

GARY LOCKE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

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Carol Jolly
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AUG 16 1999

August 13, 1999

**ENERGY FACILITY SITE
EVALUATION COUNCIL**

Ms. Deborah Ross
Chair
Energy Facility Site Evaluation Council
P. O. Box 43172
Olympia, Washington 98504-3172

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AUG 20 1999

Dear Ms. Ross:

I am writing on behalf of Governor Locke to advise you that he signed Site Certification Agreement Amendment Number 3 for the Satsop Site on August 12, 1999. The signed Amendment is enclosed. I was asked to transmit it to avoid any delay associated with the Governor's absence during his Mexico Trade Mission.

In connection with the Governor's decision to sign the Amendment, you should know that the title transfer for the Satsop site occurred on August 12. The completion of this transfer was one of the factors we took into account in making a determination about signing the document.

The thoughtful analyses contained in Council Orders 731 and 735 were most helpful in evaluating the merits of signing or declining to sign the Amendment. We also carefully weighed the arguments put forward by Wildlife Forever and others who contended that the proposed site mitigation provisions are inadequate. We differed with this conclusion because the agreement between the Satsop Redevelopment Project (SRP) and the Department of Fish and Wildlife (DFW) fully incorporates the 1994 DFW/Washington Public Power Supply System Agreement. We are confident that the local government entities that constitute the SRP and DFW will fully honor the terms of their legally binding agreement.

I trust that you will share the information about the Governor's decision with all the affected and concerned parties. On behalf of the Governor and his staff, I thank you for the careful and comprehensive work the Council did on this project.

Sincerely,

Carol Jolly
Carol Jolly
Executive Policy Advisor

cc: Governor Gary Locke

(over)





STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL
PO Box 43172 • Olympia, Washington 98504-3172

August 19, 1999

TO: Interested Persons – Satsop Site Certification Agreement (SCA) Amendment

RE: **Governor Approval of Amendment No. 3 to Satsop SCA**

On August 12, 1999, Governor Locke approved Amendment No. 3 to the Site Certification Agreement for the Satsop Site. This amendment terminates Energy Northwest's authorization to construct and operate the No. 3 and No. 5 nuclear projects at the site, while retaining authorization for the Satsop Combustion Turbine (CT) Project. The attached letter from the Governor's office highlights several of the key factors that were considered by Governor Locke in approving the amendment.

Copies of the fully executed SCA Amendment No. 3 document will be provided to all parties receiving this notice.

Thank you for your interest in the state's review of this matter.


Allen J. Fiksdal
EFSEC Manager

Attachment

DB/L6.97

(over)
(360) 956-2000

Telefax (360) 956-2158

TDD (360) 956-2218



SERVICE DATE
APR 20 1999

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APR 22 1999

HABITAT & LANDS SERVICES

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BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In re Application No. 98-1

of

WASHINGTON PUBLIC POWER
SUPPLY SYSTEM

For Amendment of Site Certification
Agreement for Satsop Power Plant Site

COUNCIL ORDER NO. 731

ORDER RECOMMENDING GOVERNOR'S
APPROVAL OF AMENDMENT OF SITE
CERTIFICATION AGREEMENT FOR
SATSOP POWER PLANT SITE

Nature of the Action. This matter involves a request to the Washington State Energy Facility Site Evaluation Council (EFSEC or the Council) to amend the existing Site Certification Agreement (SCA) for the Satsop Power Plant Site. The existing SCA authorizes construction and operation of two nuclear power plants (WNP-3 and WNP-5) and a combustion turbine (Satsop Combustion Turbine Project). The purpose of the requested amendment is to remove the authorization for the two nuclear power plants from the agreement. The remaining agreement would continue to authorize the operation and construction of the combustion turbine project with an associated natural gas pipeline.

Procedural Setting. On June 25, 1998, the Washington Public Power Supply System (Supply System) filed a request with the Council to amend its SCA for the Satsop Power Plant site. Consistent with WAC 463-36-030 and pursuant to due and proper notice, the Council held a public hearing in Montesano, Washington, on October 28, 1998, to receive comments on the proposed amendment. The Council also received written comments on the proposed amendment through November 30, 1998.

While this application was pending, the Supply System has engaged in negotiations with the Satsop Redevelopment Project (SRP), an interlocal group composed of Grays Harbor County, the Port of Grays Harbor, and the Grays Harbor Public Utility District (PUD). The SRP has also been in negotiation with the Washington Department of Fish and Wildlife (WDFW). Certain agreements executed between these parties have provided the Council with information relevant to its decision here.

The Council has reviewed the request for amendment under the procedures outlined in chapter 463-36 WAC and hereby submits this recommendation to the Governor of the State of Washington for final action.

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FINDINGS OF FACT

These findings do not attempt to provide a chronology of events on the Satsop site since 1976. Rather, they highlight and document certain assurances that EFSEC believes are necessary prior to completion of this amendment.

1. WNP-3 and WNP-5 are unfinished nuclear facilities. They are located on private (not federal) land near Elma, Washington. The Board of Directors of the Supply System formally terminated WNP-5 in January 1982 and WNP-3 in May 1994. Nuclear fuel was not brought onto the sites, and the plants were never completed or operated.

Transfer of Site

2. On February 26, 1999, the Satsop Site Transfer Agreement (Transfer Agreement) between the Washington Public Power Supply System (Supply System) and the Satsop Redevelopment Project (SRP) became effective. The agreement contains the terms and conditions for the transfer of the ownership of, management of, and responsibility for the Satsop Site from the Supply System to the SRP. Satsop Site Transfer Agreement, February 26, 1999, p. 1.

State Interest in Economic Development

3. Washington has recognized the statewide importance of economic development, particularly in communities where changed circumstances have required retraining to create a healthy economy. Governor Locke has praised the Grays Harbor community for its commitment to this goal. Remarks at the Dedication of the Satsop Development Park, November 17, 1998.
4. Grays Harbor County is designated as economically distressed with a three-year unemployment average of at least 20 percent above the state average and has been affected by downturns in the state's commercial salmon and timber harvests. Community Economic Revitalization Board Community, Department of Community, Trade, and Economic Development, November 20, 1998.

Feasibility of Economic Development at Satsop Site

5. In 1996, the Satsop Redevelopment Project (with supporting funding from the Supply System and Bonneville Power Administration) retained consultant NBBJ to study the feasibility of redevelopment at the Satsop Site, including the potential for a successful business/industrial park and the potential for reuse of the existing infrastructure and facilities on the property.
6. NBBJ concluded that the Satsop site offers competitive advantages for certain business/industrial developments, which would be in keeping with the SRP's goal of economic stimulus. Five of the WNP-3/5 buildings have remaining economic life; the reuse potential for the infrastructure is mixed; and the existing roads can accommodate increased traffic associated with site redevelopment. NBBJ, Phase 2 Final Report, June 1997, p. 3.

