

This document was created using the electronic program ISYS. The program queried the over 28,000 electronic documents I have in my database. I think that anyone reviewing this document will agree with me that we have neglected a major player in the Baker River Storage issue.

QUERY: BPA OR BONNEVILLE 1699 HITS IN 246 DOCUMENTS.

Gathered from FW: Request for executive level meeting (6/8/2001)

=====
From: DaveBrookings <daveb@co.skagit.wa.us>

Date: Jun 08, 2001, 02:32:32 PM

To: ChalMartin <chalm@co.skagit.wa.us>;RoyAtwood <roya@co.skagit.wa.us>;JacquelineVander Veen <jvanderv@co.skagit.wa.us>;DonDixon <ddixon@co.skagit.wa.us>;KenDahlstedt <kend@co.skagit.wa.us>;

CC: Pierce, Stephen R NWS <Stephen.R.Pierce@NWS02.usace.army.mil>;

Folder: Kunzler Pierce\Skagit\County Stuff\Brookings

FERC Relicensing @ Upper-Baker Dam- Bruce indicated that they are getting pressured to justify the need for flood storage at the Baker River Project. The FERC license stipulates that the corps must compensate PSE for the energy lost for flood control. This has been handled in the past via a 20 year agreement with BPA who would supply PSE with the energy lost for the Corps. However, this agreement expired last fall and now they are backing away from this due to high energy costs. They have told the Corps that they have a five year window to find alternative funding sources to pay for this annual flood control. In the past this has been around 200k per year. I called Wayne Wagner of the Corps for a complete summary and have developed the following opinions:

- 1) Need to begin our participation with the relicensing effort. The existing committee's are loaded with resource agencies who could care less about flood control for Skagit County. Wayne indicated that the Corps may choose not to participate directly with this effort because some of the proposals coming out of the group are contrary to previous congressional legislation.
- 2) The Corps position is to provide flood control even if it puts them at risk of coming into conflict with the agencies!
- 3) The Corps will be asking the county help finance an economic analysis to show the benefits of flood storage. Assistance needed in FY04.
- 4) "Political" pressure will be needed however the issue is not ready at this time. Probably next year some time.
- 5) This needs to be one of our topics for discussion at our June meeting!

Gathered from RE: Request for executive level meeting (6/11/2001) Query: BPA or bonneville

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From: Sexauer, Bruce R NWS </O=ORGANIZATION/OU=USACE NWS SEATTLE, WA/CN=RECIPIENTS/CN=

LOCAL/CN=SEXAUER, BRUCE R NWS>

Date: Jun 11, 2001, 10:18:26 AM

To: Pierce, Stephen R NWS <Stephen.R.Pierce@NWS02.usace.army.mil>;Scuderi, Michael R NWS <Michael.R.Scuderi@NWS02.usace.army.mil>;'daveb@co.skagit.wa.us';
Folder: Kunzler Pierce\Skagit\excutive committee\19 Jul 01

Dave

Great summary of the Upper Baker issue. Here is a little additional information. **The reason for this action is because the agreement between the Corps, BPA, and PSE has expired.** The agreement was for the Corps to reimburse PSE for flood control storage using a process that involved the **BPA**. **Now that this agreement has experied, BPA is now hesitant to sign a new with the original conditions.** To develop a new agreement, certain studies have to be performed including the economic analysis, environmental analysis, and the development of a new funding mechanism. In the mean time, the Corps, **BPA** and PSE have agreed to sign annual agreements with the old conditions. I believe the Corps, **BPA**, and PSE have agreed to sign for up to 5 years. Just as you stated in your summary, **the bottom line is that flood control at Upper Baker will remain intact.**

-bruce

Gathered from Upper Baker.doc (7/19/2001) Query: **BPA** or bonneville

Upper Baker Dam Flood Storage

Flood storage agreement has expired. FERC license will expire in 2006. Corps staff is involved with a year-by-year negotiation between Puget Sound Energy, the Dam owner, and **BPA** to maintain flood storage until 2006. The main issue is lost power compensation for the dam owner. Seattle and Division Staff will support the FERC Relicensing and ensure that flood storage is included in the License. The Corps is pursuing funding sources for these activities. A possible source may include General Investigation funding. This would be cost shared with the sponsor, Skagit County. **Seattle District's goal is that flood storage is eventually provided without compensation.**

Gathered from EO 11988 research (eo 11988 research.doc) (7/25/2001) Query: **BPA** or bonneville

Bonneville Power Administration Bonneville Power Administration (**BPA**), one of the five federal power marketing agencies within DOE, supplies about half of the electricity used in the Pacific Northwest. Some Of **BPA'S** power projects affect wetlands, and it has developed wetlands programs to protect, mitigate, and enhance fish and wildlife. **BPA** has spent about \$ 10 million (in 1997 constant dollars) since 1990 on its wetlands-related activities, primarily to acquire land for mitigation purposes.

Gathered from SKAGIT RIVER GI.doc (8/14/2001) Query: **BPA** or bonneville

SKAGIT RIVER GI
FEASIBILITY LEVEL

UPPER BAKER FLOOD STORAGE (brief Mike White this Friday)

HIGHLIGHTS

25-year FERC License will be renewed 2006.

20-year compensation agreement with Dam owner expired last year. Tri-party agreement with PSE, **BPA** and the Corps.

BPA offered to continue participation in the compensation if the Corps studied alternative funding.

FERC RELICENSING

Seattle staff is actively supporting the continuation of flood storage. The interim agreement is thru October 2003. This activity includes negotiation and a Biological Assessment.

Seattle staff is actively supporting the inclusion of flood storage in the new FERC license. Expenses for these 2 activities amount to an estimated \$300,000 over the next 5 years.

ISSUES

We have a limited amount of O&M funds to support this process.

FUTURE MILESTONES

Renegotiate the contract and prepare a Biological assessment again in 2003.

Take an active role in the license process.

RISK

BPA could pull out of the flood storage compensation. The Corps does not have funds.

FERC License could exclude flood storage.

