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September 11, 2001

Hon. David Boergers, Secretary Federal Energy Regulatory Commission 888 First Street, NE Washington, D.C. 20426

Re:

Original License Applications for Erie Boulevard Hydropower, L.P.'s

Parishville Project No. 10461 Allens Falls Project No. 10462

Collectively the "West Branch St. Regis River"

Filing of Settlement Offer and This Separate Explanatory Statement

#### Dear Secretary Boergers:

Pursuant to 18 CFR §385.602, enclosed for filing please find an original and eight (8) copies of a document entitled West Branch St. Regis River Project Offer of Settlement (Settlement Offer) that was recently executed by inter alia, Erie Boulevard Hydropower, L.P. (Erie), the New York State Department of Environmental Conservation (NYSDEC), the United States Fish and Wildlife Service (USFWS), St Lawrence County, The Town of Parishville, New York Rivers United (NYRU), the Adirondack Mountain Club (ADK), and several other governmental agencies (GA's) and non-governmental organizations (NGO's) as regards to the licensing of the above-referenced hydroelectric projects (hereinafter collectively referred to as "the West Branch St. Regis River Project").

The signatories of this Settlement Offer have given careful consideration of the need to balance non-power and power aspects of the project which resulted in numerous measures for the protection and mitigation of the resources affected by this project. As some of these measures may not be consistent with the Original License Application proposals, be it known that any inconsistencies between any of the pending license applications and the Settlement Offer, should allow the Settlement Offer to prevail.

A separate Explanatory Statement is required to accompany all Settlement Offer submittals according to 18 CFR §385.602(c)(ii). This transmittal letter should be considered the Explanatory Statement for the filing of the West Branch St. Regis River Offer of Settlement as the contents hereof elucidates the facts and places into perspective the effect of the execution of the Settlement Offer.

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#### **EXPLANATORY STATEMENT**

#### I. INTRODUCTION

This Settlement Offer sets forth the terms and conditions on which the signatories have agreed should be included in the new license for the West Branch St. Regis River Project.

Upon approval by the Commission and through agreement by all of the signatories this Settlement Offer will attain an original license term of 40 years according to the terms and conditions that the signatories have agreed upon. These terms and conditions include mitigation and protection measures to increase habitat gains for fish communities, the potential for benthic invertebrate and forage fish production increases, enhanced fish movement and fishing opportunities, increased habitat for riparian vegetation, wetland and wildlife resources, the reduction of the vulnerability of fish to illegal poaching, increased recreational access, enhanced awareness of cultural resources, and the establishment of a river advisory council and enhancement fund.

#### II. OFFER OF SETTLEMENT COMPOSITION

The enclosed settlement offer includes the following significant features:

- Section 1 is composed of a number of ancillary points and considerations pertaining to the Settlement Offer including a description (subsection 1.2) of what provisions of the Settlement Offer are intended to be included in the ensuing FERC license;
- Section 2 covers a number of general agreements among the parties that are common to the new license affected by the Settlement Offer including the consolidation of the Allens Falls and the Parishville Projects into one project known as the "West Branch St. Regis River Project" consisting of the Allens Falls and the Parishville Developments, this section also includes those provisions that are withdrawn from the original license applications in lieu of this Settlement Offer; Of particular import to this section is Section 2.1 which states: "The Parties agree that the FERC should issue a single license for the Parishville and the Allens Falls Developments under the project name West Branch St. Regis River Project."
- Section 3 covers the development-specific protection, mitigation and enhancement measures (PM&E) for the West Branch St. Regis River Project including recreational enhancements to be included in the ensuing FERC license (subsection 3.5.1) as well as what sections of the Settlement Offer are to be omitted from the new license (subsection 3.5.2);
- Sections 4 and 5 address the designation of a non-project advisory council established for decision making regarding the river "Enhancement Fund" including the stipulations that surround the distribution and allocation of monies to the said fund.

#### III. CONCLUSION

Erie is aware that the Commission strongly supports the settlement process and settlement offers, accordingly, it has joined with the parties listed in Section 1 of the Settlement

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Offer in an attempt to best respond to resource concerns. All of the signatories have sacrificed great time, effort, and expense to unilaterally agree to a fair and sound Settlement Offer that encompasses a balance of non-power and power needs and affords interested stakeholders relicensing benefits.

