



SKAGIT COUNTY
ADMINISTRATIVE SERVICES
GARY ROWE, County Administrator

MEMORANDUM

FEBRUARY 24, 2006

TO: Board of Commissioners
FROM: Gary Rowe, County Administrator
RE: Baker Hydro Project Flood Storage

Pursuant to the Board's direction, I put together a meeting with Puget Sound Energy for the purpose of developing an agreement to implement the settlement agreement Skagit County and PSE reached over re-licensing of the Baker Hydro Project. Ed Schild and Ray Trzynka from PSE attended together with Commissioner Munks, Chal Martin, and Dave Brookings from Public Works. Commission Chuck Bennett from DD#12 also sat in at Commissioner Anderson's request.

PSE expressed its willingness to continue to work with Skagit County to find a workable arrangement wherein the Baker Hydro Project could be managed to provide flood control benefits. At the present, PSE is operating the dams to provide flood protection and will continue to operate them while we work to develop a long term solution. At the conclusion of the discussion a "next steps" document was developed and is attached for your review.

Staff has made initial contacts with PSE to start working on the protocols for the interim operation of the dam during flood season. Please let us know if you have any concerns or questions regarding the next steps outlined.

**Skagit County/Puget Sound Energy (PSE)
Baker Hydroelectric Project Settlement Agreement
Next Steps**

1. PSE has been managing the Baker Project to provide flood protection benefits as requested by Skagit County. PSE and the County will work together to develop the technical protocol for operation of the Baker Project until a permanent management arrangement can be established.
2. PSE and the County will collaboratively study the benefits of providing additional spillway capacity and other potential flood protection benefits provided by the Baker Project. The County and PSE will work together to seek funding and authorization from the Army Corps of Engineers (COE) in developing additional flood protection benefits provided by the Baker Project.
3. PSE and the County will jointly pursue COE management of the Baker Project during flood events including options that may require modification of COE policies and/or Congressional authority.
4. PSE will support the County in identifying and pursuing funding for flood protection provided by the Baker Project including extension of the current General Investigation Study or alternative processes that will achieve the flood storage outcomes of the Settlement Agreement.
5. Skagit County will support PSE in addressing liability concerns and compensation for lost power generation as a result of additional Baker Project flood storage.