.33.140 or RCW 84.34.108). Prior to signing (3) below, you may contact your local county assessor for more information.
This land does does not qualify for continuance.

DEPUTY ASSESSOR _____ DATE _____
(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY)
NEW OWNER(S): To continue special valuation as historic property, sign (3) below. If the new owner(s) does not wish to continue, all additional tax calculated pursuant to chapter 84.26 RCW, shall be due and payable by the seller or transferor at the time of sale.
(3) OWNER(S) SIGNATURE _____
PRINT NAME _____

10 List all personal property (tangible and intangible) included in selling price.

If claiming an exemption, list WAC number and reason for exemption:
WAC No. (Section/Subsection): 458-61A-205(1)
Reason for exemption: Easement interest granted to a government agency from a government agency

Type of Document: Easement Agreement
Date of Document: 8/28/14 10/1/2014

Gross Selling Price	\$	_____
*Personal Property (deduct)	\$	_____
Exemption Claimed (deduct)	\$	_____
Taxable Selling Price	\$	0.00
Excise Tax: State	\$	0.00
0.0050 Local	\$	0.00
*Delinquent Interest: State	\$	_____
Local	\$	_____
*Delinquent Penalty	\$	_____
Subtotal	\$	0.00
*State Technology Fee	\$	5.00
*Affidavit Processing Fee	\$	_____
Total Due	\$	10.00

A MINIMUM OF \$10.00 IS DUE IN FEES AND/OR TAX
*SEE INSTRUCTIONS

11 I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Signature of Grantor or Grantor's Agent _____ Name (print) _____ for PUD Lewis County Date & city of signing: _____	Signature of Grantee or Grantee's Agent <u>(b)(6)</u> Name (print) <u>Gloria Fletcher</u> for City of Tacoma, WA Date & city of signing: <u>7-30-14, Tacoma</u>
---	---

3424996 ExciseTaxAffidavit EAS
03/07/2015 03:13:27 PM Total Pages: 3 Fees: \$4.00
Larry E. Grove, CPA, Lewis County Auditor, Chehalis, Washington

Additional institution for a maximum term of not more than five years, or by both imprisonment and fine (RCW 9A.20.020 (1C)).
COUNTY ASSESSOR



PLEASE TYPE OR PRINT

REAL ESTATE EXCISE TAX AFFIDAVIT

CHAPTER 82.45 RCW - CHAPTER 45B-61A WAC

This form is your receipt when stamped by cashier.

THIS AFFIDAVIT WILL NOT BE ACCEPTED UNLESS ALL AREAS ON ALL PAGES ARE FULLY COMPLETED

(See back of last page for instructions)

Check box if partial sale of property

If multiple owners, list percentage of ownership next to name

Form sections 1 and 2: Seller/Grantor and Buyer/Grantee information including names, addresses, and phone numbers.

Form section 3: Correspondence and parcel information including mailing addresses and parcel numbers.

Form section 4: Property location and legal description including county name and legal description.

Form section 5: Land Use Code and exemption questions with YES/NO checkboxes.

Form section 6: Exemption details including WAC number and reason for exemption.

Form section 7: Document information including type of document and date.

Form section 8: Tax calculation table with columns for Gross Selling Price, Personal Property, Exemption, and Total Due.

Form section 9: Signature lines for Grantor/Grantor's Agent and Buyer/Grantee's Agent.

Perjury: Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars (\$5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

REV 84 0001ac (5/11/11) THIS SPACE - TREASURER'S USE ONLY COUNTY TREASURER ASSISSTANT

Handwritten number: 20,658

EXHIBIT A

City of Tacoma - Department of Public Utilities
Light Division Easement No. 13278
Attachment A

SECTION 1, T11N, R5E, W.M.
AND
SECTION 6, T11N, R5E, W.M. ✓

§ 4,

Portions of the South One Half of Section 1, Township 11 North, Range 5 East, W.M. and Section 6, Township 11 North, Range 5 East, W.M. in Lewis County, Washington described as follows:

