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TACOMA PUBLIC UTILITIES

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July 16, 2008

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

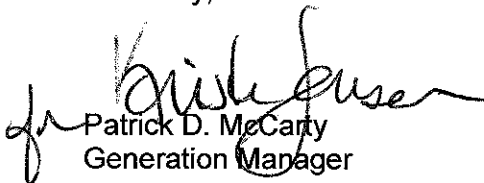
**Re: City of Tacoma, Cowlitz River Project, FERC No. 2016
License Article 501 Hydropower Compliance Management Plan – Annual Report**

Dear Secretary:

License Article 501 (2) requires Tacoma Power to file an annual report with the Commission regarding progress made toward the completion of each license requirement on or before each anniversary date of the issuance of the license. By letter dated September 26, 2003, FERC established July 18, 2003, as both the effective and issuance date of the license. Attached is the annual report for the period July 1, 2007 to June 30, 2008.

If you have any questions regarding this filing, please do not hesitate to contact Debbie Young, Natural Resources Manager, at (253) 502-8340 or Tom Martin, License Implementation Coordinator, at (253) 502-8298.

Sincerely,


Patrick D. McCarty
Generation Manager

Attachment

Cc: Federal Energy Regulatory Commission, Portland Regional Office (w/attachment)
Erich Gaedeke, Federal Energy Regulatory Commission, Portland Regional Office
(w/attachment)
HCMP Consultation Distribution (w/attachment)
Debbie Young (w/attachment)
Tom Martin (w/attachment)

**Cowlitz River Hydroelectric Project No. 2016
Annual Report
July 1, 2007 – June, 30 2008**

This report is prepared as a response to the March 13, 2002, Federal Energy Regulatory Commission (the Commission) Order Approving Settlement and Issuing New License, and the July 18, 2003, Commission Order Denying Rehearing and Lifting Stay for FERC Project No. 2016, License Article 501 (2).

Article 501

Article 501. (1) The licensee, within 4 months of the effective date of this license, shall file a Hydropower Compliance Management Program (HCMP) for Commission approval. The HCMP shall include the following elements for each license requirement.

a. The identification of, and a schedule for, each action necessary to complete the license requirements;

b. A schedule for the start and completion of the consultation process with each resource agency required to be consulted for each action necessary to complete the license requirements; and

c. The identification of specific individuals in each agency that need to be consulted on each action necessary to complete the license requirements.

(2) The licensee shall file an annual report with the Commission on or before each anniversary of the issuance date of this license that demonstrates the progress made toward completion of each license requirement under the schedules presented in the HCMP.

Eight copies of all submissions under this article must be filed with the Secretary of the Commission. One copy of each submission must also be filed with any agency consulted under element (1)b above.

Project Description

The Cowlitz Project (FERC No. 2016) is Tacoma Power's largest electricity generating facility and is located on the Cowlitz River, Lewis County, Washington. The Project consists of two dams, the Mayfield Dam at river mile (RM) 52 and Mossyrock Dam, upstream at RM 65. In addition to the project generating electricity and providing flood control, Tacoma operates 3 major parks, manages approximately 14,000 acres of wildlife lands and owns and funds operation of the Cowlitz Salmon Hatchery (RM 50) and the Cowlitz Trout Hatchery (RM 42). The Barrier Dam, associated with the Cowlitz Salmon Hatchery is located at RM 49.5. The original 50-year license for the Cowlitz Project was issued on December 28, 1951. A new thirty-five year license was issued and became effective on July 18, 2003.

The Mayfield development completed in 1963 includes a 250-foot-high, 850-foot-long, concrete arch and gravity dam that impounds Mayfield Lake, which has a maximum surface area of 2,250 acres. In addition to the Cowlitz River, inflows from the Tilton River also contribute to Mayfield Lake, which supports public and private recreational facilities. An

854-foot-long power tunnel passes through the right abutment of the dam and terminates at a concrete forebay structure. Four penstocks continue from the forebay structure to the four generating units, which have an installed capacity of 162-megawatts (MW).

The Mossyrock development completed in 1968 includes a 606-foot-high double curvature concrete arch dam that creates Riffe Lake, a 23-mile long, 11,830-acre reservoir with 52 miles of shoreline. Riffe Lake supports several parks and other recreational facilities. Three penstocks, varying in length from 248 to 285 feet, extend down to the powerhouse, which is adjacent to the base of the dam. The powerhouse contains two generating units with room for a third, and has a total installed capacity of 300 MW. Transmission lines link the Mossyrock and Mayfield developments.

