

APPENDIX A
PROPOSED LICENSE ARTICLES

Article 101
Fish Propagation

The licensee shall be responsible for fish propagation and enhancement programs and facilities at the Baker River Project during the term of the license, as described in this article.

Plan and Requirements. Within six months following license issuance, licensee shall, following consultation with FWS, NMFS, WDFW, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, and the Swinomish Indian Tribal Community (“Fish Resource Parties”), and Forest Service, develop a fish propagation Facilities Plan (“FPFP”) that contains detailed requirements for licensee’s implementation of the facilities and programs required by this article, including the following:

(a) Licensee shall construct ancillary facilities and/or modify Sockeye Spawning Beach 4 for improved functionality and productivity, by doing the following: 1) isolating the water supply to each of the existing segments, 2) installing concrete walls between segments, 3) improving alarm systems, and 4) reviewing conditions of Sulphur Springs water supply intake site and developing a plan to control sediment infusion that may include capping the intake area to prevent sliding material from moving into the water supply;

(b) Licensee shall construct additional fish culture facilities at the Sulphur Springs site, to provide for a total of 20,000 pounds of instantaneous cultured fish capacity (exclusive of eggs and anadromous adults) and 7,000 pounds of egg incubation capacity (including egg incubation capacity that may be provided in Beach 4), which shall include some or all of the following structures, facilities, and equipment necessary for adult holding, spawning, and egg incubation: water chiller(s), fry starter(s), troughs or ponds, rearing ponds, and loading facilities;

(c) Licensee shall provide for fishery facility operations in a manner that will enable the sequential development of population enhancement for sockeye, based upon: 1) a study completed no later than two years following license issuance evaluating and, if possible, determining the capacity of Baker Lake and Lake Shannon for the production of sockeye smolts from fry, 2) a phased approach for increasing sockeye fry capacity from production limits derived empirically from monitoring and analyses of returning broodstock and subsequent smolt production, and 3) operational tests of the limits of Sockeye Spawning Beach 4 productivity to optimize output toward the goal of producing approximately four (4) million fry;

(d) Licensee shall decommission the site of Sockeye Spawning Beaches 1, 2 and 3, in accordance with the following: 1) to the extent feasible, retain Beaches 2 and/or 3 until replacement production from new facilities required by this article are developed, which retention may require modifications, such as leak reduction, to keep them functional and improve their performance prior to decommissioning,

2) decommissioning shall not occur until approval from the Forest Service is obtained, and 3) decommissioning may include: configuring the ponds into a channel with a natural meander to optimize fish usage, removing existing structures and restoring landscaping, and initiating adult salmon returns to the site with a temporary supplementation program;

(e) Licensee shall continue the existing programs described in the schedule below, unless modified or terminated at the direction of the Sauk-Suiattle Indian Tribe, Swinomish Indian Tribal Community, Upper Skagit Indian Tribe, and WDFW (“Fish Co-managers”). Licensee shall fund and implement fish propagation and enhancement programs, when and if directed by the Fish Co-managers according to the following: 1) fisheries management objectives provided to licensee by the Fish Co-managers, 2) weight and production targets established by the Fish Co-managers, within the capacity and production limits (maximum of 20,000 pounds for no more than three months annually) of the facilities required by this article, 3) species mix, life stages, and quantities, based on Fish Co-managers’ direction, within the capacity and production limits of the facilities required by this article, and 4) facility production is limited to the space available at the Sulphur Springs site;

(f) Licensee shall, beginning no later than five years following license issuance, make funding available to the Fish Co-managers for the purpose of evaluation, planning, permitting and implementation of a reservoir nutrient enhancement program in an amount not to exceed \$60,000 annually during the term of the license. Any funds not expended in one year may be carried over into succeeding years, or, at the direction of the Fish Co-managers, due to program assessment potential or other relevant biological factors, may be transferred to the Habitat, Enhancement Restoration and Conservation (HERC) Fund;

(g) Within six months following license issuance for the existing facilities, and within six months following completion of construction of facilities required by this article, licensee shall prepare, and update periodically as needed, a fish facility operations manual that includes the following elements, as appropriate: facility layout, flow distribution schematic and plan, emergency response plan, emergency personnel call-out procedures, security plan, any current management protocols provided by the Fish Resource Parties, reporting procedures, any operations plan approved by the Fish Co-managers, an equipment and suppliers’ list, any fish distribution plan approved by the Fish Co-managers, any spill containment plan approved by the Fish Co-managers, and any hygiene plan for disease control approved by the Fish Co-managers;

(h) Licensee shall develop and implement a set of operational protocols for the fisheries enhancement program to be approved by the Fish Co-managers that contains at least the following elements: 1) the method for selecting and engaging an annual contractor, who is required to be accountable to the Fish Co-managers

and qualified to implement the program required by this article, 2) the form of annual contract and budget, to be issued for 5-year periods, with each 5-year contract commitment to be secured 12 months prior to the expiration of the current 5-year contract, 3) the process by which the Fish Co-managers will consider and approve studies to be performed by licensee or other entities to optimize fish program success, 4) the method for preparing an annual audit, to be provided to the Aquatics Resource Group ("ARG") December 31 of each year, of the operation of the facilities based on a June 1 to May 31 operating year, and 5) a method for developing a report format to include in the contract for facility operation by June 1 of each year, containing information regarding operations, problems, facility status, future need, and results of the program; and

(i) Licensee shall make funds available to the Fish Co-managers to hire an on-site manager for the fisheries enhancement program required by this article, following notification of selection of an on-site manager by the Fish Co-managers and based upon any agreement between the Fish Co-managers and the licensee. The manager will be selected by the Fish Co-managers.

After required consultation in the development of the FPPF, licensee shall provide a minimum of 30 days for the consulted parties and other members of the ARG to comment and to make recommendations before filing the FPPF with the Commission. The licensee shall include with the FPPF, documentation of consultation and copies of comments and recommendations on the FPPF after it has been prepared and provided to the consulted parties and other members of the ARG, and specific descriptions of how the comments are accommodated by the plan. If licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

Schedule. Licensee shall comply with the requirements of this article according to the following initial schedule, which may be revised following consultation with the Fish Resource Parties:

Schedule for implementation of fish propagation/enhancement programs for the Baker River Project.

Estimated Start Year	Year of License	Actions
2005	-1	<p>Initiate design and permitting for Phase 1 hatchery construction with a capacity for 7 million fry (egg capacity ~ 7.8 million) (Phase 1 Hatchery).</p> <p>Initiate design and permitting rearing facilities for up to 20,000 lbs. instantaneous capacity (Phase 1 Hatchery).</p> <p>Initiate design and permitting for holding and handling facilities for 6,000 adult sockeye hatchery broodstock (Phase 1 Hatchery).</p> <p>Initiate design and permitting for improvements to Spawning Beach 4 (SB4).</p> <p>Continue the following existing programs:</p> <ul style="list-style-type: none"> • Operation of Sockeye Spawning Beaches 2 or 3, and 4. • Artificial incubation of 1,000,000 + sockeye eggs. • Rearing of 130,000 sockeye for releases in June (~60,000), fall (~60,000), and the following spring (5,000 – 10,000). • Spawning, incubation and rearing of coho. The egg take is the result of sampling for tag recovery from adults and stocking needs of Lake Shannon. Fifteen thousand are reared for a year and release for fish passage testing. • 20,000 rainbow trout for release into Depression Lake.
2006	0	<p>Construct Phase 1 Hatchery and SB4 improvements.</p> <p>Resume basin Sockeye fry productivity study.</p>
2007-2012	~ 1- 6	<p>Initiate Baker system capacity test by sequential increases in production currently estimated at ~1 million fry per year until the sockeye fry capacity of SB4 plus Phase 1 hatchery or the Baker system carrying capacity is reached (1st hatchery fry expected spring 2008).</p>
2009-2011	~ 3- 5	<p>Initiate and implement decommissioning of site of Sockeye Spawning Beaches 1, 2, and 3.</p>
2012-2016	~ 6-10	<p>Hold production stable for Baker system capacity testing at Phase 1 Hatchery and SB4 capacity (total anticipated fry production ~10.5 million).</p>

2015	~ 9	<p>Based on previous capacity study results initiate design and permitting for:</p> <p>Hatchery expansion to a capacity of 11 million fry (total facility fry capacity ~14.5 million) Phase 2 Hatchery.</p> <p>Additional holding and handling facilities for and additional 2,500 adult sockeye hatchery broodstock (total 8,500 adults) Phase 2 Hatchery.</p>
~ 2016	~ 10	Construct Phase 2 Hatchery improvements (as appropriate).
~ 2017- license term	~ 11	Resume sequential increases in production currently estimated at ~1 million fry per year until the sockeye fry capacity of SB4 plus Phase 2 Hatchery or the Baker system carrying capacity is reached.

Reporting. After consultation with the ARG, the WDFW, the Swinomish Indian Tribal Community, the Upper Skagit Indian Tribe and Sauk-Suiattle Indian Tribe, licensee shall submit a final annual report that includes an annual audit on fish propagation facilities and programs required by this article, based on a June 1 to May 31 operating year, which shall be submitted to the Commission in accordance with Article 102. For the purposes of this article, the audit shall involve a periodic review and report on operational indices that includes financial accounting, fish handling and disease management operations, hazardous materials handling, Spill Prevention and Control Countermeasures compliance, and other parameters that may be designated from time to time. The licensee shall allow a minimum of 30 days for the Parties to comment and to make recommendations before filing the report of operations with the Commission, and comments will be provided on or before November 30. The licensee shall include with the audit or report, documentation of comments and recommendations on the annual report, and specific descriptions of how any comments are accommodated in the report. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on Project-specific information.

Article 102

Aquatics Reporting

Within one year of license issuance the licensee shall prepare and file with the Commission a report regarding plans and other measures for the restoration, management and enhancement of fish species in the Baker River basin. Licensee shall submit the report annually, and provide updates and revisions as required by the schedule below. The licensee shall allow a minimum of thirty (30) days for the ARG to comment before filing the report with the Commission, in accordance with the schedule below. The licensee shall include with the report, documentation of comments, and specific descriptions of how comments are accommodated in the report. If the licensee does not adopt a comment, the filing shall include the licensee's reasons, based on project-specific information.

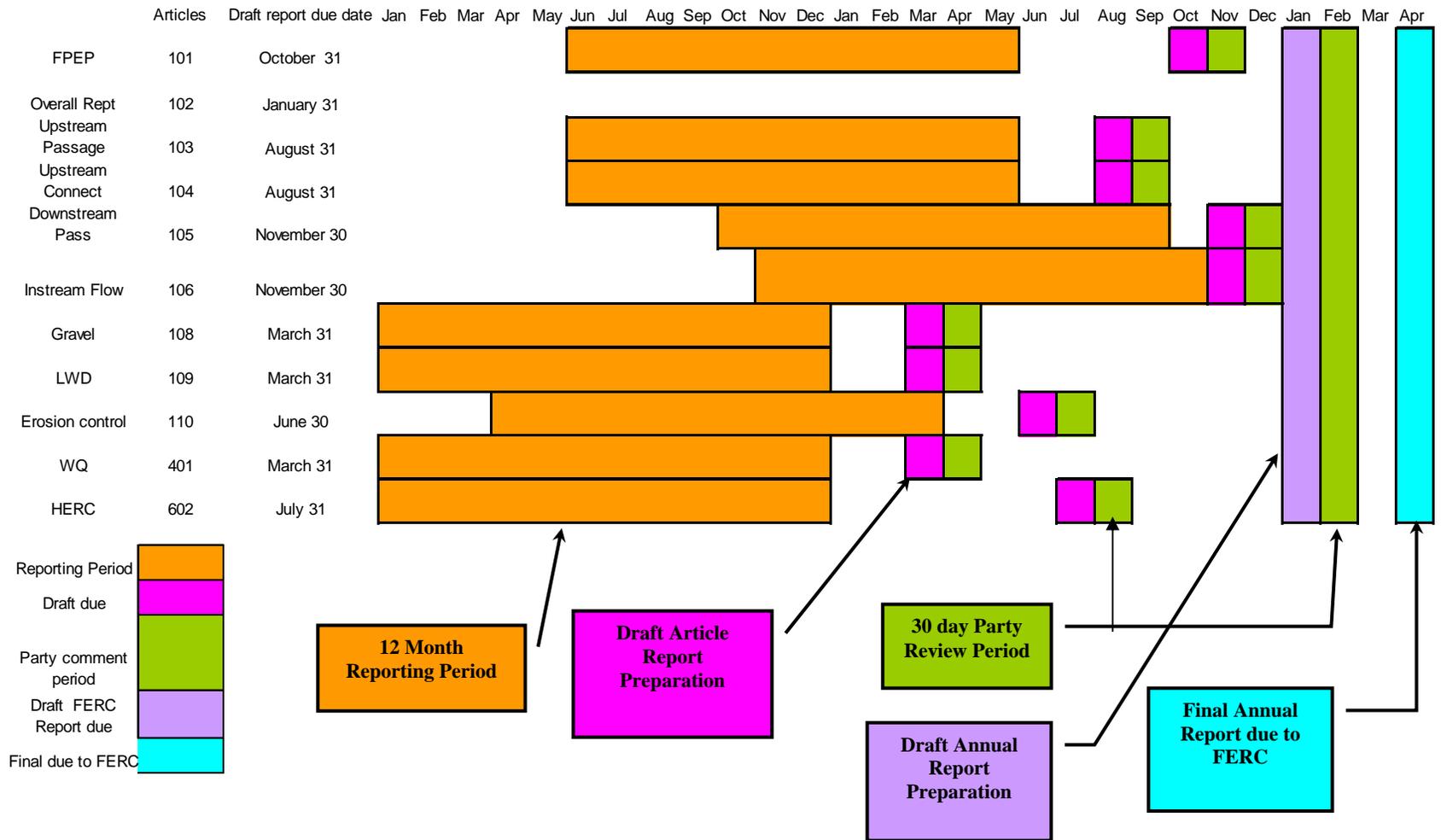
The report, at a minimum, shall: summarize existing plans or other measures of agencies and tribes, including Endangered Species Act recovery plans and the Aquatic Conservation Strategy of the Northwest Forest Plan; and describe how the licensee, agencies, and tribes coordinate in the implementation of their respective plans and measures. The licensee shall consider this report in the course of implementing Article 101 (Fish Propagation), Article 103 (Upstream Fish Passage), Article 104 (Connectivity), Article 105 (Downstream Fish Passage), Article 106 (Flow Implementation), Article 109 (LWD), Article 505 (Riparian/Aquatic Habitat), and Article 602 (HERC Fund). The report shall also include the status of development or implementation of plans or other measures and annual reporting required by Articles 101, 103, 104, 105, 106, 108, 109, 110, 401, 505, and 602 according to the Aquatics Reporting Schedule, as follows;

Aquatics Reporting Schedule

Article Number	Annual Report due?	Update Report from Article 102	Reporting period	Draft report due date
101	x		Previous 12 months, June 1 to May 31	October 31
102	x		Varies - 12 Months	January 31
103	x	x	Previous 12 months, June 1 to May 31	August 31
104	x	x	Previous 12 months, June 1 to May 31	August 31
105	x		Previous 12 months, September 1 - August 31	November 30
106	x		Previous 12 months, October 1 - September 30	November 30
108			Previous 12 months, January 1 - December 31	March 31
109		x	Previous 12 months, January 1 - December 31	March 31
110	x		Previous 12 months, January 1 - December 31	March 31
401	x		Previous 12 months, April 1 - March 31	June 30
505		x	Previous 12 months, January 1 - December 31	July 31
602	x	x	Previous 12 months, January 1 - December 31	July 31

In complying with the reporting schedule, licensee shall be governed by the following illustration of plan drafting, commenting, and reporting:

Reporting Schedule for Aquatics Articles 101-110, 401, and 602



Article 103
Upstream Fish Passage Implementation Plan

Licensee shall provide safe and effective upstream passage at the Baker River Project by using trapping, sorting, holding and hauling facilities located on the Baker River and other operations and facilities as appropriate for the Baker River Project, in accordance with the plan described in this article. Facilities include new facilities and renovations to existing facilities.

Licensee shall develop, submit to NMFS and FWS for approval, and file with the Commission for approval, an Upstream Fish Passage Implementation Plan (UFPIP). The licensee shall develop the UFPIP in consultation with the ARG and specifically with NMFS, FWS, WDFW, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, and the Swinomish Indian Tribal Community.

Licensee shall develop and submit the UFPIP in phases, according to the schedule that follows, or on an alternative schedule specified in the UFPIP within six months of license issuance:

- UFPIP – Upstream Passage Construction & Design. No less than 60 days before initiation of construction and no later than 2 years after license issuance, the licensee shall file with the Commission its complete plans and specifications and schedule for construction of facilities for attraction, capture, and transport of upstream migrating fish at the Lower Baker Development.
- UFPIP – Upstream Passage Operation & Maintenance (O&M). No less than 60 days before initiation of operation, the licensee shall file with the Commission its complete plans and specifications for O&M of upstream passage facilities. The O&M plan shall include at least the following elements: a) fish handling, b) hauling frequencies, c) frequency and magnitude of attraction flows, d) species protocol, e) trap operational flows, f) a schedule, g) the method for providing annual updates, and h) trap reporting requirements.
- UFPIP – Upstream Passage Quality Assurance/Quality Control. No less than 60 days before initiation of operation, licensee shall file with the Commission for approval a quality assurance/quality control plan for the upstream passage facilities to confirm that the approved plans will be constructed as approved.
- UFPIP – Upstream Passage Emergency Response Plan. No less than 120 days prior to the initiation of operation of any of the fish passage facilities required by this article, licensee shall file with the Commission a preliminary response plan addressing operational contingencies and

emergencies, and shall file a final plan with the Commission within 120 days from startup testing.

- UFPIP – Fish Passage Annual Reporting. The licensee shall file with the Commission an annual report describing the operation of the upstream fish passage facilities for the past year at the Lower Baker Dam, pursuant to Article 102. The report shall include the numbers and species of fish captured in the trap and the associated disposition of those fish. The report shall include a description of problems and associated remedies for such problems, describe any modifications of the facilities implemented in the prior year, and audit and report operational compliance.

The licensee shall allow a minimum of 30 days for the consulted parties to comment and to make recommendations before filing each of the above plan components with the Commission. The licensee shall include with each of the plan components and reports required by this article, documentation of consultation and copies of comments and recommendations on the completed plan component, documentation of the approval of FWS and NMFS or documentation of the status of the review by FWS and NMFS, and specific descriptions of how the other consulted parties' comments are accommodated by the plan. If the licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

Licensee shall make funding available in an amount not to exceed \$20,000 annually during the term of the license for beneficial modifications beyond the scope of any modifications required to meet performance standards. The licensee may, in consultation with the ARG, modify facilities or operations as a result of performance reporting, changing needs and new technologies, provided that such modifications shall not proceed without the approval of the NMFS and FWS. Modifications shall be submitted to the Commission for approval.

Article 104

Connectivity between Lake Shannon and Baker Lake

Licensee shall provide a fishway between Lake Shannon and Baker Lake for native char and other native fish species that become isolated by the project. No later than three years after license issuance, the licensee shall conduct an investigation, in consultation with the ARG, and specifically with NMFS, FWS, WDFW, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, and the Swinomish Indian Tribal Community, to develop and initiate studies with regard to the type of fishway, its location and timing, and the species and numbers of fish to be collected and transported upstream of Upper Baker Dam, following approval from NMFS and FWS. The investigation may include tagging, radio-tagging or other methods.

Fishways provided according to this article may range from, but may not necessarily be limited to, collect and haul operations, a temporary weir and trap on Sulphur Creek or a similar facility installed below Upper Baker Dam, up to a more permanent trap and haul facility below Upper Baker Dam. The facility shall include design accommodations for other aquatic species that do not compromise the primary design focus on native char and may be significantly lesser in scope and complexity than the adult fish trap downstream of Lower Baker Dam. Investigation is necessary to narrow the range of prospective fishway alternatives within this range.

If testing demonstrates that the approved prototype fishway does not appropriately achieve fish species connectivity, licensee shall propose an alternative plan to the ARG for approval by FWS and NMFS.

Licensee shall develop, submit to NMFS and FWS for approval, and file with the Commission for approval, a Fish Connectivity Implementation Plan (FCIP). The licensee shall develop the FCIP in consultation with the ARG and specifically with NMFS, FWS, WDFW, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, and the Swinomish Indian Tribal Community.

The licensee shall develop and submit the FCIP in phases, according to the schedule that follows, or on an alternative schedule submitted to the Commission for approval by licensee within six months of license issuance:

- FCIP – Fish Connectivity Construction & Design. No less than 60 days before initiation of construction and no later than 3 years after license issuance, the licensee shall file with the Commission its complete plans, specifications, and schedule for construction of facilities and/or operations for attraction, capture, and transport of upstream migrating fish from Lake Shannon to Baker Lake.
- FCIP – Fish Connectivity Operation & Maintenance (O&M). No less than 60 days before initiation of operation, the licensee shall file with

the Commission its complete plans and specifications for O&M of upstream passage facilities. The O&M plan shall include at least the following elements: a) fish handling, b) hauling frequencies, c) frequency and magnitude of attraction flows, d) species protocol, e) trap operational flows, f) a schedule, g) the method for providing annual updates, and h) trap reporting requirements.

- FCIP – Fish Connectivity Quality Assurance/Quality Control. No less than 60 days before initiation of operation, licensee shall file with the Commission for approval a quality assurance/quality control plan for the upstream passage connectivity facilities and/or operations to confirm the approved plans will be constructed and/or operated as approved.
- FCIP – Fish Connectivity Emergency Response Plan. No less than 120 days prior to the initiation of operation of any of the fish passage facilities required by this article, licensee shall file with the Commission a preliminary response plan addressing operational contingencies and emergencies, and shall file a final plan with the Commission within 120 days from startup testing.
- FCIP – Fish Connectivity Annual Reporting. Licensee shall file with the Commission an annual report describing the operation of the upstream fish passage connectivity facilities for the past year at the Upper Baker and Lower Baker Developments, pursuant to Article 102. The report shall include the numbers and species of fish captured in the trap and the associated disposition of those fish. The report shall include a description of problems and associated remedies for such problems, any modifications of the facilities implemented in the prior year, and audit and report operational compliance.

The licensee shall provide a minimum of 30 days for the consulted parties to comment and to make recommendations before filing each of the above plan components with the Commission. The licensee shall include with each of the plan components and reports required by this article, documentation of consultation and copies of comments and recommendations on the completed plan component after it has been prepared and provided to the consulted parties, documentation of the approval of FWS and NMFS or documentation of the status of the review by the FWS and NMFS, and specific descriptions of how the other consulted parties' comments are accommodated by the plan. If the licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

Article 105
Downstream Fish Passage Implementation Plan

Licensee shall provide safe and effective downstream passage at the Baker River Project by using attraction, guidance, trapping, sorting, holding and hauling facilities located on the project reservoirs and other operations and facilities as appropriate for the Baker River Project, in accordance with the plan described in this article. Required facilities include new facilities and may include renovation of some existing facilities.

Licensee shall develop, submit to NMFS and FWS for approval, and file with the Commission for approval, a Downstream Fish Passage Implementation Plan (DFPIP). The licensee shall develop the DFPIP in consultation with the ARG and specifically with NMFS, FWS, WDFW, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, and the Swinomish Indian Tribal Community.