Intent for Economic Development

- 1
- 2 7. The principal purpose of the SRP is economic development on the Satsop site. Satsop
3 Site Transfer Agreement, February 26, 1999, p. 3.
- 4 8. The Supply System and SRP agree that the property transferred pursuant to the Transfer
5 Agreement is intended to be used for the purposes of economic development in Grays
6 Harbor County. Satsop Site Transfer Agreement, February 26, 1999, Exhibit A, p. A-1.
7 The Council understands this statement to mean that *only the developed portion* of the
8 property is intended for economic development purposes. The undeveloped acres of the
9 Satsop Site will be protected, managed, and in some cases enhanced for the benefit of
10 wildlife including habitat.

Avoidance of Costs

- 8
- 9 9. NBBJ estimated that complete site restoration, including demolition to grade, would cost
10 approximately \$40 million. NBBJ, Phase 1 Report, February 1997, p. 13.

Transfer to Political Subdivision(s) of the State

- 11 10. The Satsop Redevelopment Project (SRP) is a local public agency, formed in April 1996
12 by interlocal agreement pursuant to chapter 39.34 RCW among Grays Harbor County, the
13 Port of Grays Harbor, and the Public Utility District No. 1 of Grays Harbor County. The
14 SRP and each of these entities separately are political subdivisions of the state, composed
15 of elected officials and located in the same county as the Satsop Site.
- 16 11. Under the Transfer Agreement, the SRP may assign the agreement to a public corporation
17 formed pursuant to County ordinance for the purpose of taking possession of and
18 managing the Satsop Site. The Supply System and SRP have agreed that any assignment
19 shall assign the agreement in its entirety with no changes or amendments unless agreed
20 otherwise in writing. Satsop Site Transfer Agreement, February 26, 1999, p. 12.

Transfer of Title

- 18 12. In the Transfer Agreement, the Supply System undertakes to deliver an executed warranty
19 deed conveying fee simple title to the Satsop Site into escrow as soon as possible after
20 February 26, 1999. At closing, the escrow agent shall deliver the duly executed and
21 acknowledged warranty deed to the SRP. The legal description of the site is contained in
22 the agreement. Satsop Site Transfer Agreement, February 26, 1999, Exhibit A, pp A-4,
23 A-6; Exhibit A-1 to Exhibit A.

Site Restoration

- 22
- 23 13. The principal purpose of the restoration work is to put the real property and certain
24 buildings and structures into agreed condition for use by the SRP. Restoration work shall
25 be accomplished through one or more "Demolition and Restoration Contracts" awarded
26 by Supply System and subsequently assigned to the SRP to manage. The SRP will have
the opportunity to participate in developing the specifications for the contracts. Satsop
Site Transfer Agreement, February 26, 1999, pp. 3-4, and Exhibit A-6 to Exhibit A, p. A-
6-1.

- 1 14. The Supply System and SRP's mutual understanding of the scope of Demolition and
2 Restoration work is reflected in a letter from Burns & McDonnell Engineers to the Supply
3 System dated November 3, 1998. Satsop Site Transfer Agreement, February 26, 1999,
4 Exhibit A-6 to Exhibit A, p. A-6-6.
- 5 15. The Supply System briefed members of the Council in February 1998 and February 1999
6 on restoration plans mutually agreed with the SRP. On October 28, 1998, some Council
7 members toured the site to evaluate the effectiveness of the restoration plan.

8 *Public Health and Safety, Security on the Site*

- 9 16. The restoration work will provide for certain protections of the public health and safety.
10 Satsop Site Transfer Agreement, February 26, 1999, pp. 3-4.
- 11 17. From February 26, 1999 until completion of the Supply System's obligations for site
12 demolition and restoration and any asset disposition, the Supply System and SRP will
13 jointly occupy the site. Exhibit C of the Transfer Agreement prescribes the arrangements
14 for joint occupation and use of the site, including the transition of custody and control.
- 15 18. The SRP will assume the responsibility for site security sixty days after receipt of the
16 closing amount in the Transfer Agreement. The Agreement defines "site security" to
17 include a secure perimeter fence around the site, on-site guards, security systems, and
18 other measures that are reasonably necessary. Satsop Transfer Agreement, February 26,
19 1999, Exhibit, p. C-1.
- 20 19. The Supply System will be responsible for additional security measures that may be
21 necessary or advisable during Demolition and Restoration. The Supply System shall erect
22 a security fence suitable to prevent entry around the boundary of the Power Block. This
23 fencing isolates the health and safety concerns unique to the site. Initially, the fence line
24 shall include both cooling towers in the Power Block. After completion of restoration
25 work on each cooling tower, the fence line shall be moved to exclude that tower from the
26 Power Block secured area. Satsop Site Transfer Agreement, February 26, 1999, Exhibit
C, p. C-4.

Responsibility and Liability for Public Health and Safety

- 20 20. The SRP has agreed to assume responsibility for complying with local regulations that
21 protect the public welfare, including, but not limited to, general and environmental health
22 and safety, at the site. Satsop Site Transfer Agreement, February 26, 1999, p. 7
- 23 21. During the period of joint occupation and use beginning February 26, the Supply System
24 and SRP will each bear responsibility for its own intentional or negligent acts or
25 omissions that result in property damage, personal injury or death, and shall defend,
26 indemnify and hold harmless the other party therefore during that time. Satsop Site
Transfer Agreement, February 26, 1999, Exhibit C, pp. C-5.

Public Welfare; Wildlife Mitigation Agreements

- 22 22. "Public welfare," as used in RCW 80.50.300(2), means "health, safety and the
23 environment, including any existing fish and wildlife agreements and successor
24 agreements." Journal of the House, Fifty-Second Day, February 28, 1996, p. 2068.