Information Briefing

8/14/01

Gathered from Sponsor Cash (8/16/2001) Query: **BPA** or bonneville

From: Pierce, Stephen R NWS </O=ORGANIZATION/OU=USACE NWS SEATTLE, WA/CN=RECIPIENTS/CN=LOCAL/CN=PIERCE, STEPHEN R NWS>

Date: Aug 16, 2001, 08:24:16 AM

To: 'Dave Brookings (E-mail)' <daveb@co.skagit.wa.us>; 'DonDixon' (E-mail)' <ddixon@co.skagit.wa.us>;

CC: Sexauer, Bruce R NWS <Bruce.R.Sexauer@NWS02.usace.army.mil>;

Folder: Kunzler Pierce\Skagit\budget\Sponsor cash

Subject: Sponsor Cash

2. We are trying to put \$300,000 together for Upper Baker (continued flood storage) to do three things; 1. study alternative funding for the studies \$75,000 (study required by **BPA**); 2. provide technical support to the renegotiation and Biological Assessments required to maintain the flood storage until the new FERC license is completed, \$75,000, and 3. Proactively support the negotiation of the new FERC License by attending the meeting and responding to suspenses to maintain flood control in the FERC license, \$240,000. We are scheduled to receive \$50,000 from our O&M budget and \$50,000 from **BPA**. That leaves \$240,000 unfunded. Would the county consider cost sharing the unfunded portion 50/50 under the Planning Assistance to the States (PAS).

3. Last year the County provided the Corps \$50,000 in December and \$150,000 in January. Do you have any idea when you will be providing funds at the end of the year. The study will be in Draft form next

month.

Stephen Pierce P.E.
Project Manager
206-764-3456

Gathered from ws 5 Oct 01.doc (10/5/2001) Query: **BPA** or bonneville

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TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

SUMMARY:

As a part of the continued cooperation between the **BPA** and the Corps compensating the dam owner for lost power, **BPA has required a compensation study**. They have offered to fund the study for \$50,000. **BPA** was contacted this week. They expect the study to be completed and then we would invoice them for the expenses. I am working with F&A to prepare a reimbursable order to accomplish the work.

Gathered from fund coordinate **BPA**.doc (10/19/2001) Query: **BPA** or bonneville

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Planning Branch
Christine Kondrat
Federal Hydro Projects
BPA pgf-6
PO Box 3621
Portland Oregon 97208-3621

Dear Mss. Kondrat:

This letter is to coordinate **BPA** payment to Seattle District, Corps of Engineers, for a report regarding compensation for flood storage to Upper Baker Dam owner, Puget Sound Energy. This work will be accomplished as part of the agreement signed between The **BPA** and Corps of Engineers on XX November 2000.

In order to establish a financial relationship, it must be evidenced by the following; Another agency's comparable instrument or letterhead that conveys the essential ingredients of a reimbursable order:
A statement of the requested work;
Term or milestones, and expiration of the order;
Certification of the availability of a fixed and sufficient amount of funds, including a treasury symbol and a fiscal expiration;
A promise to pay when billed;
And an authorized signature to that effect and date.

Sincerely,

STEPHEN PIERCE, PE
Project Manager

Gathered from ops fund request 02.doc (10/22/2001) Query: **BPA** or bonneville
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CENWS-PM-PL

MEMORANDUM FOR: Operations Division (ATTN: OD-TS, Dianne Parks)

SUBJECT: Request \$50,000 to prepare **BPA** Upper Baker Compensation Study, to be reimbursed by **BPA** this FY.

Per agreement between General Strock and **BPA** (see attached), Corps of Engineers is required to prepare study prior to FY2003 in order to have **BPA** continue their cooperation with compensated flood storage. The PM is preparing MOA with **BPA** for guarantee of reimbursement and responsible office/payer. Responsible RM person is Catherine Schmitz- Robinson, 6603. Funding will be used to prepare scope, PMP (draft attached) and report, and go thru review process and **BPA** acceptance. Work will be accomplished by Seattle staff and/or augmented by consultants. Please contact me for further information at 3456.

Gathered from **BPA** fund coordinate 2.doc (10/22/2001) Query: **BPA** or bonneville
=====

Planning Branch
Christine Kondrat
Federal Hydro Projects
BPA pgf-6
PO Box 3621
Portland Oregon 97208-3621

Dear Ms. Kondrat:

As referenced in the enclosed MOA copy, request your agency forward obligational authority, via letterhead or other instrument, in the amount of \$50,000 for the Upper Baker Study. Please include the following items in your tasking:
Term (start, end dates) of the study;
Certification of a fixed and sufficient amount of fund including US treasury symbol and attendant expiration

date;
A promise to pay and billing office address;
Authorized signature and date.

Gathered from ws 1 Nov 01.doc (11/1/2001) Query: **BPA** or bonneville

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TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

SUMMARY:

Compensation for Flood Storage Study

BPA received the PM's financial coordination letter (amount is \$50,000). After the District receives their response, F&A will set up a work item. First thing, the team and NWD will meet with **BPA** to insure correct scope for the study.

Gathered from skagit GI, weekly summary (ws 15 Nov 01.doc) (11/15/2001) Query: **BPA** or bonneville

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TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

SUMMARY:

Compensation Study,

BPA response to the PM's financial coordination letter (for \$50,000) has struck a snag. We are working with F&A and Council to remedy the issue.

O&M Activity, ESA coordination for FERC Relicensing,

Since "FWS has determined that FERC should be the lead Federal agency on consultation", Seattle Staff is clarifying our role with FERC and FWS.

Gathered from ws 14 Dec 01.doc (12/14/2001) Query: **BPA** or bonneville

TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

SUMMARY:

Compensation Study, **BPA** funded, we've made some progress. **BPA** has resubmitted a different contract to us to perform work. Counsel and F&A are still working the issue. Bottom line, study cannot start until funding issue is resolved.

Ongoing FERC support, O&M funded, attached correspondence between Wayne Wagner and Mike White. Bold is Mike White's response. Good timing for this question. Things are happening, but there are still some complications.

1. USFWS doesn't agree with our "not likely to effect" finding and wants us to formally consult.

They are drafting a letter this effect. We are considering retracting our BA to avoid the letter. This brings up another issue: the USFWS only gave us clearance for last year. That means we are operating for flood control without ESA concurrence for bull trout. [drive on and operate for FC]

2. There is a positive note in our negotiations. We argued that formal consultation consider all operational effects and fall draw down for flood control can not be separated from PSE's operation of the projection for other purposes. Our position is to link consultation with the Relicensing process [the right thing to do]. USFWS is in agreement with this and believes FERC should be the lead agency. [concur]

3. We are trying to get together with FERC, but have had a difficult time connecting with the POC for Upper Baker. I don't know if they are in agreement with our approach and will assume the overall lead. Our objective is to get agreement among the Federal agencies on how to approach the ESA/NEPA issues. Bottom line is ESA coordination is not resolved. We need to check with Counsel regarding our flood control operation without concurrence from USFWS [we operate for FC]. We discussed this possibility when you were here last. Water Management will continue to operate for flood control and the District needs to resolve this issue. [on target]

Thanks for your interest,
Wayne

Gathered from Skagit GI, weekly summary (ws 10 Jan 02.doc) (1/10/2002) Query: **BPA** or bonneville
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TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

SUMMARY:

Compensation Study, **BPA** funded, Signed agreement was sent to **BPA**. Awaiting return of their signed copy to start work. (They signed and mailed it back 7 January)

Ongoing FERC support, O&M funded, nothing to report.