The plan shall be implemented in phases, according to the schedule that follows, or on an alternative schedule to be submitted to the Commission for approval by licensee within six months of license issuance:

- DFPIP – Downstream Passage Construction & Design. No less than 60 days before initiation of construction and no later than 2 years after license issuance, the licensee shall file with the Commission its complete plans and specifications for construction of facilities for attraction, capture, and transport of downstream migrating fish at the Upper Baker and Lower Baker Developments.
- The downstream passage construction and design actions shall include licensee's provision of safe and effective downstream passage at the Upper Baker and Lower Baker Developments, which may include the following features: a) a guide net; b) a FSC; c) a transition structure between the guide net and FSC; d) a transportation conduit; e) a floating fish trap; f) transfer facilities; g) hauling vehicles, and h) stress-relief ponds, in accordance with the plan described in this article. The downstream passage facilities shall be developed and installed according to the following sequence:
 - 1) Upper Baker phase one shall include a 500 cfs capacity FSC (with 1,000 cfs pumping capacity) and ancillary facilities, to be scheduled to be operational by March 2008;
 - 2) Lower Baker phase one shall include a 500 cfs capacity FSC (with 1,000 cfs pumping capacity) and ancillary facilities, to be operational by March 2012;

- 3) Upper Baker phase two shall be provided if Upper Baker phase one fails to meet performance criteria described in the DFPIP and the Services' section 18 prescription, and shall include a 1,000 cfs capacity FSC to be installed no later than five (5) years after completion of phase one, if needed; and
 - 4) Lower Baker phase two shall be provided if Lower Baker phase one fails to meet performance criteria described in the DFPIP and the Services' section 18 prescription, and shall include expansion of the existing 500 cfs FSC to 1,000 cfs capacity, if needed.
 - 5) If at any time before a phase two expansion segment is constructed for either the Upper Baker or Lower Baker FSC, NMFS and the FWS determine that phase two is not required as a prescriptive measure due to the success of phase one downstream passage, and both NMFS and FWS provide documentation to the licensee and to FERC that no further prescriptive measures are required, \$800,000 will be made available to fund projects identified pursuant to Article 505 for each unnecessary expansion.
- DFPIP – Downstream Passage Operation & Maintenance (O&M). No less than 60 days before initiation of operation, the licensee shall file with the Commission its complete plan and specifications for O&M of downstream passage facilities. The O&M plan shall include at least the following elements: a) the seasonal period of operation, b) special FSC operations, c) fish sampling, d) fish handling protocols, e) holding and release protocols, f) transport loading rates, g) trap counts reported weekly, h) a schedule, and i) the method for providing annual updates.
 - DFPIP – Downstream Passage Quality Assurance/Quality Control. No less than 60 days before initiation of operation, licensee shall file with the Commission for approval a quality assurance/quality control plan for the downstream passage facilities to confirm the approved plans will be constructed as approved.
 - DFPIP – Downstream Passage Emergency Response Plan. No less than 120 days prior to the initiation of operation of any of the fish passage facilities required by this article, licensee shall file with the Commission a preliminary response plan addressing operational contingencies and emergencies, and shall file a final plan with the Commission within 120 days from startup testing.
 - DFPIP – Fish Passage Annual Reporting. Licensee shall file with the Commission an annual report describing the operation of the

downstream fish passage facilities for the past year at the Upper Baker and Lower Baker Developments, pursuant to Article 102. The report shall include the number and species of fish captured in the trap and the associated disposition of those fish. The report shall include a description of problems and associated remedies for such problems, any modifications of the facilities implemented in the prior year, and audit and report operational compliance.

If there are any unexpected delays for the schedules set forth in this article, licensee shall convene a meeting of the ARG to identify an acceptable alternative to properly protect, mitigate and enhance downstream fish passage in the context of the schedule for all downstream passage facilities, which may include, without limitation, an accelerated schedule for fish passage at one reservoir if the schedule is delayed for fish passage at the other reservoir.

The licensee shall allow a minimum of 30 days for the consulted parties to comment and to make recommendations before filing the plan with the Commission. The licensee shall include with the plan, documentation of consultation and copies of comments and recommendations on the completed plan after it has been prepared and provided to the consulted parties, documentation of the approval of FWS and NMFS or documentation of the status of the review by the FWS and NMFS, and specific descriptions of how the consulted parties' comments are accommodated by the plan. If the licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the ARG. Licensee shall provide a copy of the proposed alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

Licensee shall make funding available in an amount not to exceed \$20,000 annually during the term of the license for beneficial modifications beyond the scope of any modifications required to meet performance standards. The licensee may, in consultation with the ARG, modify facilities or operations as a result of performance reporting, changing needs and new technologies, provided that such modifications shall not proceed without the approval of the NMFS and FWS. Modifications shall be submitted to the Commission for approval.

Article 106

Flow Implementation

Licensee shall release flows and manage reservoirs at the Baker River Project for the protection, restoration and/or enhancement of fish and wildlife resources, riparian vegetation, aesthetic resources, water quality, recreation resources, flood control and health and safety, as described in this article and Article 107.

(A) Interim Operations. Until the new units described in this article are constructed, licensee shall conduct operations in accordance with the Interim Protection Plan (IPP) analyzed in the Biological Opinion for Endangered Species Act section 7 Consultation for the Baker River Hydroelectric Project (FERC No. 2150), NMFS Consultation No. 2002/01040, or as approved by the Commission. During this interim period, licensee shall use best efforts to protect other species of salmonids not addressed in the IPP by reducing the maximum flow from generation of 4,100 cfs to 3,200 cfs from the Lower Baker Development, or less if possible, during the spawning season, from September 1 to December 31. The licensee shall investigate methods and make best efforts to reduce ramping rates toward the standards established in Aquatics Table 1 below. In making its best efforts, licensee shall consider the best interests of the fish resources by limiting the rate of change of incrementally decreasing flows, limiting the amount of daily amplitude change, and minimizing the difference between spawning and incubation flows. These flows may not necessarily be preferred for energy generation, but will be within the operational limitations of the existing Lower Baker dam and powerhouse.

(B) Flow Implementation Plan. Within four years of license issuance, the licensee shall prepare and submit for the Commission's approval a Flow Implementation Plan (FIP). The FIP shall: 1) specify the schedule for construction of two new generating units each with 750 cfs capacity, as provided in subsection (E); 2) require the implementation of Aquatics Table 1 or 2 as provided in sub-section (C), following construction; 3) provide the process and criteria for proposing modifications to Aquatics Table 1 or 2; and 4) provide the process and criteria for amending the FIP. The licensee shall develop the plan in consultation with the ARG, including specifically Ecology, FWS, NMFS, Forest Service, WDFW, the Swinomish Indian Tribal Community, Upper Skagit Indian Tribe, and Sauk-Suiattle Indian Tribe. The licensee shall allow a minimum of 60 days for the consulted entities to comment and to make recommendations before filing the plan with the Commission. The plan shall include documentation of consultation, copies of comments and recommendations, and the licensee's responses. If the licensee does not accept a recommendation, the plan shall include the licensee's reasons based on project-specific information.

(C) Plan Implementation. Following construction of the facilities required by this article, the licensee shall release flows as provided in Aquatics Table 1. In the event that the Corps District Engineer directs the licensee to operate the Lower Baker reservoir to provide up to 29,000 acre-feet of storage in accordance with Article 107, licensee shall implement Aquatics Table 2, following the construction of any necessary facilities modifications, and the FIP shall be revised to incorporate Aquatics Table 2.

(D) Aquatics Table 1 or 2 Modifications. Aquatics Table 1 or 2 may be modified, as appropriate to protect, mitigate, and enhance aquatic resources. If licensee obtains or receives new information that suggests different flows may better protect, mitigate, and enhance aquatic resources, then licensee will provide the new information to the ARG to allow consideration of a modification to Aquatics Table 1 or 2. The ARG may propose a modification provided that the modification shall not require licensee to make additional funds available or to increase the total expected cost or other impact on project generation or capacity, subject to the reserved authority of the Commission or Ecology. Modifications may be proposed at any time prior to completion of the FIP or through the plan amendment process thereafter. Following approval by the Commission, the licensee shall implement the modifications as required by the FIP.

Aquatics Table 1. Flows and reservoir elevations proposed for the Baker River Project, FERC No. 2150.

Lower Baker Development Engineering Module: Three turbines (one 4,100 cfs turbine, two 750-cfs turbines)							Upper Baker Development No changes to turbine configuration							
Period	Min. Instream Flow (cfs)	Max. Instream Flow (cfs) ⁽¹⁾	Downramping Rates ⁽²⁾	Flood Control Storage (AF)	Max Pool Level (ft) (NAVD 88)	Min Pool Level (ft) (NAVD 88)	Period	Flood Control Storage (AF)	Max Pool ⁽³⁾ Level (ft) (NAVD 88)	Min Pool Level (ft) (NAVD 88)	Max Daily Pool Level Change			
Aug 1-31	1,000	3,600	1-inch per hour day and night	No flood control requirement	442.35	404.75	Aug 1-31	No flood control requirement prior to 10/01	727.77	724.8	Max pool fluctuation ≤ 0.5 ft per rolling 24-hr period			
Sep 1-3	1,000	3,600			442.35	404.75	Sep 3		727.77	724.8				
4-9	1,000	3,600			442.35	404.75	Sep 9		727.77	720.8				
10-30	1,000	3,200			442.35	404.75	Sep 30		727.77	718.8				
Oct 1-7	1,000	3,200 ⁽¹⁾			442.35	389	Oct 7		727.11 ⁽⁴⁾	713.8				
8-15	1,000	3,200 ⁽¹⁾			442.35	389	Oct 15		Gradual drawdown to 74,000 AF by 11/15	726.23 ⁽⁴⁾		685		
16-20	1,000	3,200 ⁽¹⁾			442.35	389	Oct 20			725.68 ⁽⁴⁾		685		
21-31	1,200	3,600 ⁽¹⁾			442.35	389	Oct 31			724.47 ⁽⁴⁾		685		
Nov 1-15	1,200	3,600 ⁽¹⁾			442.35	389	Nov 14			712.42 ⁽⁴⁾		685		
16-30	1,200	3,600 ⁽¹⁾			442.35	389	Nov 15-30			74,000 AF 11/15 to 03/01		711.56	685	
Dec 1-31	1,200	3,600 ⁽¹⁾	442.35		389	Dec 1-31	711.56	685						
Jan 1-31	1,200	5,600	442.35		389	Jan 1-31	711.56	685						
Feb 1-15	1,200	5,600	442.35		389	Feb 1-15	711.56	685						
16-28	1,200	5,600	442.35		389	16-28	711.56	685						
Mar 1-31	1,200	5,600	0 inches per hour day and 2 inches per hour night		No flood control requirement	442.35	389	Mar 1-31	Gradual refill	718	685	No constraints on max daily pool level changes		
Apr 1-30	1,200	3,600				442.35	389	Apr 1-30	No flood control requirement after 04/01	718	685			
May 1-8	1,200	3,600				442.35	389	May 1-8		727.77	685			
9-14	1,200	3,600				442.35	389	9-14		727.77	713.8			
15-22	1,200	3,600				442.35	389	15-22		727.77	718.8			
23-31	1,200	3,600				442.35	389	23-31		727.77	724.8			
Jun 1-15	1,200	5,600				442.35	404.75	Jun 1-15		727.77	724.8			
16-30	1,200	5,600				442.35	404.75	16-30		727.77	724.8			
Jul 1-31	1,200	5,600				1-inch /hour day and night	442.35	404.75		Jul 1-31	727.77		724.8	Max pool fluctuation ≤ 0.5 ft per rolling 24-hr period

⁽¹⁾ Maximum release constraints eliminated when Baker Lake inflow > 10 % monthly exceedance flow OR Skagit River above the Baker River confluence > 24,000 cfs October through December.

⁽²⁾ Downramping rates measured at the Baker River at Concrete, but based on stage changes observed at Transect 1 on the mainstem Skagit River below the Baker River confluence (RM 56.5).

⁽³⁾ Maximum elevation unless otherwise directed by the District Engineer (Corps) during Flood Season.

No minimum flow requirements.

No maximum instream flow constraint.

No downramping limitations for environmental interests.

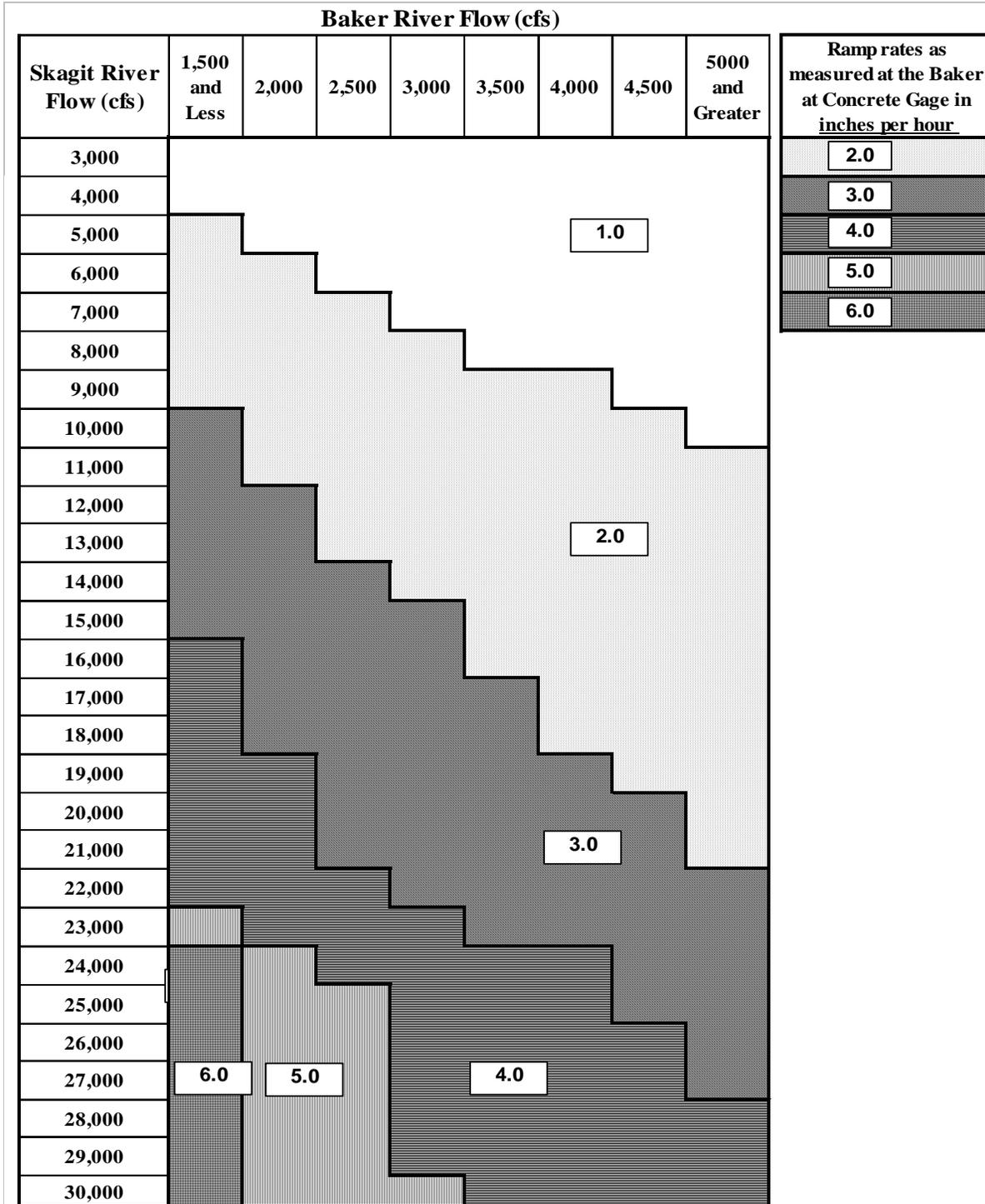
⁽⁴⁾ Daily reservoir elevations between October 1, November 1, and November 15 shall be at or below straight lines drawn between 727.77 and 724.47 and between 724.47 and 711.56 for those respective dates with a gradual refill after March 1.

NOTE: All elevations are referenced to NAVD 88. Operations in effect for all years (no special dry year conditions)

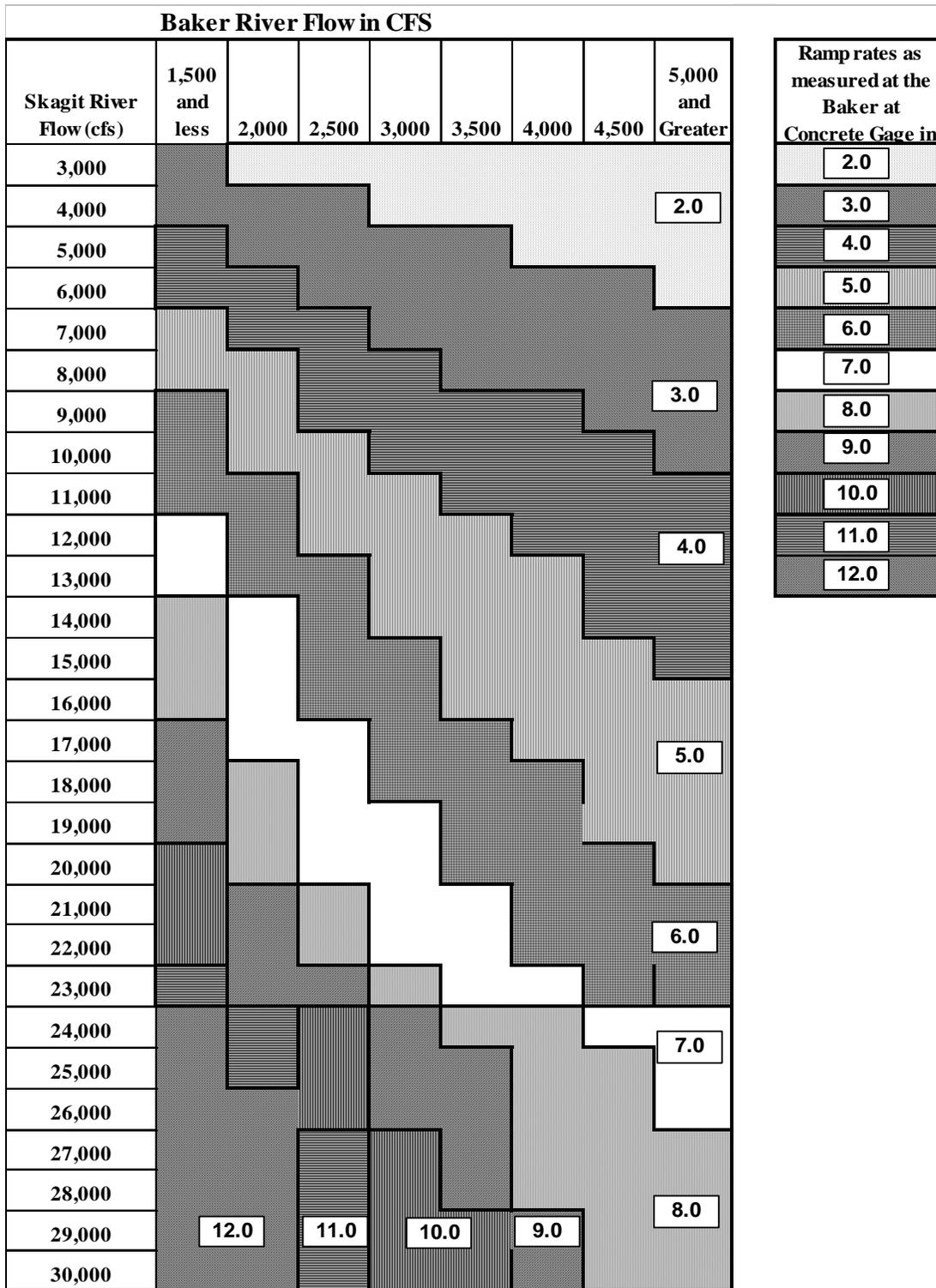
Aquatics Table 2. Flows and reservoir elevations proposed for the Baker River Project, FERC No. 2150 if Proposed Article 107 is adopted.

Lower Baker Development Engineering Module: Three turbines (one 4,100 cfs turbine, two 750-cfs turbines)							Upper Baker Development No changes to turbine configuration						
Period	Min. Instream Flow (cfs)	Max. Instream Flow (cfs) ⁽¹⁾	Downramping Rates ⁽²⁾	Flood Control Storage (AF)	Max Pool Level (ft) (NAVD 88) ⁽³⁾	Min Pool Level (ft) (NAVD 88)	Period	Flood Control Storage (AF)	Max Pool Level (ft) (NAVD 88) ⁽³⁾	Min Pool Level (ft) (NAVD 88)	Max Daily Pool Level Change		
Aug 1-31	1,000	3,600	1-inch per hour day and night	No flood control requirement prior to 10/1	442.35	404.75	Aug 1-31	No flood control requirement prior to 10/1	727.77	724.8	Max pool fluctuation ≤ 0.5 ft per rolling 24-hr period		
Sep 1-3	1,000	3,600			442.35	404.75	Sept 3		727.03 ⁽⁴⁾	724.8			
4-9	1,000	3,600			442.35	404.75	Sept 9		724.82 ⁽⁴⁾	720.8			
10-30	1,000	3,200			442.35	404.75	Sept 30		717.09 ⁽⁴⁾	718.8			
Oct 1-7	1,000	3,200 ⁽¹⁾		29,000 AF 10/01 to 03/01	No flood control requirement after 03/01	428.55	389	Oct 7	Gradual drawdown to 74000 AF by 10/15 ⁽⁴⁾	714.51 ⁽⁴⁾	713.8	No constraints on max daily pool level changes	
8-15	1,000	3,200 ⁽¹⁾				428.55	389	Oct 15		711.56 ⁽⁴⁾	685		
16-20	1,000	3,200 ⁽¹⁾				428.55	389	16-20		711.56	685		
21-31	1,200	3,600 ⁽¹⁾				428.55	389	21-31		711.56	685		
Nov 1-15	1,200	3,600 ⁽¹⁾	2-inches per hour day and night			428.55	389	Nov 1-15		711.56	685		
16-30	1,200	3,600 ⁽¹⁾				428.55	389	16-30		711.56	685		
Dec 1-31	1,200	3,600 ⁽¹⁾				428.55	389	Dec 1-31		711.56	685		
Jan 1-31	1,200	5,600				428.55	389	Jan 1-31		711.56	685		
Feb 1-15	1,200	5,600	16-28	428.55		389	Feb 1-15	711.56	685				
16-28	1,200	5,600		428.55		389	16-28	711.56	685				
Mar 1-31	1,200	5,600	0 inches per hour day and 2 inches per hour night	No flood control requirement after 03/01		442.35	389	Mar 1-31	Gradual refill	718	685		Max pool fluctuation ≤ 0.5 ft per rolling 24-hr period
Apr 1-30	1,200	3,600				442.35	389	Apr 1-30	No flood control requirement after 04/01	718	685		
May 1-8	1,200	3,600				442.35	389	May 1-8		727.77	685		
9-14	1,200	3,600				442.35	389	9-14		727.77	713.8		
15-22	1,200	3,600				442.35	389	15-22		727.77	718.8		
23-31	1,200	3,600				442.35	389	23-31		727.77	724.8		
Jun 1-15	1,200	5,600			442.35	404.75	Jun 1-15	727.77		724.8			
16-30	1,200	5,600	1-inch /hour day and night		442.35	404.75	16-30	727.77		724.8			
Jul 1-31	1,200	5,600			442.35	404.75	Jul 1-31	727.77	724.8				
⁽¹⁾ Maximum release constraints eliminated when Baker Lake inflow > 10 % monthly exceedance flow OR Skagit River above the Baker River confluence > 24,000 cfs October through December. ⁽²⁾ Downramping rates measured at the Baker River at Concrete, but based on stage changes observed at Transect 1 on the mainstem Skagit River below the Baker River confluence (RM 56.5). ⁽³⁾ Maximum elevation unless otherwise directed by the District Engineer (Corps) during Flood Season.							No minimum flow requirements. No maximum instream flow constraint. No downramping limitations for environmental interests. ⁽⁴⁾ Daily reservoir elevations between October 1 and October 15, shall be at or below straight lines drawn between 727.77 and 711.56 for those respective dates with a gradual refill after March 1.						

