

SETTLEMENT AGREEMENT RELATING TO WILDLIFE
FOR THE COWLITZ HYDROELECTRIC PROJECT
(FERC NO. 2016)

City of Tacoma
State of Washington Department of Wildlife
U.S. Fish and Wildlife Service

This Settlement Agreement Relating to Wildlife for the Cowlitz Hydroelectric Project (FERC No. 2016) (Agreement) is made by and between the City of Tacoma, Department of Public Utilities, Light Division (City) and the State of Washington, Department of Wildlife (WDW) and the United States Fish and Wildlife Service (USFWS), the parties to this Agreement (Parties).

RECITALS

1. The City is the licensee for Project No. 2016, issued by the Federal Energy Regulatory Commission (FERC), effective January 1, 1952, for the construction, operation and maintenance of the Cowlitz Hydroelectric Project (Project). The WDW and the USFWS are charged with providing the FERC with recommendations to protect, mitigate, and enhance fish and wildlife resources affected by the development, operation, and management of the project.
2. The FERC has amended said license by Order Further Amending License (Major) dated November 17, 1964, and, Article 37 of said Order provides:

The Licensee shall, for the conservation, and development of fish and wildlife resources, construct, maintain and operate, or arrange for the construction, maintenance and operation of such facilities and comply with such reasonable modifications of the project structures and operation as may be ordered by the Commission upon its own motion or upon the recommendation of the Secretary of the Interior or the fish and wildlife agency or agencies of any State in which the project or a part thereof is located, after notice and opportunity for hearing and upon findings based on substantial evidence that such facilities and modifications are necessary and desirable, reasonably consistent with the primary purpose of the project and consistent with the provisions of the Act.

NOW, THEREFORE, the Parties agree to the following terms and conditions:

PART I - SCOPE AND INTENT

- A. The scope of this Agreement is and includes only the wildlife mitigation for the Mayfield and Mossyrock hydroelectric projects of the Cowlitz Hydroelectric Project. The Agreement does not address or modify any of the Parties' responsibilities, duties, or issues related to the Barrier Dam Project; further, the Agreement does not address the fishery resources associated with the Mayfield or Mossyrock projects nor address any or modify the Parties' responsibilities, duties, or issues regarding these matters.
- B. It is the intent of the Parties to this Agreement to provide for the acquisition, improvement, operation and maintenance of wildlife mitigation lands and habitat in connection with the Project as satisfaction of the City's wildlife mitigation obligations under Article 37 relative to its existing license. Furthermore, the Parties agree that the wildlife mitigation provided by this Agreement shall satisfy the City's wildlife mitigation obligations for a "first new license," if granted, so long as no changes, which would have required license amendment(s) in the existing license, are made in the first new license. The "first new license"

D. Plans and Improvements.

Following acquisition, WDW, in consultation with USFWS, shall develop plans and implement capital improvements such as, but not limited to, water control structures, dikes, fencing hydrophytic revegetation, planting, etc., and other measures necessary for enhancement and, restoration of damaged lowlands/wetlands.

PART V – OPERATION, MAINTENANCE AND CAPITAL IMPROVEMENTS

The City agrees to provide an annual sum of monies to the WDW for the management and restoration of acquired lowlands/wetlands and uplands/timberlands for the benefit of wildlife and their habitats. On the date of the first \$1.0 million dollar payment under Section C of Part IV, and on or before the anniversary date in subsequent years, until termination of this Agreement, the City shall provide to the WDW an annual payment of \$ 250,000. adjusted for inflation using the current published Consumer Price Index for All Urban Consumers for the Seattle/Tacoma Metropolitan Area.

The Parties agree further that it shall be the obligation of the WDW under this Agreement to use these annual funds to plan and implement, in consultation with USFWS, wildlife management and enhancement measures and operate and maintain said lands consistent with the intent of this agreement and the following purposes:

- Salaries/fringe benefits for WOW project personnel
- Planning and oversight administrative salaries associated costs
- Habitat management, including the maintenance and and operation of existing City owned wildlife lands, on-Project habitat prescriptions, facilities, and equipment
- Wildlife population management
- Public use and access gates, signage and related facilities
- Capital equipment and improvements including vehicles, shop equipment, fencing, boats, water control structures, dikes, etc.
- Travel, transportation, and training costs
- Uniforms and related equipment
- Understory enhancement plantings
- Weed control in any row crops, wildlife farming areas and in any areas associated understory enhancement plantings

The Parties agree that the annual operation and maintenance funds may be pooled with the lowland/wetland acquisition funds to be used interchangeably in the event that greater benefits will accrue to wildlife as a result.

The City agrees to fund all costs associated with timber harvest, commercial thinning, reforestation, or other forestry-related activities necessary for the management of Peterman Ridge for wildlife habitat. The City is entitled to all revenues generated from the Peterman Ridge and other City property resulting from timber harvest, commercial thinning, or other forestry-related activities (patch cuts for wildlife forage areas, etc.) used to enhance wildlife habitat and pursuant to the Wildlife Management Plan. These funds may be used as the City deems appropriate.

The City agrees to coordinate and fund, in addition to the annual \$250,000, operation and maintenance funds identified above, all replanting costs associated with the reforestation of timber areas harvested by Hancock, as per Exhibit C, Section III, Reforestation.