

September 3, 2015

Subject: Lewis River Settlement Agreement 7.5 – Aquatic Fund; One Year Moratorium

Dear Settlement Agreement Parties, Aquatic and Terrestrial Coordination Committees and Interested Parties:

PacifiCorp owns the Merwin, Yale, and Swift No. 1 hydroelectric projects on the Lewis River in southwest Washington. Public Utility District No. 1 of Cowlitz County, Washington (Cowlitz PUD) owns the Swift No. 2 hydroelectric project, also located on the Lewis River. These projects are operated as a coordinated system. On November 30, 2004, the Lewis River Settlement Agreement established the Lewis River Aquatics Fund (Fund). On June 26, 2008, the Federal Energy Regulatory Commission acknowledged this fund as a stipulation of project operating licenses.

We are pleased to announce that over the course of the past ten (10) years PacifiCorp and Cowlitz PUD have successfully funded approximately \$2,052,945 to support resource protection and habitat measures via aquatic related projects (resource project) in the Lewis River basin. Each resource project was evaluated by the Utilities and the Aquatic Coordination Committee (ACC) and selected according to their:

- (1) Benefit to fish recovery throughout the North Fork Lewis River, with priority to federal ESA-listed species;
- (2) Support of the reintroduction of anadromous fish throughout the Basin; and
- (3) Enhancement to fish habitat in the Lewis River Basin, with priority given to the North Fork Lewis River.

On July 9, 2015, followed by a 7-day review and comment period ending on July 24, 2015, the ACC decided to place a one (1) year moratorium on the 2015/2016 Aquatics Fund. In accordance with the Lewis River Settlement Agreement requirement below, as adopted into the *Aquatics Fund – Strategic Plan and Administrative Procedures*, the ACC wishes to allow the time needed to consider a number of modifications to the Administrative Procedures and to gather the needed internal and external resources available to improve its evaluation of each resource project presented for funding, thus improving its overall evaluation effectiveness in the years to come.

7.5.3.2 Resource Project Proposal, Review, and Selection.

(1) By the first anniversary of the Effective Date, the Licensees shall develop, in Consultation with the ACC, (a) a strategic plan consistent with the guidance in Section 7.5.3.1 above to guide Resource Project development, solicitation, and review; and (b) administrative procedures to guide implementation of the Aquatics Fund. Both may be modified periodically with the approval of the ACC.

This moratorium does not affect the Utilities funding obligations in accordance with 7.5.1 and 7.5.2 of the Settlement Agreement.

We look forward to resuming the Aquatic Fund opportunity in September 2016 and participating in the funding of more habitat enhancement projects in the Lewis River basin.

Sincerely,



Todd Olson
Director, Compliance Hydro Resources