Aquatics Ramping Rate Figure A: Relationship between flows in the Baker River and Skagit River (Transect 1/Dallas Gage) and resulting in ramping schedule for the Baker River Project as measured at the Baker River at Concrete Gage to effect the Skagit river for seasons requiring 1 inch per hour.



Aquatics Ramping Rate Figure B. Relationship between flows in the Baker River and Skagit River (Transect 1/Dallas Gage) and resulting in ramping schedule for the Baker River Project as measured at the Baker River at Concrete Gage to affect the Skagit River for seasons requiring 2 inch per hour.



(E) Construction of New Units. To achieve this flow regime and meet these ramping rates, the licensee shall, upon Commission approval of a construction plan and schedule: 1) install two new generating units with approximately 750 cfs capacity each at the Lower Baker Development, to come on line within six years after license issuance; and, if needed, 2) alter the existing facilities.

(F) Ramping Rates. The licensee shall, beginning as early as reasonably practicable following license issuance and installation of the two new generating units at the Lower Baker Development, change the ramping rates for all licensee-controlled streamflow releases per Aquatics Table 1 or 2. The ramping rates shall apply on the Skagit River at transect 1, but will be measured on the Baker River based upon an established relationship shown on a table or curve to be developed by licensee by seeking input from the ARG, WDFW, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, the Swinomish Indian Tribal, the FWS, NMFS, and Forest Service, and in consultation with Ecology, and in accordance with any approval received from Ecology.

These ramping restrictions are to be in effect whenever the flow, as calculated at the Skagit River above the Baker River confluence, is less than or equal to 26,000 cfs. The relationship between flows and ramping is depicted on Aquatics Ramping Rate Figures A and B above.

(G) Monitoring Flows and Ramping Rates. Instream flows and ramping rates shall be monitored at the USGS gage (Station 12193500) Baker River at Concrete or via other approved means. Results of monitoring shall be made available to the Commission as part of the report required by this article. In the event that the gaging site USGS #12193500 Baker River at Concrete is no longer operable and another gage is used which is influenced by extraneous conditions (gages of the Skagit River, or tributaries, wind action, fluctuations in flow from upstream projects, for example), these ramping compliance conditions will be revisited.

(H) Temporary Modification to Flows and Ramping Rates – Natural Events. The flow regime required by this article may be temporarily suspended and modified in the event that drought conditions, or some other natural event outside of the control of licensee, limit licensee's ability to comply with the requirements of this article. Prior to operating outside of the conditions of this article, licensee shall: 1) notify the ARG and, at least, NMFS, FWS, Ecology, WDFW, the Sauk-Suiattle Indian Tribe, the Swinomish Indian Tribal Community, the Upper Skagit Indian Tribe, and Skagit County; 2) hold a meeting to identify potential options and solutions, which may include, but not be limited to, controlled generation and specified release patterns to protect fish to the extent practicable; and 3) obtain approval from Ecology. Controlled generation and specified release pattern solutions include, but are not limited to, the following:

If the total project live storage (Baker Lake and Lake Shannon combined) drops below 160,000 acre-feet, licensee shall notify the ARG and reduce generation at the Lower Baker Development to the minimum instream flow in effect at that time until project storage has been restored above 160,000 acre-feet.

(I) Temporary Modification to Flows and Ramping Rates – Emergencies. In the event that a condition affecting the safety of the project or project works, as defined by 18 C.F.R. § 12.3(b)(4), occurs and does not allow for consultation to occur before responding, then flows and ramping rates may be temporarily modified following any consultation with Ecology that is possible given the exigencies of the event. If the flow is so modified, the licensee shall notify Ecology, the Commission and the ARG as soon as practicable after the condition is discovered, without unduly interfering with any necessary or appropriate emergency repair, alarm, or other emergency action procedure. Licensee shall provide all members of the ARG with a copy of any written report required by 18 C.F.R. § 12.10(a)(2) within ten (10) days of filing with the Commission.

(J) Reporting Violations. In the event of a violation of the flow release or ramping schedule, the licensee shall report such violations as soon as discovered, but no later than 24 hours. Email notification, or other reporting mechanisms, agreeable to the parties, shall be made to the Commission, Ecology, and the ARG. The licensee shall provide a follow-up report to the Commission, Ecology, and the ARG within two weeks of the incident stating what occurred, licensee's response, and any measures licensee proposes to reduce future similar occurrences.

(K) Annual Reporting. Within two years of license issuance and annually thereafter according to the schedule set forth in Article 102, the licensee shall prepare and submit a Flow Implementation Report (FIR) regarding implementation of this article's requirements. The licensee shall develop the report in consultation with the ARG, including specifically Ecology, FWS, NMFS, Forest Service, WDFW, the Swinomish Indian Tribal Community, Upper Skagit Indian Tribe and Sauk-Suiattle Indian Tribe. The licensee shall provide a minimum of 60 days for the consulted entities to comment before filing the FIR with the Commission. The FIR shall include documentation of consultation, copies of comments, and licensee's responses based on project-specific information.

(L) Conflicts. If a conflict arises between the ramping rates or flow regimes in Article 106 and the additional flood control measures implemented as a part of Article 107(b) or (c), then the licensee shall modify its operations to the minimum extent necessary to avoid the conflict in a manner to protect aquatic resources.

Article 107
Flood Storage

(a) The licensee shall so operate the Upper Baker River reservoir as to provide each year 16,000 acre-feet of space for flood regulation between October 15 and March 1 as replacement for the valley storage eliminated by the development. Utilization of this storage space shall be as directed by the District Engineer, Corps. In addition to the above-specified 16,000 acre-feet, the licensee shall provide in the Upper Baker River reservoir space for flood control during the storage drawdown season (about September 1 to April 15) up to a maximum of 58,000 acre-feet as may be requested by the District Engineer, provided that suitable arrangements shall have been made to compensate the licensee for the reservation of flood control space other than the 16,000 acre-feet specified herein.

(b) Additionally, from October 1 to March 1, licensee shall operate the Lower Baker storage reservoir to provide up to 29,000 acre-feet of storage for flood regulation, at the direction of the District Engineer, Corps, acting on behalf of the Secretary of the Department of the Army, subject to the following: (i) such storage shall be provided only in accordance with arrangements that are acceptable to the Corps; and (ii) such storage shall be provided only after suitable arrangements have been made to compensate the licensee for the 29,000 acre-feet of storage for flood regulation specified herein.

(c) Licensee shall consult with the ARG, and specifically Skagit County and the Corps, to develop means and operational methods to operate the project reservoirs in a manner addressing imminent flood events and consistent with the requirements of the license. Appropriate means and methods may include, without limitation, additional reservoir drawdown below the maximum established flood pool. Licensee shall submit a report to the Commission within three years following license issuance describing any operational changes developed as a result of this consultation.

Article 108

Gravel

Within two years of license issuance, or on an alternative schedule submitted to the Commission for approval, the licensee shall develop and file with the Commission for approval a Gravel Management Plan for the purposes of evaluating sediment interruption by the Baker River Project and identifying any gravel augmentation measures to be implemented by the licensee. Gravel augmentation identified in the plan shall not exceed 12,500 tons annually. Licensee shall develop the plan in a manner that considers cost-effective evaluation measures and does not require a comprehensive assessment of sediment dynamics in the Skagit River Basin. The Gravel Management Plan, at a minimum, shall describe the existing and proposed:

1. Gravel augmentation measures intended to improve the geomorphic function of the Lower Baker River alluvial fan and affected downstream reach of the Skagit River to the extent of project impediment to sediment transport, which includes the mainstem river channel and associated depositional features located within the Skagit River floodplain and may address the following: 1) location and contribution of gravel/cobble-sized material in the affected reach, 2) condition and substrate attrition rates in the reach immediately upstream, 3) substrate attrition rates within the affected reach, and 4) substrate sizes in relation to biological needs of salmonids and other aquatic organisms;
2. Procedures for evaluating and monitoring the conditions in the Skagit River to determine when and if gravel augmentation is or becomes warranted and to track long-term trends in substrate profile degradation; and
3. Implementation guidelines and triggers for gravel/cobble augmentation. Triggers may be based on various factors, which may include, without limitation, the condition of the middle Skagit River absent project influence, fluvial geomorphic changes throughout the term of the license, and/or habitat suitability for salmonids or other aquatic organisms using the middle Skagit River.

The licensee shall develop the Gravel Management Plan following consultation with the ARG. The licensee shall allow a minimum of 60 days for the consulted entities to comment and to make recommendations before filing the plan with the Commission. The licensee shall include with the plan, documentation of consultation and copies of comments and recommendations on the completed plan after it has been prepared and provided to the ARG, and specific descriptions of how ARG comments are accommodated by the plan. If

the licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the ARG. Licensee shall provide a copy of the proposed alternative schedule to the ARG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

Licensee shall perform the evaluation and monitoring, and gravel augmentation measures as required by the plan.

Article 109
Large Woody Debris

Within two years of license issuance, or on an alternative schedule submitted to the Commission for approval, the licensee shall develop and file with the Commission for approval a LWD Management Plan. The LWD Management Plan shall provide for the reasonable transport of large woody debris (wood over 12 inches (30 cm) in diameter and over 8 feet (244 cm) long) from project reservoirs to mutually agreeable stockpile areas in the Baker basin to be identified in the plan. The plan shall identify the following 20-year targets for transport: 1) 2,960 pieces 30-60 cm diameter, 2) 540 pieces 60-90 cm diameter, and 3) 160 pieces greater than 90 cm diameter. The plan shall set forth specific annual transport requirements that will allow licensee to achieve the 20-year targets if LWD is available. Licensee's obligation shall not extend to security of the stockpiled LWD, unless located on project lands. The plan shall establish (i) wood transfer quantities for the first twenty years of the license term and (ii) a formula for reconfiguring the quantities relating to size and piece number allocation within the period after the first twenty years that is based on actual LWD accumulation over the first twenty years of the license. The plan shall include an implementation schedule.

The licensee shall develop the LWD Management Plan after consultation with the ARG and Terrestrial Resources Implementation Group (TRIG). The licensee shall allow a minimum of 60 days for the consulted entities to comment and to make recommendations before filing the plan with the Commission. The licensee shall include with the plan, documentation of consultation and copies of comments and recommendations on the completed plan after it has been prepared and provided to the ARG and TRIG, and specific descriptions of how the ARG and TRIG comments are accommodated by the plan. If the licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the ARG. Licensee shall provide a copy of the proposed alternative schedule to the ARG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

Article 110

Shoreline Erosion

Within one year of license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall develop and file with the Commission for approval an Erosion Control Plan Implementation Schedule, defining the measures the licensee shall undertake to control shoreline erosion in a manner consistent with Article 201. The plan shall incorporate the results of profiling relicensing Study A14a, Reservoir Shoreline Erosion and Deposition, and shall define the measures that licensee will undertake to control shoreline erosion.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the ARG. Licensee shall provide a copy of the proposed alternative schedule to the ARG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The Erosion Control Plan, and any subsequent updates, shall require the licensee to develop site-specific plans for erosion control, erosion prevention, and/or remediation activities wherever Forest Service lands or resources may be affected. Prioritization for treatment of identified sites that are at risk of harm shall be in accordance with plans developed in consultation with the Forest Service, and shall include the first priority for the following: recreation sites, heritage resources, and aesthetic/cultural sites and the second priority for Severe and High Erosion Categories and any sites affecting facilities or resources that emerge during the term of the license. The Erosion Control Plan shall include:

- survey protocols, fieldwork schedules, and reporting requirements for site-specific evaluation (to be used in the design of the treatments), including measurements of geology, vegetation, erosion rates and mechanisms, documented with photographs, maps and GPS locations;
- selection criteria and prioritization of sites for treatment;
- descriptions of appropriate treatment techniques including treatment standards and goals, methods, materials, costs and timing;
- evaluation of the probability of success for treatments and consideration of alternatives;
- schedules for treatment implementation, including all necessary NEPA/SEPA and permitting;
- schedules for maintenance of treatments as needed;

- development and implementation of a monitoring plan to assess the effectiveness of erosion control treatments and to monitor erosion trends at untreated sites;
- evaluation and treatment of erosion at newly emergent sites that are affecting resources;
- annual reporting requirements; and
- provisions for updating the Plan at five year intervals utilizing adaptive management and monitoring to assess future treatment and maintenance actions.

Appropriate erosion treatment techniques will be determined based on potential effectiveness and safety. Erosion control measures may include, but are not limited to: a) vegetation and/or bioengineering; b) anchored logs; c) riprap vestment; d) rock wall; e) crib wall; f) perched beach; and g) drift sills.

The licensee shall develop the Erosion Control Plan in consultation with the Forest Service. The licensee shall allow a minimum of 30 days for the Forest Service to comment and to make recommendations before filing the plan with the Commission. The licensee shall include with the Erosion Control Plan, documentation of consultation and copies of comments and recommendations on the Erosion Control Plan after it has been prepared and provided to the agency, and specific descriptions of how the agency's comments are accommodated by the Erosion Control Plan. If the licensee does not accept a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

Licensee shall make funding available in an amount not to exceed \$600,000, in accordance with the following schedule: \$100,000 in each of Years 2, 3, and 4 following license issuance and \$100,000 every ten years thereafter during the term of the license.

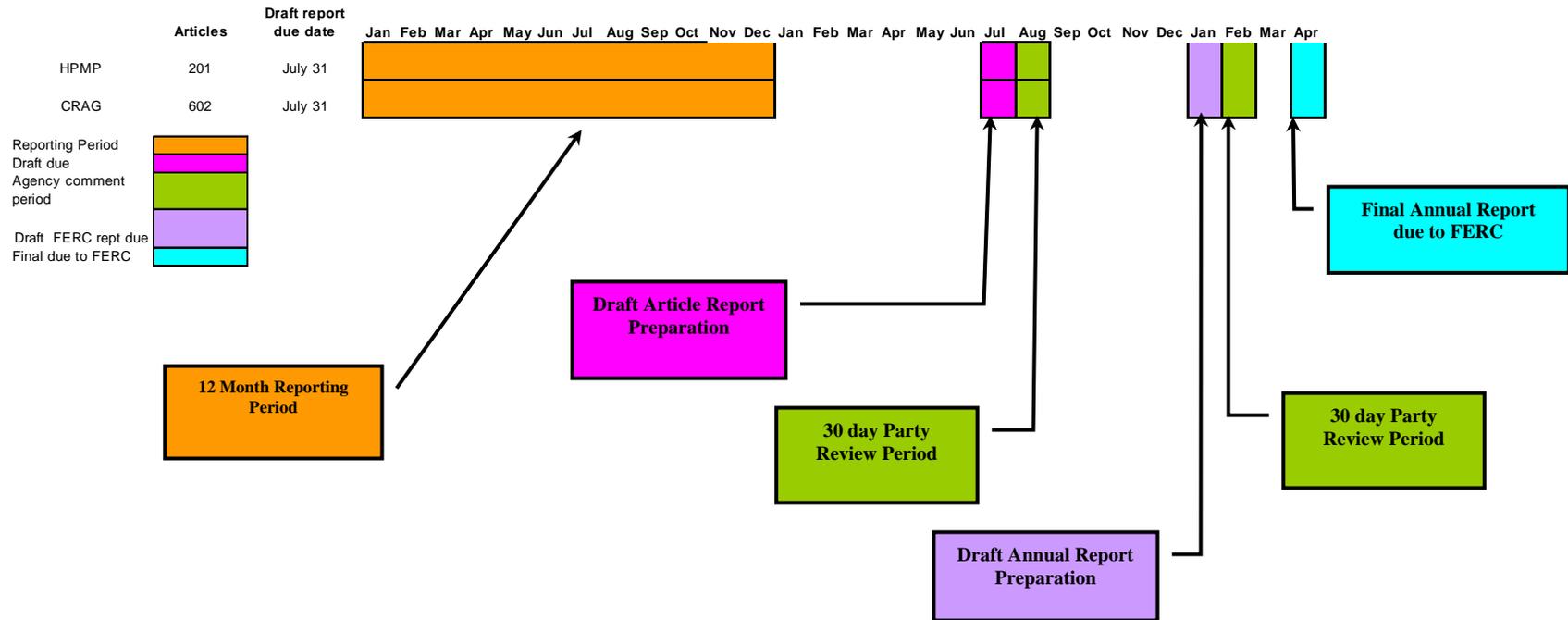
Article 201

Programmatic Agreement

The licensee shall implement the “Programmatic Agreement Between the Federal Energy Regulatory Commission and the Washington State Historic Preservation Officer for Managing Historic Properties that May be Affected by a License Issuing to Puget Sound Energy for the Continued Operation of the Baker River Hydroelectric Project in Skagit and Whatcom Counties, Washington - FERC Project No. P-2150” (Programmatic Agreement) [Note: Title to be Determined], executed on *** [to be filled in by FERC], including, without limitation, but not limited to the Historic Properties Management Plan (HPMP) attached to the Programmatic Agreement. The HPMP is approved and the licensee shall implement its provisions.

For license Article 201, licensee shall provide an annual summary of expenditures made during the preceding year in conformance with the requirements of the license, as well as an accounting of funding expenditures, interest earned, disbursements made as required by any article, and a report indicating adjustments made for inflation in accordance with Article 602. The figure below depicts the annual reporting schedule.

Reporting schedule for cultural Articles 201 and 602



Article 301 Recreation Management Report

Within three years following license issuance, and annually thereafter, the licensee shall prepare and file with the Commission a Recreation Management Report (“RMR”) regarding plans and other measures for protection, mitigation, and enhancement of recreation resources in the project area.

The RMR, at a minimum, shall: (1) report on the status of development or implementation of plans or other measures required by: (a) Article 302 (Aesthetic Management), (b) Article 303 (Baker Lake Resort), (c) Article 304 (Water Recreation Safety), (d) Article 305 (Lake Shannon Access), (e) Article 311 (New Facilities) , and (f) Article 315 (Law Enforcement Planning); (2) report on the status and development of plans and other measures being undertaken by the Forest Service with funding provided by licensee, based on any information provided to licensee by the Forest Service, pursuant to (a) Article 306 (Visitor Information), (b) Article 307 (Visitor Interpretation), (c) Article 308 (Dispersed Recreation), (d) Article 309 (Forest Service Bayview Campground), (e) Article 310 (Forest Service New Trails and Trailheads), (f) Article 311 (Forest Service New Campgrounds), (g) Article 312 (Forest Service Campground Maintenance), (h) Article 313 (Forest Service Trail and Trailhead Maintenance), and (i) Article 314 (Forest Service Forest Roads, Road Maintenance); and (3) contain a list, summary, or compilation of previously approved plans required by (a) Article 302 (Aesthetic Management Plan for Project Facilities), (b) Article 303 (Baker Lake Resort Plan), (c) Article 304 (Water Recreation Water Safety Plan), (c) Article 305 (Lake Shannon Recreation Plan), (d) Article 311 (Developed Recreation Monitoring Plan), and (e) Article 315 (Law Enforcement Plan).

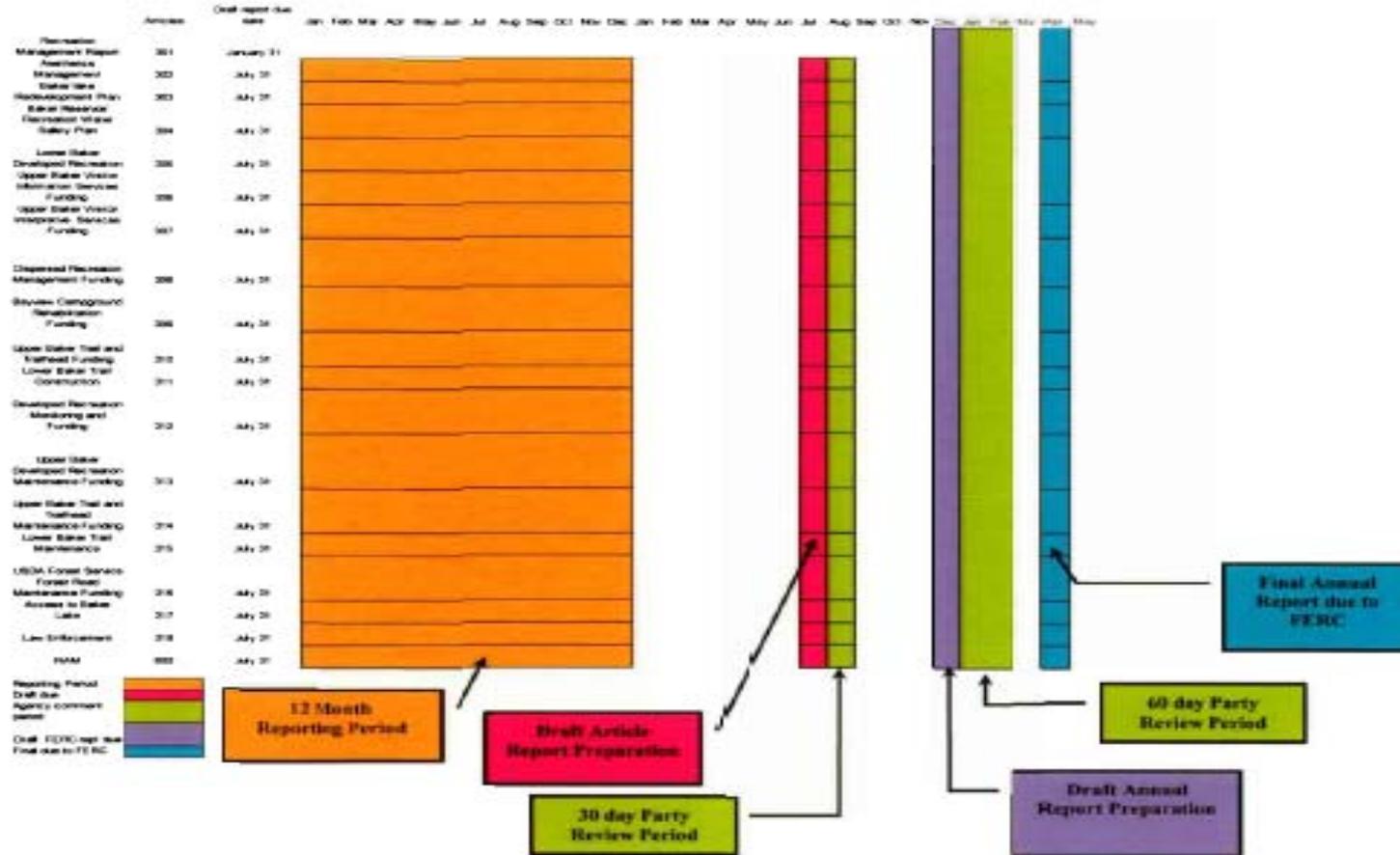
The RMR shall also include an implementation schedule, substantially in the form attached as Appendix A-5 entitled “Recreation Implementation Schedule.” The licensee shall review the Recreation Implementation Schedule annually in consultation with the Recreation Resources Group (“RRG”), and shall update it if there are: a) any changes in priorities for use of funding, b) acknowledgement of satisfaction of licensee’s funding obligation related to completion of any action required by a specific article, c) any new or modified Forest Service management objectives that may change uses of funding, d) any change in Forest Service priorities due to funding sources from third parties and the effect, if any, on the Recreation Implementation Schedule, and e) any reports accounting for funds expended by all parties under this article. Any Recreation Implementation Schedule update shall be submitted to the Commission for approval.