Beginning at the Southeast Corner of Government Lot 10 in said Section 1; thence N88°41'12"W along the South Line of said Lot 10 a distance of 1333.71 feet to the Southwest Corner of said Lot 10; thence S54°40'58"W a distance of 1483.86 feet to a point on the West Line of Government Lot 11 in said Section 1 which is 650.00 feet northerly of the Southwest Corner of said Lot 11; thence N01°10'41"E along the West Line of said Lot 11 a distance of 1182.03 feet to a point on the West Line of Government Lot 8 in said Section 1 which is 800.00 feet southerly of the Northwest Corner of said Lot 8; thence N63°30'28"E a distance of 752.25 feet to a point which is 450.00 feet southerly of the North Line and parallel with the East Line of said Lot 8; thence S89°45'32"E parallel with the North Line of said Lot 8 a distance of 666.27 feet to a point on said East Line which is 450.00 feet southerly of the Northeast Corner of said Lot 8; thence S01°21'15"W along said East Line a distance of 70.00 feet; thence S88°45'52"E parallel with the North Line of Government Lot 9 in said Section 1 a distance of 250.00 feet; thence N57°40'35"E a distance of 950.72 feet; thence S88°45'52"E parallel with said North Line a distance of 215.00 feet to a point on the East Line of said Lot 9 which is 140.01 feet southerly of the Northeast Corner of said Lot 9; thence S81°56'19"E a distance of 202.02 feet to a point which is 1477.19 feet southerly of the North Line of Government Lot 5 of said Section 6; thence S89°30'58"E parallel with said North Line a distance of 525.48 feet; thence S17°27'20"E a distance of 256.78 feet to a point which is 1720.08 feet southerly of said North Line and parallel with said East Line; thence S88°30'58"E parallel with said North Line a distance of 500.00 feet to a point on the East Line of said Lot 5 said point lying S00°55'45"W a distance of 1720.08 feet from the Northeast Corner of said Lot 5; thence N84°03'37"E a distance of 1315.84 feet to a point on the East Line of Government Lot 6 of said Section 6 said point lying S01°14'53"W a distance of 1550.00 feet from the Northeast Corner of said Lot 6; thence S89°30'53"E parallel with the

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City of Tacoma - Department of Public Utilities
Light Division Easement No. 13278
Attachment A

North Line of Government Lot 7 of said Section 6 a distance of 550.00 feet; thence S43°38'00"E a distance of 708.53 feet; thence N06°49'20"E a distance of 2058.92 feet to a point on the North Line of said Lot 7 said point lying S38°30'33"E a distance of 1250.00 feet from the Northwest Corner of said Lot 7; thence S88°30'33"E along said North Line a distance of 726.03 feet to a point on the North Line of Government Lot 8 of said Section 6 said point lying N88°30'53"W a distance of 650.00 feet from the Northeast Corner of said Lot 8; thence S02°02'23"W parallel with the East Line of said Lot 8 a distance of 400.00 feet; thence S17°10'56"W a distance of 957.05 feet to a point on the South Line of said Lot 8 said point lying N88°29'06"W a distance of 900.00 feet from the Southeast Corner of said Lot 8; thence S17°29'31"W a distance of 1375.06 feet to a point on the South Line of Government Lot 9 of said Section 6 said point lying N88°23'46"W a distance of 1266.37 feet from the Southeast Corner of said Lot 9; thence S17°29'16"W a distance of 103.97 feet to a point on the East Line of Government Lot 10 which is 100.00 feet southerly of the Northwest Corner of the Southeast Quarter of the Southeast Quarter of said Section 6; thence N83°58'46"W a distance of 1298.54 feet to the Southeast Corner of Government Lot 11 of said Section 6; thence N88°22'07"W along the South Line of said Lot 11 a distance of 1312.66 feet to the Southeast Corner of Government Lot 12 of said Section 6; thence N01°27'36"E along the East Line of said Lot 12 a distance of 400.00 feet; thence N88°22'07"W a distance of 1303.82 feet to a point on the West Line of said Lot 12; thence S01°41'54"W along said West Line a distance of 400.00 feet to the Point of Beginning.

EXCEPTING THEREFROM that portion, if any, of United States Plywood Corporation's mainline truck road, as it was reserved under Fee Nos. 597885 and 701160, records of Lewis County Auditor.

TOGETHER WITH AND SUBJECT TO easements, reservations, restrictions and agreements of record in Lewis County, Washington.