Gathered from ws 17 Jan 02.doc (1/17/2002) Query: **BPA** or bonneville
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TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

SUMMARY:

Compensation Study, **BPA** funded, Signed agreement returned to Seattle District 14 January. Task remaining, finalize scope of work with **BPA**. Team will include Economics, Division and Wayne Wagner. PM is setting up meeting for Portland.

Ongoing FERC support, O&M funded, USFWS replied to the Upper Baker Flood Control BA, 9 January 2002. A couple of highlights from the letter:

1. The USFWS does not agree with our "not likely to effect" conclusion.

2. They recommend we seek formal consultation
3. They also recognize the close relationship between flood control and power operation of the project and recommend we work in conjunction with FERC.

Wayne Wagner will hold a strategy meeting later this month.

Gathered from Skagit GI, President's budget (FY03 Budget News Release.doc) (2/4/2002) Query: **BPA** or bonneville

Additional program funding is estimated at \$464 million, including \$118 million transferred from the Bonneville Power Administration for operation and maintenance of hydropower facilities in the Pacific Northwest and \$272 million contributed by non-federal interests.

Gathered from ws 7 Feb 02.doc (2/4/2002) Query: **BPA** or bonneville

TOPIC: UPPER BAKER DAM, CONTINUED FLOOD STORAGE – PIERCE

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Gathered from Upper Baker qrt rev feb.DOC (2/11/2002) Query: **BPA** or bonneville

UPPER BAKER, WASHINGTON
Special Investigations
Issue Paper for NPD Quarterly Review Meeting
(February 13, 2002)

1. Study Phase and Purpose. Initial Scoping Phase. **BPA** has asked Corps to study alternative sources of funding to pay for flood storage at Upper Baker Hydro-Electric Dam on Baker River in Skagit County, Washington. Dam owner is Puget Sound Energy (PSE).

2. Upcoming Milestone. Complete study before end of year with funds provided by **BPA**. **BPA**/Corps agreement stipulates report completion prior to 28 February 2003.

3. Key Decision Point/Issue. This study is required by **BPA** in order to continue their support of flood storage. The 20 year old, 3 party contract expired last year, 5 years before the FERC license expired (2006). **BPA** wants out of the process. **BPA wants the Corps to pay for the flood storage.**

4. Discussion. Existing condition prior the contract expiring, **BPA** would pay PSE for flood storage (lost power production) with power from Corps Columbia River Dam. **In 2001, BPA paid PSE \$3 million for lost power.** The last sentence of the **BPA**/Corps agreement signed by General Carl Strock 27 October 2000, says the following; "6. Upper Baker Study. Annual extension of this agreement after 30 September 2003 is conditional upon the Corps beginning the conduct of a study necessary to determine the different funding mechanism for providing Upper Baker flood control, required to obtain Congressional authorization to directly reimburse Puget through the appropriations process. Bonneville hereby agrees to pay the cost of that study, up to a maximum of \$50,000."

Gathered from The Seattle Times Local News **BPA** gives \$32 million for plans to improve fish ru (The Seattle Times Local News **BPA** gives \$32 million for plans to improve fish (4/1/2002) Query: **BPA** or bonneville

=====

BPA gives \$32 million for plans to improve fish runs, habitat

Gathered from CHJ_24_062702.doc (7/1/2002) Query: **BPA** or bonneville

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check out the "Citizen Corps Guide for Local Officials" at www.citizencorps.gov

Gathered from Historical Notes re Studies.doc (8/3/2002) Query: **BPA** or bonneville

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2/28/50
FLOOD CONTROL / FLOOD STUDIES

Letter to Bonneville Power from P.H. Symbol, Lt. Col. Corps
"Flood control studies are under way." Studying dam sites at Faber, Upper Baker, Upper /Lower Sauk and Cascade River. Development did not appear economically justified at this time. State & Federal fisheries opposed to further dam construction. Also looking at possible channel improvement and diking and by-pass plans. Expected report to be finished by end of year.

Gathered from The Spokesman-Review.com - \$3.3 billion spent to save NW salmon.htm (The Spokesman-Review.com - \$3.3 billion spent to save NW (8/29/2002) Query: **BPA** or bonneville

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The Bonneville Power Administration spent about \$404 million on salmon and steelhead in 1997-2001, the report states. The cash-strapped agency, which markets electricity produced by Northwest dams, is

considering cuts to its wildlife spending.

...

Last year, in their best showing since the 1930s, nearly 1.9 million salmon and steelhead climbed fish ladders at Bonneville Dam, the lowest dam on the Columbia. Biologists credit that success largely to ocean conditions, which are turning more favourable for Northwest salmon, and good river conditions in the late 1990s, when the young fish were migrating to the ocean from their native streams.

Gathered from Baker River Dam Relicensing.doc (10/25/2002) Query: **BPA** or bonneville

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In summary, there was agreement that the County and Corps need to closely coordinate activities related to the protection of the Flood Control Storage at Baker Dam. See the attached background materials, the existing agreement with the Corps/PSE/**BPA** is set to expire in Nov. 2003. Wayne Wagner stated that the directives from the upper echelon of the Corps has been clear in that Flood Control at the Baker will be retained until the relicensing agreement is in place. If they have to they will continue to make payments out of their O&M budget.

In the interim the **BPA** has paid 50k toward a study to explore other methods of financing this flood control storage. This work will be completed however the only reasonable alternative from the County and Corps standpoint will be to request that the flood control storage be made as an operational requirement thru FERC. This cost has averaged at \$275,600 per year over the last 13 years.

Short Term Actions

Corps (possibly County as a joint petitioner) will petition FERC to remove compensation requirement from existing Article 32. This will define flood control as being an operational requirement and may trigger additional studies. Seek PSE cooperation to waive reimbursement. I informed the Corps that the County may be better suited for this, as PSE could obtain significant Public Relation benefits for providing this Flood Control to support the "downstream communities". I will follow up with the District 3 County Commissioner after the elections to pursue this angle. Corps and County to initiate a study request into the Baker Economics Team to develop a study that looks at optimizing flood storage for the Baker.