The licensee shall include documentation of consultation on the Recreation Implementation Schedule, copies of review comments by the Forest Service and

RRG on the completed RMR and updates to the RMR, and specific descriptions of how the comments of the Forest Service and the RRG are accommodated in the RMR or update. The licensee shall allow a minimum of 60 days for the Forest Service and RRG to comment before filing the RMR or update with the Commission.

For license Articles 301-318 and 602, licensee shall provide an annual summary of expenditures made during the preceding year in conformance with the requirements of the license, as well as an accounting of funding expenditures, interest earned, disbursements made as required by any article, and a report indicating adjustments made for inflation in accordance with Article 602. The figure below depicts the annual reporting schedule.

Reporting schedule for recreation Articles 301-318, and 602



Article 302

Aesthetics Management

Within two years of license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall file the Aesthetics Management Plan (AMP) with the Commission for approval.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the RRG. Licensee shall provide a copy of the proposed alternative schedule to the RRG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee shall develop the AMP in consultation with the RRG and specifically the Forest Service. Within eighteen months of license issuance, the licensee shall submit a draft of the AMP to the RRG for review and comment. The licensee shall include, with the AMP filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities' comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan revision and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The AMP shall contain an implementation schedule, a list of local native plants species that may be used for landscaping, and a list of approved exterior colors and materials for selected project facilities. The AMP shall include provisions for the licensee to implement the following actions to reduce visual effects: 1) paint the pump station (off peak pump discharge facility) in neutral earth-tone colors and plant native vegetation to screen the facility from the West Pass Dike boat launch area, 2) plant native vegetation to screen the yards, buildings, and fence of the Upper Baker Operations and Maintenance Yards from the Kulshan Campground and Forest Service Road 1106, 3) paint the existing crane at the Lower Baker Dam a neutral earth-tone color during the next normal painting cycle, and 4) plant landscaping in the area near the visitor's center and associated parking area at the Lower Baker River Operations Complex Center. The AMP shall not require the licensee to implement any action in a manner that would prevent the safe operation of the project and associated facilities or interfere with dike and road maintenance.

The licensee shall make funds available to the Forest Service in an amount not to exceed that shown in the Recreation Implementation Schedule required by Article 301. The funds will be used to implement the following actions for non-project facilities in the vicinity of Baker Lake: 1) vegetation management at Panorama Point, Horseshoe Cove, Shannon Creek, Bayview Campground, and Maple Grove Campground, and 2) vegetation management between Forest Service developed sites and/or viewpoints, and Baker Lake in two to four locations averaging less than $\frac{1}{4}$ acre in size.

Article 303
Baker Lake Resort Redevelopment Plan

Within two years of license issuance or on an alternative schedule to be submitted to the Commission for approval, the licensee shall file the Baker Lake Resort Redevelopment Plan (BLRP) with the Commission for approval.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the RRG. Licensee shall provide a copy of the proposed alternative schedule to the RRG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee shall develop the BLRP in consultation with the RRG and TRIG and specifically the Forest Service. Within eighteen months of license issuance, the licensee shall submit a draft of the BLRP to the RRG and Forest Service for review and comment. The licensee shall include, with the BLRP filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities' comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan revision and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The plan shall provide for redevelopment of the resort to a Forest Service "Development Level 3" campground, as defined in the Forest Service "Recreation Management Systems Meaningful Measures for Quality Recreation Management," dated January 2002, as amended, and the "Built Environment Image Guide for National Forests and Grasslands," dated December 2001 and shall, at a minimum, provide for the necessary decommissioning of the existing site in addition to what would be required under the termination of the Special Use Authorization, including building removal and the development of between 30-50 campsites.

The licensee shall, for the purpose of contributing to the redevelopment of Baker Lake Resort, make funding available to the Forest Service in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5. In the event licensee has taken any action to redevelop or decommission the site pursuant to the Special Use Authorization, any expenditures

related to the actions taken will be credited against the required funding for this article.

Article 304
Baker Reservoir Recreation Water Safety Plan

Within one year of license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall file Baker Reservoir Recreation Water Safety Plan (BRRWSP) with the Commission for approval.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the RRG. Licensee shall provide a copy of the proposed alternative schedule to the RRG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee shall develop the BRRWSP in consultation with the RRG. Within six months following license issuance, the licensee shall submit a draft of the BRRWSP to the RRG for review and comment. The licensee shall include, with the BRRWSP filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities' comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan revision and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The BRRWSP shall require the licensee to:

1) Within one year of license issuance, make funds available to the Forest Service for the purpose of constructing and installing eight to twelve (8-12) bulletin boards at locations listed in the Recreation Water Safety Plan, in accordance with the Recreation Implementation Schedule attached as Appendix A-5.

2) Within two years of license issuance, prepare, in consultation with the RRG, information about the Baker Lake area including reservoir safety and provide displays and tear-sheet maps for visitors at the following specific sites: the Forest Service /National Park Service office in Sedro-Woolley, all developed lake shore campgrounds at Baker Lake, the West Pass Dike public boat launch, PSE's Concrete Visitor Information Center if the facility is being operated, and two to four selected boat-in access points. Licensee shall review the maps and displays every sixth year of the license term and revise them to include any

additional boat launches, developed sites, or other recreation facilities and pertinent information.

3) Within three years of license issuance, construct floating log booms, buoys, or functionally equivalent structures to separate existing designated swimming areas from boat traffic at Horseshoe Cove and Baker Lake Resort. If there are remaining funds available during the construction of any new designated swimming areas, or if selected as a proper use of RAM funds, in accordance with Article 602, similar floating log booms, buoys, or functionally equivalent structures may be constructed to separate swimming areas from boat traffic. For the term of the license, licensee shall maintain such structures and provide adequate safety signage demarking swimming areas at Horseshoe Cove and Baker Lake Resort, and annually monitor reservoir hazards to recreation.

The licensee shall make funding available to the Forest Service to contribute to its efforts in carrying out the purposes of this article in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 305
Lower Baker Developed Recreation

Licensee shall file Lower Baker Developed Recreation Plan (LBDRP) with the Commission for approval in accordance with this article.

Within one year of license issuance, licensee shall, in cooperation with Skagit County, initiate efforts to acquire a public access site on Lake Shannon for the purpose of providing additional recreational project access. Site acquisition and selection criteria shall be developed in consultation with the RRG. This action shall include, and may be limited to, identifying an access area suitable for the construction of a concrete boat launch, parking area, and day use area, that has an existing access road, commensurate with the States Organization for Boating Access (“SOBA”) Design Handbook for Recreational Boating and Fishing Facilities standards for “small access sites.” The development of the small access site shall not conflict with the implementation of the FSC required by Article 103, if the staging and launch is in the same location as the identified small access site.

Licensee shall acquire land for a Lake Shannon access site within ten years of license issuance. If licensee is unable to acquire a suitable and cost-effective access site on Lake Shannon, licensee shall, in consultation with the RRG and specifically Skagit County, identify and acquire a suitable and cost-effective access site at an alternative location that provides equivalent public opportunities for water access in the general vicinity of the project as could be provided on Lake Shannon. If licensee identifies a location that is not along the shoreline of Lake Shannon, licensee shall submit the alternate location to the Commission for approval. Within five years of site acquisition, licensee shall develop the site acquired according to SOBA standards for small access sites, and in accordance with the LBDRP.

The licensee shall develop the LBDRP in consultation with the RRG and ARG and specifically Skagit County. Within one year of site and access acquisition, the licensee shall submit a draft of the LBDRP to the RRG, ARG, and specifically Skagit County for review and comment. The licensee shall include, with the LBDRP filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities’ comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan revision and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee’s reasons, based on project-specific information.

If the licensee needs to vary any of the timing requirements of this article, licensee shall submit an alternative schedule to the Commission for approval. If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the RRG, ARG, and specifically Skagit County. In the event the licensee elects to submit an alternative schedule, the licensee shall forward a copy of the proposed alternative schedule to the RRG, ARG, and Skagit County at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments to the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

Following site development, licensee shall operate and maintain this access area for the term of the license also in accordance with the approved plan. If property is acquired in a manner that allows development to exceed small boat access site standard, or in the event a party other than licensee develops recreational facilities in addition to those required by this article, following proper approval of any related use or conveyance of project lands under Article 44(d)(6) of the previous license, or current Article ___ [FERC to fill in], licensee shall not be required to fund maintenance above what would be required for a small boat access site.

The licensee shall make funding available in an amount not to exceed that shown in the Recreation Implementation Schedule required by Article 301 for the planning, acquisition, and development of the new access area required by this article. Any funding not required for planning, acquisition, and development shall be made available to supplement the operation and maintenance of the access area. In addition to any funds remaining after completion of planning, acquisition, and development of the new access area, funding for operation and maintenance of the new project access area required by this article shall not exceed the annual amounts set forth on the Recreation Implementation Schedule attached as Appendix A-5 for the term of the license.

Article 306

Upper Baker Visitor Information Services Funding

Within one year of license issuance, the licensee shall make funds available to the Forest Service for the purpose of contributing to visitor information services provided by the Forest Service in the Baker River basin. The funds will contribute to the following: 1) planning, design, and construction of a small Upper Baker Visitor Information Station (VIS), with a small parking area, information kiosks, and sanitation facilities commensurate with available funding; 2) support with staffing and operations from Memorial Day through Labor Day for visitor information services at Baker Lake during peak use periods; and 3) summer recreation season support from Memorial Day through Labor Day for the Mt. Baker Ranger District VIS in Sedro-Woolley during peak use periods, commensurate with available funds. The licensee shall make funding available in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 307

Upper Baker Visitor Interpretive Services Funding

Within one year following license issuance, the licensee shall make funds available to the Forest Service for the purpose of contributing to the planning, staffing, and production of materials to provide interpretive services in the project area, with an emphasis on Baker Lake. The funds will be used for the preparation of a comprehensive Interpretation and Education Plan (“IEP”) by the Forest Service to facilitate the performance of interpretive services, including production of support materials. Themes of the IEP may include: 1) local culture and history; 2) aquatic, terrestrial and other natural resources; and 3) stewardship and project features. The licensee shall make funding available in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 308
Dispersed Recreation Management Funding

Within one year of license issuance, licensee shall make funds available to the Forest Service for the purposes of contributing to the preparation and implementation of a Dispersed Recreation Management Plan (DRMP). The DRMP may describe management actions, routine O&M, monitoring objectives, and design plans to carry out hardening actions at three to six high priority sites identified on Exhibit R-2 of the Dispersed Site Inventory Study, Study R-12, attached as Appendix A-6. The DRMP may also include descriptions of initial management actions which are intended to limit the adverse impacts of dispersed recreation use through increased monitoring, routine maintenance, information, and site hardening. The licensee shall make funding available in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 309
Bayview Campground Rehabilitation Funding

Within one year of license issuance, license shall make funds available to the Forest Service for the purpose of contributing to the rehabilitation and reconstruction of the 28-unit Bayview Campground. Funds may be used to contribute to rehabilitation and reconstruction of the existing campground to a similar level of development as other Forest Service sites developed according to Forest Service “Development Level 4,” as defined in “Recreation Management Systems, Meaningful Measures for Quality Recreation Management, dated January 2002, as amended, and “Built Environment Image Guide for National Forests and Grasslands,” dated December 2001. The licensee shall make funds available in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 310

Upper Baker Trail and Trailhead Construction Funding

Within four years following license issuance, licensee shall make funds available to the Forest Service for the purpose of contributing to trail-based recreation in the project vicinity. The funds are intended to contribute to Forest Service efforts to provide up to six miles of new multi-season, multi-use, non-motorized trails. Funds made available may be used for trail planning and construction consistent with the Forest Service trail development standards, as set forth in the Trails Management Handbook, FSH 2309.18. The licensee shall make funding available, for the purpose of contributing to trail based recreation at Upper Baker, in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 311
Lower Baker Trail Construction

Within twelve years of license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall file Lower Baker Trail Construction Plan (LBTCP) with the Commission for approval.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the RRG. In the event the licensee elects to submit an alternative schedule, the licensee shall forward a copy of the proposed alternative schedule to the RRG and Skagit County at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee shall develop the LBTCP in consultation with the RRG. Within six years of license issuance, the licensee shall submit a draft of the LBTCP to the RRG for review and comment. At least 30 days prior to submitting the LBTCP to the Commission for approval, the licensee shall provide a revised draft of the LBTCP to the RRG for review and comment. The licensee shall include, with the LBTCP filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities' comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan revision and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The LBTCP shall include provisions for site selection, development criteria and construction of up to two miles of trail in the vicinity of the Town of Concrete, in a manner consistent with the requirements of Articles 201, 508 and 509. The licensee shall make funding available in an amount not to exceed that shown in the Recreation implementation Schedule attached as Appendix A-5.

Article 312
Developed Recreation Monitoring and Funding

Within five years of license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall file the Upper Baker Developed Recreation Monitoring and Funding Plan (DRMFP) with the Commission for approval.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the RRG. In the event the licensee elects to submit an alternative schedule, the licensee shall forward a copy of the proposed alternative schedule to the RRG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee shall develop the DRMFP in consultation with the RRG and specifically the Forest Service. Within four years of license issuance, the licensee shall submit a draft of the DRMFP to the RRG and Forest Service for review and comment. The licensee shall include, with the DRMFP filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities' comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan revision and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The plan shall provide for monitoring of site use and occupancy levels at the following fee campgrounds: Horseshoe Cove, Panorama Point, Bayview, Shannon Creek, and Baker Lake Resort. Data from this monitoring shall be provided annually to Forest Service. Licensee shall not be required to provide data readily available to the Forest Service or duplicative of information collected routinely by the Forest Service in conjunction with its monitoring and maintenance of the listed campgrounds.

The plan shall require the licensee to evaluate monitoring results no later than eight (8) years following license issuance, and annually thereafter until additional recreational development is implemented, in order to determine, in consultation with the Forest Service and based on monitoring results, whether the licensee shall contribute to expansion of recreation site capacity in a manner

compatible with the existing levels of development on Forest Service lands adjacent to Baker Lake. The determination of whether additional recreation site development at Baker Lake is necessary shall be based upon monitoring reports that document site use levels reaching or exceeding 60% of combined site occupancy for Horseshoe Cove, Panorama Point, Bayview, Shannon Creek, and Baker Lake Resort campgrounds during the months of July and August for two consecutive years.

The licensee shall make funds available in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5 following consultation with the Forest Service indicating that additional recreation sites are needed.

Article 313

Upper Baker Developed Recreation Maintenance Funding

Within one year of license issuance, and annually thereafter, in order to continue to provide recreation opportunities on National Forest System lands at Baker Lake, licensee shall make funds available to the Forest Service for the purpose of contributing to the Forest Service efforts in the operation and maintenance in a manner commensurate with maintenance routinely provided by the Forest Service in the Mt. Baker-Snoqualmie National Forest at the following developed facilities: Shannon Creek (development level 3); Panorama Point (development level 3); Bayview (development level 4); Horseshoe Cove (development level 4); Maple Grove (development level 2); and Baker Lake Resort (development level 3) (if under Forest Service management) and future developed facilities constructed in accordance with Articles 303, 309, and 312.

For any license term exceeding 30 years, licensee shall consult with the Forest Service to establish the actual level of funding required to accomplish rehabilitation or replacement of developed recreation facilities estimated in the Recreation Implementation Schedule attached as Appendix A-5. The licensee shall provide such funding for the purpose of maintaining these sites to the standard of development identified above in accordance with "Recreation Management Systems, Meaningful Measures for Quality Recreation Management," dated January 2002, as amended, and "Built Environment Image Guide for National Forests and Grasslands," dated December 2001 or the equivalent standards and legal requirements in place at the time replacement is required.

Funding provided by this article is intended to contribute to the Forest Service efforts to attain National Quality Standards as generally described in Appendices A and B of the Forest Service, Recreation Management Systems Meaningful Measures, January 2002 Publication, and the "Built Environmental Image Guide for National Forests and Grasslands," dated December 2001, as they may be amended from time to time, to the extent possible with available funding, and also for the purpose of allowing the Forest Service to conduct deferred maintenance of these existing facilities.

Licensee's obligation for funding is estimated in an amount shown in the Recreation Implementation Schedule required by Article 301. Maintenance and operations funds shall be provided in fixed amounts for the first 10 years of the license in accordance with the RMR Implementation Schedule attached as Appendix A-5. At the end of license year 10, licensee shall consult with the Forest Service to adjust the required maintenance and operations funds to be provided to the Forest Service for years 11-15 following license issuance, based upon an assessment of licensee's average obligations for the preceding 5 years. Following the establishment of the adjusted amount, operations and maintenance

funds shall be fixed consistent with the preceding analysis and shall remain in effect until the end of license year 15. At the end of license year 15, licensee shall consult with the Forest Service to adjust the required operations and maintenance funds to be provided to the Forest Service for years 16-20 using the same procedures as in year 11. Following the establishment of the adjusted amount, operations and maintenance funds shall be fixed consistent with the preceding analysis and shall remain in effect until year 20. At the end of license year 20, licensee shall consult with the Forest Service to adjust the required operations and maintenance funds to establish a fixed annual payment for the remaining period of the license based upon the analysis of the prior 20 years.

The licensee shall enter into and file with the Commission a reimbursable maintenance agreement with the Forest Service, on terms and conditions satisfactory to both the Forest Service and licensee and consistent with the requirements of this article, that sets forth how the licensee funds and receives credit for maintenance expenditures at Forest Service developed campgrounds. If the Forest Service collects fees directly or from services provided by a third party concessionaire, and has the Congressional approval to retain the fees, then the collected fees will be directly spent on either maintenance or capital improvements at the facility at which they were collected unless directed otherwise by Congress. Funds collected less overhead retained and expended at the site by Forest Service shall commensurately reduce the licensee's annual obligation at the site, in accordance with the mutually acceptable agreement between licensee and the Forest Service.

Article 314

Upper Baker Trail and Trailhead Maintenance Funding

Within one year of license issuance and annually thereafter, the licensee shall make funds available to the Forest Service for the purpose of contributing to the Forest Service efforts to provide for recreation use on trails and trailheads on Forest Service lands in the vicinity of Baker Lake. The funds will be used for routine operation, maintenance, and facility replacement of the following Forest Service trails and trailheads: Baker River Trail (#606); Baker Lake Trail (#610); and Baker Lake North and South trailheads. The licensee shall make funding available to the Forest Service in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 315
Lower Baker Trail Maintenance

Following the development of the trail required by Article 311, licensee shall maintain the trail with available funds, in an amount not to exceed \$620 annually during the remaining term of the license, in accordance with the Recreation implementation Schedule attached as Appendix A-5.

Article 316
Forest Service Forest Road Maintenance Funding

Within six months of license issuance, and annually thereafter, licensee shall make funding available to the Forest Service for the purpose of contributing to the routine maintenance of portions of up to 25 miles of the following existing Forest Roads directly providing access to the project and project-related facilities: FR 11 (Baker Lake Highway); FR 1106 (Depression Lake); FR 1107 (Anderson Road); FR 1118 (Horseshoe Cove and Bayview); FR 1122 (Lower Sandy Creek); FR 1136 (Lower Boulder Creek); FR 1137 (Panorama Point); FR 1142 (Baker Lake Resort); FR 1150 (Shannon Creek Campground); and FR 1168 (Baker River Trailhead North). Funding is intended to be used, in part, for contributing to the Forest Service to pave FR 1106 during the sixth year following license issuance and for periodic resurfacing. Licensee shall make funds available in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5.

Article 317
Access to Baker Lake

During the term of the license, licensee shall provide public road access to the east side of Baker Lake on existing FR 1106, except as may be restricted by short-term public safety or project security requirements.

Article 318

Law Enforcement

Within one year of license issuance, licensee shall invite federal, state, and local enforcement agency personnel identified by Forest Service, NPS, Skagit and Whatcom Counties and Town of Concrete law enforcement departments, and WDFW to a meeting or meetings convened for the purpose of developing a Law Enforcement Plan (LEP) to provide for the coordination of the activities of law enforcement personnel with jurisdiction in the project area and the Baker Basin. The LEP is intended to increase the effectiveness and efficiency of law enforcement. The LEP may include provisions for law enforcement presence, other types of public contact personnel presence, enhanced emergency communication and response procedures, public safety and security, protection measures for facilities, natural resources, recreation resources, and heritage resources within the project area and Baker Basin generally. The actual elements of the LEP will be determined by the designated participating agency and law enforcement personnel.

Within two years of license issuance, licensee shall file a report on the LEP (LEP Report) with the Commission. At least 30 days prior to submitting the LEP Report to the Commission, the licensee shall provide a draft of the LEP Report to the RRG for review and comment. The licensee shall include, with the LEP Report filed with the Commission, copies of comments on the LEP Report and specific descriptions of how the entities' comments are accommodated by the LEP Report. If the licensee does not adopt a comment, the filing shall include the licensee's reasons, based on project-specific information.

Licensee shall make funding available for the development and implementation of the original LEP and subsequent revisions as provided for in the LEP in an amount not to exceed that shown in the Recreation Implementation Schedule attached as Appendix A-5. In the event an LEP is not developed by participating agencies and law enforcement personnel within three years following license issuance, licensee shall retain the accumulated specified funding until the LEP is completed. Expenditures in preparation of the LEP and any subsequent monitoring and updates shall not exceed \$55,000, in accordance with the Recreation Implementation Schedule Costs attached as Appendix A-5 for participation in the development of the plan, subsequent revisions, and generally in the planning process shall not be considered an authorized use of the funding.

Article 401 Water Quality

Licensee shall comply with the terms and conditions of the 401 Certification issued by Ecology. Prior to the issuance of the 401 Certification, numeric water quality parameters of concern were identified to include but not be limited to: temperature, dissolved oxygen, total dissolved gas, and turbidity. With respect to these parameters, licensee shall also comply with the terms and conditions of the 401 Certification and to the extent the 401 Certification modifies the following, the following generally stated requirements shall be modified:

1) Temperature

The natural condition for temperature will be determined using studies and analyses performed within the first five years (or such other period determined by Ecology) following license issuance with the objective of meeting the water quality standards. Designated and existing uses include but are not limited to: salmon and trout spawning, core rearing, and migration; primary contact recreation; domestic, industrial, and agricultural water supply; stock watering; wildlife habitat; harvesting; commerce and navigation; boating; and aesthetic values for Lake Shannon and Baker Lake, and specifically, native char for Baker Lake and all tributaries, and extraordinary primary contact recreation for Baker Lake.

Compliance is anticipated to be measured at the following compliance points: for Baker Lake, upstream of the Baker River dam forebay and Upper Baker tailrace; and for Lake Shannon, at Lower Baker dam forebay, Lower Baker tailrace, and Lower Baker fish weir. Additional or alternative compliance points may be deemed necessary by Ecology in the 401 certification.

2) Dissolved Oxygen

The natural condition for dissolved oxygen will be determined using studies and analyses performed within the first five years (or such other period determined by Ecology) following license issuance with the objective of meeting the water quality standards.

Compliance is anticipated to be measured at the following compliance points: for Baker Lake, the forebay and Upper Baker tailrace, and for Lake Shannon, the forebay and Lower Baker fish weir. Additional or alternative compliance points may be deemed necessary by Ecology in the 401 certification.