It is in the public interest to consolidate the pending applications for license for the Parishville Project No. 10461 and the Allens Falls Project No. 10462 into one license proceeding, henceforth to be called the "West Branch St. Regis River Project", pursuant to Section 2.1 of the enclosed Offer of Settlement. In determining appropriate PM&E measures such as impoundment fluctuations and instream minimum flows (see Sections 3.1 and 3.2, respectively), the signatories to this Offer of Settlement took into account the fact that the operations of both of these facilities will at times be interdependent. Therefore, combining these developments into one cohesive license order will ensure that such measures emanating from the Offer of Settlement will be implemented in an effective manner.

Successful negotiations of this Settlement Offer will also yield the ancillary benefit of facilitating the NYSDEC's issuance of a 401 water quality certificate, thus allowing positive FERC action, on a licensing proceeding that has been pending since May 31, 1990.

If there are any questions pertaining to this submittal or additional copies of same are requested, please call the undersigned at (315) 413-2787.

Very truly yours,

Jerry L. Sabattis

Hydro Licensing Coordinator

Jeny I. Sabattis

Enclosures:

Settlement Offer

Attached Service List

xc w/Encl:

J. M. Audunson

S. S. Hirschey

W. J. Madden Service List

xc w/o Encl:

Settlement Offer Signatories

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### UNITED STATE OF AMERICA **BEFORE THE** FEDERAL ENERGY REGULATORY COMMISSION

Erie Boulevard Project Nos. 10461 Hydropower, LP Project Nos. 10462

### WEST BRANCH ST. REGIS RIVER PROJECT OFFER OF SETTLEMENT

**AUGUST 9, 2001** 

### WEST BRANCH ST. REGIS RIVER PROJECT OFFER OF SETTLEMENT

### Parishville Development Allens Falls Development

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## WEST BRANCH ST. REGIS RIVER PROJECT OFFER OF SETTLEMENT

#### Parishville Development Allens Falls Development

#### 1.0 INTRODUCTION

The Agreement and The Parties

This agreement (the Settlement Offer) dated as of August 8, 2001, is made and entered into pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC) (18 C.F.R. § 385.602) by and among the following entities who shall, except as otherwise noted, be referred hereafter to as a Party and collectively as "Parties":

- Adirondack Mountain Club (ADK)
- American Rivers
- American Whitewater (AW)
- Erie Boulevard Hydropower, L.P. (Erie) acting through its General Partner, Orion Power New York (Orion Power)
- New York Rivers United (NYRU)
- New York State Conservation Council
- New York State Department of Environmental Conservation (NYSDEC)
- St. Lawrence County
- Town of Parishville
- Trout Unlimited (TU)
- U.S. Department of the Interior (DOI), U.S. Fish and Wildlife Service (USFWS)

#### 1.1 Term of the Settlement Offer

This Settlement Offer shall become effective when it has been executed by the above-referenced Parties and shall remain in effect, in accordance with its terms, throughout the term of the new license(s) including any annual licenses.

### 1.2 Agreements to Be Incorporated As License Conditions

The agreements in the Settlement Offer are a comprehensive, integrated, and indivisible set of measures intended to address non-power and power values relating to the licensing of the Parishville and Allens Falls Developments. The Parties agree that each term of this Settlement Offer is in consideration and support of every other term and that it is essential that the FERC, except where expressly noted to the contrary in this Offer of Settlement, incorporate as license conditions in the new license each of the commitments which Erie has agreed to undertake in Section 3.0 of this Settlement Offer. "License conditions" are intended to mean numbered articles of the license.

### 1.3 Purpose, Goals and Geographic Scope

The purpose of this Settlement Offer is to document the agreements that have been reached as the result of comprehensive discussions among the Parties with regard to the referenced hydroelectric developments with pending license applications before the FERC and pending applications for water-quality certification before the NYSDEC.

The goal of the Settlement Offer is to provide for the continued operation of the subject developments with appropriate long-term environmental and recreational protection and mitigation measures that will meet diverse objectives for maintaining a balance of non-power and power values in the West Branch of the St. Regis River.

The geographic scope of the agreements to be incorporated as license conditions includes the West Branch of the St. Regis River upstream of its confluence with the main stem of the St. Regis River.

The Parties, having given careful and equal consideration to non-power and power values, provide in this Settlement Offer the terms and conditions for the resolution of operational, fisheries, wildlife, water quality, and recreational issues raised by and analyzed by the Parties as they are applicable to the issuance of a license and Water-Quality Certification for the subject developments.