Background – Congress required the 16,000 acre feet of flood storage with a provision that a maximum of 84,000 acre feet could be requested by the Corps is justified. **Currently an additional 10,000 acre feet remains unused.** The last study that looked into the economics for this storage was in 1976. **We may be able to justify going after the additional storage due to the downstream potential for damages** and the timing is perfect given that we just completed the economic data via the SRFS.

Gathered from RE: Baker Relicensing Meeting (11/14/2002) Query: **BPA** or bonneville

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From: DaveBrookings Sent: Wednesday, November 13, 2002 3:25 PM
To: ChalMartin
Cc: SteveFlude; DonDixon
Subject: Baker Relicensing Meeting

Chal,

I attended the Baker Relicensing (economics group) meeting today. The major emphasis of today's meeting was on Flood Control as the other subgroups (aquatics, solutions team, etal) needed to know the 'constraints' under which to operate under. The main purpose today was to formalize an actual statement from this committee related to how Flood Control would continue to operate in the upper baker dam.

I spent a portion of the meeting going over the County's interest statement and recent flood control activities. Ken Brenttman of the COE provided their input as well on the **importance of flood control and that this is the top priority for both of our agencies**. Our positions (County and Corps) were close to identical and were as follows:

"The County and Corps would like all other subgroups to assume that the existing level of flood control storage of 74,000 A.F. will be maintained at a minimum and that further optimization up 100,000 A.F. will be analyzed as part of the relicensing effort"

(Please note that the **Corps would also like to eliminate the annual fee** that they must pay to **BPA** for the use of this storage as specified in the 1977 congressional order)

As anticipated **this position statement was met with resistance from both the US Forest Service, US Fish and Wildlife and the Skagit Systems Cooperative**. They all wanted to pursue reducing the flood storage should it prove to be beneficial for fisheries while PSE was supportive of our position. Following a lengthy debate the facilitator was unable to reach consensus with the group. This issue will continue at the next meeting.

The take home message here is that we (county/corps) need to stay engaged in this process both at the economics and solution team meetings to protect and/or enhance our flood control storage at this facility and that there will be a strong environmental push to use existing treaty rights and ESA as a tool to eliminate or reduce it. This may require some political help down the road.

Gathered from RE: FCC Minutes 11-04-02 (FCC Minutes 11-04-02LE.doc) (12/4/2002) Query: **BPA** or bonneville

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Upper Baker & Ross Reservoir Flood Operations:

Dave Brookings reported on the meeting with the US Army Corps of Engineers regarding the Upper Baker Dam relicensing. The 1956 agreement states that 16,000 acre feet of storage and there is 84,000 acre feet that could be requested by the COE. A COE study recommended that an additional 58,000 acre feet of flood storage at a cost benefit ratio of 2:1 was to be compensated to Puget Sound Energy. Since 1976 the Corps has been spending \$275,000 a year to buy 58,000 feet per acre to provide storage for Skagit County. This agreement expired September 30, 2002 which was extended to 2003. The Corps and EPA have signed a continuation. **BPA** has been helping to pay for \$275,000 of this compensation in the past. Through this relicensing agreement the Corps plans to petition Ferc and talk to PSE and ask for them to waive the fee and provide the additional flood storage with no compensation. Asking for the remaining 10,000 acre feet of flood storage available was also discussed.. Carol Ehlers raised a question regarding the relocation of fingerlings and their mortality. She asked why they had to be moved two times. Mark Watkinson said the County may want to ask PSE 57 studies are being included as part of the re-licensing

process..... Dave will keep the committee apprised of the details.

Gathered from Skagit Flood Committee Mt.doc (2/4/2003) Query: **BPA** or bonneville

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February 4, 2003

TO: File

FROM: Charles L. Steele
Floodplain Management Specialist

SUBJECT: Skagit River Flood Control Committee
Meeting of February 3, 2003

FERC Re-licensing of Baker Lake. Baker Lake presently provides 74,000 acre feet of flood storage, but this can be expanded to 100,000 per the original license. The County has made a Study Request to Puget Sound Energy (PSE) to increase to the 100,000 acre feet as part of the FERC re-licensing process. The County Commission sent a letter asking the Corps for their support in achieving this. However, Dave Brookings stated that there were 8 or 9 groups that want to achieve just the opposite, i.e., **they want to reduce flood storage during negotiations in the re-licensing process.** Storage is complicated since the Corps **(actually BPA)** pays PSE for storage used for flood control, so the Corps may not be an ally of the County in this regard. The City of Anacortes and Town of Concrete have joined the County in making the request.

Gathered from CHJ #5 020703for Pub.doc (2/10/2003) Query: **BPA** or bonneville

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To top it all off, **public power utilities are bracing for rate increases of up to 40% from Bonneville.** This year both public and private power companies are feeling squeezed. They are looking to change the playing field.

Gathered from Corps Skagit Env Mt.doc (2/27/2003) Query: **BPA** or bonneville

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February 27, 2003

TO: File

FROM: Charles L. Steele
Floodplain Management Specialist

SUBJECT: February 24, 2003 Corps of Engineers Public Meeting
Environmental Considerations of Skagit River Feasibility Study

Baker Storage. The original license for the Baker Dam included 16,000 acre feet of "free" flood storage.

That was increased by 56,000 acre feet in 1977 that **BPA** and the Corps pay Puget Sound Energy for. **The Corps stated at this meeting that the time is right for increasing this by 26,000 acre feet to the allotted 100,000 acre feet because of the FERC relicensing process that is underway (the current license expires in 2006 so the Corps recommendation is needed by 2004).** The Corps is in the process of initiating a study assessing the effects of increasing the storage by 26,000 acre feet. This will be a technical study aimed at flood control only, and will involve modeling using the HEC-5 program. When asked whether or not the Corps would do environmental studies associated with increased storage, they said their focus would be on flood control, and other elements of the relicensing process would address environmental effects. Part of the study will assess how PSE will be compensated for the additional storage.

Gathered from FW: Discussion Paper on Flood Storage at the Baker River Project No. 2150 (2floodcontrol baker.doc) (3/10/2003) Query: **BPA** or bonneville =====

TO: Baker River Relicensing Economics and Operations Work Group

FROM: Keith Brooks, Office of the General Counsel, Federal Energy Regulatory Commission (202) 502-8174; keith.brooks@ferc.gov

SUBJECT: Working Paper on Flood Storage at the Baker River Project (for discussion purposes only).