- 1 23. In November 1998, the SRP and the Washington Department of Fish and Wildlife
2 (WDFW) executed their Satsop Power Plant Site Wildlife Mitigation Lands Management
3 Agreement (new Mitigation Agreement). The agreement is binding on the SRP, the
4 individual signatories, and the WDFW.
- 5 24. Under the agreement, upon transfer of the Satsop Site from the Supply System to the SRP,
6 the "Supply System's duties and responsibilities for the protection of wildlife, including
7 habitat, shall be transferred to the SRP."¹ The SRP will fund up to three weeks of WDFW
8 staff time for monitoring and coordination. The commitments contained in the
9 incorporated documents will remain in force unless and until modified, per the terms of
10 the new agreement.
- 11 25. The new Mitigation Agreement shall be binding on all successors or assignees. Control of
12 the lands designated for wildlife mitigation may be transferred to a third party upon
13 written concurrence of the SRP and WDFW. Thus, the Council understands that, if the
14 site is transferred to a public corporation, WDFW may either agree to have the public
15 corporation assume these responsibilities or continue to hold the individual signatories of
16 the new Mitigation Agreement jointly and severally liable. Satsop Power Plant Site
17 Wildlife Mitigation Lands Management Agreement, November 1998, p. 3.
- 18 26. The Supply System's "duties and responsibilities" under the 1994 agreement included (i)
19 acceptance of the 1994 Habitat Evaluation Procedure (HEP) Impact Assessment as a
20 standard, (ii) fulfillment of the obligations in the Satsop Wildlife Mitigation Plan,
21 Revision 1, and (iii) agreement to the terms in the Wildlife Mitigation Plan Standard
22 Operating Procedures. Agreement on Management for Wildlife Mitigation between the
23 State of Washington Department of Fish and Wildlife and the Washington Public Power
24 Supply System, 1994.
- 25 27. In Resolution 275, EFSEC approved the 1994 Agreement on Management for Wildlife
26 Mitigation. Council Resolution No. 275, November 14, 1994.
- 27 28. The Transfer Agreement acknowledges the new Wildlife Mitigation Agreement.

28 *Retention of SCA for Satsop Combustion Turbine Project*

- 29 29. The proposed revision to the SCA deletes the terms relevant to the nuclear projects and
30 retains the terms relevant to the combustion turbine project. The amended SCA will
31 continue to certify the construction and operation of the Satsop Combustion Turbine
32 project.

33 **CONCLUSIONS OF LAW**

- 34 1. The proposed amendment to the SCA is consistent with applicable laws and rules. WAC
35 463-36-040(2)

36 ¹ The Supply System's duties and responsibilities are contained in a 1994 agreement between the Supply System and WDFW entitled "Agreement on Management for Wildlife Mitigation Between the State of Washington Department of Fish and Wildlife and the Washington Public Power Supply System."

2. The proposed amendment to the SCA is consistent with the public health, safety, and welfare. WAC 463-36-040(3) and WAC 463-36-050.
3. The proposed amendment to the SCA is consistent with the original Site Certification Agreement (SCA). WAC 463-36-040(1).

Discussion:

Notwithstanding the close interrelationships between the Supply System's amendment request and the Supply System and SRP's ultimate plans for the site, the Council's action here is strictly termination of a "license."² It is *not* state authorization to engage in any particular activity on any portion of the site. Any future plans for the site are subject to all applicable state and local laws, including the State Environmental Policy Act.

Chapter 463-36 WAC governs the Council's procedure for amending or terminating a Site Certification Agreement. WAC 463-36-040 outlines the relevant considerations prior to a decision to amend or terminate. Specifically,

...[i]n reviewing any proposed amendment, the council shall consider whether the proposal is consistent with:

- (1) [t]he intention of the original SCA;
- (2) [a]pplicable laws and rules; and
- (3) [t]he public health, safety, and welfare.

WAC 463-36-050 explains that the council's consideration of public health, safety, and welfare includes environmental concerns, as follows:

[i]n reviewing whether a proposed amendment is consistent with the public health, safety, and welfare, the council shall consider the short-term and long-term environmental impacts of the proposal.

As indicated in the Conclusions of Law, the Council has considered all relevant factors, and concluded that the proposed amendment is consistent with these factors. Each of the council's conclusions is discussed below.

A. Consistency with applicable laws and rules.

The Council's action must consider all applicable (and potentially applicable) laws and rules, including but not limited to RCW 80.50.010, chapter 43.21C RCW (the State Environmental Policy Act or SEPA), the Council's rules for site restoration in WAC 463-54-080 and WAC 463-42-655-680, and potentially RCW 80.50.300.³

² The proposed revision to the SCA deletes the terms relevant to the nuclear projects and retains the terms relevant to the combustion turbine project. The amended SCA will continue to certify the construction and operation of the Satsop Combustion Turbine project.

³ The Council notes that RCW 80.50.300(1) and RCW 80.50.300(2) each apply to slightly different circumstances.

RCW 80.50.300(1) is not conditioned on the transfer of title to the site, and allows the transfer of site restoration responsibilities with or without the transfer of title.

1 1. Consistency with RCW 80.50.010 (Legislative Intent)

2 The Legislature's intent in creating EFSEC, as expressed in RCW 80.50.010, was to create a
3 process to balance the need of state citizens for energy and the state's interest in protecting the
4 quality of its environment. When the Legislature amended this section in 1996, it acknowledged
5 these interests may include the efficient reuse of resources. Specifically, RCW 80.50.010(4)
6 indicates that the state (through EFSEC's actions) will strive

7 [t]o avoid costs of complete site restoration and demolition of improvements and
8 infrastructure at unfinished nuclear energy sites, and to use unfinished nuclear energy
9 facilities for public uses, including economic development, under the regulatory and
10 management control of local governments and port districts.

11 The proposed amendment to the SCA is consistent with the Legislature's intent, as expressed in
12 RCW 80.50.010, because it allows for the efficient reuse of resources. Termination of the SCA
13 will terminate EFSEC's regulatory authority on the WNP-3/5 site and allow the Supply System
14 and SRP to proceed with their plans for the site, subject to applicable state and local law.

15 The Supply System and the Satsop Redevelopment Project have presented a plan that will allow
16 the SRP to pursue economic development, reusing structures and infrastructure on the site for
17 commercial and light industrial purposes, rather than demolishing them. Through the intended
18 transfer of the site (outside the scope of this amendment process), such redevelopment will be
19 under the full management and regulatory control of local government, including Grays Harbor
20 County, the public utility district, and the Port of Grays Harbor.

21 2. Consistency with SEPA (chapter 43.21C RCW and chapter 197-11 WAC)

22 In general, SEPA requires an agency to prepare an Environmental Impact Statement (EIS) before
23 taking any major action significantly affecting the quality of the environment. See RCW
24 43.21C.030(c). The SEPA rules require

25 [a] supplemental EIS (SEIS) shall be prepared ... if: (a) there are substantial changes to a
26 proposal so that the proposal is likely to have significant adverse environmental impacts;
 or (b) there is significant new information indicating ... probable significant adverse
 environmental impacts. WAC 197-11-405(4).

 EFSEC's responsible SEPA official determined that an SEIS is not required for this amendment
 of the SCA. The Council endorsed this conclusion. SEPA requires an agency to "prepare an
 SEIS if substantial changes in the proposal or new information indicate probable significant
 adverse environmental impacts *not adequately covered by the range of alternatives and impacts*
 analyzed in the FEIS." (emphasis added) The Washington State Environmental Policy Act. A
 Legal and Policy Analysis, Issue 10, Richard L. Settle, 1998, p. 205. Amendment of the SCA to
 withdraw the right to complete construction and to operate the nuclear facility would have no
 significant environmental effect that had not already been studied. The original Environmental

 RCW 80.50.300(2) is conditioned on the transfer of title, and requires the Council to release the site at the point a
 deed is delivered. In this case, RCW 80.50.300(2) may or may not apply, depending on whether title is transferred
 before or after the Council's amendment.