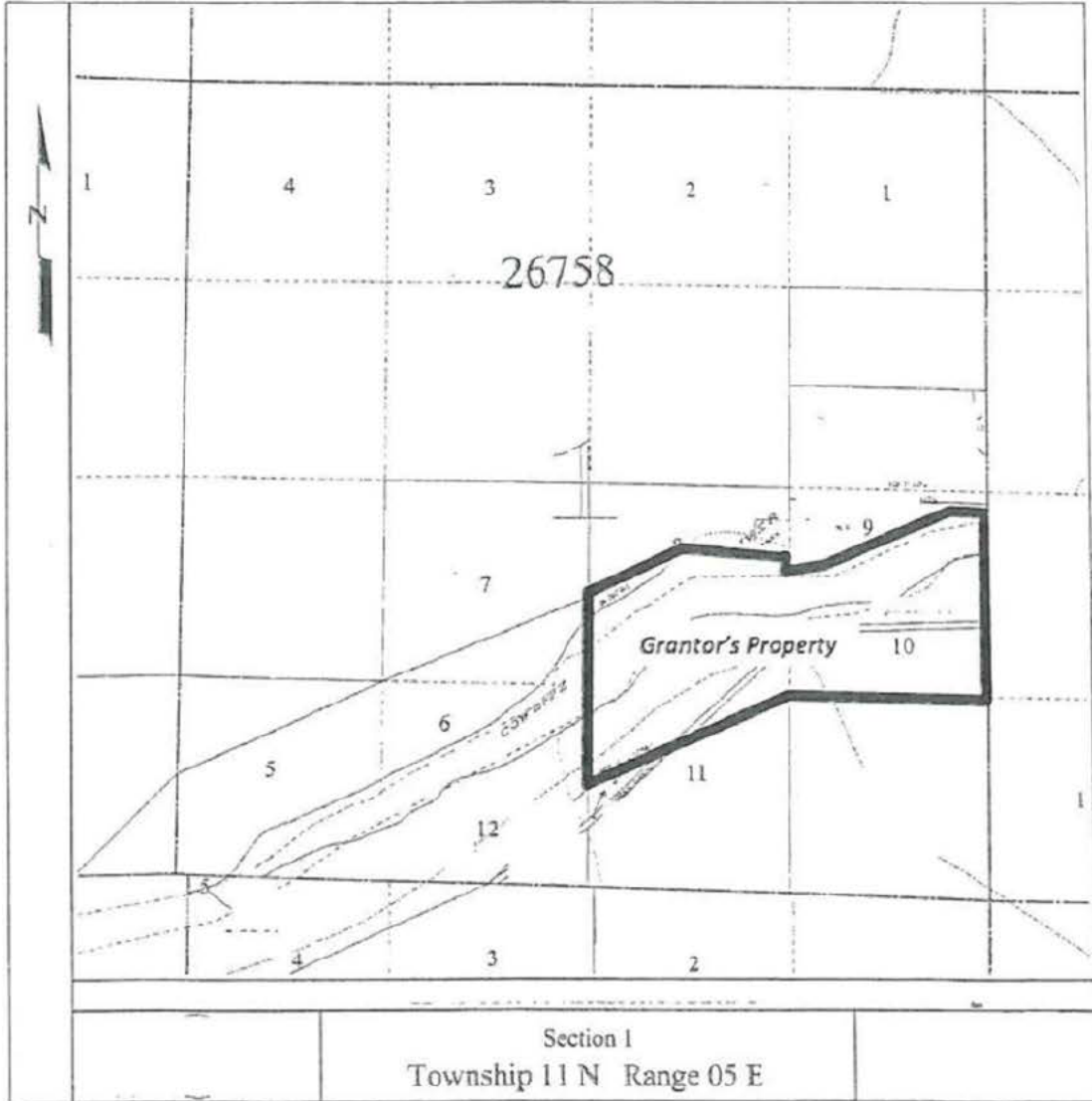
Reviewed:

(b)(6)

Engineer

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City of Tacoma – Department of Public Utilities
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Attachment A



City of Tacoma – Department of Public Utilities

Light Division Easement No. 13278
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X PARCEL A

That portion of Government Lots 4 and 5 in Section 5, Township 11 North, Range 5 East, W.M., Lewis County, Washington, more particularly described as follows:

Beginning at the northeast corner of said Government Lot 4; thence south 00°55'43" west along the east line of said Lots 4 and 5 a distance of 2647.99 feet to the true point of beginning of this description; thence north 89°59'58" west a distance of 320.13 feet; thence north 42°35'53" west a distance of 172.81 feet; thence north 33°20'12" west a distance of 274.00 feet; thence west a distance of 83.31 feet to the westerly margin of Falls Road; thence south 09°33'40" west along said margin a distance of 66.21 feet; thence south 20°39'40" west along said margin a distance of 375.79 feet; thence south 30°33'12" west a distance of 83.72 feet to a point on the north boundary of the City of Tacoma Reservoir property as described in deed recorded September 3, 1955 as recorded in volume 448 of Deeds, page 3, records of Lewis County, Washington; thence south 88°31'00" east along said north boundary a distance of 281.03 feet; thence continuing along said boundary south 17°47'20" east a distance of 255.89 feet; thence continuing along said boundary south 88°31'00" east a distance of 500.00 feet to the east line of said Government Lot 5; thence north 00°55'43" east along said east line a distance of 400.00 feet to the true point of beginning. EXCEPTING THEREFROM Falls County Road.