However, Congressional authorization is required to allow federal compensation of Puget Power from power losses that would result from the additional flood control. The Corps of Engineers and Bonneville Power Administration would share in the responsibility for carrying out the plan. Puget Power would be required to operate the project in accordance with the agreement reached with the U.S. Army Corps of Engineers, and to compute associated power losses for use by the Corps of Engineers and Bonneville Power in providing replacement power.

Gathered from Skagit EC Meeting.doc (3/28/2003) Query: **BPA** or bonneville =====

March 28, 2003

TO: File

FROM: Charles L. Steele
Floodplain Management Specialist

SUBJECT: Skagit River Feasibility Study
Executive Committee Meeting of March 18, 2003

Corps Study for Additional Storage. The meeting started with the Corps describing the study they have now agreed to perform to obtain additional flood control storage in the Upper Baker Reservoir. Dave Brookings noted that the Corps and County had not always agreed on this approach but, after receiving a request from the County Commission, **the Corps did agree to pursue the additional 26,000 acre feet (AF)**

of storage in the original authorization of the Baker license (an original amount of 16,000 AF was provided free to compensate for loss of valley storage, and an additional 58,000 AF was obtained in 1977 which the Corps and BPA compensate Puget Sound Energy for, making a total of 74,000 AF presently available for flood storage). Attached is the Corps' "Study Approach for Evaluation of Additional Flood Control Storage at Upper Baker Project" detailing the scope for this study.

Gathered from FW: Document (Appendix B, Hydropower Impacts of Flood Control.doc) (7/30/2003)
Query: BPA or bonneville =====

Hydropower Impacts of Flood Control Storage At Upper Baker Dam Skagit River, Washington

November 21, 2002

According to the FERC license (Article 32), the Corps is required to compensate PSE for those power losses. The Congressional Resolutions (House Document No. 95-149, House Committee on Public Works and Transportation Resolution Docket No. 201-86 and Resolution of the Senate Committee on Environment and Public Works) outlined a 3-party agreement to deliver replacement energy to PSE. The Corps was responsible for enforcing the flood control operation. The Bonneville Power Administration (BPA) was to allocate replacement power from the Federal Columbia River Power System (FCRPS) to PSE. The three-party agreement signed in 1980 was for a period of 20 years during which BPA would deliver 7,000 megawatt-hours (MWh) of energy to PSE between November and February, inclusive, of each year. Deliveries were to be evenly distributed not to exceed 1,750 MWh for each month. This compensation amount was a negotiated value based on expected annual power losses. As a result, the Corps' Seattle District (NWS) has directed flood control operations with the additional storage since the fall of 1977. This operation requires the project to be drafted to 720.6 feet by 01 November and 707.9 feet by 15 November until 1 March of the following year (Fig. 1).

...

Purpose and Scope

The 20-year agreement between the Corps, BPA and PSE signed in 1980 expired on 30 September 2000. Two separate interim agreements were signed in October 2000 (one between the Corps and PSE, and another one between the Corps and BPA) to extend the original agreement to 30 September 2003, with annual extension possibility beyond that date. The purpose of this study was to reassess the hydropower impacts to the Baker River hydropower projects when operating for flood control as requested by the Corps. The study results will serve as a basis for compensating PSE for Upper Baker flood control operations in future years. Estimates of hydropower impacts were based on two flood control storage space requirements -- 16,000 ac-ft (EI 720.6 ft m.s.l.) and 74,000 ac-ft (EI 707.8 ft m.s.l.). In this report, the hydropower generation losses are given in MWh. Section 4 of this report summarizes the revenue estimates for those MWh losses.

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Gathered from FW: Document (UpperBaker Letter Report Review.doc) (7/30/2003) Query: BPA or bonneville
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Executive Summary

This letter report presents an analysis of alternatives for continuing flood control storage at the Upper Baker project, which is owned and operated by Puget Sound Energy (PSE). A long-term means of ensuring flood storage capacity at PSE's reservoir is needed to replace the existing arrangement, which expires in 2003, with options to extend until 2006. Under an agreement with the U.S. Army Corps of Engineers, PSE operates the reservoir at Upper Baker project partly for flood control; Bonneville Power Administration (**BPA**) provides in-kind compensation to PSE for lost electrical generation resulting from the flood control operation. **BPA** provides about 7,000 MWh to PSE annually. However, **BPA** wishes to relinquish its role in the present compensation arrangement. This study analyzes alternative methods to continue flood control storage at Upper Baker project without involving **BPA**. Failure to find a long-term means for ensuring flood storage at Upper Baker reservoir will jeopardize the ability of the Corps of Engineers to continue the current level of flood control operations for the Skagit River valley. Without compensation or some other legal requirement to provide flood storage, **PSE will be free to operate the project for optimum power generation, not flood control**. This could result in more flooding and increased property damage in the Skagit River basin. Depending on the size of the flood event, there is a likelihood of loss of life resulting from reduced flood storage at the Upper Baker project.

The present study does not re-evaluate the optimal level of additional flood control determined in the 1976 Puget Sound and Adjacent Waters, Washington, Authorization for Additional Flood Control at Upper Baker Project (USACE 1976). The Corps is interested in maintaining approximately the same level of flood storage as currently exists (i.e., 74,000 acre-feet total) at Upper Baker project, and minimizing the cost of this flood storage to the federal government. The present study also does not examine alternative methods for funding power loss compensation.

The preferred alternative is to continue the current 2000-2003 agreements until 2006, and work with PSE, **BPA**, the Corps, and FERC to add the 58,000 acre-feet additional flood control to the existing 16,000 acre-feet, as part of the 2006 FERC license.

...

1.1 Purpose This letter report presents alternatives considered for continuing flood storage capacity at the Upper Baker project, which is owned by Puget Sound Energy (PSE). A long-term means of ensuring flood storage capacity at PSE's reservoir is needed to replace an existing arrangement, due for renewal in February 2003, with options to extend until 2006. Under the existing agreement, **Bonneville** Power Administration (**BPA**) provides in-kind compensation to PSE for lost electrical generation, which is incurred when PSE operates the reservoir partially for flood control. **BPA** wishes to relinquish its role in the present compensation scheme, which involves **BPA** providing 7,000 MWh to PSE annually.

...