3) Total Dissolved Gas (TDG)

Licensee shall comply with water quality standards for TDG, except when flows in the Baker River exceed the rate equivalent to the seven-day, ten-year flood frequency, as defined in WAC 173-201A-060(4)(a), and no further action

beyond all known and available prevention, control, and treatment (AKART) shall be required unless monitoring detects non-exempt TDG exceedances, at which time licensee shall be required to propose appropriate action as authorized by Ecology. This action may involve a site-specific standard to achieve compliance with applicable water quality standards. Further studies may be required during the term of the license regarding the appropriate methods to reduce overall TDG production. Licensee shall minimize TDG production through the use of AKART, including at least the installation of two new generating units as required by Proposed Article 106(E), and the utilization of the new generating units in a manner consistent with reducing overall TDG production.

4) Turbidity

Licensee shall operate the project reservoirs to maintain a minimum surface elevation of 389 feet at Lake Shannon and 685 feet at Baker Lake to minimize the resuspension of sediments as a result of project operations, and discharges from the project shall not exceed background levels of turbidity occurring within tributaries that discharge into the project reservoirs as provided in applicable regulations.

Compliance shall be measured at the following compliance points: Upper and Lower Baker tailraces, except as otherwise exempted under WAC 173-201A-110. Additional or alternative compliance points may be deemed necessary by Ecology in the 401 Certification.

Required Plans

The licensee shall develop in consultation with Ecology, a Water Quality Monitoring Plan, and shall, following approval by Ecology, submit the plan to the Commission for approval. The Water Quality Monitoring Plan shall assess compliance with water quality standards, and summarize the monitoring schedule that will be employed to monitor compliance with the standards. The plan shall include monitoring throughout the life of the license, and require summary reports to be submitted annually to the Commission and Ecology. The plan may allow that requests for reduction in sampling frequencies and/or parameters be made to Ecology for consideration.

The licensee shall develop in consultation with Ecology, a Water Quality Protection Plan, and shall, following approval by Ecology, submit the plan to the Commission for approval. The Water Quality Protection Plan shall address the control of potential sources of pollutant releases from project construction, operations or emergencies. The plan shall include all project-related facilities, including, but not limited to, access roads, boat ramps, transmission corridors, structures, portable toilets, hatcheries and fish collection, handling and transportation facilities, and staging areas for all activities related to project operation, maintenance and repair. The format and content of the Water Quality

Protection Plan shall be prepared at the direction of Ecology, but it shall include, and may not be limited to, the following individual plan elements:

1. Stormwater Pollution Prevention Plan (SWPPP). The SWPPP shall specify the Best Management Practices (BMPs) and other control measures to prevent contaminants entering the project 's surface water and groundwaters. The SWPPP shall address the pollution control measures for licensee's activities that could lead to the discharge of stormwater or other contaminated water from upland areas. The SWPPP should also specify the management of chemicals, hazardous materials and petroleum (spill prevention and containment procedures), including refueling procedures, the measures to take in the event of a spill, and reporting and training requirements. The SWPPP shall include appropriate water quality monitoring protocols and notification requirements.

2. In-water Work Protection Plan. The In-Water Work Plan shall be consistent with the SWPPP and shall specifically address the BMPs and other control measures for licensee activities that require work within surface waters. In addition to construction projects, this work includes, but is not limited to, the application of herbicides, pesticides, fungicides, disinfectants, and lake fertilization. An appropriate water quality monitoring plan shall be developed and implemented for all in-water work.

Article 501

Terrestrial Resource Management Plan

Within one year from license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall file the Terrestrial Resource Management Plan (TRMP) with the Commission for approval.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the Terrestrial Resources Implementation Group (TRIG). In the event the licensee elects to submit an alternative schedule, the licensee shall forward a copy of the proposed alternative schedule to the TRIG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee shall develop the TRMP in consultation with the TRIG, and shall review the TRMP annually thereafter during the first ten years of the license, and every fifth year for the remaining term of the license. Within six months from license issuance, the licensee shall submit a draft of the TRMP to the TRIG for review and comment. At least 30 days prior to submitting the TRMP (or any revisions to the TRMP) to the Commission for approval, the licensee shall provide a revised draft of the TRMP (or any revisions to the TRMP) to the TRIG for review and comment. The licensee shall include, with the TRMP (or any revisions to the TRMP) filed with the Commission, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, after they have been prepared and provided to consulting entities, and specific descriptions of how the entities' comments are accommodated by the plan and schedule. The licensee shall allow a minimum of 30 days for entities to comment and to make recommendations before filing the plan and schedule with the Commission. If the licensee does not adopt a recommendation, the filing shall include the licensee's reasons, based on project-specific information.

The TRMP shall include the planning and implementation requirements identified in the following Articles: Article 502 (Forest Habitat); Article 503 (Elk Habitat); Article 504 (Wetland Habitat); Article 506 (Osprey Nest Structures); Article 507 (Loon Floating Nest Platforms); Article 508 (Noxious Weeds); Article 509 (Plants of Special Status); Article 510 (*Carex flava*); Article 511 (Decaying and Legacy Wood); Article 512 (Bald Eagle Winter Roost Surveys); Article 513 (Bald Eagle Management Plans); and Article 514 (Use of Habitat Evaluation Procedures). The TRMP shall be consistent with Articles 502-517. Planning shall not be required for Articles 505, 515, 516, and 517. The TRMP shall include a

schedule for monitoring only as required by Articles 506, 507, 508, 509, 510, and 514.

For license Articles 501-517, licensee shall provide an annual summary of expenditures made during the preceding year in conformance with the requirements of the license, as well as an accounting of funding expenditures, interest earned, disbursements made as required by any article, and a report indicating adjustments made for inflation in accordance with Article 602. The figure below depicts the annual reporting schedule.

Article 502 Forest Habitat

The licensee shall acquire and manage deciduous forest bird habitat, such as: deciduous forest land, mixed forest land, and riparian forest land, for the purpose of increasing, protecting, and/or enhancing habitat for deciduous forest dwelling species, including, without limitation, populations of neotropical migratory bird species that are in decline in the Puget Sound region. Qualifying deciduous forest habitat land shall be comprised of land with 40% or greater deciduous tree composition. In the plan required by Article 501, the licensee shall include criteria and procedures for site selection, acquisition, and management, developed in consultation with the TRIG. Such criteria and procedures shall: (A) consider any potential to impair, diminish, or abrogate tribal treaty or cultural rights, by providing that the licensee shall identify suitable alternative sites or management activities if the designated representative of any affected tribe notifies the TRIG of its conclusion that a particular site or management activity will impair, diminish, or abrogate specific tribal treaty or cultural rights and describes the basis for its conclusion; (B) consider the potential for integration of the site acquisition and management required by this article and other articles to optimize the resulting ecosystem benefits; (C) consider appropriate land acquisition costs; (D) consider the potential to secure grant funds to supplement the funds otherwise for implementation of this article; (E) consider whether any sites so acquired are appropriately included in the project boundary, and if so, provide for the filing of an appropriate request to the Commission; and (F) provide for continuing consultation with the TRIG in the implementation of the approved plan. Licensee shall undertake habitat planning, acquisition, and enhancement activities consistent with the purposes of this article in consultation with the TRIG. Licensee shall, when considering land acquisition or management activities, evaluate the extent of required noxious weed management in accordance with criteria developed in Article 508.

Funding for the acquisition, planning, and habitat enhancement and management (including noxious weed management) required by this article is not to exceed \$450,000 (2006\$), and shall be made available according to the following schedule: 1) \$430,000 shall be made available within three years of license issuance, and 2) \$5,000 shall be made available in each of years 4-7 from license issuance.

If funds are available twenty-five years following license issuance, and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes of this article, the remaining funds required by this article may be made available to the Terrestrial Enhancement and Research Fund (TERF) established pursuant to Article 602. Unless otherwise approved by the

Commission in accordance with the requirements of Article 601, acquired lands shall remain in licensee's ownership during the term of the license.

For license Articles 501-517, licensee shall provide an annual summary of expenditures made during the preceding year in conformance with the requirements of the license, as well as an accounting of funding expenditures, interest earned, disbursements made as required by any article, and a report indicating adjustments made for inflation in accordance with Article 602.

For the purposes of this article, acquisition costs may include: transaction costs, such as completion of appropriate site assessments for hazardous materials and noxious weeds; land surveys, including timber cruise if needed; appraisals; habitat surveys; filing fees; excise taxes; title searches, reports, fees and insurance; closing costs; preparation of land acquisition agreements and any required governmental approvals. Acquisition costs may exclude: internal personnel and administrative costs of the parties associated with land acquisitions, such as staff salaries and benefits; attorney fees and other legal expenses incurred by the licensee or any other party not related to the preparation of land acquisition agreement and any required government approvals; and fees paid by the licensee to third parties for administrative costs associated with a third parties' acquisition of interests in land on behalf of the licensee. Prior to completing any transaction, the licensee will notify the TRIG and ARG, as appropriate, if it appears that transaction costs will be significantly higher than expected at the time of license issuance, and shall, in consultation with the TRIG and ARG, determine whether to proceed with a transaction with significant transaction costs.

Article 503 Elk Habitat

Within one year of license issuance, or on an alternative schedule to be submitted to the Commission for approval, the licensee shall begin efforts to acquire elk foraging habitat land for the purpose of providing significant and reliable foraging resources for the Nooksack Elk Herd during the term of the license, to improve habitat conditions for its recently declining population.

If licensee needs to submit an alternative schedule to the Commission, licensee shall prepare the schedule in consultation with the TRIG. In the event the licensee elects to submit an alternative schedule, the licensee shall forward a copy of the proposed alternative schedule to the TRIG at least 30 days prior to submitting the alternative schedule to the Commission, and shall forward any comments on the alternative schedule to the Commission along with the proposed alternative schedule. Upon approval, the alternative schedule becomes a requirement under the license, and the licensee shall implement the alternative schedule, including any changes required by the Commission.

The licensee, in consultation with the TRIG, shall develop site acquisition and selection criteria, in order to obtain lands suitable for long-term management as elk habitat. Such criteria and procedures shall: (A) consider any potential to impair, diminish, or abrogate tribal treaty or cultural rights, by providing that the licensee shall identify suitable alternative sites or management activities if the designated representative of any affected tribe notifies the TRIG of its conclusion that a particular site or management activity will impair, diminish, or abrogate specific tribal treaty or cultural rights and describes the basis for its conclusion; (B) consider the potential for integration of the site acquisition and management required by this article and other articles to optimize the resulting ecosystem benefits; (C) consider appropriate land acquisition costs; (D) consider the potential to secure grant funds to supplement the funds otherwise for implementation of this article; (E) consider whether any sites so acquired are appropriately included in the project boundary, and if so, provide for the filing of an appropriate request to the Commission; and (F) provide for continuing consultation with the TRIG in the implementation of the approved plan.

Initially site selection criteria should be based on the following geographic criteria in order of priority: a) within the core area of the Nooksack Elk Herd, b) within the peripheral area of the Nooksack Elk Herd if consultation with WDFW determines that animal damage complaints are unlikely to occur, and c) in the Sauk Game Management Unit if consultation with WDFW determines that animal damage complaints are unlikely to occur. Based on consensus within the TRIG, these geographic priorities should be revisited in response to changes in scientific information, landownership patterns, game management agreements or WDFW's elk management plan. Licensee shall, when considering land acquisition or

management activities, evaluate the extent of required noxious weed management in accordance with criteria developed in Article 508.

Phase I. Initial acquisition. The licensee shall make good faith efforts to acquire, if possible, tract(s) having a total area of approximately 300 acres, and a combined elk forage equivalency value of at least 1,437, calculated as described in the Elk Habitat Table below. If the licensee is unable to acquire initial tract(s) with the required elk forage equivalency value, funding made available for the initial tract(s) shall be carried over for general acquisition purposes consistent with this article.

General. Funding for the total costs associated with acquisition is not to exceed \$3,700,000 (2006\$), with the first phase of acquisitions not to exceed \$1,200,000. Funding shall be made available for the following acquisition periods: \$1,200,000 within three months of license for the initial tract(s), another \$1,250,000 within one year following license issuance, and the remaining \$1,250,000 within five years following license issuance. Any funding not required for acquisition purposes may be made available to supplement the enhancement, management, and maintenance of acquired elk forage lands. If funds are available twenty-five years following license issuance, and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes of this article, the remaining funds required by this article may be made available for the TERF, as described in Article 602.

Within one year of each acquisition, the licensee shall prepare, or update, the elk forage habitat enhancement and management element of the Terrestrial Resources Management Plan, in accordance with Article 501. Acquired lands shall be managed and maintained in accordance with the plan developed in accordance with Article 501.

The licensee's annual obligation for total costs associated with planning, habitat enhancement, management (for elk forage purposes and noxious weed management purposes), and maintenance of acquired lands is not to exceed \$50,000 per year during the term of the license. In the event of a shortfall in acquisition funds, the funds to be made available for planning, habitat enhancement, management (for elk forage purposes and noxious weed management purposes), and maintenance of acquired lands may be converted for use for acquisition purposes following the licensee's consultation with the TRIG in accordance with Article 501.

The licensee shall use the following Elk Habitat Table below to calculate the elk forage equivalency value for the initial tract(s) by multiplying the acres of each habitat type by the corresponding elk forage equivalency score, and summing the products for all habitat types in the tract(s).

Elk Habitat Table
Elk forage equivalency rankings of habitat types in the Baker River basin.

Habitat Type; Successional Stage	Elk Forage Equivalency Rank	Elk Forage Equivalency Score per acre
Upland Conifer Forest; Shrub/Seedling Stage	Good	3
Riparian Conifer Forest; Shrub/Seedling Stage	Good	3
Upland Mixed Forest; Shrub/Seedling Stage	Good	3
Riparian Mixed Forest; Shrub/Seedling Stage	Good	3
Upland Deciduous Forest; Shrub/Seedling Stage	Good	3
Upland Deciduous Forest; Sapling/Pole and Small Tree Stages	Moderate	1
Riparian Deciduous Forest; Shrub/Seedling Stage	Good	3
Riparian Deciduous Forest; Sapling/Pole and Small Tree Stages	Moderate	1
Forested Wetland; Shrub/Seedling Stage	Good	3
Shrub Wetland; Grass/Forb and Shrub/Seedling Stages	Good	3
Wet Meadow; Herbaceous Wetland Stage	Good	3
Cultivated Pasture (under management to provide elk forage)	Excellent	9
All Other Habitats	To be determined by TRIG	

Unless otherwise approved by the Commission in accordance with the requirements of Article 601, all lands acquired in accordance with this article shall remain in licensee's ownership during the term of the license.

For the purposes of this article, acquisition costs may include: transaction costs, such as completion of appropriate site assessments for hazardous materials and noxious weeds; land surveys, including timber cruise if needed; appraisals; habitat surveys; filing fees; excise taxes; title searches, reports, fees and insurance; closing costs; preparation of land acquisition agreements and any required governmental approvals. Acquisition costs may exclude: internal personnel and administrative costs of the parties associated with land acquisitions, such as staff salaries and benefits; attorney fees and other legal expenses incurred by the licensee or any other party not related to the preparation of land acquisition agreement and any required government approvals; and fees paid by the licensee to third parties for administrative costs associated with a third parties' acquisition

of interests in land on behalf of the licensee. Prior to completing any transaction, the licensee will notify the TRIG or ARG, as appropriate, if it appears that transaction costs will be significantly higher than expected, and shall, in consultation with the TRIG or ARG, determine whether to proceed with a transaction with significant transaction costs.

Article 504

Wetland Habitat

The licensee shall acquire wetland habitat lands for conservation of wetlands and wetland-dependent species, placing a priority on acquiring high quality, functioning wetland breeding habitat for native amphibian and other native species, for the purpose of conserving wetlands and providing long-term protection for species using the wetland habitat. The licensee shall, in consultation with the TRIG, develop site acquisition and selection criteria in accordance with the general geographic preferences set forth in Article 505(b). Such criteria and procedures shall: (A) consider any potential to impair, diminish, or abrogate tribal treaty or cultural rights, by providing that the licensee shall identify suitable alternative sites or management activities if the designated representative of any affected tribe notifies the TRIG of its conclusion that a particular site or management activity will impair, diminish, or abrogate specific tribal treaty or cultural rights and describes the basis for its conclusion; (B) consider the potential for integration of the site acquisition and management required by this article and other articles to optimize the resulting ecosystem benefits; (C) consider appropriate land acquisition costs; (D) consider the potential to secure grant funds to supplement the funds otherwise for implementation of this article; (E) consider whether any sites so acquired are appropriately included in the project boundary, and if so, provide for the filing of an appropriate request to the Commission; and (F) provide for continuing consultation with the TRIG in the implementation of the approved plan. Licensee shall, when considering land acquisition or management activities, evaluate the extent of required noxious weed management in accordance with criteria developed in Article 508. Following acquisition, the licensee shall undertake habitat enhancement and management (including noxious weed control) activities in accordance with a plan prepared after consultation with the TRIG and in accordance with Article 501.

Funding for acquisition is not to exceed \$340,000 (2006\$), and shall be made available within four years of license issuance. Funding for planning and for habitat enhancement, habitat management, and noxious weed management of existing or acquired parcels is not to exceed \$190,000 and shall be made available according to the following schedule: \$10,000 shall be made available within four years of license issuance, \$140,000 shall be made available in the fifth year following license issuance, and \$20,000 shall be made available in each of the sixth and seventh years following license issuance. If funds are available twenty-five years following license issuance, and licensee, in consultation with the TRIG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes of this article, the remaining funds required by this article may be made available to the TERF established pursuant to Article 602. Unless otherwise approved by the

Commission in accordance with the requirements of Article 601, acquired lands shall remain in licensee's ownership during the term of the license.

For the purposes of this article, acquisition costs may include: transaction costs, such as completion of appropriate site assessments for hazardous materials and noxious weeds; land surveys, including timber cruise if needed; appraisals; habitat surveys; filing fees; excise taxes; title searches, reports, fees and insurance; closing costs; preparation of land acquisition agreements and any required governmental approvals. Acquisition costs may exclude: internal personnel and administrative costs of the parties associated with land acquisitions, such as staff salaries and benefits; attorney fees and other legal expenses incurred by the licensee or any other party not related to the preparation of land acquisition agreement and any required government approvals; and fees paid by the licensee to third parties for administrative costs associated with a third parties' acquisition of interests in land on behalf of the licensee. Prior to completing any transaction, the licensee will notify the TRIG, as appropriate, if it appears that transaction costs will be significantly higher than expected at the time of license issuance, and shall, in consultation with the TRIG, determine whether to proceed with a transaction with significant transaction costs.

Article 505

Aquatic Riparian Habitat Protection, Restoration and Enhancement Plan

Within two years of license issuance, licensee shall submit an Aquatic Riparian Habitat Protection, Restoration and Enhancement Plan (“ARP”) to the Commission for approval for the purpose of identifying actions to protect and enhance low-elevation bottomland ecosystems in the Skagit River basin, which includes the Baker River sub-basin, focusing on habitat for protection, acquisition, restoration and maintenance for anadromous salmonids, other aquatic species and riparian-dependent birds and amphibians.

Licensee shall develop the ARP in consultation with the TRIG and ARG, specifically including the Forest Service, WDFW, WDNR, The Nature Conservancy, the Upper Skagit Indian Tribe, the Sauk-Suiattle Indian Tribe, and the Swinomish Indian Tribal Community. Within one year of license issuance, licensee shall submit a draft of the ARP to the TRIG and the ARG for review and comment. At least 30 days prior to submitting the ARP to the Commission for approval, licensee shall provide the ARP to the TRIG and the ARG for review and comment. Licensee shall include, with the ARP, an implementation schedule, documentation of consultation, copies of consulting entity comments and recommendations on the completed plan and schedule, and specific descriptions of how the entities’ comments are accommodated by the plan and schedule. If licensee does not adopt a recommendation, the filing shall include the licensee’s reasons, based on project-specific information.

The ARP shall be prepared based on the following criteria:

- (a) candidate sites shall be examined for their potential to provide long-term benefits. Implementation proposals shall be based on a comparison of the predicted benefits arising at a specific site in relation to the costs of the action or actions proposed for the site, with the same factors for other sites with similar potential, based on a reasonable range of options for alternative sites;
- (b) the location of sites for the purposes of implementation shall be used to aid in prioritizing locations in the following order: i) within the Baker River basin, ii) within the middle Skagit River and tributaries immediately downstream of the Baker River (from the confluence with the Baker River to the Pipeline Crossing at RM 24.3), iii) within the lower Skagit River and estuary, and iv) elsewhere in the Skagit River basin, or as may otherwise be established in the ARP;
- (c) i) consideration of any potential to impair, diminish, or abrogate tribal treaty or cultural rights, by providing that the licensee shall identify suitable alternative sites or management activities if the designated representative of any affected tribe notifies the TRIG and

ARG of its conclusion that a particular site or management activity will impair, diminish, or abrogate specific tribal treaty or cultural rights and describes the basis for its conclusion; ii) consideration of the potential for integration of the site acquisition and management required by this article and other articles to optimize the resulting ecosystem benefits; iii) consideration of appropriate land acquisition costs; iv) consideration the potential to secure grant funds to supplement the funds otherwise for implementation of this article; v) consideration of whether any sites so acquired are appropriately included in the project boundary, and if so, provide for the filing of an appropriate request to the Commission; and vi) providing for continuing consultation with the TRIG and ARG in the implementation of the approved plan;

- (d) the plan shall be structured to allow for flexibility in revising site selection criteria and reprioritizing types of habitat lands to be protected, acquired, restored and/or managed in response to changing needs and conditions over the term of the license;
- (e) when considering land acquisition or management activities, evaluate the extent of required noxious weed management in accordance with criteria developed in Article 508;
- (f) to aid in the evaluation of a specific resource project and site selection proposed under the ARP, licensee shall provide information to the TRIG and ARG regarding any other resource projects being considered pursuant to other license article requirements similar to the project being considered, or that provide similar potential biological benefits and have the potential for integration with related enhancement actions; and
- (g) monitoring needs.

In addition to these general guidelines, the ARP shall require that up to \$1,000,000 of the funds available for implementation of the ARP be expended within the Baker River watershed, as established in the ARP. For funds expended outside the Baker Basin, a minimum of 50% shall be spent on riverine/riparian habitat acquisition with anadromous fish benefits. A minimum of 50% of the funds so spent on riverine/riparian habitat shall be spent on habitat that benefits both anadromous species and deciduous forest/wetland species, unless otherwise agreed by the TRIG and ARG.

Licensee shall provide funding for implementation of the ARP in a total amount not to exceed \$10,200,000, according to the following schedule for funding: \$50,000 available annually starting the first year following license issuance and concluding in the sixth year following license issuance for planning

and site evaluation activities; \$300,000 available within two years following license issuance for initial protection, restoration, enhancement, and management activities; and \$2,000,000 available in each of years 3, 8, 13, and 18 following license issuance, and up to \$1,600,000 if phase two of Article 105 is not implemented.