REPORT

Article 201 – Reimbursement for Costs of Administration and Use of Land

Invoice from the Commission in the amount of \$736,666.20 for administrative costs was paid in August 2007. Invoice from the Commission in the amount of \$3,598.20 for use of land was paid in February 2008.

Article 202 – Aperture Cards

The conditions of this License Article were met within 45 days of the effective date of the new license.

Article 203 – Reimbursement for Benefits

No direct benefits were realized by Tacoma Power during this reporting period.

Article 301 – Exhibit A, F, & G Revisions after Construction of Fish Passage and Recreation Facilities

Updated Exhibit Gs identifying revised wildlife lands were submitted to the Commission on May 8, 2008. Once approved by the Commission they will be finalized and resubmitted.

Article 302 – 60-day Construction Notice to Division of Dam Safety – Portland

The Commission authorized Tacoma Power to proceed with the installation of a fish guidance screen at Cowlitz Falls Dam on February 10, 2006, in accordance with Settlement Agreement Article 1 and the conditions of Article 302. No construction contract specifications or Quality Control Inspection Programs relating to fish passage facilities described in Settlement Agreement Article 3 have been initiated. Work on improving fish passage facilities for Settlement Agreement Article 2 is in final design. The required submittals as noted above will be submitted as required. All construction actions for Settlement Agreement Article 1 have been done on Cowlitz Falls Dam with Lewis County Public Utility District submitting required notices.

Article 303 – Flood Control

The elevation of Riffe Lake did not exceed the flood control curve during this reporting period.

Article 401 – Requirement to File Plans for Commission Approval

See details regarding Settlement Agreement Articles 1, 2, 3, 15, 16 and Water Quality Certification conditions later in this report.

Article 402 – Annual USGS Gage Monitoring Report

The Annual Monitoring Report was submitted to the Commission in December 2007 as required. The report contained the daily flow records of USGS flow gage 14238000 (Mayfield) with an explanation of any instream flow deficiencies from those required by Settlement Agreement Article 13 and 14. In a letter dated February 8, 2008, the Commission stated that the report fulfilled the requirements of Article 402.

Article 403 – Implement the Programmatic Agreement for Cultural Resources

The annual report on activities covered under the Programmatic Agreement, due July 18, 2007, is being filed with the Commission concurrent with this report. A revised Cultural Resource Management Plan (CRMP) was submitted to the Commission on March 29, 2007, and approved by the Commission February 5, 2008.

Article 404 – Cultural Resource Monitoring Plan

The monitoring plan has been implemented. The third annual erosion inspection of the cultural sites in the drawdown zone of both reservoirs has been completed. An evaluation of the erosion monitoring results is in progress.

The Cowlitz River Hydroelectric Project Archaeological Monitoring Plan is currently under review with some minor modifications anticipated. Input was solicited from the Tribes and the Washington Department of Archaeology and Historic Preservation, in December 2007, but no response has been received to date.

Article 405 – Public Information Management Plan

Due to the rebuild of the generator at the Mossyrock powerhouse and other project construction activities, the Cowlitz River Project Open House was not held this year. In the past, the Cowlitz Currents has been prepared and distributed to update local residents and other interested parties of on-going project activities and provide information on the upcoming Open House. The Cowlitz Currents was not mailed out this year, but a newsletter about Cowlitz fisheries issues will be sent out during this summer to all the residents of Lewis County. One of the issues that will be addressed will be the current efforts to collect juvenile out-migrants above the project.

Under the auspices of the Fisheries Technical Committee, Tacoma Power launched a new website called Cowlitzfish.net to provide information to the public about

implementation of the Fisheries and Hatchery Management Plan (FHMP) as well as implementation of other fisheries actions such as collection of outmigrating juveniles. The site also contains links to other useful fishing information in the area.

Status and information on Project recreation improvements, such as trails and park expansions, are maintained on the Tacoma Power website. Plans and reports developed in support of implementation of the new license conditions that have been filed with FERC are posted for public viewing on our website.

Tacoma Power and Washington Department of Fish and Wildlife (WDFW) held a public meeting on November 20, 2007, in Morton, WA to update members of the public on FHMP implementation issues, most notably the reduction in the number of adult hatchery-origin coho hauled to the upper basin. About 65 members of the public attended. Another public meeting was held on March 20, 2008, in Chehalis, WA to discuss the results of the downstream juvenile collection workshop. Seven members of the public attended this meeting.

Article 407 – Land Use Provisions

Tacoma Power continues to implement and enforce its Reservoir Structure Policy that guides permitting of non-commercial docks. No easements for rights-of-way as listed in paragraph (c) of this article were conveyed.