#### 1.4 <u>Project Decommissioning</u>

This Settlement Offer does not include any provisions relating to decommissioning or dam removal of the subject developments in whole or part. With or without amendment of this Settlement Offer, any Party may seek such further relief from the FERC regarding such decommissioning as the FERC may order, recognizing that no Party to this Settlement Offer has, or is advocating decommissioning of any development or any of the project facilities at this time, nor does evidence currently exist which would suggest the need to advocate for decommissioning during the term of the license. If and when any of the subject projects are decommissioned or retired during the term of any new licenses, the disposition of any enhancements associated with those developments pursuant to this Settlement Offer will be determined in decommissioning proceedings at that time.

#### 1.5 Successors and Assigns

The Settlement Offer shall be binding on the Parties and on their successors and assigns.

#### 1.6 Parties To Support Regulatory Approvals

The Parties agree to support the issuance of a license and water-quality certification that is consistent with the terms of this Settlement Offer. This support shall include reasonable efforts to expedite the National Environmental Policy Act (NEPA) process to be undertaken by the FERC, as well as any regulatory approvals that may be needed to implement provisions of the Settlement Offer. For those issues addressed herein, the Parties agree not to propose or otherwise communicate to the FERC or to any other federal or state resource agency with jurisdiction directly related to the relicensing process any comments, certification, or license conditions other than ones consistent with the terms of this Settlement Offer. However, this Settlement Offer shall not be interpreted to restrict any Party's participation or comments in future relicensing of the subject developments.

#### 1.7 Agency Appropriations

Nothing in this Settlement Offer shall be construed as obligating any federal, state, or local government to expend in any fiscal year any sum in excess of appropriations made by Congress to state or local legislatures or administratively allocated for the purpose of this Settlement Offer for the fiscal year or to involve the DOI, USFWS, or NPS in any contract or obligation for the future expenditure of money in excess of such appropriations or allocations.

#### 1.8 Establishes No Precedents

The Parties have entered into the negotiations and discussions leading to this Settlement Offer with the explicit understanding that all offers of settlement and the discussions relating thereto are privileged, shall not prejudice the position of any Party or entity that took part in such discussions and negotiations, and are not to be otherwise used in any manner in connection with these or any other proceedings. The Parties understand and agree that this Settlement Offer establishes no principles or precedents with regard to any issue addressed herein or with regard to any Party's participation in future relicensing

proceedings and that none of the Parties to this Settlement Offer will cite this Offer or its approval by the FERC, or the NYSDEC as establishing any principles or precedents except with respect to the matters to which the Parties have herein agreed.

#### 1.9 Conventions and Definitions

The Parties agree that the following conventions and definitions should have the meanings so noted throughout this Offer of Settlement.

Base Flow: The required minimum instantaneous instream flow, measured in cfs, to be continuously released into the river channel below the powerhouse, including, where applicable, dam leakage where an accurate estimate exists, and bypass flows.

**Bypass Reach:** The portion of original river bed fully or partially dewatered as a result of the diversion of water.

Elevation: Vertical distance, measured in feet, above mean sea level using USGS datum. Impoundment Fluctuation: Defined within this agreement as a specific range of impoundment elevations associated with normal project operation which is measured in the downward direction from a specific reference point.

Left/Right Bank: The left or right river bank as seen looking downstream.

License Issuance and Acceptance: For purposes of this Offer of Settlement, "License Issuance and Acceptance" means that the FERC issues a final license consistent with the terms of the Offer of Settlement relative to the particular enhancement being considered.

Licensee: Erie Boulevard Hydropower, L.P., limited partner of Orion Power New York.

Minimum Flow (also called Bypass Flow): The instream flow intentionally and continuously released into a bypass reach.

**Normal Operation:** The daily operation of the Parishville and Allens Falls developments which may involve utilization of allowable impoundment fluctuations as needed to produce energy.

#### 2.0 GENERAL AGREEMENTS OF THE PARTIES

#### 2.1 <u>License Consolidation and License Term</u>

The Parties agree that the FERC should issue a single license for the Parishville and the Allens Falls Developments under the project name West Branch St. Regis River Project. The Parties further agree, based upon and in consideration of the Settlement Offer provisions identified in Section 2.2, that the license should be for a term of 40 years from the date of license issuance, and agree to join in a request for rehearing if a license is issued for less than 40 years from date of license issuance.

