

RESOLUTION NO. 1620

A RESOLUTION Authorizing the Commissioning of Enloe Dam

WHEREAS, the Public Utility District No. 1 of Okanogan County (the District) received a license from the Federal Energy Regulatory Commission (FERC) authorizing the District to generate electricity from Enloe Dam, and

WHEREAS, the FERC license was effective July 1, 2013, and

WHEREAS, the FERC license contained several conditions the District must comply with in order to generate electricity from Enloe Dam, and

WHEREAS, the FERC license requires the District to commence construction no later than July 1, 2015, unless such timeframe is extended by FERC, and

WHEREAS, the FERC license requires the District to complete construction within three (3) years from the commencement date, and

WHEREAS, in January 2014, American Whitewater and Hydropower Reform Coalition requested that the District evaluate the potential option to remove Enloe Dam instead of constructing generation facilities producing electricity from Enloe Dam, and

WHEREAS, in February and March 2014, the Commissioners heard presentations from two parties (Energy Northwest and Sorenson Engineering) with an interest in providing services necessary to construct, operate and maintain generation facilities at Enloe Dam, and a proposal from Hydropower Reform Coalition to remove Enloe Dam, and

WHEREAS, after reviewing the proposal from Hydropower Reform Coalition and meeting with stakeholders interested in removing Enloe Dam, the Commissioners memorialized the criteria under which they would consider dam removal in a letter dated July 21, 2014, and provided an opportunity for the parties supporting removal of Enloe Dam to submit a written proposal that provided (1) a lead agency that would take all responsibility and liability for removal of Enloe Dam, (2) a firm source of funding that would pay for all costs associated with removal of Enloe Dam, and (3) a draft plan for removal of Enloe Dam, and

WHEREAS, the Commissioners requested that the written proposal for removal of Enloe Dam be submitted to the Commission by October 31, 2014, and

WHEREAS, the Commission received a letter from the Confederated Tribes of the Colville Reservation (the Tribe) dated August 21, 2014, indicating the Tribe was willing to act as the lead agency for dam removal provided the District would indemnify and hold harmless the Tribe from any liability arising from removing Enloe Dam, and

WHEREAS, the Commission determined that the indemnification and hold harmless language required by the Tribe did not meet the definition of lead agency outlined in its letter dated July 21, 2014, and so notified the Tribe of its determination in a letter dated September 8, 2014, and

WHEREAS, the Commissioners also directed staff to issue a Request for Proposal (RFP) requesting proposals from parties that are interested in: (1) purchasing Enloe Dam, or (2) leasing Enloe Dam from the District, or (3) designing, bidding and building Enloe Dam, or (4) designing, bidding, building, operating and maintaining Enloe Dam, or (5) operating and maintaining Enloe Dam, or (6) designing and building Enloe Dam (if authorized by the appropriate state agency), and

WHEREAS, the Commissioners did not receive a written proposal for the removal of Enloe Dam by October 31, 2014, nor, as of the date of this Resolution, have they received a written proposal containing the three (3) essential components outlined (*i.e.* lead agency, firm source(s) of funding and draft removal plan), and

WHEREAS, General Counsel, Michael Howe, reported to the Commission that the RFP resulted in one (1) offer to purchase Enloe Dam, but that offer was deemed nonresponsive. Further, Mr. Howe reported that the District received two (2) other responses, but both responses indicated an interest in performing certain aspects of the design, bid, build, operate and maintain option, but did not contain the essential requirements outlined in the RFP, and

WHEREAS, staff has presented information to the Commissioners that demonstrated (1) the District will require additional generation resources during the term of the FERC license and (2) the cost of Enloe Dam will be equal to or less than other alternative generation resources based on current engineering estimates, and

WHEREAS, the District applied for, and FERC granted, a two (2) year extension moving the construction commencement date from July 1, 2015 to July 1, 2017, and

WHEREAS, the Commissioners have continued to provide the opportunity for American Whitewater, Hydropower Reform Coalition, National Oceanic and Atmospheric Administration (NOAA), and District ratepayers Jere Gillespie, Rick Gillespie and Joseph Enzensperger to develop a dam removal proposal that incorporates the conditions memorialized in the letter dated July 21, 2014, and

WHEREAS, the Commission received a letter from NOAA dated July 10, 2015, indicating a willingness to discuss options further if, in the future, the District decides against the hydroelectric option or chooses to reduce any of its requirements of lead agency reimbursement, and


WHEREAS, staff from Energy Northwest has analyzed the Enloe Dam project and is developing a plan for re-energizing Enloe Dam, and

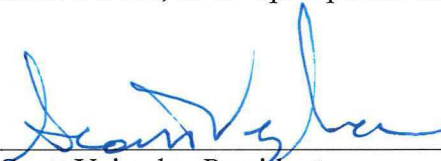
WHEREAS, the Commissioners provided another opportunity for Jere Gillespie to present a proposal for removal of Enloe Dam at the April 25, 2016 regularly scheduled meeting of the Board of Commissioners of Okanogan PUD, and

WHEREAS, the Commissioners have had discussions in the interim with the Department of Interior regarding their willingness to assume liability for removal of Enloe Dam, and they have indicated that they are not in a position to accept liability but would help with removal,

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Public Utility District No. 1 of Okanogan County, after reviewing all of the options presented to date, determines that adding generation to Enloe Dam is in the best interests of the District's ratepayers, and hereby directs staff to proceed in developing a plan to add generation to Enloe Dam. The Board of Commissioners further directs staff to work with Energy Northwest to develop the most cost-effective plan to construct generation facilities for the Enloe Dam project.

ADOPTED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF OKANOGAN COUNTY, WASHINGTON, at an open public meeting this 9th day of May, 2016.





Scott Vejraska, President



Steve Houston, Vice President

ATTEST:



Ernest J. Bolz, Secretary

APPROVED as to form:



Heidi E. Smith, General Counsel