X PARCEL B

That portion of Government Lot 5 in Section 5, Township 11 North, Range 5 East, W.M., Lewis County, Washington, lying easterly of Falls County Road described as follows:

Beginning at the northeast corner of said Government Lot 5; thence south 00°55'43" west along the east line of said Government Lot 5 a distance of 1310.08 feet; thence north 89°59'58" west a distance of 320.13 feet; thence north 42°35'53" west a distance of 172.81 feet; thence north 33°20'12" west a distance of 274.00 feet; thence south 90°00'00" west a distance of 27.47 feet to the easterly margin of said road; thence north 09°33'40" east along said margin a distance of 235.70 feet; thence north 00°23'20" west along said margin a distance of 749.12 feet to the north line of said Government Lot 5; thence south 88°31'00" east along said north line a distance of 609.99 feet to said northeast corner and the point of beginning.

SUBJECT TO:

AN EASEMENT AFFECTING A PORTION OF GOVERNMENT LOT 5 in favor of City of Tacoma for Road right of way, recorded July 1, 1955 under Auditor's File No. 697602.

AN EASEMENT AFFECTING GOVERNMENT LOT 5 in favor of Public Utility District No. 1 of Lewis County, for Underground Electrical line recorded November 23, 1973 under Auditor's File No. 803139.

VOID-HARMLESS agreement affecting a portion of Government Lot 5 as contained in 4873-20-204 City of Tacoma, recorded September 3, 1955 under Auditor's File No. 700212.

Any adverse claim based upon the assertion that said land or any part thereof is now or at any time has been below the ordinary high water mark of the Cowlitz River, some portion of said land has been created by artificial means and if some portion of said land has been brought within the boundaries thereof by an artificial movement of the Cowlitz River, or has been formed by accretion to any such position.

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Attachment B
Tacoma Power Easement #E13278

**LEGAL DESCRIPTION OF THE EXCLUSIVE EASEMENT AREA AND
NONEXCLUSIVE EASEMENT AREA**

AN EASEMENT FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF THE NORTSHORE FISH FACILITY PROJECT INCLUDING ALL APPURTENANT EQUIPMENT AND STRUCTURES, OVER, UNDER AND ACROSS THAT PORTION OF GOVERNMENT LOTS 5 AND 6, SECTION 6, TOWNSHIP 11 NORTH, RANGE 6 EAST, W.M., INCLUDING ANY PORTION OF THE BED OF THE COWLITZ RIVER, IF ANY, IN LEWIS COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 6 BEING MARKED BY AN IRON PIPE MONUMENT WITH BRASS CAP; SAID CORNER BEARS SOUTH 00°34'33" WEST 2627.34 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 6; THENCE SOUTH 77°22'49" EAST 742.44 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIBED EASEMENT; THENCE SOUTH 50°22'01" EAST 243.54 FEET; THENCE SOUTH 69°24'43" EAST 90.15 FEET; THENCE SOUTH 00°02'15" WEST 108.49 FEET; THENCE SOUTH 85°42'36" EAST 152.46 FEET; THENCE SOUTH 89°49'50" EAST 162.83 FEET; THENCE NORTH 85°06'49" EAST 149.26 FEET; THENCE SOUTH 88°48'19" EAST 612.27 FEET TO A POINT WHICH BEARS NORTH 69°52'26" EAST 507.74 FEET FROM A BRASS DISK MONUMENT EMBEDDED IN THE TOP OF COWLITZ FALLS DAM STAMPED "SP-6"; THENCE NORTH 00°00'14" EAST 168.92 FEET; THENCE SOUTH 89°27'01" WEST 472.76 FEET; THENCE SOUTH 01°35'29" WEST 33.99 FEET; THENCE NORTH 89°49'38" WEST 95.60 FEET; THENCE NORTH 89°41'56" WEST 133.15 FEET; THENCE NORTH 74°45'08" WEST 142.91 FEET; THENCE NORTH 89°59'46" WEST 201.55 FEET; THENCE NORTH 64°10'24" WEST 335.48 FEET; THENCE SOUTH 26°12'40" WEST 8.54 FEET TO THE TRUE POINT OF BEGINNING.

THIS DESCRIPTION IS BASED ON THE WASHINGTON STATE COORDINATE SYSTEM SOUTH ZONE GRID [NAD83 (1991)] HAVING A COMBINED SCALE FACTOR OF 0.999876199.