 Irrespective of the applicability of either of these sections, the Council's amendment process requires a full review
 under chapter 463-30 WAC.

1 Impact Statement, the 1994 HEP analysis (performed in conjunction with the 1994 Agreement
2 on Management for Wildlife Mitigation), the environmental analysis presented in the
3 adjudications of both the nuclear and CT projects, and the Council's review of the Supply
4 System's Site Restoration Plan in 1995 (prior to the adoption of Resolution 280) all have
5 provided thorough information about environmental impacts at the site.

6 As the local entities proceed with economic development plans for the developed portion of the
7 site, additional environmental review, up to and including SEPA study, will likely be required.

8 3. Consistency with the Council's rules for site restoration

9 The Council's statute sets no general provisions for site restoration. The Council's rules on site
10 restoration indicate that

11 [i]n the absence of a council determination as to the level of site restoration, restoration of
12 the site to a reasonable approximation of its original condition prior to construction
13 should be required. WAC 463-42-680.

14 Although the Council's rules establish a default, the rules acknowledge that the Council has
15 discretion not to require "greenfield restoration." In this case, the Council's "determination as to
16 the level of site restoration" will be guided by RCW 80.50.010(4), which encourages the Council
17 to allow economic restoration in lieu of greenfield restoration. Thus, the proposed amendment to
18 the SCA is consistent with the Council's rules.

19 4. Applicability of RCW 80.50.300

20 RCW 80.50.300 contains provisions for release of EFSEC's jurisdiction upon transfer of a site to
21 "any political subdivision or subdivisions of the state composed of elected officials." Because a
22 transfer has not occurred, and because the ultimate transfer will not necessarily be made to a
23 political subdivision composed of elected officials, the Council finds that this section is not
24 directly applicable. However, the Council is guided by the expression of public policy contained
25 therein.

26 In conclusion, the Council's rules require it to consider whether the proposed amendment is
consistent with applicable laws and rules. As demonstrated, the Council has considered whether
the proposed amendment is consistent with RCW 80.50.010, SEPA, the Council's rules
regarding site restoration, and expressions of public policy in RCW 80.50.300. The Council
concludes that the proposed amendment is consistent with each.

27 **B. Consistency with public health, safety, and welfare**

28 The Council must consider whether the proposed amendment protects public health and safety,
29 protects environmental aspects of the public welfare, and is consistent with the public welfare in
30 other regards.

31 1. Protection of health and safety

32 The proposed amendment itself simply withdraws EFSEC's right and responsibility to regulate
33 public health and safety on the site. The amendment in no way alters the condition of the site
34 vis-à-vis public safety. EFSEC has required full assurance that public health and safety will be
35 fully protected at all times as a necessary condition to releasing its regulatory authority.

1 During the past months, EFSEC has maintained close communication with the Supply System
2 and the SRP, regarding their plans to secure the site as the structures are gradually reconfigured
3 for future industrial purposes. The Supply System and SRP have briefed the Council and its
Executive Committee, and Council members toured the site in October 1998. See Finding of
Fact No. 15.

4 The Transfer Agreement memorializes these plans. Through the agreement, the SRP
5 acknowledges and accepts responsibility for complying with local regulations that protect the
6 public welfare, including, but not limited to, general and environmental health and safety, at the
7 site. See Finding of Fact No. 20. Through a series of transitional steps, the site will be secured
and restored, ultimately leading to the SRP's full custody and control of the site. The Transfer
Agreement delineates clear responsibilities for securing the site and clear liabilities for the public
health, safety and welfare during the transition. See Findings of Fact Nos. 17-21.

8 Consistent with the assurances contained in the agreement, EFSEC is satisfied that amendment
9 of the SCA, releasing its oversight, is consistent with public health and safety.

10 2. Protection of the public welfare.

11 a. Environmental issues.

12 WAC 463-36-050 requires the Council to consider the short-term and long-term environmental
13 impacts of a proposed amendment. The Council notes that this requirement may be more
14 applicable to an amendment other than termination in which the certificate holder has requested a
15 specific change in its activities on the site and the Council is able to evaluate the environmental
16 impacts of the proposed change. In the case of termination, the certificate holder does not
request a specific change; future activities on the site remain speculative and the environmental
impacts are difficult to evaluate. Nonetheless, the Council has considered the environmental
impacts on both the developed site (approximately 400 acres) and the undeveloped site
(approximately 1200 acres).

17 (1) *Developed portion.*

18 Consistent with the terms of the transfer agreement, the Council understands that the SRP
19 intends to use the currently developed portions of the site for light industry and commercial
20 purposes. This will likely involve reconfiguring structures in the power block, building new
21 structures, expanding the existing infra structure, and attracting tenants. The Council notes that
22 the SRP, as the governmental entity responsible for future action on the site, is subject to SEPA
and all other legally required processes. Thus, the Council is satisfied that all potential adverse
environmental impacts arising from future activities on this portion of the site will be adequately
addressed by the appropriate parties with appropriate opportunity for public involvement.

23 (2) *Undeveloped portion.*

24 Amendment of the SCA (termination of the WNP-3/5 portion) includes termination of the
25 Supply System's obligation to the state to act within the constraints and conditions of the SCA,
as enforced by EFSEC. One of the major "environmental conditions" undertaken by the Supply
26 System in the SCA was compliance with a stipulated wildlife mitigation plan (1994 Agreement
on Management for Wildlife Mitigation incorporated by reference into the EFSEC SCA). Under

1 the original mitigation plan, the Supply System was bound to preserve and manage
2 approximately 1200 acres of forest habitat in its natural condition throughout the life of the SCA.

3 The Council has interpreted the agreement to continue through the year 2040 at a minimum.
4 Even though the wildlife mitigation plan was to continue through the year 2040, upon
5 termination of the SCA, EFSEC no longer has authority to enforce its terms.

6 Concerned about potential loss of protection for this significant habitat, the Council encouraged
7 the SRP, as future owner of the site, and the Washington Department of Fish and Wildlife
8 (WDFW) to enter an enforceable agreement to perpetuate the terms of the mitigation plan. In
9 November 1998, these parties executed their Satsop Power Plant Site Wildlife Mitigation Lands
10 Management Agreement, which adopts the terms of the existing wildlife mitigation plan. Under
11 this agreement, the commitments outlined in the 1994 documents⁴ remain in force unless and
12 until modified in writing by mutual agreement of the SRP and WDFW. The Council believes
13 that WDFW will actively monitor the site and enforce the terms of the new agreement in the
14 pursuit of its statutory mandate on behalf of the citizens of the state.