Article 409 – Maintenance and Use of Side – Channel Habitat

No Side Channel Monitoring Report was filed during this period. In its order approving the April 1, 2007, annual report, the Commission approved Tacoma Power's request to move the submittal date of this report from April 1 to August 1 every year to facilitate inclusion of necessary data from WDFW in the report.

Article 410 – Water Quality Monitoring Plan

Sampling as required by this plan continued during this reporting period. Tacoma Power requested and was granted an extension on the filing dates for the two annual reports in an order issued by the Commission on February 28, 2007. The first of these two reports was filed with the Commission on June 14, 2007. The second and final report will be filed by September 14, 2008.

Article 411 – Fisheries and Hatchery Management Plan

See Settlement Agreement Article 6 below.

Article 412 – Modifying Instream Flows

No request to modify project operations to provide agency-specified stream flows downstream from Mayfield Dam was received from Washington Department of Ecology or the Commission during this reporting period.

Article 413 – Trap and Haul Plan

The Trap and Haul Plan was approved by the Commission on April 11, 2006. Detailed data on each fish haul from the Project is provided in the Settlement Agreement Article 3 and License Article 401 Annual Upstream Fish Passage Study Report that is filed concurrent with this report.

Article 414 – Implement Adaptive Management

The plan is being implemented and the resulting actions discussed and evaluated within the Cowlitz Fisheries Technical Committee (FTC) in accordance with the adaptive management provisions in that plan. The Fisheries and Hatchery Management Plan (FHMP) was modified and approved by the Commission on April 6, 2006. The FTC recommended studying the genetic composition of adult steelhead in the lower Cowlitz River this past year. Tacoma has provided funding to the Washington Department of Fish and Wildlife to begin field and laboratory investigations of the impact of the non-indigenous steelhead produced at the Cowlitz Trout Hatchery upon the natural-origin steelhead present in the lower Cowlitz River tributaries. This is a multi-year study.

Article 415 – Fish Passage Plan

There have been no changes in operation and maintenance, emergency or inspection procedures of the Cowlitz Project fish passage facilities since filing the Final Fish Passage Plan in February 2006. A new Final Fish Passage Plan will be developed upon the occurrence of any updated or new procedures. Until that time, and to satisfy the requirements of Article 415, a brief discussion of the status of the existing procedures at the Cowlitz Project fish passage facilities is included in reports developed under Settlement Agreement Articles 1, 2 and 3.

The information for this reporting period is included in the Settlement Agreement Article 3 Annual Upstream Fish Passage Report submitted contemporaneously with this report.

Article 416 – Construction Practices

Tacoma Power opted to prepare a template for construction project managers and engineers to use to ensure compliance with the construction practices set forth in Appendix E of the July 9, 2004, order amending the license to adopt the requirements of the biological opinion. In order to facilitate review of the plans for each project, Tacoma Power consulted with and received approval from National Marine Fisheries Service (NMFS) on the template. The template was submitted to the Commission on May 27, 2005, and approved in a letter from Harry T. Hall (PRO) dated August 18, 2005. Construction practice plans for all construction projects requiring them this past year have been submitted to the Commission. Monitoring reports for projects completed during this period have been submitted to the Commission.

Article 417 – Best Management Plan for Gravel Augmentation and Large Woody Debris

These plans were submitted and approved by the Commission in 2005.

Article 501 – Hydropower Compliance Management Plan

This annual report is being submitted to the Commission in compliance with Article 501.

APPENDIX A – SETTLEMENT AGREEMENT LICENSE ARTICLES

Article 1 – Downstream Fish Passage: Riffe Lake and Cowlitz Falls Collection & Passage

a) The plan for Downstream Fish Passage and Collection at Riffe Lake and Cowlitz Falls was submitted to the Commission on July 19, 2004. An Order Modifying and Approving the plan was issued by the Commission on April 22, 2005.

The fish guidance screen for the Cowlitz Falls Dam surface bypass collector was operated during the collection season during this reporting period. Several changes were made to the system from the previous year. During the last collection season a Merwin trap was initially deployed near Mossyrock Dam, but was later moved to the head end of Riffe Lake to see if collection efforts improved. It was later moved to the upper end of Lake Scanewa. Pilot testing of beach seining at the head of Riffe Lake was also conducted. Despite the above mentioned changes to the screen, the collection results were again disappointing. It was found that many of the juvenile fish entered the screen, but rejected it for some reason. The supplemental collection efforts were marginally effective.