#### 2.2 Enforceability and Withdrawal Rights

The Parties agree that it is their intent, and this Settlement Offer is based upon, and in consideration of their expectation that Sections 3.1, 3.2, 3.3, 3.4, and 3.5.1 will be included in any license issued as numbered license articles and that the Commission will enforce these provisions. If, in making its licensing decision, the Commission determines that any of the sections identified herein are not within its jurisdiction to enforce, it will so expressly and clearly notify the Parties in the licensing order. If the Commission does not so expressly identify any of the provisions of the Sections identified herein, then the Parties will, in reliance thereon, proceed as though each of the Sections identified herein are enforceable by FERC.

In the event that the FERC should, contrary to the integrated and indivisible nature of this Settlement Offer described herein in Section 1.2, issue a new license that omits or reduces any of the commitments, or identifies as outside its jurisdiction to enforce, any of the provisions identified in Section 2.2, which the Parties have agreed should be incorporated in license conditions and in the event that the new license is not thereafter satisfactorily modified as the result of the filing of a request for rehearing, each of the Parties agrees that it will nonetheless be bound by all such commitments of this Settlement Offer as long as the performance of those commitments would not violate the terms of the new license and that any such commitments not included by the FERC in the

new license will be enforceable in a court or other forum of competent jurisdiction by and against any of the Parties, provided, however, that in the event any Party determines that its interests will be materially and adversely affected by the Commission's failure to include such commitments in license conditions or in the event any Party determines that the Commission has added a provision to the license which is materially inconsistent with the terms of this Settlement Offer, it may withdraw from this Settlement Offer. Before any such Party may withdraw, it must first provide written notice of its intention to do so to the other Parties together with a written explanation of its reasons for withdrawing.

#### 2.3 <u>Water-Quality Certification</u> — Withdrawal Rights

The Parties agree that they will support the issuance by the NYSDEC of one Section 401 Water-Quality Certification that is consistent with the provisions of this Settlement Offer for the West Branch St. Regis River Project. If the NYSDEC should issue a 401 certification for the project that is materially inconsistent with the provisions of this Settlement Offer, any Party can withdraw from this Settlement Offer by providing written notice of its intention to do so to the other Parties within 60 days from the date of issuance of any such certification or, in the event any Party seeks judicial or agency review, 60 days from the date of the denial of such review. The NYSDEC will distribute to the Parties copies of the 401 certification that is issued.

#### 2.4 Rehearings

The Parties agree that none of them will file a request for rehearing of any new license unless the license contains conditions which are materially inconsistent with the terms of this Settlement Offer, which omits as license conditions terms of the Settlement Offer which the Parties have agreed should be included as license conditions, or if FERC determines that it will not enforce any of the provisions of the Settlement Offer which the Parties have agreed should become enforceable conditions of the new license, as expressly identified in Section 2.2. In the event that any Party decides to file a request for rehearing in accordance with the terms of this provision, it will provide written notice of its intention to do so to the other Parties at the earliest practicable time and thereafter

the other Parties will join in the rehearing request or file an appropriate and supportive rehearing request of their own. Thereafter, if any Party, following the issuance of a FERC Order on Rehearing, elects to file a petition for judicial review with respect to the matters covered by this provision, the other Parties will not oppose such a petition.

#### 2.5 Reopeners

The Parties agree that, except as provided herein, this Settlement Offer is not intended to limit or restrict the ability of any Party to petition the FERC pursuant to any reopener condition contained in the new license, including any exercise by the Secretary of DOI relating to her fishway prescription authority under § 18 of the FPA. No such petition, including the exercise of § 18 authority, may be filed which would, if granted, be materially inconsistent with this Settlement Offer, or cause other portions of the Settlement Offer to be reopened, unless the Party who files the petition has substantial evidence that a change in circumstances has occurred including any material change made by the Commission to the terms of this Settlement Offer which provides good cause for the filing of the petition. Before any Party files such a petition with the FERC, it shall provide at least 60 days written notice of its intention to do so to all the other Parties and, promptly following the giving of notice, has consulted with the other Parties regarding the need for and the purpose of the petition. In the event such a petition is filed, the filing Party shall include with its filing documentation of its consultation with the other Parties and a summary of their recommendations and of its response to those recommendations. The filing Party shall also serve a copy of its petition on all the other Parties.