15 The new Mitigation Agreement between the SRP and WDFW is not effective until actual
16 transfer of title to the SRP. However, between the effective date of the SCA amendment (and
17 concomitant termination of the Council's jurisdiction over the mitigation lands), the original
18 mitigation agreement between the Supply System and WDFW continues in effect and assures the
19 protection of the mitigation lands until the new Mitigation Agreement becomes effective.

20 *Public comments.* The majority of public comments received on the application for amendment
21 related to the issue of wildlife mitigation; these comments are addressed in this section of the
22 Council's order. The Council received comments from the Grays Harbor Audubon Society
23 (Audubon), the WDFW, the Grays Harbor Public Development Authority (GHPDA), and
24 Columbia-Pacific Resource Conservation and Development (RCD). These comments
25 encompass all the major concerns submitted to the Council.

26 i. Mitigation in perpetuity.

Audubon position. Audubon argues that (i) mitigation for the effects of the construction of the
nuclear plants should continue into perpetuity, and (ii) EFSEC has the responsibility and
authority to require as much.

First, Audubon states, the original Mitigation Agreement was compensation to the people of
Washington for the adverse environmental impacts of construction of the nuclear project.
Redevelopment as an industrial park perpetuates these impacts. As long as adverse impacts
exist, the people of the state must be compensated by the preservation of the mitigation lands.
Only after greenfield restoration do the effects of construction terminate.

⁴ The 1998 Agreement states, "SRP...shall be bound by the Supply System's duties and obligations contained in the following documents, hereinafter referred to as the Wildlife Mitigation Documents: [i] ...Satsop Power Plant Site Wildlife Mitigation Plan, Revision 1, ...includ[ing] the Agreement on Peripheral Properties; [ii] Satsop Power Plant Habitat Evaluation Procedure Impact Assessment, dated June 28, 1994; and [iii] Satsop Power Plant, Wildlife Mitigation Plan, Standard Operating Procedures. Each of [these] documents is incorporated by reference..."

1 Second, Audubon asserts, EFSEC has the authority to ensure that mitigation will continue into
2 perpetuity. It has the authority to require a conservation easement, to impose conditions that "go
with the land," or to perpetuate mitigation in some other fashion.⁵

3 *GHPDA position.* The Grays Harbor Public Development Authority (GHPDA) responds that
4 locking the site into preservation status for perpetuity is not reasonable. The site may be fully
restored at some point, such that mitigation is no longer required.

5 *Discussion.* In general, EFSEC does not interpret its authority as broadly as Audubon proposes.
6 During the life of an SCA, EFSEC has the authority to set terms and conditions for the
construction and operation of a project and to enforce those terms and conditions. This includes
7 terms to mitigate adverse environmental effects. The terms are regulatory in nature. At
8 termination of an SCA, EFSEC has the authority to determine an appropriate level of site
restoration (unless constrained by other provisions of law) and to predicate termination upon
9 successful completion of these requirements. It does not have the authority to set regulatory
conditions for mitigation into the future. It does not have the authority to require property
10 transactions. After termination of an SCA, EFSEC has no further regulatory authority. Thus, the
only matter that the Council is asked and able to rule on at this time is whether to amend the Site
Certification Agreement.

11 In this case, EFSEC's authority to determine the level of site restoration guided in significant
12 part by statutory expressions of public policy regarding the use of unfinished nuclear sites. If
and when an actual transfer is effectuated as described in RCW 80.50.300, authority for public
13 welfare, including environmental mitigation, would be transferred to the SRP and its successors.
At that point, EFSEC would have no authority to set terms for mitigation that will require future
14 regulatory oversight. Moreover, EFSEC has no authority to require the grant of a conservation
easement, which is the grant of an interest in property.

15 ii. Ambiguity in new Mitigation Agreement

16 *Audubon position.* Audubon argues that the terms of the new Mitigation Agreement are
17 ambiguous and suggests that EFSEC should require clarification of the terms prior to amending
the SCA. Among the ambiguities are (i) the degree of forest management contemplated by the
18 agreement and (ii) the termination date of the new Agreement. Audubon implies that EFSEC
may be able to negotiate changes in either the Mitigation Agreement or the Transfer Agreement
19 to clarify these issues.

20 *Discussion.* Whether or not the mitigation agreement is ambiguous, EFSEC is not in a position
to alter or override its terms. Both the Mitigation and Transfer Agreements have been executed.
21 Prior to their execution, EFSEC consistently supported a strong, enforceable agreement to
supercede the old Mitigation Agreement. This was accomplished in the new Mitigation
22 Agreement, after negotiation by knowledgeable people representing multiple interests. EFSEC
has no role in these contractual relationships and no role in clarifying the terms of contracts to
23 which it is not a party. Nevertheless, the Council is satisfied that the new Mitigation Agreement
continues substantial protections and that changes require mutual agreement by the appropriate
24 representatives of the affected interests.

25 ⁵ Audubon has cited no legal authority for this proposition nor suggested mechanisms other than conservation
26 easements to accomplish this goal.

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iii. Compliance with new Mitigation Agreement

Audubon position. Audubon argues that (i) the SRP's plans are inconsistent with the Mitigation Agreement and (ii) the SRP's recent actions belie its commitment to the agreement.

Among the plans that are inconsistent, Audubon cites the Columbia Resource and Conservation District's (RCD's) plans for a managed forest (with limited timber harvest) and the GHPDA's plans for recreational uses of the site. According to Audubon, these plans are intrusive and change the character of the preserved lands.

Further, Audubon argues, the GHPDA may not have the commitment or the resources to perform its responsibilities under the agreement. Recent actions including the county's rezone of portions of the site and its retention of the Columbia RCD to study managed forestry indicate that it is exploring avenues for eventual use of the site. Moreover, operating with a minimal budget within an economically depressed area, the GHPDA is unlikely to place a priority on allocating adequate funds for the management of the mitigation lands.

GHPDA and RCD position. The GHPDA and Columbia-Pacific RCD respond that they acknowledge the Mitigation Agreement and are bound by its terms. Under the agreement, the primary objective of forest habitat management is to provide conditions suitable for viable populations of wildlife species dependent upon forest habitats. This objective is to be met by preserving and planning for the future development of mature forests. The RCD is investigating a plan to implement a landscape management system that will allow the desired "mature forest" structure to be reached faster and more reliably than by natural aging. The plan will allow for adaptive management. The WDFW has been and will continue to be involved in the formulation of the plan.

GHPDA acknowledges that it is open to the possibility of limited recreational use of the site. All decisions regarding public access to and recreational use of the site will be made with the broad public interest in mind, consistent with the terms of the mitigation agreement.