Many changes for the 2008 collection season were planned and developed. These include an experimental electro guidance system for the screen to address the rejection problem, temporary removal of the debris barrier, design and installation of turbine deflector screens for No. 1 Turbine entrance, as well as a number of supplemental collection activities. At the request of LCPUD, Tacoma Power repaired damage to the debris barrier moorage site so that it could be out of way when flows allowed. Due to a deep snowpack and anticipated high flows, LCPUD will not allow the debris barrier to be moved until inflows are below 5,000 cfs, which is not anticipated to occur until some time in late July 2008. The supplemental collection efforts were greatly expanded over 2007 and included, in addition to the use of the Merwin traps as before, the use of an inclined plane trap just below Cowlitz Falls Dam, regular beach seining and deployment of minnow traps. Initial results from the inclined plane trap were very good; however, the trap had to be removed from service due to high flows caused by snowmelt and heavy rain. It was put back in service on June 19, 2008, when the flows dropped below 10,000 cfs.

As a result of the unsatisfactory collection results during the 2007 collection season, the FTC initiated a brainstorming workshop to which agency and private experts on the collection and behavior of juvenile salmonids were invited. The workshop was held on March 3 and 4, 2008, with approximately 42 people in attendance, including the invited experts and the members of the FTC. A summary of collection

alternatives came out of that workshop. The FTC decided that a Team of private and agency experts should be assembled to evaluate and refine the alternatives from the workshop. Tacoma Power assembled this Team which has held three meetings through July 1, 2008. Members of the FTC are invited to participate as their schedule allows.

The agreement with Lewis County PUD and BPA that allows Tacoma Power access to the Cowlitz Falls Dam and Cowlitz Falls Fish Collection Facility (CFFCF) for this project continues in place and expires October 1, 2008. Tacoma Power has asked Lewis County PUD to start discussing the extensions of this agreement, but no meeting date has been set as of this writing.

b) Improvements to the Cowlitz Falls surface bypass collector are noted in (a) above. A full reporting on the effectiveness of the Cowlitz Falls downstream fish passage/collection facilities and measures, and the evaluation and modification plans for the 2007 season were included in the License Article 401, Settlement Agreement License Article 1 2007 Status Report filed with the Commission on February 15, 2007.

On July 9, 2004, the Commission issued an order incorporating the biological opinion issued in March 2004 by NMFS for the project. This included the provision in Article 401 requiring that the fish passage survival goal be met within three years of the date of that order. This created a conflict between article 401 and this article that was not resolved in the Commission's April 22, 2005, order approving the plan for Article 1(a).

c) Tacoma continues to implement additional improvements to the Cowlitz Falls downstream passage facilities and file the required reports, as noted above.

Article 2 – Downstream Fish Passage: Mayfield

a) The study results required by this article were submitted to the Commission on July 18, 2004, and approved on July 12, 2005.

b) The plan for improvements to the fish collection facility at Mayfield Dam was submitted to the Commission on July 18, 2006. The Order Modifying and Approving the plan was issued on December 5, 2006. Tacoma Power filed an updated schedule for the improvement projects on February 9, 2007, and an updated status report on April 3, 2008. Provision B in the December 5, 2006, Commission order required a summary report of activities related to the article to be covered in this report. This information follows below.

Summary of activities:

A – Debris Management – The increased cleaning frequency of the primary separator continues as well as the use of the access ports cut in the concrete deck to clear debris from both the north and south of the fish passage separator pipes.

B – Hydraulic Improvements – Per last year's report, this work has been completed, no further action is required.

C – Noise Investigation – Per last year’s report, no further action is required at this time.

D – Secondary Separator Improvements – This project includes the operation platform, louver panels, fish screen panels and an automated brush system to clean the screen panels, all designed by ESC Engineering Inc. (ESC). Construction and installation is currently underway by Tacoma Power with completion planned for August 2008.

E – Counting House Improvements – The initial design was not approved by NMFS, so a redesign is currently underway by ESC and is nearing completion. The design will be reviewed with NMFS and the FTC before implementation. ESC is investigating options to improve operating efficiency to the counting house. Construction is planned for September 2008.

F – Discharge Chute – Design is complete and a contract for construction has been awarded to Rognlin’s Inc., Aberdeen, WA. Construction will start in July 2008 and will be completed by September 2008. This project includes modifications to the suspension bridge, new pipe liner in the existing flume and a reroute of the flume to discharge migrants at the downstream (west) end of the Mayfield powerhouse. During installation of the liner and connection to the new flume extension and discharge section, the juvenile fish will be trucked from the counting house to a river location downstream from the Mayfield powerhouse.

c) Future action.

d) Future action.

e) Future action.