For the purposes of this article, acquisition costs may include: transaction costs, such as completion of appropriate site assessments for hazardous materials and noxious weeds; land surveys, including timber cruise if needed; appraisals; habitat surveys; filing fees; excise taxes; title searches, reports, fees and insurance; closing costs; preparation of land acquisition agreements and any required governmental approvals. Acquisition costs may exclude: internal personnel and administrative costs of the parties associated with land acquisitions, such as staff salaries and benefits; attorney fees and other legal expenses incurred by the licensee or any other party not related to the preparation of land acquisition agreement and any required government approvals; and fees paid by the licensee to third parties for administrative costs associated with a third parties' acquisition of interests in land on behalf of the licensee. Prior to completing any transaction, the licensee will notify the TRIG and ARG, as appropriate, if it appears that transaction costs will be significantly higher than expected, and shall, in consultation with the TRIG and ARG, determine whether to proceed with a transaction with significant transaction costs.

If funds are available twenty-five years following license issuance, and licensee, in consultation with the TRIG and ARG, determines lands are not available and/or habitat enhancement or management actions are not feasible for any of the intended purposes of this article, the remaining funds required by this article may be made available to the HERC and/or TERF funds.

Article 506

Osprey Nest Structures

Within one year following license issuance, the licensee shall provide and maintain a minimum of ten artificial osprey nest structures at Lake Shannon. The ten nest structures shall consist of up to nine of the artificial structures currently maintained by licensee, and one or more new artificial structures to be installed at the site of a former natural snag nest or artificial nest structure. The licensee shall place the structures in a manner that is designed to provide a sufficient number of suitable osprey nest sites at Lake Shannon to support an estimated seven breeding pairs.

Within two years following license issuance, the licensee, in consultation with the TRIG, shall select and modify ten existing trees near Lake Shannon to promote their eventual use as osprey nest sites. The licensee shall select ten mature trees on lands suitable for osprey nesting owned and/or controlled by the licensee. Modification of the trees may involve topping, killing, or other appropriate techniques, based on site-specific evaluations, to promote the development of tree and snag nest sites available for osprey nesting at Lake Shannon.

During the term of the license, the licensee shall monitor osprey nesting and productivity annually between April 1 and August 31 at both Lake Shannon and Baker Lake, in accordance with the TRMP required by Article 501. At two-year intervals during the term of the license, the licensee shall inspect the ten artificial nest structures at Lake Shannon and maintain the structures in conditions suitable for use by nesting osprey. By December 31 in the second year of each two-year inspection and maintenance cycle, the licensee shall submit a draft nest inspection and monitoring report to the TRIG for a 30-day review and comment period. The report shall describe inspection results, maintenance activity, and nesting activity at both natural and artificial nests on Lake Shannon and Baker Lake during the preceding two years. During each report review period, the licensee, in consultation with the TRIG, shall determine whether additional artificial nest sites or modifications to the placement and design of new structures are needed to achieve the goal of seven breeding pairs on Lake Shannon to increase nesting success to meet the goal. This evaluation will include consideration of results of site evaluation, site monitoring, and best available science. The licensee shall file final nest inspection and monitoring reports with the Commission by June 1 of the year following each two-year inspection and maintenance cycle, allowing for a minimum of thirty days review and comment by the TRIG prior to filing.

Article 507

Loon Floating Nest Platforms

Within one year after license issuance, licensee shall, in consultation with the TRIG, install and maintain three common loon floating nest platforms in suitable locations, consistent with the requirements of Article 304, on one or both of the project reservoirs, in accordance with the Terrestrial Resources Management Plan required by Article 501, for the purpose of establishing nesting use on the project reservoirs to increase nesting loon populations in Western Washington.

Licensee, in consultation with the TRIG, may substitute the placement of one floating nest platform on project reservoirs with making funding available to a third party for the purpose of placing and maintaining a floating nest platform on non-project lands. Funding made available for this purpose is not to exceed \$2,500 for construction and placement of the nest platform, and \$1,000 annually for maintenance.

Following installation of any floating nest platforms on project reservoirs, licensee shall place log booms, boundary buoys, or other appropriate devices to establish use restriction zones around each nesting platform to restrict public access. The nest platforms and public access restriction devices on project reservoirs shall be in place between April 1 and July 31 of each year. Licensee may remove and store the nest platforms required by this article when they are not required to be in place. Following review and comment by the TRIG, licensee shall install three additional floating nest platforms in the project reservoirs if nesting success is determined at any time during the term of the floating nest platform program.

During the first fifteen years following platform installation, licensee shall monitor all floating nest platforms installed in the project reservoirs twice per month between April 1 through July 31 to determine nesting activity, and the effectiveness of access restriction devices. By December 31 of each year, licensee shall file draft monitoring reports with the TRIG for a 30-day review and comment period. Annual monitoring reports shall summarize loon observations, nesting attempts, nesting activity, nest productivity, and platform maintenance activity within the project reservoirs during the previous breeding season. Final reports shall be filed with the Commission by June 1 of the following year.

During the sixteenth year following platform installation, licensee shall submit a draft effectiveness report summarizing the results of the 15-year monitoring period to assess loon breeding success on the installed nesting platforms. The report shall make recommendations as to the continuation of the floating nest platform program based on the presence or absence of nesting activity, according to the following general criteria: observed loon nest-building

activity or use of nests suggests loon nesting success, and a lack of breeding attempts on one or more of the platforms by the end of the 15-year period suggests lack of platform success. If the floating nest platform program is continued past year 15, annual monitoring and reporting shall continue.

If the report determines the program is unsuccessful, licensee shall, following consultation with the TRIG, either remove the loon nesting platforms and make the remaining funds available from the program to the TERF, or make the remaining funds available for a similar program by a third party at another location on non-project lands. Any funds made available to third parties for nesting platforms installations, monitoring, and management for a similar program on non-project lands shall terminate licensee's obligations under this article. For purposes of this article, "remaining funds" shall be calculated by multiplying the number of years remaining in the license term by the actual average annual cost of maintenance and monitoring during years 6 through 15 following nest platform installation.

Article 508 Noxious Weeds

During the term of the license, the licensee shall manage noxious weeds on project lands pursuant to the most restrictive applicable federal and state regulations, including, but not limited to: 1) Washington's State Noxious Weed Control regulations found at WAC 16-750, 2) Best Management Practices published by the Forest Service (for weed control on Forest Service lands) for the Mt. Baker-Snoqualmie National Forest, and 3) noxious weed control regulations adopted by Skagit or Whatcom Counties, in accordance with a plan developed in consultation with the TRIG as required by Article 501. The licensee shall file the plan with the Commission for approval, following consultation in accordance with Article 501. The plan shall address site-specific and species-specific management and monitoring programs, based on the guidelines and treatment options identified in the tables attached as Appendix A-1, which are based upon the results of pre-licensing Terrestrial Study T-6 and the Forest-Wide Environmental Assessment for Noxious Weed Management on the Mt. Baker-Snoqualmie National Forest, published by the Forest Service in May 1999. The initial plan shall adjust treatment of all lands within the project boundary, and those lands outside the project boundary that were surveyed for noxious weeds during pre-licensing studies, as documented in the T-6 Final Study Report, December 23, 2003. The plan shall address how noxious weed management considerations will be addressed when evaluating land acquisition proposals or other activities pursuant to Articles 502, 503, 504, and 505.

The portion of the plan addressing the seven high quality wetland areas located on Forest Service lands, as identified in pre-licensing Terrestrial Study T-2/T-5 as WB 17, 20, 21, 25, 28, 29, and 30, shall place priority on the control of reed canarygrass (*Phalaris arundinacea*) for the protection and enhancement of these wetlands. Licensee shall provide funding for the portion of the plan addressing these seven identified wetlands in an amount not to exceed \$25,000 in each of years 1-5 following license issuance, and shall provide \$15,000 annually thereafter during the term of the license.

Funding for noxious weed surveys and management for lands acquired following license issuance pursuant to Articles 502, 503, 504, and 505 shall be drawn from the funds of these articles.

Article 509

Plants of Special Status

Within six months following license issuance, the licensee shall file with the Commission a plan for the management of plants of special status on existing project lands and the following non-project lands, to be more precisely identified during the development of the plan: 1) areas with potential to have impact from project activities, based on Forest Service pre-field review process, and 2) areas surveyed during pre-licensing rare plant surveys, as indicated by Baker River Project Relicense Study, T-16, as amended.

The licensee shall prepare the plan in consultation with the TRIG, and specifically, the FWS, Forest Service, and the WNHP of the WDNR, as required by Article 501, and in accordance with the guidelines in Appendix A-3. The plan shall be consistent with the noxious weed management plan described in Article 508. Amendments to the plan associated with the acquisition of new lands that result in a revision to the project boundary are not mandatory, but will be determined on a case-by-case basis, in consultation with the TRIG, in conformance with Article 501.

For the purposes of this article, “Plants of Special Status” shall include: 1) plant species listed as Endangered, Threatened or Proposed for Listing under the federal Endangered Species Act; 2) plant species listed as Endangered, Threatened or Sensitive by the State of Washington; and 3) on federal lands administered by the Forest Service, plant species on the Pacific Northwest Regional Forester’s Sensitive Species List. The plant species that were known to occur at the time of license application that required site-specific management plans are listed in Appendix A-2, and shall provide the initial basis for planning actions. A site-specific management plan shall be included in the overall plan for *Carex flava*, in accordance with Article 510.

Article 510
Carex flava

During the term of the license, licensee shall manage yellow sedge (*Carex flava*) at Baker Lake for its protection, especially in areas where it is located in close proximity to reed canarygrass, according to a plan developed in accordance with Article 501 and filed with the Commission for approval within six months of license issuance, following consultation with the TRIG, including specifically the FWS, Forest Service and the WNHP of the WDNR. The plan shall require inventorying and mapping of known *Carex flava* populations, the development of control strategies for reed canarygrass around *Carex flava* populations, a method for monitoring and evaluating success of the plan, a planting plan if 20% or more of the *Carex flava* population decreases from the time of license issuance, and additional measures that are identified as a result of plan monitoring, as described in more detail in Appendix A-4. Plan updates shall be completed at least every ten years, or more regularly if needed to address monitoring and evaluation results, or when the species is no longer a State or federal sensitive species.

Article 511

Decaying and Legacy Wood

Within three years following license issuance, and annually thereafter, the licensee shall manage snags, logs and residual live trees (“Decaying and Legacy Wood”) located on existing or acquired project lands for the purpose of enhancing Decaying and Legacy Wood structure to increase its value to snag and log dependent species. The management will be conducted in accordance with a plan filed with the Commission for approval in accordance with Article 501 within one year from license issuance. The licensee shall develop the plan in consultation with the TRIG, and will provide a 90-day review and comment period on a draft prior to filing with the Commission as required by Article 501.

In preparing the plan, licensee shall refer to Johnson, D.H. and O’Neil, T.A., “DecAID Model, Wildlife-habitat relationships in Oregon and Washington,” Oregon State University Press, 2001.

The Decaying and Legacy Wood Plan shall address the snag, log and residual live tree habitats of vertebrate species likely to inhabit the lands on a seasonal or year-round basis. The plan shall include measures to retain snags, logs and residual live trees where they already exist, and to promote the development of these features where they do not exist. The plan may also include measures to provide artificial structures to meet short-term habitat needs where natural snags, logs and residual live trees are not present and are not expected to develop over the term of the license. All measures in the plan shall be appropriate to the habitat types present on the lands. Existing snags, logs and residual live trees shall be retained in appropriate numbers as determined by land management objectives for each site in conformance with the plan. If existing snags and logs are insufficient to support the land management objectives in the plan to support population densities of primary cavity excavators, and live trees of appropriate size are present, the licensee shall create additional snags or downed logs from live trees, or alternative methods. The licensee shall file any amendments to the Decaying and Legacy Wood element of the plan, as required by Article 501, that result from the acquisition of any new project lands.

Funding for preparing the plan and managing Decaying and Legacy Wood according to the plan is not to exceed \$35,000 each year in the first two years following license issuance, to allow for planning and initial site work, and is not to exceed \$10,000 each year throughout the remaining term of the license. If funds are available twenty-five years following license issuance, and licensee, in consultation with the TRIG, determines habitat enhancement or management actions are not feasible for any of the intended purposes of this article, any remaining funds required by this article may be made available to the TERF established pursuant to Article 602.

Article 512
Bald Eagle Night Roost Surveys

During the first three years after license issuance, and again between years 15-17 from license issuance, licensee, in consultation with TRIG, shall design and conduct surveys to identify bald eagle (*Haliaeetus leucocephalus*) communal winter night roosts in the vicinity of the Baker River Project. The purpose of the surveys will be to systematically determine the location of bald eagle night roosts in the Baker River basin in the project vicinity, and to assist WDFW, FWS, and Forest Service with the identification of areas in need of bald eagle protection. Licensee shall provide the results of the surveys to affected landowners, WDFW, FWS and the Forest Service within three months of completion of each round of surveys, and shall file survey results with the Commission annually.

Licensee's funding for the surveys is not to exceed \$25,000 for each 2-3 year survey period. To the extent the first \$25,000 is not expended for the first survey period, any remaining funds shall be carried over to the succeeding survey period. Any funds remaining following completion of the second survey period shall be made available to the TERF, as described in Article 602.

Article 513

Bald Eagle Management Plans

Within one year following license issuance, licensee shall develop a management plan for each bald eagle (*Haliaeetus leucocephalus*) nest site and communal winter night roost known to exist on lands within the project boundary at the time of license issuance, to provide for the long-term protection of and management for bald eagles, as required by Article 501. The plan shall identify measures to protect and manage known nesting or winter roost sites on licensee owned lands within the project boundary and methods to survey for and protect these sites on lands acquired during the license term.

Within one year after acquiring new project lands, licensee shall develop a management plan for each bald eagle nest site and communal winter night roost known to occur on the land acquired. During the term of the license, the planning requirement shall apply to the discovery of new bald eagle nest sites or communal winter night roosts, and shall be in conformance with the plan developed in accordance with Article 501.

All plans, and any amendments to plans, shall be consistent with recommendations contained in the Pacific Bald Eagle Recovery Plan (FWS, 1986), Washington State Bald Eagle Protection Rules (WAC 232-12-292), and Watson, J.W., and E.A. Rodrick, Bald Eagle (*Haliaeetus leucocephalus*), Management Recommendations for Washington's Priority Species, Volume IV: Birds, Washington Department of Fish and Wildlife, Olympia (2002) (editors Larsen, E.M., J.M. Azerrad, and N. Nordstrom, 2004), or similar guidance or rules in effect at the time any plan is developed. Final plans, and any plan amendments, shall be filed with the Commission. Within one year of any change in the state or federal status of the bald eagle, licensee, in consultation with the WDFW and FWS, shall review all plans prepared under this action and determine whether the plans need to be continued or modified.

Article 514

Use of Habitat Evaluation Procedures

Within one year of license issuance, the licensee shall, in consultation with the TRIG, develop and prepare in accordance with Article 501 a monitoring plan to determine the effectiveness of the implementation of Articles 502, 503, 504, 506, 507 and 513. The plan shall require licensee to monitor the effectiveness of the implementation of Articles 502, 503, 504, 506, 507 and 513 through periodic assessments of habitat quantity and quality, using the U. S. Fish and Wildlife Service, Department of Interior, Ecological Service Manuals ESM 101, 102, 103 (Division of Ecological Services, Washington D.C. 1980), Habitat Evaluation Procedures (“HEP”), or another appropriate methodology selected in consultation with the TRIG. Monitoring is intended to assist resource managers in determining the current conditions of the lands acquired and assess management activities over the term of the license. Licensee shall consider the monitoring results in implementing Articles 502, 503, 504, 506, 507 and 513, in consultation with the TRIG.

Within five years of license issuance, licensee shall develop, in consultation with the TRIG, the schedule for specific monitoring actions, the timing of each monitoring period, monitoring criteria, the scope of monitoring given available funding, and the format for monitoring reports in accordance with the consultation requirements of Article 501.

Funding for all aspects of monitoring is not to exceed \$200,000 (if license is 30 years or shorter) or \$300,000 (if license is 40 years or longer)(2006\$). The licensee shall make the funding available in \$100,000 increments according to the following schedule: the first \$100,000 available during the first 10 years of the license term, the second \$100,000 available between years 20 and 30 of the license term (and the third \$100,000 available after year 30 if the license is issued for a term of 40 years or longer). If funds are available forty years following license issuance, and licensee, in consultation with the TRIG, determines further use of the HEP is not feasible for any of the intended purposes of this article, any remaining funds required by this article may be made available to the TERF established pursuant to Article 602.

Article 515
Late Seral Forest Growth

Within two years of license issuance, or December 31, 2008, whichever is earlier, the licensee shall make funds available to the Forest Service for its actual costs incurred in thinning trees on up to 321 acres of second-growth forest on Forest Service lands in the Baker River watershed. The funds may be used for the purpose of reducing edge effects by enhancing the acceleration of late-seral forest growth, which may increase the nesting success and/or survival of federally listed spotted owls and marbled murrelets. Funds made available to the Forest Service shall not exceed \$80,250. If the Forest Service does not incur these costs within two years following license issuance, funds shall be held until requested by the Forest Service, or converted to use for the TERF described in Article 602, when and if directed by the Forest Service.

Article 516
Mountain Goats

Within three years following license issuance, licensee shall make funds available to the Forest Service for its actual costs incurred in making habitat improvements in mountain hemlock forest in occupied mountain goat (*Oreamnos americanus*) summer range on National Forest System lands in or adjacent to the Baker River Watershed. Funding for licensee's contribution to the cost of planning, environmental review and implementation, for up to 194 acres of mountain hemlock forest land is not to exceed \$70,000. The improvements funded with this measure may provide additional summer forage habitat by prescribed burns or other means in high elevation forest areas away from established recreation areas in the project vicinity.

If the Forest Service does not incur these costs within one year following license issuance, funds shall be held until requested by the Forest Service, or converted to use for the TERF described in Article 602, when and if directed by the Forest Service.

Article 517
Grizzly Bear Road Management

Within six months of license issuance, or within sixty days of request by the Forest Service, whichever is earlier, licensee shall make funds available to the Forest Service for its actual costs incurred in planning, environmental review and implementation of a road closure program in the North Cascades Grizzly Bear Recovery Area of the Mt. Baker-Snoqualmie National Forest, to reduce human use disturbance in the area and increase the effectiveness of spring and early summer grizzly bear foraging habitat. Funding for licensee's contribution to the cost of planning, environmental review and implementation for this purpose is not to exceed \$120,000. If the Forest Service does not incur these costs within the first six months of license issuance, funds shall be held until requested by the Forest Service, or converted to use for the TERF described in Article 602, when and if directed by the Forest Service.

Article 601
Baker River Coordinating Committee

Creation of Baker River Coordinating Committee

Within six months of license issuance, licensee shall convene an initial meeting of the licensing implementation entity to be referred to as the “Baker River Coordinating Committee” (BRCC). Licensee shall provide each signatory to the Settlement Agreement a minimum of 30 days notice and invite each signatory to designate a representative, and an alternate representative. The purpose of the BRCC and Resource Groups is to implement the terms of the Settlement Agreement and participate on license implementation committees. In the event that an agency, tribe, non-governmental organization, or individual who was not a party to the Settlement Agreement seeks membership on the BRCC, licensee shall allow participation by a non-party only upon the unanimous approval of the BRCC, as defined in this article.

Meeting Procedures of the BRCC and Resource Groups

During the term of the license, licensee shall convene meetings of the BRCC, as necessary, to comply with the consultation requirements of the license. Licensee shall convene a meeting of the BRCC at least once annually. Licensee shall provide each representative on the BRCC with at least ten days notice of any meeting of the BRCC, and shall include a proposed agenda for each meeting.

At the first meeting of the BRCC, licensee shall establish individual resource technical groups that are anticipated to be involved in addressing ongoing license implementation issues as licensee carries out the terms and conditions of the license, including, without limitation: the Terrestrial Resources Implementation Group (TRIG); the Recreation Resources Group (RRG); the Aquatics Resources Group (ARG); and the Cultural Resources Advisory Group (CRAG) (Resource Group(s)). Other sub-groups may be established by the BRCC as needed to address license issues that arise during the term of the license. Each party to the Settlement Agreement can be a member in a Resource Group or Group(s) and the BRCC, upon notifying the licensee in writing of its designated representative(s). A party may designate its primary representative, and any alternate representatives. Licensee shall establish meeting notice requirements and protocols for meetings of the TRIG, RRG, ARG, and CRAG at the first annual meeting of the BRCC, following consultation with all members of the BRCC. In the event of any conflict between license articles and any meeting protocols established, the terms of the license shall control.

Licensee shall arrange for the services of a neutral, non-BRCC member to record and distribute minutes of BRCC and Resource Group meetings, if agreed to by the BRCC at any time.

License Implementation Framework

For the term of the license, licensee shall consult with and schedule regular meetings of all Resource Groups, who will be invited to participate in all licensing implementation decisions pertaining to the resource area assigned to the Resource Group. The focus of license implementation decision-making will be within the Resource Groups. Meetings of the BRCC will be established to address issues affecting overall license implementation issues, annual updating, and other issues identified in this article or by the Resource Groups. The Resource Groups are intended to function as technical groups convened on an ongoing basis to address ongoing implementation issues throughout the term of the license. The BRCC is intended to function as a policy level group for decision-making issues that are not resolved in Resource Groups, as described in this article, and otherwise as a way of communicating with all signatories.

Licensee Implementation and Decision-Making

In carrying out licensee's obligations under the license, licensee shall work collaboratively with all members of the BRCC to comply with license articles and make informed decisions related to the operation of the Baker River Hydroelectric Project. Specifically, licensee shall:

- a) document the initial members of the BRCC and Resource Group representatives by compiling a list of all parties who have provided licensee of notice of their BRCC representatives and Resource Group representative(s);
- b) record any votes taken by the BRCC or Resource Groups by giving each BRCC member one vote on all matters to be decided by the BRCC, and each Resource Group member with one vote on all matters to be decided by the Resource Group;
- c) establish, and keep updated, a membership list of the BRCC as a whole and each of the Resource Groups established for the term of the license, including, without limitation, the TRIG, RRG, ARG, and CRAG. Each list shall contain the name of the party to the Settlement Agreement, the party's designated representative and alternates, and relevant contact information;
- d) chair the meetings of the BRCC, TRIG, RRG, ARG, and CRAG;
- e) submit decisions to the BRCC as follows:

Licensee shall only offer a vote to be taken on any license implementation issue at a regularly convened meeting of the BRCC, after the licensee has provided a minimum of two weeks written notice including an agenda and any issues on which a decision will be requested, made in accordance with the following decision-making protocol:

Decisions shall be made by consensus, defined as lack of objection. If consensus is not achieved at the Resource Group level, the BRCC may take a

vote after licensee has complied with subsection (f) of this article and, for Articles 108, 109, 305, 502-505, 602, and 603 only, after affected resource agencies and tribes take an advisory vote.

For decisions related to implementation of plans for Articles 108, 109, 305, 502-505, 602, and 603 only, the BRCC may approve a proposal on a majority vote of the BRCC. If an advisory vote is not adopted by a majority vote at the BRCC, the meeting notes shall contain an explanation for not adopting the advisory vote.

For any decision related to a plan required by any article, consensus shall be required prior to filing the plan with the Commission, but licensee may timely file the proposed plan if consensus has not been achieved and licensee would risk noncompliance with a timing requirement. Licensee shall include in any plan submitted to FERC for which consensus was not achieved an explanation of any dispute relating to the proposed plan, along with the review and comments received in accordance with individual articles. If, following discussion at a BRCC meeting convened in accordance with the notice requirements of this article, a proposal does not achieve consensus, the proponent may request a vote. Each member of the BRCC will have one vote and only designated representatives will vote. Licensee shall record all votes, and any consensus achieved, in the minutes of the meeting during which a vote is taken.

After one vote, if consensus is not achieved, the proponent(s) may request a second vote. Any member voting against the proposal will explain the basis for the vote that specifically addresses the reason for the opposition and other relevant requirements of the license article(s) prompting the vote.