Discussion. EFSEC notes that the SRP, the GHPDA, and the WDFW have all acknowledged the existence of the Wildlife Mitigation Agreement as a binding agreement. The SRP and WDFW each has a statutory commitment to the public. Under the agreement, WDFW's monitoring responsibilities will be funded by the SRP on a cost reimbursable basis. Based on the commitments of these public entities and the enforceability of the agreement, EFSEC believes that the terms of the agreement ensure compliance.

iv. Enforcement of Mitigation Agreement

Audubon position. Audubon argues that the WDFW is not politically in a position to enforce the Mitigation Agreement. If WDFW took a violation of the agreement to court, it would suffer negative political repercussions. Consequently, WDFW is unlikely to enforce the agreement vigorously.

Discussion. The Council notes that WDFW has voluntarily entered the new Wildlife Mitigation agreement. The agreement is binding on the SRP, its individual members, and the WDFW and provides for compensation to WDFW not only for regular monitoring activities, but for costs and attorneys' fees that may be incurred during enforcement. EFSEC must assume that WDFW, in entering and enforcing the agreement, has taken and will continue to take the steps it deems necessary to fulfill its statutory obligations to the public, at least to the extent that EFSEC would have done so under the SCA and, conceivably, more effectively and vigorously.

1 In conclusion, the Council has considered both the short- and long-term environmental effects of
2 the proposed amendment on the developed and undeveloped portions of the site. The Council is
3 confident that (i) future activity on the developed portion will be governed by SEPA with active
4 public involvement⁶ and (ii) future activity on the undeveloped site will conform to the terms of
5 the new mitigation plan, as actively enforced by WDFW.

6 b. Economic issues.

7 The proposed amendment also supports those aspects of the public welfare envisioned by the
8 Legislature when it amended the Council's statute in 1996. RCW 80.50.010(4) clearly expresses
9 statewide policy that reuse of an unfinished nuclear site for economic development, managed and
10 directed by a political subdivision, is consistent with the public welfare.⁷ Termination of the
11 SCA without greenfield restoration opens the door for economic development, an acknowledged
12 priority of the state in Grays Harbor County. Use of the existing facilities and infrastructure, in
13 lieu of demolition, restoration, and development of alternate sites, is an efficient use of public
14 financial and natural resources, benefiting not only the local community, but all ratepayers and
15 citizens of the state. See Satsop Site Transfer Agreement, February 26, 1999, p. 3.

16 In conclusion, the Council's rules require it to consider whether the proposed amendment is
17 consistent with the public health, safety, and welfare. After due consideration, the Council is
18 confident that the public health, safety and welfare will be well maintained after the SCA is
19 amended.

20 **C. Consistency with the intention of the original SCA**

21 The Council must consider whether the proposed amendment is consistent with the intention of
22 the original SCA.

23 In general, the intention of every SCA is to grant state authorization to a certificate holder to
24 construct and operate an energy project that has been determined to be in the state interest.
25 Through the SCA, the state grants the certificate holder a "license"⁸ for the project. In return,
26 the certificate holder commits itself to comply with the terms of the SCA, including (i)
conditions governing construction, (ii) conditions governing operation, (iii) conditions to
mitigate for the environmental effects of construction and operation, and (iv) conditions EFSEC
may subsequently impose for site restoration (after consideration of restoration plans submitted
by the certificate holder). The certificate holder chooses whether to proceed to construction and
may terminate the project at will, consistent with established requirements for restoration.

During the life of an SCA, EFSEC has the authority to enforce compliance with these conditions
and the authority to set an appropriate level of restoration, required prior to termination.

⁶ Grays Harbor Audubon Society, as demonstrated by its involvement in this amendment process, has a strong
concern for the future of the site.

⁷ Although the site may be transferred to a public corporation, the corporation would be bound by the same terms as
the SRP. See Finding of Fact No. 11.

⁸ The "license" is called a site certification agreement.

1 Termination of an SCA concludes EFSEC's involvement with the site and its ability to set and
2 enforce ongoing mitigation.

3 Termination of the SCA for the WNP 3/5 nuclear projects is consistent with its original intent.
4 The Supply System has chosen not to complete and operate the projects and accordingly has
requested termination of its "license" to do so.

5 As certificate holder, the Supply System has complied with the conditions for construction,
6 operation, and mitigation set forth in the original document. Among the requirements for
7 mitigation was the stipulated wildlife mitigation plan, incorporated by reference into the SCA.
8 By incorporation of this agreement into the SCA, the Council required and the Supply System
agreed to mitigate the loss of habitat occasioned by the clearing of the nuclear site during the life
of the project. Since the execution of the SCA in 1976, the Supply System has performed the
required mitigation, preserving and managing the natural habitat.

9 As certificate holder, the Supply System has also complied with the intent of the SCA regarding
10 site restoration. Consistent with the Council's rules, the original SCA required the Supply
11 System to update its plan for site restoration periodically (in a level of detail commensurate with
12 the time until site restoration is to begin), but acknowledged the Council's ultimate discretion to
13 determine an appropriate level of restoration. Subsequent legislation has narrowed the range of
the council's discretion in the event of a transfer of the site to a political subdivision. Because
the Governor and legislature have indicated that redevelopment of the area as a vital industrial
park is in the *state interest* and stands in lieu of greenfield restoration, EFSEC does not believe it
is appropriate to require further restoration prior to termination of the WNP 3/5 SCA.⁹

14 E. Conclusion

15 The Council has concluded that the proposed amendment to terminate the nuclear project is
16 consistent with applicable law; the public health, safety, and welfare; and the intent of the
17 original SCA. Certification for the Satsop Combustion Turbine project (CT project) continues
unchanged, under the terms and conditions in effect prior to the amendment. Certification for
the CT project was granted through the EFSEC siting process after a full review and adjudication
in 1996.

18 When and if this amendment becomes effective and when local government assumes full
19 responsibility for the public interest at the site, the broad interests of the state will have been well
served.

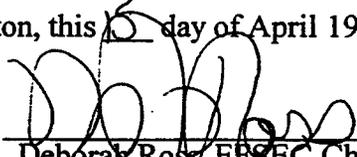
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24 ⁹ The Council's statute and rules provide no authority for EFSEC to establish and enforce mitigation measures past
25 the termination of an SCA. Rather, EFSEC is expected to consider the state's interest in the environment as it
26 establishes appropriate requirements for restoration.

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ORDER

For the foregoing reasons, the Council adopts the proposed Amendment No. 3 of the Site Certification Agreement for the Satsop Power Plant Site and recommends its approval by the Governor. The Council directs that this Order shall be attached to the amended Site Certification Agreement and forwarded to the Governor of the State of Washington for his consideration and action.

DATED and effective at Olympia, Washington, this 15 day of April 1999.



Deborah Ross, EFSEC Chair

Notice: This is a final order of the Council. Administrative relief may be available through a petition for reconsideration, filed with the Council Manager within ten days of the service of this order.