Article 3 – Upstream Fish Passage: Barrier, Mayfield and Mossyrock

a) Effective upstream fish passage using trap & haul facilities continues as required by this article. A light-beam control was installed at the entrance to the holding pool at the upper end of the ladder to count fish. The initial installation yielded unsatisfactory results. Adjustments to the installation or other types of counting equipment are being considered.

b) The report required for this article was submitted to the Commission July 18, 2004, and was approved on August 18, 2005. This year’s Annual Upstream Fish Passage Report will be filed concurrent with this report.

c) Future action.

d) Future action.

e) Fish Passage Facility Fund – This fund will start on or before July 18, 2008. Due to legal restrictions on the use of bond funds, Tacoma Power will use investment pool earnings and calculate the interest earned over time as if the money was accruing interest in an escrow account.

- f) Future action.
- g) Future action.
- h) Future action.
- i) Future action.

Article 4 – Juvenile Tagging and Monitoring

The Fisheries and Hatchery Management Plan (Settlement Article 6) has been implemented; therefore, no further action is required as specified by this license article.

Article 5 – Fish Production and Hatcheries

- a) Tacoma Power continues to fund operation and maintenance of the Cowlitz Hatchery Complex which is operated under contract by WDFW.
- b) Tacoma Power contracted with JD Fowler of Dallas, OR to rebuild the Cowlitz Salmon Hatchery, Work started in June 2008. Production from the hatchery facility will be maintained during construction and completion of the project is scheduled for December 2009.

Article 6 – Fisheries and Hatchery Management Plan

The Fisheries and Hatchery Management Plan (FHMP) was submitted to the Commission on August 18, 2004. After receiving post-submittal comments from some members of the Fisheries Technical Committee and other parties, the Commission prepared a Draft Staff Analysis of the plan, which was released for public review and comment on December 8, 2005. After reviewing comments received on the Draft Staff Analysis, the Commission issued an Order Modifying and Approving the plan on April 6, 2006. Tacoma Power continues to consult with the FTC to implement the plan.

Implementation Actions:

Since September 2007 the FTC and Tacoma Power have been working with Insight Northwest, LLC, a public relations consulting firm, to implement a public relations plan for actions involved in implementing the FHMP. This has included public meetings and the launching of a new website to inform the public of the status of the implementation of the FHMP and other fisheries information. The site, "Cowlitzfish.net – Be in the Know", has been launched. In addition to fisheries action news, there is information about public meetings, fishing news, river flows, and links to other activities in the area.

The collection of Chinook, sockeye and chum genetic samples at Tacoma Power's Cowlitz River facilities by WDFW is on-going based upon the recommendations of the genetics sub-committee of the FTC. The sub-committee, and the FTC, reviewed and approved a lower Cowlitz River steelhead genetic study plan. Tacoma is

funding Phase I of the study as it substantially follows the study methodology recommended by the FTC genetics subcommittee and endorsed by the entire FTC.

The Fisheries and Hatchery Management Plan Annual Project Evaluation and Status Report was filed with the Commission on March 31, 2008. Tacoma Power continues to consult with the FTC to implement the actions of the FHMP.

The process of updating of the FHMP has started. Tacoma Power is working with the FTC to have the updated FHMP complete and filed with the Commission on or before March 1, 2010. A schedule for the process, which includes opportunity for public input, has been developed.

Article 7 – Hatchery Complex Remodel and Phase-In Plan

This plan was submitted to the Commission on January 18, 2005. As components of the Hatchery Complex Remodel were contingent on the measures contained in the FHMP, delay in the approval of the FHMP impacted the schedule for the hatchery complex remodel. Once the FHMP was approved, Tacoma Power submitted a letter to the Commission outlining the changes to the Hatchery Complex Remodel and Phase-In Plan required because of changes to the FHMP and other issues, along with a revised schedule. Tacoma Power indicated that the changes listed did not rise to the level of a plan revision, with the exception of the delayed schedule. On July 5, 2006, the Commission issued an order approving the plan and the schedule as proposed in the above referenced letter.