Alternative methods for funding power loss compensation were not included in the interim proposal because the required studies to obtain direct funding would likely take longer than the term of the year 2000 agreement. To circumvent this, **BPA** offered up to \$50,000 in the new Corps-**BPA** agreement to fund a study with the purpose of obtaining Congressional authorization to directly reimburse PSE through the appropriations process, or through other alternatives explored in this study. Annual extension of the Corps-**BPA** 2000 agreement beyond the initial 3-year term (beyond 30 September 2003) is contingent on beginning this study.

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1.3.2 Compensation Method

Under a three-party agreement negotiated in 1980 between USACE, **BPA** and PSE, covering a period of 20 years, **BPA** would deliver 7,000 megawatt-hours (MWh) of energy to PSE between November and February, inclusive, each year. Deliveries were to be evenly distributed not to exceed 1,750 MWh for each month, with a maximum capacity not to exceed 7,000 MW. This compensation amount was a negotiated value based on expected annual losses.

1.3.3 Status of Current Compensation Agreement

The current method of compensating PSE for the additional flood control storage could be defunct after February 2003 when the agreement between **BPA** and the Corps expires. There is provision in the USACE-**BPA** agreement to extend current compensation on a year-by-year basis through 2006, when the FERC license expires, but **BPA** prefers to discontinue its involvement in reimbursement to PSE at the earliest possible time. Regardless of any agreement between Puget Sound Energy and the Corps, **BPA** will not be reimbursing PSE after 2006.

...

Since 1980, power losses at Upper Baker project have been based on a comparison with PSE's past operation of the project (without flood control capacity). It was assumed that nuclear plants under construction at the time would be completed and would provide "base load" generation. Under this assumption, PSE would have then used Upper Baker as a "peaking plant". These factors can impact how much power losses may be worth. Since the planned nuclear plants were not completed and no other plants have added substantial resources, the assumption of Upper Baker as a peaking plant may not be valid. In addition, with electricity deregulation, risks to **BPA** have increased in the form of both price and supply uncertainty.

3.5 Three-Party Agreement

In accordance with Congressional resolutions, compensation to PSE was to be provided by the federal government in the form of replacement power (House Document No. 95-149, House Committee on Public Works and Transportation Resolution Docket No. 201-86 and Resolution of the Senate Committee on Environment and Public Works). In 1980, a 20-year agreement to deliver replacement energy to PSE for additional flood control at Upper Baker was signed by PSE, the Corps and **BPA**. The agreement made the Corps responsible for enforcing the flood control operation at Upper Baker. Under the agreement, **BPA** had the option, subject to Corps approval, to request generation of power from the Federal Columbia River Power System (FCRPS) or purchase firm or non-firm power to serve the obligation to PSE. **BPA** would then be reimbursed for the cost of producing or purchasing and transmitting the energy, along with required capacity charges, according to **BPA's** wholesale rate schedule. **BPA** would receive this reimbursement as a U.S. Treasury level credit to their debt on the Corps' Chief Joseph Dam Project.

...

As the 30 September 2000, expiration date of the 1980 agreement approached, PSE and the Corps hoped to renew the existing contract to coincide with the expiration of the FERC license in 2006. **BPA, however, did not want to enter into another three-party agreement for flood control at Upper Baker, citing reasons such as a desire for reimbursement based on actual losses, a shorter contract term, and other reasons. They also questioned the federal interest in flood control at Upper Baker.**

3.6 New 3-year Agreements with Study Provision

The Corps of Engineers signed new agreements in October 2000: one between the Corps and **BPA** and another between the Corps and PSE. The terms of the agreements are consistent in total energy delivered with the previous agreement. The reimbursement to **BPA** is based on energy market index prices for heavy load hour, firm power. This adjustment makes the compensation amount more variable, but is a better reflection of the cost **BPA** would realize in acquiring energy. The agreements are for 3 years and cover the flood seasons of 2000-2001, 2001-2002, and 2002-2003, with possible extension to 2006. This time period allows the Corps to fulfill a study provision outlined in the Corps-**BPA** agreement.

...

3.8 Environmental Coordination

3.8.1 USACE Upper Baker Flood Control BA

In August 2000, the Corps requested concurrence with its Biological Assessment (BA) that **determined the Upper Baker Reservoir Flood Control Agreements were not likely to adversely affect listed species.** Concurrence was requested to be in effect through 2006 (date of FERC license expiration). After coordination with PSE and the **BPA**, the Corps revised this request to shorten the flood control agreement through the 2003 flood season. In the fall of 2000, the National Marine Fisheries Service (**NMFS**) **concurred with the Corps' effect determination that the flood control agreements with PSE and BPA are not likely to adversely affect Chinook salmon.** This concurrence was granted through the 2003 flood season. The concurrence was granted with the understanding that all issues NMFS has with the project will be addressed during the relicensing process.

...

To recap the current Upper Baker project flood control agreement, the pool must be lowered to at least elevation 720.6 feet by 1 November to provide 16,000 ac-ft of flood storage space per the current FERC license. The pool must be further lowered to at least 707.9 feet between 15 November and 1 March to provide an additional 58,000 ac-ft of flood storage under the current PSE-USACE-**BPA** agreement.

...

This represents a total of 14 flood control events (1 November – 1 March) from 1980 to 2000, during which flood control space at Upper Baker in excess of 16,000 ac-ft was utilized. This can be considered a reasonable summary of the use of the additional 58,000 ac-ft of flood storage space in Upper Baker reservoir under the current USACE-PSE-**BPA** agreement. In addition, it can be noted that this list agrees well with the years presented in Table 4-3, Annual and Accumulated Damages Prevented by Upper Baker Project Additional Flood Control Regulation.

...

5.2 Different Forms of Compensation

5.2.1 No Compensation

The Corps, PSE, and **BPA** are under no obligation to provide additional flood control at Upper Baker project. **Without compensation for lost power production, PSE could choose to operate the project solely for power,** beyond what their FERC license requires. The Corps or other entity could request that additional storage requirements be made a part of PSE's new FERC license for Upper Baker project.

...

5.2.3 Power Delivery Options (POD, time, location)

If a power delivery option similar to what is currently in place is selected, there are options that could be attractive to both PSE and **BPA**. The current agreement calls for delivery of PSE's compensation power to Sedro Woolley. There may be locations that serve PSE load better, and lower impacts and cost for **BPA**.

5.3 Cost of Energy Used for Loss Determination and Compensation

There are two components to the cost of energy:

5.3.1 Cost of **BPA** to Acquire the Energy

The cost to **BPA** to acquire energy could be very low when surplus non-firm energy is available on the market, or when **BPA** has excess energy and there's no market for it. It could also be high when demand drives the market higher. The two possibilities should yield a range of possible costs to acquire energy.