SATSOP POWER PLANT SITE

WILDLIFE MITIGATION LANDS MANAGEMENT AGREEMENT

Satsop Redevelopment Project (SRP) and Washington Department of Fish and Wildlife (WDFW), agree that upon any transfer of the Satsop Site from the Supply System to the SRP, the Supply System's duties and responsibilities at the Satsop Site for the protection of wildlife, including habitat, shall be transferred to the SRP, except that the Supply System remains solely obligated for the fish or wildlife mitigation, including habitat, which is required for the proposed Combustion Turbine project, and which mitigation is identified in the Combustion Turbine Site Certification Agreement and is beyond that contained in the Wildlife Mitigation Documents as the term is used below. A legal description on the Satsop Site is included as Attachment A to this Agreement. The SRP was created by an interlocal agreement and is composed of Grays Harbor County, the Port of Grays Harbor and Grays Harbor Public Utility District. In consideration for the SRP's acceptance of the Supply System's commitments to protect wildlife and habitat as identified in the Wildlife Mitigation Documents, WDFW has foregone active opposition to the transfer of the Satsop Site to the SRP, foregone an attempt to acquire the Satsop Site wildlife lands, and has received other considerations contained in this agreement.

HISTORY OF SUPPLY SYSTEM DEVELOPMENT AT SATSOP SITE

The Satsop Site is an approximate 1,600 acre parcel located near the City of Elma in Grays Harbor County. EFSEC granted the Supply System a Site Certification Agreement (SCA) allowing conditioned development at the Satsop Site. Development of the Satsop Site was begun in 1977 for the purpose of constructing two nuclear facilities. Approximately 470 acres were developed. The SCA required the Supply System to provide compensation for impacts to wildlife and habitat loss as a result of construction. To assess the necessary wildlife mitigation, the Supply System and WDFW performed a Habitat Evaluation Procedure (HEP). The Satsop HEP was completed and was used by the Supply System and WDFW to develop several wildlife mitigation and protection plans, which were approved and adopted by EFSEC. The Supply System's wildlife and habitat commitments mitigate for the unavoidable impacts to wildlife that resulted from clearing, grading and developing roads, utilities, construction staging areas, temporary and permanent buildings and warehouses, as well as the two nuclear facilities. Under the wildlife plans, the undeveloped acres on the Satsop Site are to be protected, managed and in some cases enhanced for the benefit of wildlife, including habitat.

COMMITMENT TO WILDLIFE MITIGATION

SRP, as a condition of the transfer of the Satsop Site, agrees that immediately upon legal transfer of the Supply System's interests in the Satsop Site to the SRP, the SRP (or its successor), except as specifically provided in this Agreement, shall be bound by the Supply System's duties and obligations contained in the following documents, hereinafter referred to as the Wildlife Mitigation Documents:

Attachment B: Satsop Power Plant Site Wildlife Mitigation Plan, Revision 1, which includes the Agreement on Peripheral Properties. The Agreement on Peripheral Properties will remain in effect throughout the time frame of this Agreement.

Attachment C: Satsop Power Plant Habitat Evaluation Procedure Impact Assessment, dated June 28, 1994;

Attachment D: Satsop Power Plant, Wildlife Mitigation Plan, Standard Operating Procedures;

Each of the Wildlife Mitigation Documents, identified above, are incorporated by reference as though fully set out in the text of this document. The term "this Agreement" refers to the terms of agreement specifically set out in this document as well as the terms of the Wildlife Mitigation Documents. The Wildlife Mitigation Documents were approved by the Energy Facility Site Evaluation Council in Resolution No. 275.

SRP and WDFW accept the past performance and analysis of the Satsop Site HEP, summarized in the Satsop Power Plant Habitat Evaluation Procedure Impact Assessment, dated June 28, 1994, as the standard for the determination of the current wildlife mitigation plan and as the basis for any habitat related modifications to the plan.

The Satsop Power Plant Site Wildlife Mitigation Plan, Revision 1 includes coordination requirements with WDFW. The monitoring plan in that document also identifies a need for annual meetings with WDFW and an annual report with a copy supplied to WDFW for review. Participation of the WDFW in this monitoring process will be funded by the SRP on a cost reimbursable basis. Annual expenditure of up to three weeks of WDFW staff time for monitoring and coordination will be the limit of SRP funding, unless otherwise agreed in writing by SRP and WDFW.

AMENDMENTS TO WILDLIFE MITIGATION DOCUMENTS

A. Terms of Agreement

This Agreement is executed by each party as of the date of their signature, however, transfer of the commitments and obligations contained in the Wildlife Mitigation Documents and the other terms of this Agreement shall not be effective until the instant

of legal transfer of the Supply System's interests in the Satsop Site to the SRP. Commitments contained in the Wildlife Mitigation Documents will remain in force until modified as described below.

B. Modifications to Agreements

Modifications to this Agreement or the Wildlife Mitigation Documents may be recommended by either Party and put into place upon written concurrence by both the SRP and WDFW.

C. Dispute Resolution

It is anticipated that the respective staffs working directly on this matter will be able to resolve any dispute that arises under this Agreement. Should that not be possible, disputes shall be elevated through the respective chain-of-command up to the Director of the Department of Fish and Wildlife and the Grays Harbor County Commissioners. In the unlikely event that a dispute should remain unresolved through this process, either party may submit the dispute for mediation with each party sharing the mediation costs.

The parties to the SRP, Grays Harbor County, Port of Grays Harbor and Grays Harbor Public Utility District, enter this Agreement and agree to be bound individually, and as members of the SRP. In the event of dispute between the members of the SRP, by entering this Agreement, each agrees to be jointly and severally liable for the obligations contained herein. WDFW agrees to look first to the SRP for enforcement and compliance with the terms of this Agreement, however, in the event of a dispute between the members of the SRP, WDFW may seek enforcement of the terms of this Agreement against any individual party, or any combination of those members. In the event of any action to enforce the terms of this Agreement, WDFW may recover all costs, including attorney fees. The parties agree that venue for any action under this Agreement may be in either Grays Harbor or Thurston County.

D. Waiver of Default

Any waiver at any time by any Party hereto of any right with respect to any matter arising in connection with this Agreement shall not be considered a waiver with respect to any subsequent default or waiver.

E. Assignment

This Agreement shall be binding on all successors or assignees. Control of the lands designated for wildlife mitigation may be transferred to a third party upon written concurrence of SRP and WDFW.