On February 15, 2008, Tacoma Power filed a letter with the Commission updating the construction schedule for the Cowlitz River Hatchery Complex Remodel. The letter explained the reasons for the delay of the remodel and what was being done to optimize the schedule given the plan to maintain full hatchery production during construction. The new hatchery complex remodel completion date is now December 2009. The February 2008 letter noted that all of the remodel activities at the Cowlitz River Trout Hatchery were complete and that some of the planned early remodel work at the Cowlitz River Salmon Hatchery had been completed. This included the construction of a new operator residence to replace one that will be razed to accommodate the new adult handling facility, the construction of a new feed storage building, and the rerouting of the well water pipelines. A letter from the Commission acknowledging receipt of that letter was issued on April 16, 2008.

As planned, the Cowlitz River Salmon Hatchery design has been completed and a contractor selected for the construction. The value of the contract, which excludes crowders and water purification, is \$23,350,000. The contractor has mobilized and work has started. The contract for the crowder equipment has been awarded in the amount of \$608,000. The request for proposal for the water purification equipment is expected to be posted this summer.

Article 8 – Disease Management Plan

The Disease Management Plan is undergoing final FTC review and will be filed with the Commission concurrently with this report. Along with collaboration with the FTC, the plan was co-authored by the WDFW pathologist assigned to the Cowlitz River Hatchery Complex.

Article 9 – Large Woody Debris

A best management plan (BMP) for handling large woody debris at the Project, as required by License Article 417, was approved by the Commission on July 25, 2005. Approximately 835 linear feet of woody debris was placed just upstream of the Blue Creek boat launch in August 2007. All of the wood placed at this location was carried down river during subsequent flow events. Another 600 linear feet or more of large woody debris is planned for placement in the same location in August 2008.

Article 10 – Gravel Augmentation

The Gravel Augmentation Plan was approved, as submitted, by the Commission on July 26, 2004. The BMP for placement of gravel in the Cowlitz River, as required by License Article 417, was approved by the Commission on July 25, 2005.

The second 500-cubic yard batch was moved into place adjacent to the river in August 2007 where it was swept away during high flows and distributed down the river. The next 500-cubic yard batch will be placed in the same location for recruitment in August 2008.

Article 11 – Fish Habitat Fund

Four parcels of property, totaling 113.54, acres within the target areas of the lower Cowlitz River have been acquired to date (June 30, 2008). An additional 522.73 acres of property have been identified as candidate parcels for acquisition or conservation easements. Negotiations for the purchase or easement rights on the identified parcels are underway. More details will be provided in the next annual report that will be submitted in December 2008. The balance of the Fish Habitat Fund is \$2,099,896 as of June 30, 2008.

Article 12 – Coordination with Wildlife Settlement Wetlands Acquisition Fund

A real estate report regarding the acquisition of properties is included in the Cowlitz Wildlife Area Annual Report that is filed with the Commission by May 1 of each year. Two parcels of land totaling about 55 acres were purchased early in 2007 in the Davis Lake Unit of the Cowlitz Wildlife Area. Several other properties are being pursued. As of March 2008, \$1,370,733 remains in the fund.

Article 13 – Instream flows

Upon license issuance, Tacoma Power implemented the instream flows as prescribed by this article. Instream flows are measured and recorded by the U.S. Geological Survey (USGS) gauge located on the Cowlitz River below Mayfield Dam (Gauge No. 14238000). The annual monitoring report required by Article 402 documents any incident in which instream flows fall below the required minimum. The annual report was submitted in December 2007 and was approved by the Commission in a letter dated February 8, 2008.

Article 14 – Ramping Rate Conditions

Tacoma Power adheres to the ramping rates prescribed by Article 14. River stage is measured and recorded by the USGS gauge located on the Cowlitz River below Mayfield Dam (Gauge No. 14238000). The annual monitoring report documents any incident in which ramping rates exceed the permitted levels. The annual report was submitted in December 2007 and was approved by the Commission in a letter dated February 8, 2008.

Article 15 – Fish Monitoring Plan

An Order Modifying and Approving the Fish Monitoring Plan was issued by the Commission on December 2, 2004. An addendum to the plan, as required by the aforementioned order, was approved by the Commission on June 25, 2005. The addendum called for an interim monitoring report to be filed with the Commission by December 31, 2009. The required monitoring is ongoing and has been completed as required. Details of this monitoring will be included in the interim monitoring report that will be submitted on or before December 31, 2009.

Article 16 – Instream Flow Implementation

The instream implementation report was filed with the Commission on July 14, 2005, and by letter dated September 12, 2005, the Commission accepted the report as fulfilling the requirements of this license article.

Article 17 – Recreation Facilities

A Recreation Facilities Plan addressing all requirements of this license article was approved, as submitted, by the Commission in an order issued May 18, 2005. On July 14, 2005, Tacoma Power filed an updated schedule of estimated enactment and completion dates for the tasks proposed in the Recreation Facilities Plan.