5.3.2 Reimbursement to **BPA**

Reimbursement to **BPA** also needs to be estimated based on current forecasts with a high and low range. Reimbursement is at the "average of the sixteen highest days of the Dow Jones Mid-Columbia Index price for Heavy Load hour Firm power". The other reimbursement option is "the average of the sixteen highest days average of hours 7 through 22 of the California PX Day- Ahead-Unconstrained-Market Clearing Prices", but this index is not functioning.

These two numbers should give a high and low cost of energy acquisition, and a high and low estimate for what **BPA** is credited against their Treasury debt as reimbursement.

5.4 Description of Alternatives

5.4.1 Do Nothing

Under this alternative, neither **BPA** nor the Corps would renew the contract with PSE for compensation of lost power generation. The current agreement would be allowed to expire in February 2003 and revert to current FERC license requirements.

...

5.4.6 Modify FERC License to Require Flood Control Without Compensation

a. Petition for immediate FERC license change and long term change in 2006

Pros:

Immediate implementation of existing flood control.

Removes a source of financial and resource risk from **BPA**.

Frees up resources for **BPA** to generate revenue on open market. No federal cost.

Congressional authorization not required

Cons:

PSE could resist immediate changes, possible litigation.

Possible political fallout to **BPA** and Corps.

b. Continue compensation until 2006, and work with PSE and FERC for 2006 license change

Pros:

Opportunity to work collaboratively with PSE and **BPA**.

Removes a source of financial and resource risk from **BPA** after 2006.

Frees up resources for **BPA** to generate revenue on open market after 2006. Low federal cost. May generate better options including better flow regimes, habitat restoration, and sustainable development opportunities.
Congressional authorization not required.

Cons:
PSE could resist, possible litigation.
Possible political fallout to **BPA** and Corps.

...

5.4.8 Other Alternatives

Other alternatives for compensating PSE include variations on methods of providing funding for the compensation. These alternatives include:

- Cost sharing the payment between multiple entities
- Direct-funding by various agencies, such as: National Marine Fisheries Service
- U.S. Fish and Wildlife Service
- Washington State Department of Ecology
- Federal Emergency Management Agency
- Bonneville** Power Administration
- PSE rate increase for Skagit customers only

5.4.9 Shift Flood Control Responsibility

This alternative would shift responsibility for flood control from Upper Baker project to a Washington State flood control district.

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6.2 Analysis Compared to Existing or Past Methods of Compensation

The latest method provides a firm power resource for PSE from a project that was subject to variations in power capacity resulting from changes in annual precipitation. **BPA** was able to acquire non-firm power and be credited the price of heavy-load-firm power against its federal debt, and the Corps obtained flood control at no cost. With electricity deregulation, the risks are now greater to **BPA** in both price and supply uncertainty.

6.3 Time Frame of Alternatives

6.3.1 The Do Nothing alternative is the most timely, but it has the highest uncertainty for maintaining flood control at Upper Baker project. **BPA** could stop payments in 2003 and PSE would be free to operate Upper Baker within existing license requirements.

...

6.3.4 Immediate FERC license change could be accomplished, but it depends on resistance from PSE and FERC's ability to change the license, and the risk of delay from possible litigation. License change in the scheduled 2006 renewal could be accomplished by the scheduled re-license and by the end of an extended agreement with **BPA** and the Corps. Extension of the existing agreement to 2006 would allow time to work with FERC and PSE in a collaborative effort to ensure that existing flood control regimes are

continued.

6.3.5 Replacement of power lost to flood control could be accomplished quickly with a change in direction from **BPA** to continue past agreements, but this is unlikely without Congressional directive. Past flow data could be analyzed to determine the amount and timing of replacement power, and delivery would need to be analyzed. This could all be done within 1 year.

6.4 Analysis of Methods of Compensation

6.4.1 Do Nothing

This would mean not renewing the contract with PSE for lost power generation.

...

6.4.6 Modify FERC license

Provide flood control without compensation (includes 2 options, now and in 2006)

a. Petition for immediate FERC license change and long term change in 2006

Pros:

Immediate implementation of existing flood control.

Removes a source of financial and resource risk from **BPA**.

Frees up resources for **BPA** to generate revenue on open market. No federal cost.

Congressional authorization not required.

Cons:

PSE could resist immediate changes, possible litigation.

Possible political fallout to **BPA** and Corps.

b. Continue compensation until 2006, and work with PSE and FERC for 2006 license change

Pros:

Opportunity to work collaboratively with PSE and **BPA**.

Removes a source of financial and resource risk from **BPA** after 2006.

Frees up resources for **BPA** to generate revenue on open market after 2006. Low federal cost.

May generate better options including better flow regimes, habitat restoration, and sustainable development opportunities.

Congressional authorization not required.

Possible political fallout to **BPA** and Corps.

6.4.7 Replacement of power

Replace energy and capacity lost from flood control. This is a continuation of the 1980-2000 agreement.

Pros:

No federal funding is required.

May end up providing less power lost (in kWh) than actually occurs.

Continues exiting flood control.

Cons:

May end up providing more lost power (kWh) than actually occurs.

Continues risk for **BPA** for lost revenue from replacement power, and increases risk of resource balance. Actual generation lost to flood control varies by year. Congressional authorization is needed for both Corp and **BPA**.

Continues **BPA** in flood control business for which they are not authorized.

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7.2 Fair Value of Lost Power Generation

USACE Northwest Division, Power Branch, Water Management Division, estimated the generation lost to flood control and the value of that generation. Assumptions were made to complete the estimate, but the results are a good indication of the general range of values that should be expected. If compensation were selected as a preferred alternative, further analysis would be needed. The estimate for energy is 5,472 MWh per year with capacity of 2.5 MW for the loss of generation resulting from flood control operation for the additional 58,000 acre-feet. The price used for energy was \$22.31/MWh and the capacity price was \$122.67 kW-yr. This yields a value of energy of \$122,080, and capacity value of \$281,675 for a total annual cost for additional flood control of \$403,755. This value does not include transmission cost. **BPA** reviewed the estimates and concluded they are rational given the current market, but noted that market conditions can change quickly. **BPA** took issue with some of the assumptions and pointed out that market rates and the cost of combustion turbine plants can vary dramatically, which could result in large variations for the value of power lost to flood control. As a point of reference, **BPA** included actual 2001 and 2002 credits to **BPA** treasury debt. In 2001, market conditions developed high prices, while in 2002 prices were down to historical levels. Credits for 2001 and 2002, less transmission costs, were \$3,048,284, and \$239,168 respectively. These values show the variability that can result from market conditions. While the values are not a cost to **BPA**, they do reflect the lost revenue for which **BPA** is credited. They also show that USACE Northwest Division estimates are within the range of values.