SIGNATURES:

GRAYS HARBOR COUNTY



Individually, and as a member of the Satsop
Redevelopment Project

11/11/98
Date

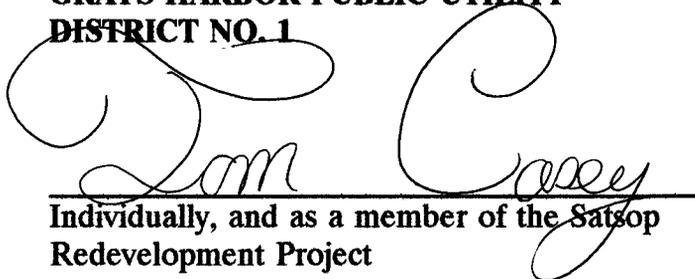
PORT OF GRAYS HARBOR



Individually, and as a member of the Satsop
Redevelopment Project

11-13-98
Date

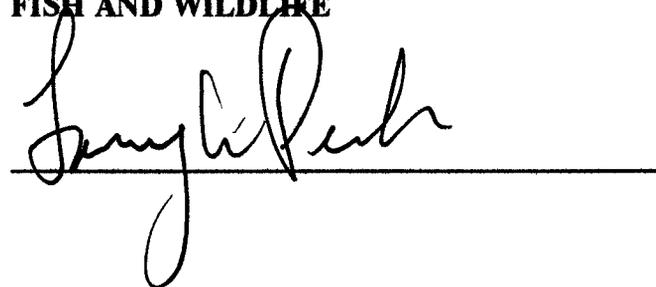
**GRAYS HARBOR PUBLIC UTILITY
DISTRICT NO. 1**



Individually, and as a member of the Satsop
Redevelopment Project

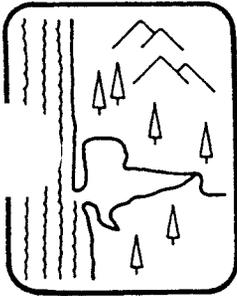
11/11/98
Date

**WASHINGTON DEPARTMENT OF
FISH AND WILDLIFE**



Individually, and as a member of the Satsop
Redevelopment Project

11-30-98
Date



Curt Leigh
FBI & file DM

GRAYS HARBOR REGIONAL PLANNING COMMISSION

2109 SUMNER AVENUE
SUITE 202
ABERDEEN, WA 98520

VOICE (360) 532-8812
FAX (360) 532-6430
BBS (360) 532-0448

BILL BANKS
Executive Director

MEMBER ENTITIES:

- City of Aberdeen
- Aberdeen School District
- City of Cosmopolis
- City of Elma
- Elma School District
- Grays Harbor County
- Grays Harbor Transit
- City of Hoquiam
- City of Leary
- City of Montesano
- City of Oakville
- City of Ocean Shores
- Port of Grays Harbor
- Public Utility District No. 1
- Quinault Nation
- City of Westport

February 21, 1996

Ms. Cyreis Schmitt, Legislative Liaison
Ecosystems Management Program
Department of Fish and Wildlife
600 Capitol Way North
Olympia, Washington 98501-1091

Dear Ms. Schmitt:

This letter is to confirm our discussions concerning our intent in promoting the passage of ESSB 6427.

The legislation is needed to expedite the reuse of the Satsop Power Site for economic development in the Grays Harbor region. It allows for the transfer of the site or portions of the site from the certificate holder (WPPSS) to local government entities that can facilitate economic development at the site. Along with the transfer of the site comes a transfer of the responsibility for protecting the public health, safety and welfare and the environment to local government entities from the current regulatory agency (EFSEC).

It is our intention to protect wildlife and fisheries resources as well or better than now provided for in the mitigation agreements, although changes in the agreements may be needed due to changes in use and development of the site. Changes in the agreements would be dealt with during the amendment of the Site Certification Agreement or during permitting of new developments at the site.

Be assured that how ever the negotiations proceed with the Supply System concerning transfer of any, a portion or all of the site, the local agencies will work with the Department to protect the interests of the fish and wildlife of the area.

Sincerely,

Bill Banks
Executive Director

June 20, 2002

Mr. Curt Leigh
Washington Department of Fish and Wildlife
P.O. Box 43135
Olympia, Washington 98501-1091

Dear Mr. Leigh:

Subject: WILDLIFE MITIGATION AGREEMENT

The Satsop Power Plant Site Mitigation Agreement agreed to by Washington Department of Fish and Wildlife (WDFW) and Grays Harbor County, Port of Grays Harbor, and Grays Harbor Public Utility District No. 1 allows for modifications of the agreement with concurrence by both the Grays Harbor Public Development Authority (PDA, formerly Satsop Redevelopment Project) and WDFW.

Northwest Pipeline Corporation, a part of Williams Pipeline West, is constructing a natural gas pipeline to support the Grays Harbor Energy Facility. This pipeline will impact approximately 2.5 acres of habitat identified in the Satsop Power Plant Site Wildlife Mitigation Plan. Under an agreement with Northwest Pipeline, all mitigation required as a result of the pipeline will be at the expense of Northwest Pipeline. We had notified Northwest Pipeline of our obligations under the mitigation agreement, and asked that they work with you to identify acceptable compensation for the impact associated with their pipeline. It is our understanding that you have agreed to Williams funding of a mitigation project, the project to be determined later, as a method to provide compensation for loss of habitat shown in our mitigation plan.

Enclosed please find a check from Williams for \$30,000.00, which we understand to be the full amount agreed upon between WDFW and Williams. We also understand that WDFW and PDA will reach agreement at a later date as to the details of a mitigation project, to be funded by this payment made by Northwest Pipeline. Please acknowledge receipt of this check and that this funding will provide for the full compensation necessary under our mitigation agreement.

We greatly appreciate your willingness to work with us on this issue and your prompt response to our need to resolve mitigation compensation quickly.

Sincerely,



Tami L. Garrow
Chief Executive Officer

Enclosure: Check No. 502918 in the amount of \$30,000.00

cc: Williams

THE FACE OF THIS DOCUMENT CONTAINS SECURITY PRINTING.



P.O. Box 58900
295 Chipeta Way
Salt Lake City, Utah 84158-0900

BANK OF BOSTON (MAINE), N.A.
PORTLAND, MAINE

52-153
112

NO. 502918

NOT VALID AFTER 60 DAYS

DATE	AMOUNT
6-19-02	\$30,000. ⁰⁰

NORTHWEST PIPELINE CORPORATION

PAY THIRTY THOUSAND DOLLARS

TO THE ORDER OF STATE OF WASHINGTON
DEPT. OF FISH AND WILDLIFE
600 CAPITAL WAY NORTH
OLYMPIA, WA 98501-1091

BY: John Lopez
AGENT SIGNATURE

STATE WASHINGTON	COUNTY/PARISH GRAYS HARBOR	LINE NO.	R/W NO.
ACCT. NO.: "SEE ABOVE"	SS/TAX I.D. NO.: 91-1632572		

ORIGINAL-BANK

⑈ 502918⑈ ⑆ 011201539⑆ 80 064 222⑈