The following is the status of the recreation projects:

17a – Peterman Hill Trail – Construction is complete on the first 10 miles of the trail. Some signage upgrades are in progress. The Construction Practices Plan/Pollution and Erosion Control Plan (CPP/PECP) Monitoring Report has been submitted to the Commission.

17b – Mossyrock Park Trail – Construction is complete; the trail is open and the CPP/PECP Monitoring Report has been submitted to the Commission.

17c – Mossyrock Park Boat Launch Ramp – This ramp has been extended to allow launching to a lake elevation of about 715 feet. The Americans with Disabilities Act (ADA) parking spaces and ADA trail to the dock are complete. The launching dock is still being designed.

17d – Taidnapam Low Water Boat Launch Ramp – Construction of this ramp is complete and it is open to the public. This includes a second lane which Tacoma Power opted to install. The launch ramp extends to a reservoir elevation of 716 feet. Provisions to protect Western toads, including an

underpass below the ramp, were installed and toad monitoring continues. Toad monitoring results were presented in the Cowlitz Wildlife Area Annual Report filed with FERC in April 2007.

17e – Cowlitz Salmon Hatchery ADA Fishing Platform – Construction was completed in February 2008 and the CPP/PECP Monitoring Report has been submitted to the Commission.

17f – Taidnapam Park Expansion – The final construction phase is underway; due to permitting delays construction will not be complete until fall of 2008.

17g – Taidnapam Access Road – The initial surfacing is complete. On-going maintenance of selected sections continues.

17h – Mossyrock Park Expansion – The final Recreation Facilities Plan, approved by the Commission on May 18, 2006, calls for the 50 additional campsites originally proposed at Mossyrock Park to be built instead at Taidnapam Park (Article 17), thereby increasing the total new campsites at Taidnapam Park to 100.

17i – \$500,000 for improvements at Ike Kinswa State Park – A wildlife land trade was approved December 15, 2005, to facilitate planning of a new group camp at Ike Kinswa State Park that will be funded with this money. The Washington State Parks and Recreation Commission has received legislative authority to accept Tacoma Power funding for expansion, planning and permitting of the group camp. Planning and permitting has begun. They plan on using the money during actual construction which is expected in 2009.

17j – \$100,000 for unidentified improvements by the State of Washington – The funding for these types of improvements is linked to the process for Article 19, which received Commission approval on August 30, 2006. The process to solicit candidates for these funds has begun and is expected to result in fund awards by the fall of 2008.

Article 18 – Recreation Operation

A Recreation Operation, Maintenance and Safety Plan addressing all requirements of this license article was approved by the Commission in an order issued May 18, 2005, in conjunction with the approval of the Article 17 Recreation Facilities Plan. On July 14, 2005, Tacoma Power filed an updated schedule of estimated enactment and completion dates for the tasks proposed in the Recreation Operation, Maintenance and Safety Plan.

The following is the status of the projects:

18a – Monitoring of the Peterman Hill trail and the portion of the Mossyrock Trail in the Cowlitz Wildlife Area is ongoing. A trail crew was hired and trained in June of 2007 and maintained the trail to accepted standards.

18b – Plan to improve boating safety – The Tacoma Power park staff had a boating safety display at the Livable Communities Fair that was held in the

Tacoma Convention Center on May 17, 2008. Additional boating speed limit signs were installed on the reservoirs. A color brochure and a poster about safety on the water has been developed and are posted in kiosks and available at the parks.

18c – American with Disabilities Act (ADA) improvements – Numerous projects have been completed as Tacoma Power brings its recreation facilities into compliance with ADA. They are listed below by location.

Taidnapam Park:

Compacted gravel was added to the edges of the ADA site pads and along the ADA pathways to the restrooms. It was beveled to eliminate the abrupt drop-offs.

Trout Hatchery:

A temporary ADA fishing platform was constructed in 2007 but additional design improvements are planned to make retrieving fish easier for wheelchair-bound anglers. Permitting is underway for the planned improvements.

An ADA accessibility brochure describing accessible facilities and special accommodations is available to campers at each park. The brochure is printed in an easy to read, large print format. There is also a paragraph about ADA accessibility in each separate park brochure. Campers may access additional information and download the ADA brochure on our ADA web page. In addition, all ADA accessible campsites at all of Tacoma Power's parks are listed on the reservation website.

The online users survey continues to ask park users if Tacoma Power parks met their ADA accessibility needs or those of someone in their group, and why or why not.