7.3 Preferred Alternative

The preferred alternative is to continue the current 2000-2003 agreements until 2006, and work with PSE, **BPA**, Corps, and FERC to add the 58,000 acre-feet additional flood control to the existing 16,000 acre-feet, as part of the 2006 FERC license.

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Section 8. Implementation Plan for Preferred Alternative

8.1 Schedule

03 Feb 2003

Submit report to Division

17 Feb 2003

Submit report to **BPA**

03 Mar 2003

Work with **BPA**, PSE to secure additional study money for examination of flow regimes.

24 Mar 2003

Meet with PSE, **BPA**, FERC to discuss preferred alternative.

24 Mar 2003

Assign PM to ensure flood control measures are carried through FERC processes.

31 Mar 2003

Put together team to examine optimal flood control regimes.

02 Sept 2003

Make final recommendations to FERC

Gathered from FW: Document (Appendix A, Agreement between USACE and **BPA** for replacment power. doc) (7/30/2003) Query: **BPA** or bonneville

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1. Term of Agreement . This Agreement shall be effective from 2400 hours on 30 September 2000 through 2400 hours on 28 February 2003. This Agreement may, with the mutual agreement of both the Corps and Bonneville, be extended on an annual basis until 2400 hours on 30 September 2006, based upon the term set forth in Section 6 of this Agreement. **In no event will this Agreement be extended beyond 30 September 2006.**

NOTE: ENTIRE AGREEMENT AVAILABLE.

Gathered from FW: Upper Baker Flood Storage Compensation Report (8/5/2003) Query: **BPA** or bonneville

Folder: SKAGIT E-MAILS\DAVE'S DOCS

-----Original Message-----

From: Kenneth.L.Brettmann@nws02.usace.army.mil [mailto:Kenneth.L.Brettmann@nws02.usace.army.mil]
Sent: Tuesday, August 05, 2003 7:30 AM
To: Zimmerman, Bill J - CIEL-1
Subject: RE: Upper Baker Flood Storage Compensation Report

Mr. Zimmerman,

The referenced report is being prepared by the Corps Division Office in Portland but has yet to be finalized. So far we have only shared the report's power analysis appendix with Tony White in **BPA's** Power & Operations Planning (PGP) but not the full report. I don't know when the report will be final but suggest you speak with Tony White if you would like to see the power analysis appendix.

Ken Brettmann Seattle District Corps of Engineers

Gathered from FW: [Fwd: FW: Corps Position on Baker] (8/15/2003) Query: **BPA** or bonneville

From: Bruce.R.Sexauer@NWS02.usace.army.mil [mailto:Bruce.R.Sexauer@NWS02.usace.army.mil]

Sent: Wednesday, August 13, 2003 1:52 PM
To: DaveBrookings; Bruce.R.Sexauer@NWS02.usace.army.mil
Cc: ChalMartin; DonDixon; craiggannett@dwt.com;
Mona.J.Thomason@nws02.usace.army.mil;
Michael.L.Bevens@NWS02.usace.army.mil
Subject: RE: Corps Position on Baker

"The Corps will not be able to recommend a change to the existing flood control storage at the Baker project until our complete feasibility process is complete, currently estimated to be in 2008."

When FERC asks us, we will say the same thing. If as a result of our current analysis, we see that additional flood control storage appears feasible (in terms of economics, environmental, and engineering), we can state that to be the case, but we will not be in a position to recommend a change until we look at it in terms of the whole.

Gathered from Baker Huddle.doc (8/18/2003) Query: **BPA** or bonneville

Corps compensation issue. Does it impact us? Does it create an internal conflict of interest within the Corps? **How can BPA just pull the plug on the agreement?** Why doesn't the Corps fight to remove compensation requirement?

Gathered from FW: Conflicts Issues??????? (Upper Baker qrt rev feb.doc) (8/28/2003) Query: **BPA** or bonneville

UPPER BAKER, WASHINGTON
Special Investigations
Issue Paper for NPD Quarterly Review Meeting
(February 13, 2002)

1. Study Phase and Purpose. Initial Scoping Phase. **BPA** has asked Corps to study alternative sources of funding to pay for flood storage at Upper Baker Hydro-Electric Dam on Baker River in Skagit County, Washington. Dam owner is Puget Sound Energy (PSE).
2. Upcoming Milestone. Complete study before end of year with funds provided by **BPA**. **BPA**/Corps agreement stipulates report completion prior to 28 February 2003.
3. Key Decision Point/Issue. This study is required by **BPA** in order to continue their support of flood storage. The 20 year old, 3 party contract expired last year, 5 years before the FERC license expired (2006). **BPA** wants out of the process. **BPA** wants the Corps to pay for the flood storage.

4. Discussion. Existing condition prior the contract expiring, **BPA** would pay PSE for flood storage (lost power production) with power from Corps Columbia River Dam. In 2001, **BPA** paid PSE \$3 million for lost power. The last sentence of the **BPA**/Corps agreement signed by General Carl Strock 27 October 2000, says the following; "6. Upper Baker Study. Annual extension of this agreement after 30 September 2003 is conditional upon the Corps beginning the conduct of a study necessary to determine the different funding mechanism for providing Upper Baker flood control, required to obtain Congressional authorization to directly reimburse Puget through the appropriations process. Bonneville hereby agrees to pay the cost of that study, up to a maximum of \$50,000."

Gathered from SKAGIT RIVER Gla.doc (4/10/2005) Query: **BPA** or bonneville

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UPPER BAKER FLOOD STORAGE (brief Mike White this Friday)

HIGHLIGHTS

25-year FERC License will be renewed 2006.

20-year compensation agreement with Dam owner expired last year. Tri-party agreement with PSE, **BPA** and the Corps.

BPA offered to continue participation in the compensation if the Corps studied alternative funding.

Gathered from 1953-12-31 Ross Dam May be Raised 125 Feet.doc (11/7/2005) Query: **BPA** or bonneville

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Paul J. Raver, former Bonneville administrator, will succeed Hoffman as superintendent soon. He has approved the fourth Ross generator and the \$16 million dollar program for a 300 foot-Gorge dam.