



Proposed FERC License Amendment Fact Sheet

1. What is the FERC License, and what does it currently require?

On July 11, 2005, the Federal Energy Regulatory Commission (“FERC”) issued Pend Oreille PUD (the “District”) a new 50-year license for the District’s Box Canyon Hydroelectric Project. The new License replaced the original license for the project, which was issued in 1952. The License was amended in 2009 pursuant to a settlement agreement between the District and its prescribing agencies. The License contains conditions mandated by FERC, the U.S. Department of Interior, the U.S. Forest Service and the U.S. Fish and Wildlife Service, including the requirement for the District to construct upstream and downstream fish passage facilities at Box Canyon Dam and the Calispell Creek Pumping Plant. The License also contains Water Quality 401 Certificates issued by the Washington State Department of Ecology and the Environmental Protection Agency (“EPA”).

2. What is the proposed license amendment?

The District and the Kalispel Tribe of Indians (the “Tribe”), along with the prescribing agencies to the License, are proposing an amendment to the License to establish better conservation outcomes for the lower Pend Oreille River basin. The amendment would remove the obligation for the District to construct downstream fish passage at Box Canyon Dam, as well as both upstream and downstream fish passage at Calispell Creek Pumping Plant. In exchange, the District would provide funding to the Kalispel Tribe to establish watershed and conservation programs, which will be regularly monitored by the District and other members of the Technical Resources Committee, which currently oversees implementation of the License requirements. The amendment would also seek to resolve longstanding litigation over water quality issues in both the Pend Oreille River and Calispell Creek.

3. How will this affect costs for the District’s ratepayers?

Current financial projections show a cost savings of more than \$60 million to the District’s ratepayers over the duration of the License. This is achieved by replacing additional expensive fish passage projects with dedicated funding for watershed and conservation program funding. The District is extremely sensitive to decisions that affect the District’s ratepayers and believes the proposed amendments will provide a net benefit.

4. What are the essential terms of the amendment and related settlement agreement?

The essence of the deal terms are outlined in the following table:

Payment for	Year(s) due	Amount	Conditions
Albeni Falls Fish Passage	Upon occurrence of conditions and request of Corps and Tribe	\$10 million (within 30 days of Tribe's request)	License-term abeyance of downstream fish passage at Box Canyon Dam
Watershed Program	Years 1-25 of OLSA	\$36 million (\$1 million for payments 1-3, \$1.5 million for payments 4-25)	License-term abeyance of downstream fish passage at Box Canyon Dam
Conservation Program	Years 1-20 of OLSA	\$20 million (\$1 million per year)	License-term abeyance of upstream and downstream fish passage at CCPP
PO River Temperature TMDL	10 consecutive years from TMDL approval	\$3 million (\$300k added to Watershed Program payment, less excess PUD costs)	Tribal letter of support to EPA for approval of TMDL and subsequent EPA approval
Plan for Pump Operations	10 consecutive years from FERC approval of Revised Plan E	\$3 million (\$300k added to Conservation Program payment, less excess PUD costs)	Revised Plan E sufficient for CCPP water quality compliance for 10-year period

5. What other benefits might the proposed amendment provide?

By replacing additional fish passage capital projects – the costs of which may grow far beyond the District's current projects depending on a number of factors – with dedicated, capped funding for specific conservation programs, the District is locking in its costs for the duration of the License term. This provides long-term certainty for the District in setting rates, which could have a positive impact on the District's creditworthiness, and would assist the District in marketing its surplus hydroelectric resources.

6. How can I review the proposed amendment and give comments?

The District has posted the proposed Off-License Settlement Agreement and Amended Settlement Agreement on the District's website (popud.org). The District's Board of Commissioners will accept public comment at its September 25 and October 2 regular board meetings, and will also accept written comments sent to information@popud.org.