Licensee shall only offer a vote to be taken on any matter assigned for consultation with the BRCC, at a regularly convened meeting with a quorum present at the meeting. A quorum for a meeting of the BRCC, shall include at least one representative, or proxy, of each of the following to be present: licensee, the federal agencies (Forest Service, FWS, NPS, NMFS), the state agencies (Ecology, WDFW, DNR), and the tribes (SSIT, SITC, USIT).

f) submit matters to the BRCC if the Resource Groups are unable to reach consensus decisions on a resource issue, or a quorum cannot be established as described in subsection (e) of this article, after complying with the following procedures:

1. Licensee shall provide at least two weeks notice of Resource Group meetings and the notice shall include a draft agenda and any issues on which a decision will be requested;
2. Only a member of the Resource Group may make a proposal for a decision, although this is not intended to preclude the source of the proposal

coming from a person or entity other than a member as long as a Resource Group member sponsors the proposal;

3. Resource Group decisions shall be made by consensus, defined as the lack of objection by members present at the meeting;

4. If consensus for a particular decision does not exist, the proponent of the proposal may request a vote, with each member having one vote per designated representative;

5. Licensee shall cause meeting minutes for each meeting where a vote is taken to contain a record of the votes and any consensus achieved;

6. After one vote, if consensus is not achieved, any member of the Resource Group may request a second vote; and

7. If consensus is not achieved after the second recorded vote, licensee, at the request of the proponent, shall refer the disputed proposal to the BRCC in accordance with subsection (e) of this article. The proponent may provide notice of the intent to refer at the time of second vote, or subsequently. Licensee shall not be required to include the decision on the agenda for a meeting of the BRCC to consider the proposal until the proponent(s); a) provides actual notice of the dispute at least three weeks prior to the date of the requested BRCC meeting at which the referred proposal is to be heard, and b) provides a written explanation of its vote at least two weeks prior to the requested meeting of the BRCC. Any member voting against the proposal will explain the basis for the vote that specifically addresses the reason for the opposition and other relevant requirements of the license article(s) prompting the vote.

g) for any articles requiring consultation with Resource Groups and/or specific parties, and for the purposes of the implementation of the license and Settlement Agreement only, licensee shall be deemed to have complied with the requirement to consult if licensee has communicated in writing with the party the licensee is required to consult with and provided information required by any specific article; and

h) only offer a vote to be taken on any matter assigned for consultation with the Resource Groups, at a regularly convened meeting with a quorum present at the meeting. A quorum for a meeting of the Resource Groups, or any of its resource groups, shall include at least one representative, or proxy, of each of the following to be present: licensee, the federal agencies (Forest Service, FWS, NPS, NMFS), the state agencies (Ecology, WDFW, DNR), and the tribes (SSIT, SITC, USIT), or as otherwise defined by consensus of the BRCC.

Licensee may not rely on any decisions made by the BRCC, or Resource Groups, for any other purpose than complying with the requirements of the license. Licensee shall obtain any approvals required under applicable law related

to any decision made by the BRCC for purposes of enabling licensee to comply with the requirements of the license.

Subject Matters for BRCC, Resource Group Communications and Meetings

Licensee may convene meetings of the BRCC, TRIG, RRG, ARG, and CRAG, respectively, for the following purposes, or for any other purpose consistent with the license, or at the request of two or more members of the BRCC:

a) TRIG meetings may be convened to address one or more of the following issues or other issues identified by the TRIG: 1) licensee's implementation of Articles 501-517 (the Terrestrial Articles), 2) planning required by the Terrestrial Articles, 3) the scope, design, and conduct of any studies required to implement the Terrestrial Articles, 4) the discussion of study results pertaining to the implementation of the Terrestrial Articles, 5) land acquisition and selection criteria, required by any articles, 6) resource project funding decisions, as described in Article 602 related to the Terrestrial Articles, 7) any issues identified during any required monitoring related to the Terrestrial Articles, and 8) any required annual reporting for the Terrestrial Articles;

b) RRG meetings may be convened to address one or more of the following issues or other issues identified by the RRG: 1) licensee's implementation of Articles 301-318 (the Recreation Articles), 2) planning required by the Recreation Articles, 3) the scope, design, and conduct of any studies required to implement the Recreation Articles, 4) the discussion of study results pertaining to the implementation of the Recreation Articles, 5) resource project funding decisions, as described in Article 602 related to the Recreation Articles, 6) any issues identified during any required monitoring related to the Recreation Articles, and 7) any required annual reporting for the Recreation Articles;

c) ARG meetings may be convened to address one or more of the following issues or other issues identified by the ARG: 1) licensee's implementation of Articles 101-111, 401 and 505 (the Aquatics Articles), 2) planning and design review required by the Aquatics Articles, 3) the scope, design, and conduct of any studies required to implement the Aquatics Articles, 4) the discussion of study results pertaining to the implementation of the Aquatics Articles, 5) land acquisition and selection criteria, as described in any article, 6) resource project funding decisions, as described in Article 602 related to the Aquatics Articles, 7) any issues identified during any required monitoring related to the Aquatics Articles, and 8) any required annual reporting for the Aquatics Articles;

d) CRAG meetings may be convened to address one or more of the following issues or other issues identified by the CRAG: 1) licensee's implementation of Article 201 (the Cultural Article), 2) planning required by the

Cultural Article, 3) the scope, design, and conduct of any studies required to implement the Cultural Article or implement the HPMP, 4) the discussion of study results pertaining to the implementation of the Cultural Article, 5) the development of any needed information or reports for the completion of the section 106 process, 6) any meetings required for pre-construction or land disturbance activities; 7) any issues identified during any required monitoring related to the Cultural Article, and 8) any required annual reporting for the Cultural Article; and

e) BRCC meetings may be convened to address one or more of the following issues or other issues identified by the BRCC or Resource Groups: 1) any matter requiring a vote of the BRCC, as submitted by any of the Resource Groups in accordance with the requirements of this article, 2) overall project implementation status and reporting, and 3) disputes arising from meetings of the Resource Groups not resolved by the Resource Group.

Dispute Resolution

In the event licensee is unable to document the consensus of a Resource Group related to the subject matter addressed by a Resource Group and required by a license article, licensee shall notify the BRCC of the nature of the issue, the efforts taken to resolve the issue, and any recommendation or agreed written statement of the issue developed by the Resource Group, as described in this article. In the event the BRCC resolves the issue, licensee shall communicate the results to the Resource Group members. In the event the BRCC does not resolve the issue, licensee shall notify all signatories of the Settlement Agreement of the failure of the BRCC to resolve the issue. Licensee shall stay the implementation of any decision reached by majority vote concerning Articles 108, 109, 305, 502-505, 602, and 603 at the request of any member of the minority who provides notice they are invoking the dispute resolution procedures authorized in section 4 of the Settlement, unless licensee is required to proceed with implementation by the license or other applicable law.

Disputes submitted to the Commission for consideration shall be limited to alleging an inconsistency: 1) between a proposed plan and an article; 2) between a proposed implementation action and an approved plan; or 3) between proposed implementation action and the intent of an article, even if consistent with the approved plan.

Reporting and Auditing

Licensee shall provide an annual report generally summarizing the activities of the BRCC, TRIG, RRG, ARG, and CRAG during the preceding year as required by Articles 102, 201, 301, 501, 601, and 602 to each of the members of the BRCC, any of the Resource Group members who request a copy, and to the Commission.

Licensee shall allow a minimum of 30 days for BRCC members to comment and make recommendations before filing the annual report with the Commission no later than 90 days following the anniversary of the effective date of the license. Licensee shall include with the final report documentation of submission to all BRCC members for review and comment and descriptions of how any comments were addressed in the final report, or reasons for not addressing any comments, based on project-specific information.

**Article 602
Required Funding**

Within one year of license issuance, licensee shall establish the Baker River Project Funds (the Baker Funds) to support resource protection, mitigation, and enhancement measures identified during the term of the license, consisting of four separate funds: the Terrestrial Enhancement and Research Fund (TERF), the Recreation Adaptive Management Fund (RAM), the Habitat Enhancement, Restoration and Conservation Fund (HERC), and the Cultural Resources Enhancement Fund (CREF). Each of the Baker Funds shall be a tracking account maintained by licensee. The total amount, excluding interest, to be credited to the Baker Funds, shall be the amounts set forth in Table 1, based on the term of the license, stated in 2006 dollars, which amount licensee shall credit to the individual funds as follows during the term of the license:

Table 1.

FUND NAME	YEAR OF FIRST DEPOSIT	ANNUAL DEPOSIT AMOUNT (2006\$)
TERF	2016	\$25,000
RAM	2006	\$50,000
HERC	2015	\$50,000
CREF	2016	\$20,000 through 2020 \$25,000 2021 through 2024 \$30,000 2025 through 2030

For years 30 to 50 of a new license term greater than 30 years, the schedule of payments to the funds listed in Table 1 shall be based on a calculation of the number of years for the new license divided by 30 + a 10% risk uncertainty factor multiplied by the 30th year payment value in the fund. For example, for a 50-year license, the calculation for the 50th year payment in the TERF fund would be $(50/30) + .1 \times \$25,000 = (1.67 + .1) \times \$25,000 = \$44,167$ (2006\$). For the CREF fund which does not have a payment in the 30th year, the calculation for years 31 and following shall be based on the average of the payments years 10 through 25 (\$25,000).

License shall make additional funds available according to the schedule set forth on Table 2 for each year of the term of the license in excess of 30 years, stated in 2006\$, and the same formula shall apply for any annual licenses. If the license is not issued in 2006, the years shown in Table 2 shall be adjusted for funding to begin in the first year of license issuance and carry forward through the term of the license.

Table 2.

Year of license		TERF	RAM	HERC	CREF	
30	2035	\$ 25,000	\$ 50,000	\$ 50,000	\$ 25,000	
31	2036	\$ 28,333	\$ 56,667	\$ 56,667	\$ 28,333	
32	2037	\$ 29,167	\$ 58,333	\$ 58,333	\$ 29,167	
33	2038	\$ 30,000	\$ 60,000	\$ 60,000	\$ 30,000	
34	2039	\$ 30,833	\$ 61,667	\$ 61,667	\$ 30,833	
35	2040	\$ 31,667	\$ 63,333	\$ 63,333	\$ 31,667	
36	2041	\$ 32,500	\$ 65,000	\$ 65,000	\$ 32,500	
37	2042	\$ 33,333	\$ 66,667	\$ 66,667	\$ 33,333	
38	2043	\$ 34,167	\$ 68,333	\$ 68,333	\$ 34,167	
39	2044	\$ 35,000	\$ 70,000	\$ 70,000	\$ 35,000	
40	2045	\$ 35,833	\$ 71,667	\$ 71,667	\$ 35,833	
41	2046	\$ 36,667	\$ 73,333	\$ 73,333	\$ 36,667	
42	2047	\$ 37,500	\$ 75,000	\$ 75,000	\$ 37,500	
43	2048	\$ 38,333	\$ 76,667	\$ 76,667	\$ 38,333	
44	2049	\$ 39,167	\$ 78,333	\$ 78,333	\$ 39,167	
45	2050	\$ 40,000	\$ 80,000	\$ 80,000	\$ 40,000	
46	2051	\$ 40,833	\$ 81,667	\$ 81,667	\$ 40,833	
47	2052	\$ 41,667	\$ 83,333	\$ 83,333	\$ 41,667	
48	2053	\$ 42,500	\$ 85,000	\$ 85,000	\$ 42,500	
49	2054	\$ 43,333	\$ 86,667	\$ 86,667	\$ 43,333	
50	2055	\$ 44,167	\$ 88,333	\$ 88,333	\$ 44,167	
30 year total		\$ 500,000	\$ 1,500,000	\$ 1,100,000	\$ 375,000	
50 year total		\$ 1,225,000	\$ 2,950,000	\$ 2,550,000	\$ 1,100,000	Total
30-50 year incremental increase		\$ 725,000	\$ 1,450,000	\$ 1,450,000	\$ 725,000	\$ 4,350,000

Unless otherwise indicated, all costs or payment amounts specified in dollars in any article shall be deemed to be stated as of the year 2006, and the licensee shall escalate such sums as of January 1 of each following year (starting in January 2006) according to the following formula:

$$AD = D \times \left(\frac{NGDP}{IGDP} \right)$$

WHERE:

AD = Adjusted dollar amount as of January 1 of the year in which the adjustment is made

D = Dollar amount prior to adjustment

IGDP = GDP-IPD for the third quarter of the year before the previous adjustment date (or, in the case of the first adjustment, the third quarter of the year before the effective date of the license)

NGDP = GDP-IPD for the third quarter of the year before the adjustment date

“GPD-IPD” is the value published for the Gross Domestic Product Price Deflator by the U.S. Department of Commerce, Bureau of Economic Analysis in the publication Survey of Current Business, Table 7.1 (being on the basis of 2000 = 100), in the third month following the end of the applicable quarter. If that index ceases to be published, any reasonably equivalent index published by the Bureau of Economic Analysis may be substituted by the agreement of the parties. If the base year for GPD-IPD is changed or if publication of the index is discontinued, the licensee shall promptly make adjustments or, if necessary, select an appropriate alternative index acceptable to the parties to achieve the same economic effect.

Each deposit shall be credited to the tracking account on the anniversary of the effective date of the license.

Funds credited to the tracking account but not spent on specific projects shall accrue interest, which shall be credited to the appropriate fund to be used for the purposes described in this article for the fund. Any funds intended to be applied for the purposes of a specific article that remain at the end of any year shall be carried over into succeeding years during the term of the license.

The accrued interest rate on all funds required by the license shall be the 90-day T-Bill rate. An accounting of interest accrued using this rate shall be provided by licensee when the annual report required by this article is provided to the BRCC. If the 90-day T-Bill rate ceases to be published in the Wall Street Journal, the Parties shall meet and agree upon an alternate source for the interest rate. If at the end of the license term, including any annual licenses, contributions and accrued interest remain unallocated or uncommitted to a specific project, they shall be retained by the licensee and licensee’s funding obligation shall cease.

Funds may be used for resource projects as described in this article on an annual basis or may accumulate for future use. If a resource project is identified that cannot be accomplished with the balance available in the related fund, licensee shall deposit an advance payment of up to 50% of the amount required for the succeeding year, except that advance funding will be required in no more than three consecutive years and shall not increase the overall total funding required for any article, unless otherwise agreed by licensee for additional years.

Funds may not be used to enforce licensee's compliance with any article, and licensee shall not be required to compensate BRCC members' routine participation expenses through any of the Baker Funds except as otherwise required by a specific license article or as agreed by consensus of BRCC. Licensee shall bear its own costs for all administrative, legal and overhead costs associated with management of the funds, including, without limitation, calculation of interest and reports to the BRCC and the Commission, and shall not assess any costs against the funds required to be made available. In making funds available as required by any license article, licensee may provide funds through grants or other means that are consistent with the purpose of the funds in order to carry out the stated purpose(s) of the article.

TERF FUND – Terrestrial Enhancement Resource Fund

The TERF Fund may be used for actions to enhance, conserve, acquire and/or restore habitat for terrestrial species. Actions funded by the TERF will be reviewed and approved by the TRIG subject to the decision making and dispute resolution procedures described in Article 601. projects may be considered based upon any written requests to the TRIG sponsored by any member of the BRCC and following review and comment by all members of the TRIG. Projects funded will be located in the Skagit River basin, including, and with emphasis on, the Baker River basin. TERF Funds may be used for necessary studies designed to evaluate and monitor the potential benefits or environmental effects of any requested project.

RAM FUND – Recreation Adaptive Management Fund

The RAM fund may be used for actions to address recreation management resource needs in the Baker Basin and immediately within the hydraulic influence of the Baker Basin that are not otherwise identified and addressed at the time of license issuance. Actions funded by the RAM Fund will be reviewed and approved by the RRG subject to the decision making and dispute resolution procedures described in Article 601. Projects may be considered based upon any written requests to the RRG sponsored by any member of the BRCC and following review and comment by all members of the RRG. Some possible uses of RAM funds may include, without limitation, reservoir hazard management needs in excess of the funding limitation of Article 304, additional measures to limit the impacts of dispersed recreation at Upper Baker not addressed by the

funding limitation of Article 308, aesthetic enhancements to non-project facilities not addressed by the funding limitation of Article 302, unusual trail and trailhead maintenance costs associated with natural events not under the control of licensee and not addressed under the routine maintenance requirements of Articles 314, and increased development of the Bayview Campground, the redeveloped Baker Lake Resort, other Forest Service developed campgrounds, and to monitor dispersed recreation use adjacent to Lake Shannon for desired improvements in excess of improvements that can be made within funding limitations of Articles 303, 305, 308, and 309. RAM Funds may be used for necessary studies designed to evaluate and monitor the potential benefits or environmental effects of any requested project.

HERC FUND – Habitat Enhancement, Restoration, and Conservation Fund

The HERC fund may be used for actions to enhance, conserve and/or restore aquatic species. Actions funded by the HERC Fund will be reviewed and approved by the ARG subject to the decision making and dispute resolution procedures described in Article 601. Projects may be considered based upon any written requests to the ARG sponsored by any member of the BRCC and following review and comment by all members of the ARG. Eight years after license issuance the licensee, in consultation with the ARG, will develop: 1) a protocol for proposing projects to be considered for the use of these funds, including a timetable for presenting the proposal to the ARG and final selection of projects on an annual basis; 2) criteria for selecting projects; 3) a process for evaluating implemented project benefits to aquatic species; and 4) reporting and audit requirements. The following geographic priority will be considered in this selection process in addition to other criteria developed by the ARG for the HERC Fund: a) within the Baker River basin; b) within the Middle Skagit River immediately downstream of the Baker River; c) in the lower Skagit River/estuary; and d) elsewhere in the Skagit River basin. Possible uses of the HERC funds may include, without limitation, resident salmonid programs, native species initiative, recreational fishing opportunities, non-native or invasive aquatic animal species, water quality enhancement, riparian enhancement, channel modification, noxious weed control, modifications to fish passage facilities and supplementation programs in the basin not required by other articles, LWD placement projects independent of Article 109, and aquatic habitat restoration and conservation measures.

In license year ten, \$50,000 shall be made available from the HERC Fund for a study or protection, mitigation and enhancement measures to benefit native, non-salmonid species that may be isolated between Lake Shannon and Baker Lake. If the ARG does not approve a study or measures for year 2016 HERC funding in year 2015, the allocation of \$50,000 will be available in subsequent years and 2016 funding can be applied to other approved projects. The

determination of HERC Fund use for this purpose in a given funding year shall be made prior to the year in which the fund would be expended.

CREF – Cultural Resources Enhancement Fund

The CREF Fund may be used for actions for the enhancement, conservation, and/or restoration of cultural resources. Actions funded by the CREF Fund will be reviewed and approved by the CRAG subject to the decision making and dispute resolution procedures described in Article 601. Projects may be considered based upon any written requests to the CRAG sponsored by any member of the BRCC and following review and comment by all members of the CRAG. CREF Funds may not be used for purposes of funding costs required by the HPMP.

Evaluation Process for Use of Baker Funds

Proposed projects must be consistent with applicable laws and, to the extent feasible, will be consistent with policies and comprehensive plans in effect at the time the project is proposed. Within two years following license issuance, licensee shall, in consultation with the BRCC, develop a system to evaluate potential resource projects that is to be approved by each of the ARG, TRIG, RRG, and CRAG (Project Evaluation System). The Project Evaluation System shall include criteria and procedures for fund expenditures required by this article.

For each project proposed, licensee shall apply the factors and criteria established in the Project Evaluation System and submit a written recommendation to the Resource Group(s) charged with funding review, and request a meeting of the Resource Group(s) to discuss the proposed project. Decisions and/or disputes of each Resource Group related to a proposed project shall be documented. The development of criteria for evaluating projects in the Project Evaluation System may include, without limitation, the following considerations:

- a) timeframe for project implementation and permitting requirements and cost;
- b) horizon and scope for benefits (long-term multiple benefits best);
- c) whether the project could be cost shared with other funding sources;
- d) probability of success based on prior implementation; and
- e) cost-effectiveness.

Fund Commitment

Once a project is approved, licensee shall authorize and commit the expenditure of funds for the approved project.

Fund Disbursement

Funds shall be disbursed by licensee for approved resource projects at the time of receipt of invoices for actual expenditures incurred in conformance with the approved project and implementation schedule, unless otherwise provided by licensee.

Land Ownership and Transfer

All lands within the project boundary shall be owned by licensee, or licensee shall have sufficient interests in any such land to carry out the License, unless otherwise approved by the Commission. Lands within the project boundary may not be transferred to a third party without the Commission's approval. At the time of submitting a proposed transfer to the Commission, licensee shall include: all comments received from BRCC representatives; a description of all proposed interests in lands; proposed assurances that the land will be managed consistent with the requirements of the license; and all other information considered by the BRCC or appropriate Resource Group(s) in evaluating the proposed transfer.

Lands Outside of Project Boundary Related to License

The licensee may purchase land outside of the project boundary, and it may provide for transfer of such land to a third party, pursuant to this or other articles. Any purchase or transfer pursuant to another article shall be consistent with the requirements of that article, including any approved plan. Any purchase or transfer through a Fund in this article shall be consistent with the selection criteria and other requirements of this article.

Assurances by Third Party

Regardless of whether land related to the license is located within or outside of the project boundary, licensee may transfer land to a third party only if the third party provides appropriate assurances, developed by licensee in consultation with, and following approval by, the BRCC or appropriate Resource Groups, that the land will be owned and maintained consistent with the requirements of the applicable article, at least for the term of the license. Appropriate constraints may include, without limitation, restrictive covenants, conservation easements, or conveyances that provide for licensee's continuing right of use or right to recapture the land if not maintained as required by the relevant article.

Article 603
Adaptive Management

In the development of land management objectives, land acquisition selection criteria, and utilization of funds available for the enhancement of various resources, licensee shall consider alternative strategies for meeting measurable goals and objectives. If changed environmental or regulatory conditions require different means and methods for adequate resource enhancement and management, then acquisition, enhancement, and management actions developed in various plans shall be adjusted according to the changed conditions through a plan amendment process for each article requiring planning, provided that licensee shall not be required to make additional funds available for these purposes unless specifically required in an article. Alternative strategies that require additional funding may occur only if funding is available and approved for use from one of the research and enhancement funds identified in Article 602.

Appendix A-1 to Articles.

Noxious Weed Management Guidelines and Treatment Options

Specific guidelines for actions in the Noxious Weed Management Plan

Species Or Class	Management Action Within The Plan Area	
	Federal Lands	Non-federal Lands
Class A	Eradicate	Eradicate
Class B Designate	Eradicate	Control
Class B	Contain (unless county raises priority, or as noted below for English ivy and reed canarygrass)	Contain (unless county lists species for control, or as noted below for English ivy and reed canarygrass)
Class C	Contain (unless county raises priority, or as noted below for English ivy and reed canarygrass)	Contain (unless county lists species for control, or as noted below for English ivy and reed canarygrass)
English ivy	Eradicate	Eradicate
Reed canarygrass	<ul style="list-style-type: none"> • Contain, except as specified below for the seven wetlands. • <i>Carex flava</i> site: manage and fund as per Article 510 	Contain

Treatment methods available under the Noxious Weed Management Plan.