Article 19 – Water Access Facilities

The Water Access Facilities Plan was approved by the Commission on August 30, 2006. The solicitation and selection process was completed for the first \$67,000 grant. Ike Kinswa State Park's proposal was selected by the committee from among three applicants. The project is for a new combination fishing dock and short-term mooring dock. The Washington State Parks and Recreation Commission has applied for the additional funding necessary to complete the project. Construction is anticipated in 2009, pending permitting.

Article 20 – Recreation Reporting

A report on the results of recreation monitoring (Form 80) was submitted in the spring of 2003. The recreation survey is underway and the required Form 80 will be filed with the Commission on or before April 1, 2009.

Article 21 – Forest Service Facilities

Tacoma Power developed a six-year payment agreement, starting in 2003, with the U.S. Department of Agriculture – Forest Service (USDA-FS) to pay annually \$5,500 as compensation for impacts to USDA-FS recreation facilities. This most recent annual payment was made in September 2007, several weeks later than required due to a USDA-Forest Service delay in submitting the required paperwork to process their payment. The next payment will be due by October 1, 2008. Tacoma Power filed a report with the Commission on November 19, 2007, describing how USDA-FS used these funds in their fiscal year ending September 30, 2007.

Article 22 – Forest Service Report

In June 2004 Tacoma Power filed a report with the Commission documenting attempts to enter into a transfer of lands within the Project boundary with USDA-FS. USDA-FS indicated they were not ready to consider such a transfer. The Commission subsequently issued a letter, on August 17, 2005, stating that Tacoma Power had satisfied the requirements of this license article and that no further action was required unless the USDA-FS changed their position. There has been no change in position by the USDA-FS in this matter.

Article 23 – Cultural and Historic Resources

As noted in the discussion under Article 403 above, the Cultural Resource Management Plan (CRMP) was approved prior to the license issuance. The activities undertaken in compliance with the CRMP are documented in the biennial report to the Washington Department of Archaeology and Historic Preservation (DAHP), as required by the CRMP, and in the annual report that has been submitted to the Commission on the schedule required by the Programmatic Agreement.

An updated and revised CRMP was submitted to the Commission on March 29, 2007, and approved on February 5, 2008.

Article 24 – Wildlife

Tacoma Power has complied with the Settlement Agreement Relating to Wildlife for the Cowlitz Hydroelectric Project entered into by the WDFW (né Washington Dept. of Wildlife) and the U.S. Fish and Wildlife Service (USFWS) regarding wildlife mitigation at the Project. Tacoma Power submitted the annual monitoring report on April 28, 2008, as required by this license article, and provided a total payment of \$387,732.30 to WDFW on February 5, 2008, for their management of the designated wildlife lands. The annual monitoring report was approved by the Commission in a letter dated June 2, 2008.

APPENDIX B – FPA SECTION 4(e) TERMS and CONDITIONS

Condition 1 – Not applicable as Settlement Agreement was adopted into the license.

Condition 2 – No ground disturbing activities are currently planned on USDA-FS lands.

Condition 3 – No ground disturbing activities are currently planned on USDA-FS lands.

Condition 4 – No changes to constructed facilities or uses occurred on USDA-FS lands or on lands with direct impact to USDA-FS lands.

Condition 5 – It was deemed by both Tacoma Power and the Cowlitz Valley District Ranger that this year's annual meeting was not necessary as the ranger had no issues to discuss in 2008. This was confirmed in an e-mail from Kristi Miller (USDA-FS) to Cindy Swanberg (Tacoma Power) on June 11, 2008. On August 7, 2007, the Commission issued a letter stating that the report filed on July 25, 2007, fulfilled the license requirement for 2007.

Condition 6 – Surrender of the license is not contemplated.

APPENDICES C and C-1 – Water Quality Certification

Tacoma Power submitted the Total Dissolved Gas (TDG) Transect Study Plan to Washington Department of Ecology (WDOE) on March 28, 2003, and with the Commission on August 6, 2003. Comments on the plan were received from WDOE on September 15, 2004. Following additional meetings with WDOE and revisions to the plan, the Commission issued an Order Modifying and Approving the revised plan on August 11, 2005.

The data collected during the November 2006 flood event was reported to WDOE. The 7Q10 flows for Mayfield and Mossyrock dams have not been finalized. New 7Q10 flows are under development by Tacoma Power and will be discussed with WDOE. It is anticipated that the Total Dissolved Gas (TDG) Transect Study Plan will be updated within the next year based on discussions with WDOE and experience to-date with sampling.