Species	Common Name	Potential Treatment Methods ^a
<i>Cirsium arvense</i> ^b	Canada thistle	Manual control: hand pulling, mowing Biological control Herbicide application: Aquatic formulation of Glyphosate Shade planting
<i>Cirsium vulgare</i> ^b	Bull thistle	Manual control: hand pulling, mowing Biological control Herbicide application: Aquatic formulation of Glyphosate Shade planting
<i>Cytisus scoparius</i> ^b	Scotch broom	Manual control: hand pulling, cutting, mowing Biological control Herbicide application: Aquatic formulation of

Species	Common Name	Potential Treatment Methods^a
		Glyphosate Shade plantings in conjunction with other treatments
<i>Geranium robertianum</i> ^b	Herb Robert	Manual control: hand pulling, mowing Herbicide application: Aquatic formulation of Glyphosate
<i>Hedera helix</i> ^b	English Ivy	Manual control: cutting, hand pulling and grubbing Herbicide application with surfactants
<i>Phalaris arundinacea</i> ^b	Reed canarygrass	Manual control: hand pulling, mowing, mulch Herbicide application: Aquatic formulation of Glyphosate Steam treatment Shade Plantings
<i>Senecio jacobaea</i> ^b	Tansy ragwort	Manual control: hand pulling Biological control Herbicide application: Aquatic formulation of Glyphosate Shade plantings and healthy plant communities
<i>Polygonum cuspidatum</i> ^c	Japanese knotweed	Manual control: cutting/bending stems, mowing Herbicide application: Aquatic formulation of Glyphosate Shading

^a If new, high priority (e.g., Class A or B designate) noxious weeds are discovered within the project area, they will be treated in the most effective manner possible, within the guidelines and recommendations of the Region 6 EIS for Preventing and Managing Invasive Plants.

^b Species identified in the T-6 Noxious Weed Study.

^c Species not identified in the T-6 Noxious Weed Study.

In addition, the TRIG shall evaluate other invasive species management in the plan area periodically to determine if changes are warranted due to factors such as additions to the noxious weed lists; changes in federal, state or county regulations; or the discovery of new treatment methods. Licensee shall monitor changes to the Skagit County and Whatcom County noxious weed lists through annual acquisition of the updated noxious weed lists, typically available during the first quarter of the year from each county's Noxious Weed Control Board.

The Noxious Weed Management Plan shall be designed to manage specified invasive non-native plants and noxious weeds within the plan area on a 5-year cycle of treatment and monitoring, and reduce the potential for new

introductions or reintroductions for the remainder of the license term. During these periods, designated portions of the plan area shall be resurveyed, and treatment methods re-evaluated. Options for management of existing weeds shall be evaluated and implemented during each 5-year cycle. Current county, state and federal weed control regulations and policies, as well as noxious weed lists, shall be used as guidelines for weed management, and shall be updated for each 5-year cycle.

Prevention on National Forest System lands in the plan area shall be accomplished by implementing the specific measures listed in the Forest Service Forest Plan Amendment #14: Best Management Practices for Prevention of Noxious Weeds (Appendix C in: Potash, L. 1999. Forest-Wide Environmental Assessment for Noxious Weed Management on the Mt. Baker-Snoqualmie National Forest. Forest Service, Mountlake Terrace, WA). Any updates to BMPs on National Forest System lands shall be implemented by licensee within six months of receipt from the Forest Service.

Active restoration measures shall be implemented to decrease “weed-friendly” habitat associated with licensee ground-disturbing activities. All revegetation on Forest Service lands shall follow Forest Service Pacific Northwest regional policy regarding native plant movement guidelines. Use of desirable non-native species shall follow the recommendations in the Mt. Baker-Snoqualmie National Forest Native Plant Notebook, Second Edition (Potash and Aubry, 1997), or as superseded by Region 6 guidance.

Appendix A-2 to Articles.

Species and locations requiring site-specific management plans in the Baker River Project Plan for the Management of Plants of Special Status.

Species	Location	Identification Number
<i>Carex flava</i>	North end of Baker Lake, near mouth of Baker River	WNHP Element Occurrence # 37
<i>Schistostega pennata</i>	Wetland WB-22, near mouth of Little Sandy Creek	ISMS Location ID # 1704960
<i>Tetraphis geniculata</i>	Wetland WB-22, near mouth of Little Sandy Creek	ISMS Location ID # 1704910
<i>Schistostega pennata</i>	Wetland WB-24, near mouth of Little Sandy Creek	ISMS Location ID # 1704970
<i>Schistostega pennata</i>	Sites BN17-1 and BN17-2, along Swift Creek	ISMS Location ID # 1704990
<i>Schistostega pennata</i>	Wetland WB-18, ~ ½ mile south of the mouth of Boulder Creek	ISMS Location ID # 1705010
<i>Schistostega pennata</i>	Wetland WB-2, along West Pass Dike	ISMS Location ID # 1704980
<i>Schistostega pennata</i>	Wetland WB-11	ISMS Location ID # not yet assigned
<i>Platanthera sparsiflora</i>	Baker Lake Trail near Noisy Creek	WNHP Element Occurrence # 3
<i>Schistostega pennata</i>	Panorama Point	ISMS Location ID # 1563670

Appendix A-3 to Articles.

Additional Guidelines for Plan for Plants of Special Status.

The plan shall require the licensee to:

(a) Survey all areas of proposed new project activity or existing and future disturbance where there is the potential to impact plant species of special status. Determinations of the potential to impact plant species on federal lands shall be made by the Forest Service using their pre-field review process.

Determinations of the potential to impact plant species on non-federal lands shall be made by licensee, in consultation with the TRIG. Surveys shall be conducted and documented according to the methods used for pre-licensing rare plant surveys and described in the final rare plant survey report.

(b) Implement individual site-specific management plans and associated actions for the species and locations identified in table below. For *Carex flava*, specifications are addressed in Article 510.

(c) Describe the steps that will be taken if additional populations of plants of special status are discovered during the term of the license and the Forest Service (for federal lands) or licensee and the TRIG (for non-federal lands) determine there is the potential for project-related activities to impact the plants. The area covered by this item shall not exceed the area within the project boundary plus areas outside the project boundary surveyed during pre-licensing rare plant surveys or surveys conducted in accordance with subsection (a) of this Article.

(d) Implement a monitoring and evaluation program for plant species of special status within the area affected by the project, which shall be defined as the area encompassed by surveys conducted to satisfy the other requirements of this action. The plan shall identify the frequency of monitoring and specify measures that will be taken if monitoring indicates the population of a plant of special status is declining within the area affected by the project.

(e) Update the plan within one year of the addition of a species to any of the categories of special status listed above, if that species is known to occur or has the potential to occur within the area affected by the project. Changes to the plan made to satisfy this item shall be limited to measures needed to address the newly added species. If a species is de-listed, the TRIG will determine what measures will continue for this species.

Appendix A-4 to articles.

Carex flava Guidelines.

The plan shall require licensee to:

1. Inventory and map all areas of known *Carex flava* populations and the distribution of reed canarygrass within 200 feet of those populations around Upper Baker Lake. Inventories shall be conducted and documented in sufficient detail, as determined through consultation with botanists with expertise on the species, to assess the baseline population status of *Carex flava* over time and to determine the effectiveness of management actions.

2. Develop and implement control strategies for reed canarygrass in and around the *Carex flava* populations. These control strategies shall be developed in consultation with botanists with expertise on *Carex flava* and reed canarygrass, and shall be designed to eliminate all direct competition between the two species, at a minimum.

3. Develop and implement a monitoring and evaluation program for the entire license term that answers the following questions:

- a. Is the *Carex flava* population increasing, decreasing, or remaining stable?
- b. How effective are the control measures for reed canarygrass?
- c. Do the control measures for reed canarygrass result in beneficial or adverse effects to *Carex flava*?
- d. What are “suitable sites” for the establishment of *Carex flava* (microsite characteristics, etc.)?
- e. Is treatment effectiveness influenced by hydroperiod (frequency, duration, timing, depth of flooding/saturation) associated with fluctuations in reservoir levels?
- f. Are the reed canarygrass control measures necessary for the protection of *Carex flava*? If the answer to this is no, the control measures may be discontinued.
- g. Are there other factors affecting the health of the *Carex flava* population?
- h. What should replace reed canarygrass in areas where it has been eliminated?

4. If there is greater than a 20 percent reduction in the *Carex flava* population from the original baseline, licensee shall implement a seed and/or plant

collection program to raise plants off-site, and establish and/or re-establish *Carex flava* populations at suitable “planting sites” around upper Baker Lake. Since it is unclear how to distinguish an “individual” of this species, guidance on how to determine what constitutes 20 percent shall be in the management plan.

5. If the reed canarygrass control is not effective, or is determined through monitoring not to be needed, and the planting program described in Item 4 is not successful in maintaining or expanding the *Carex flava* population, licensee shall develop and implement additional management measures for the species. Additional management measures shall be funded from the Terrestrial Enhancement and Research Fund (TERF).

Appendix A-5. Recreation Implementation Schedule.

Fifty-year Recreation Implementation Schedule for articles 302 through 308 specifying cost allocation for the Baker River Project License with funds designated to action agent.

Year of License	Year	302			303*		304			305		306*		307		308	
		Aesthetics management	PSE Actions	U.S. Forest Service Actions	Baker Lake Resort Re- development	U.S. Forest Service Actions	Baker Reservoir Recreation Water Safety Plan	PSE Actions	U.S. Forest Service Actions	Lower Baker Developed Recreation	PSE Actions	Upper Baker Visitor Information Services Funding	U.S. Forest Service Actions	Upper Baker Visitor Interpretive Services Funding	U.S. Forest Service Actions	Dispersed Recreation Management Funding	U.S. Forest Service Actions
Action Total		Action Total			Action Total			Action Total		Action Total		Action Total		Action Total			
1	2006	64357	34357	30000			50453	41000	9453			2500	2500	52138	52138	47621	47621
2	2007	24000	4000	20000			128000	39000	89000	250000	250000	2500	2500	27200	27200	81000	81000
3	2008	30500	4000	26500	91526	91526	4000	4000				2500	2500	27200	27200	81400	81400
4	2009	24000	4000	20000	680000	680000	4000	4000				2500	2500	27200	27200	27400	27400
5	2010	24000	4000	20000			4000	4000				2500	2500	27200	27200	27400	27400
6	2011	106000	106000				4000	4000				323190	323190	27200	27200	27400	27400
7	2012	4000	4000				8000	8000				11680	11680	27200	27200	27400	27400
8	2013	4000	4000				4000	4000		851084	851084	11680	11680	27200	27200	27400	27400
9	2014	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
10	2015	10500	4000	6500			4000	4000		20500	20500	11680	11680	33200	33200	27400	27400
11	2016	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
12	2017	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	59400	59400
13	2018	4000	4000				55000	8000	47000	20500	20500	24680	24680	27200	27200	59400	59400
14	2019	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
15	2020	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
16	2021	4000	4000				4000	4000		40500	40500	11680	11680	27200	27200	27400	27400
17	2022	10500	4000	6500			4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
18	2023	4000	4000				4000	4000		25000	25000	11680	11680	27200	27200	27400	27400
19	2024	4000	4000				8000	8000		20500	20500	11680	11680	27200	27200	27400	27400
20	2025	4000	4000				46000	4000	42000	20000	20000	11680	11680	33200	33200	27400	27400
21	2026	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
22	2027	4000	4000				4000	4000		20500	20500	11680	11680	27200	27200	27400	27400
23	2028	4000	4000				51000	4000	47000	20000	20000	124680	124680	27200	27200	59400	59400
24	2029	10500	4000	6500			4000	4000		20000	20000	11680	11680	27200	27200	59400	59400
25	2030	4000	4000				8000	8000		20500	20500	11680	11680	27200	27200	27400	27400
26	2031	4000	4000				4000	4000		45000	45000	11680	11680	27200	27200	27400	27400
27	2032	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
28	2033	4000	4000				4000	4000		20500	20500	12549	12549	27200	27200	27400	27400
29	2034	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400

		302			303*		304			305		306*		307		308	
Year of License	Year	Aesthetics management	PSE Actions	U.S. Forest Service Actions	Baker Lake Resort development	U.S. Forest Service Actions	Baker Reservoir Recreation Water Safety Plan	PSE Actions	U.S. Forest Service Actions	Lower Baker Developed Recreation	PSE Actions	Upper Baker Visitor Information Services Funding	U.S. Forest Service Actions	Upper Baker Visitor Interpretive Services Funding	U.S. Forest Service Actions	Dispersed Recreation Management Funding	U.S. Forest Service Actions
		Action Total			Action Total		Action Total			Action Total		Action Total		Action Total		Action Total	
30	2035	4000	4000				4000	4000		20000	20000	11680	11680	33200	33200	27400	27400
31	2036	10500	4000	6500			4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
32	2037	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	59400	59400
33	2038	4000	4000				55000	8000	47000	20500	20500	24680	24680	27200	27200	59400	59400
34	2039	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
35	2040	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
36	2041	4000	4000				4000	4000		40500	40500	11680	11680	27200	27200	27400	27400
37	2042	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
38	2043	10500	4000	6500			4000	4000		25000	25000	11680	11680	27200	27200	27400	27400
39	2044	4000	4000				8000	8000		20500	20500	11680	11680	27200	27200	27400	27400
40	2045	4000	4000				46000	4000	42000	20000	20000	11680	11680	33200	33200	27400	27400
41	2046	24000	4000	20000			4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
42	2047	24000	4000	20000			4000	4000		20500	20500	11680	11680	27200	27200	27400	27400
43	2048	4000	4000				51000	4000	47000	20000	20000	124680	124680	27200	27200	59400	59400
44	2049	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	59400	59400
45	2050	10500	4000	6500			8000	8000		20500	20500	11680	11680	27200	27200	27400	27400
46	2051	4000	4000				4000	4000		45000	45000	11680	11680	27200	27200	27400	27400
47	2052	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
48	2053	4000	4000				4000	4000		20500	20500	12549	12549	27200	27200	27400	27400
49	2054	4000	4000				4000	4000		20000	20000	11680	11680	27200	27200	27400	27400
50	2055	4000	4000				4000	4000		20000	20000	11680	11680	33200	33200	27400	27400
Total		527,857			771,526		670,453			2,047,584		1,103,348		1,414,938		1,753,821	

*After [redacted] of the new license PSE and the Forest Service will review specified campground and visitor information sites for appropriate refurbishment as necessary to restore to agreed standards identified in Articles 303, 306, 309 and 313. In years 30-36 the additional costs for such purposes are estimated at \$2,464,600, and in years 36-50 \$2,143,009.

Appendix A-5. Recreation Implementation Schedule (cont.).

Fifty-year Recreation Implementation Schedule for articles 309 through 318 specifying cost allocation for the Baker River Project License with funds designated to action agent.

Year of License	Year	309		310		311		312		313*		314**		315		316		318		
		Bayview Campground Rehabilitation Funding	U.S. Forest Service Actions	Upper Baker Trail and Trailhead Construction Funding	U.S. Forest Service Actions	Lower Baker Trail Construction Funding	PSE Actions	Developed Recreation Monitoring and Funding	U.S. Forest Service Actions	Upper Baker Developed Recreation Maintenance Funding	U.S. Forest Service Actions	Upper Baker Trail and Trailhead Maintenance Funding	U.S. Forest Service Actions	Lower Baker Trail Maintenance	PSE Actions	Forest Road Maintenance	U.S. Forest Service Actions	Law enforcement	PSE Actions	U.S. Forest Service Actions
		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		
1	2006									30000	30000	70808	70808			17500	17500	135000	62000	73000
2	2007	114710	114710							51874	51874	70808	70808			17500	17500	95000	22000	73000
3	2008	940000	940000							146000	146000	70808	70808			17500	17500	124383	51383	73000
4	2009			47134	47134					82000	82000	70808	70808			17500	17500	95000	22000	73000
5	2010			347140	347140					148000	148000	70808	70808			17500	17500	95000	22000	73000
6	2011			300000	300000					120300	120300	70808	70808			284417	284417	95000	22000	73000
7	2012									35000	35000	81420	81420			17500	17500	98000	25000	73000
8	2013							29000	29000	35000	35000	81420	81420			17500	17500	95000	22000	73000
9	2014							200000	200000	35000	35000	81420	81420			17500	17500	95000	22000	73000
10	2015									35000	35000	81420	81420			17500	17500	95000	22000	73000
11	2016									35000	35000	81420	81420			17500	17500	95000	22000	73000
12	2017					200000	200000			35000	35000	81420	81420			17500	17500	98000	25000	73000
13	2018									35000	35000	80800	80800	620	620	167500	167500	95000	22000	73000
14	2019	30000	30000							35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
15	2020									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
16	2021									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
17	2022							44488	44488	35000	35000	80800	80800	620	620	17500	17500	98000	25000	73000
18	2023							400000	400000	35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
19	2024	130000	130000							35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
20	2025									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
21	2026									40000	40000	80800	80800	620	620	167500	167500	95000	22000	73000
22	2027									40000	40000	80800	80800	620	620	17500	17500	98000	25000	73000
23	2028									43000	43000	80800	80800	620	620	17500	17500	95000	22000	73000
24	2029									50000	50000	80800	80800	620	620	17500	17500	95000	22000	73000
25	2030									55000	55000	80800	80800	620	620	17500	17500	95000	22000	73000
26	2031									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
27	2032	130000	130000							40000	40000	80800	80800	620	620	17500	17500	98000	25000	73000
28	2033									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
29	2034									40000	40000	80800	80800	620	620	167500	167500	95000	22000	73000

Year of License	Year	309		310		311		312		313*		314**		315		316		318		
		Bayview Campground Rehabilitation Funding	U.S. Forest Service Actions	Upper Baker Trail and Trailhead Construction Funding	U.S. Forest Service Actions	Lower Baker Trail Construction Funding	PSE Actions	Developed Recreation Monitoring and Funding	U.S. Forest Service Actions	Upper Baker Developed Recreation Maintenance Funding	U.S. Forest Service Actions	Upper Baker Trail and Trailhead Maintenance Funding	U.S. Forest Service Actions	Lower Baker Trail Maintenance	PSE Actions	Forest Road Maintenance	U.S. Forest Service Actions	Law enforcement	PSE Actions	U.S. Forest Service Actions
Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		Action Total		
30	2035									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
31	2036									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
32	2037									35000	35000	80800	80800	620	620	17500	17500	98000	25000	73000
33	2038									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
34	2039									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
35	2040	130000	130000							35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
36	2041									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
37	2042									35000	35000	80800	80800	620	620	167500	167500	98000	25000	73000
38	2043									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
39	2044									35000	35000	80800	80800	620	620	17500	17500	95000	22000	73000
40	2045									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
41	2046									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
42	2047									40000	40000	80800	80800	620	620	17500	17500	98000	25000	73000
43	2048	130000	130000							43000	43000	80800	80800	620	620	17500	17500	95000	22000	73000
44	2049									50000	50000	80800	80800	620	620	17500	17500	95000	22000	73000
45	2050									55000	55000	80800	80800	620	620	167500	167500	95000	22000	73000
46	2051									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
47	2052									40000	40000	80800	80800	620	620	17500	17500	98000	25000	73000
48	2053									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
49	2054									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
50	2055									40000	40000	80800	80800	620	620	17500	17500	95000	22000	73000
Total		1,604,710		694,274		200,000		673,488		2,284,174		3,983,768		23,560		1,891,917		4,846,383		

*After [redacted] of the new license PSE and the Forest Service will review specified campground and visitor information sites for appropriate refurbishment as necessary to restore to agreed standards identified in Articles 303, 306, 309 and 313. In years 30-36 the additional costs for such purposes are estimated at \$2,464,600, and in years 36-50 \$2,143,009.

** Proposed Article 314: Puget’s settlement errata filed May 10, 2005, contained different figures for the Forest Service for years 1 through 12 which do not equal the “Action Total” dollar amount. Commission staff have corrected these figures based on Appendix A-5 contained in the Settlement Agreement filed November 30, 2004.

Appendix A-6.

**Baker River Relicense Recreation
Studies
Study R12 Dispersed Site
Inventory
Location Terminology**

Location Code	Old Name/Location Description	Revised Name
BN1	Baker River Trailhead	Baker River Trailhead North
BN2	Right side of parking lot	Baker River Trailhead South
BN3	Spur road	Baker River Trailhead West
BN4	Berms	Rd 11/1168 Barrier
BN5	Road to lake bed	Channel Creek
BN6	Drain Pipe	Elbow Ck. Culvert
BN7	Aerial marker	Rd 11 Mile 23.7
BN8	Mossy -boat/ land	Shannon Creek Fan
BN9	#1152 - gravel pit	Rd 1152 Rock Pit
BN10	Bump out straight down	Rd 11 Mile 22.5
BN11	North of Blue tarp	Blue Tarp NE
BN12	Fish planting road - blue tarp	Blue Tarp
BN13	Bump out - motorcycle	Section 34 SW
BN14	Lakeside	Lakeside
BN15	Scott Camp	Scott Camp
BN16	#1146	Rd 1146
BN17	Swift Creek	Swift Creek
BW1	Park Creek	Park Creek Dispersed
BW2	Nowhere Circle	Nowhere Circle
BW3	Fish Ladder	Fish Ladder
BW4	#1136	Boulder North
BW5	#1136 at barrier	Rd 1136 Barrier
BW6	#0112 at # 1136	1136 Spur 012 End
BW7	entrance to # 0112	1136 Spur 012 Junction
BW8	Across from # 1130 - Mossy	Rd 1130 Junction
BW9	Boulder Creek Bridge	Boulder Creek Bridge Boulder Creek CG South (Rd 1128)
BW10	Rd. before boulder c.g. spur	
BW11	Upper Sandy	Upper Sandy
BW12	Lower Sandy	Lower Sandy
BW13	Spur off # 1122	Rd 1122 Spur
BW14	Road #1120	Rd 1120 Junction
BW15	off #1118 - Dopers Road	Rd 1118 Spur 014
BW16.5 - OMIT	#1118. 011 - Bayview	Bayview Dispersed - OMIT
BW16	Depression	Depression Lake
BW17 - OMIT	Chris and Andy site	Sno Park West - OMIT
BW18	Trailhead Parking	Baker Lake Trailhead South
BW19.5	So of Trailhead Parking	BL Trailhead Annex
BW19	East side of Dam along #1107	Forebay Peninsula
BW20	East of Dam-parking lot	UB Left Abutment
BE1	Noisy Creek	Noisy Creek
BE2	So. Noisy Creek	Noisy Creek West
BE3	Silver Creek (bridge)	Silver Creek

Appendix A-6.**Baker River Relicense Recreation
Studies
Study R12 Dispersed Site
Inventory
Location Terminology**

Location Code	Old Name/Location Description	Revised Name
BE4	Ermine Creek	Ermine Creek
BE5	Across from old Resort	Underwater Bridge
BE6.5	Triangle Marker	White Rocks East
BE6 - OMIT	Maple Grove	Maple Grove - OMIT
BE7	Anderson Cove	Anderson Cove
BE8	Anderson Point	Anderson Point
BE9	North of Welker Creek	Welker North
BE10	Welker Creek	Welker Creek
BE11	South of Boulder Creek	Boulder South Boat-in
BE12	Lone Pine Island	Lone Pine Island
BE13	Gilligan Island	Baker River Delta
BE14	On lake next to Baker River	Hollow Trunk
BE15	North of Noisy	Noisy East
SR1 - OMIT	Shot Gun	Point 691 - OMIT
SR2 - OMIT	Everett Lake	Everett Lake - OMIT
SR3	Lake Shannon Bank Fishing	LB Bank Fishing
SB1	Thunder Creek	Thunder Creek
SB2	Nice Spot	West Bank Mile 7.25
SB3	Slide	Miner's Creek Slide