#### 2.6 License Amendments

The Parties agree that, except as provided herein, nothing in this Settlement Offer is intended to limit or restrict the ability of the Licensee to seek amendments of any new license. The Licensee may only seek a license amendment which would be materially inconsistent with the provisions of this Settlement Offer if it has substantial evidence that a change in circumstances has occurred which provides good cause for the filing of the amendment and has provided the Parties at least 60 days written notice of its intention to

do so and, promptly following the giving of notice, has consulted with the Parties regarding the need for and the purpose of the amendment. For other license amendments which just relate to the license terms set forth in this Settlement Offer, the Licensee shall provide all Parties at least 30 days notice of the proposed amendment and, if requested to do so by any Party, shall consult with the Parties regarding the amendment and defer the filing for another 30 days. In any application for an amendment which relates to any of the terms and conditions of this Settlement Offer, the Licensee shall document its consultation, summarize the positions and recommendations of the Parties, and provide its response to those positions and recommendations. The Licensee shall serve a copy of any application for amendment upon the Parties at the time of the filing. The Licensee will not oppose an intervention request filed in a timely manner by any Party in an amendment proceeding involving the license.

#### 2.7 Fish Passage and Section 18

The Parties agree that no fish passage measures should be required at this time, but the new FERC license for the developments should include the standard license article reserving the ability of the FERC to require such fish passage in the future and should include the full reservation of the Secretary of the Interior's § 18 authority, by reserving the Secretary's authority to prescribe the construction, operation, and maintenance of such fishways as deemed necessary.

#### 2.8 Settlement Offer Amendments

The Parties agree that, except as provided herein, nothing in this Settlement Offer is intended to limit or restrict the ability of any Party to seek an amendment to this Settlement Offer during the effective period of the license with respect to matters not addressed in the license. Any Party seeking such an amendment may do so upon presenting substantial evidence that a material change in circumstances has occurred that provides good cause for seeking the amendment. Any such amendment proposal shall not be materially inconsistent with any license articles or the obligations of the Licensee pursuant to the license. Any Party proposing such an amendment to this Settlement Offer

shall provide all Parties with at least 30 days written notice of the proposed amendment and, if requested to do so by any Party, shall consult with the Parties regarding the proposed amendment for at least another 30 days. No amendment will be effective if any Party objects to the amendment. Any Party that abstains may not object to and will be bound by any amendment in which all other Parties concur. After such notice and consultation, if all Parties either concur with or do not object to the proposed amendment, the Party making the proposal shall secure signed agreements to the amendment from all Parties who concur with the proposal. The Licensee will file the amendment with the FERC for informational purposes.

#### 2.9 Compliance With the National Historic Preservation Act

Erie will agree to develop a Cultural Resources Management Plan, as needed, in consultation with the St. Regis Mohawk Tribe and the New York State Office of Parks, Recreation and Historic Preservation.

#### 2.10 Compliance With the Endangered Species Act

Recent consultation with the NYSDEC and the USFWS has established that, except for some transient individuals, there are no federally- or state-listed threatened or endangered species in the area of the Parishville or Allen Falls developments at this time.

#### 2.11 License Application Proposals Withdrawn

The Parties agree that all license application proposals preceding this Settlement Offer are withdrawn and superceded by those specified in this Offer of Settlement. The withdrawn proposals include:

#### 2.11.1 Parishville

- Proposal to provide no measures for fish protection or downstream movement.
- Proposal of a 75 cfs instream flow to be provided via a minimum flow unit placed approximately 1,175 feet downstream of the dam discharging into the bypass reach. The April 27, 1992, AIR response<sup>1</sup> proposed instead a year round instream flow of 20 cfs.
- The proposals to provide at Hamlet Park: (1) formal expansion of recreation facilities including a riverfront walking trail, site maintenance, picnic facilities, trail overlook points, and parking for six cars and (2) formal bypass reach fishing access trail.<sup>2</sup>

#### 2.11.2 Allens Falls

- Proposal to implement impoundment fluctuation limits associated with historical use of flashboards (use of which is now obsolete) whereby: (1) when flashboards are in service, impoundment fluctuations would be limited to 0.5 feet below the top of the flashboards<sup>3</sup> and (2) when flashboards are not in service, impoundment fluctuations would be limited to 0.5 feet below the permanent crest elevation of the dam.
- Proposal to provide no measures to provide for fish protection or downstream movement.
- Proposal of a 75 cfs instream flow to be provided via a minimum flow unit placed approximately 2,050 feet downstream of the dam

In the April 27, 1992 response to FERC's additional information request (AIR), the previously proposed minimum flow unit and associated instream flows were withdrawn and superceded with a 20 cfs year round instream flow.

In the April 27, 1992 response to FERC additional information requests (AIRs), the recreational measures previously proposed in the application were amended to include this.

In 1991 reconstruction of the Allens Falls Dam was completed, with the new dam having a permanent crest elevation of 742.0 NGVD and use of the 2.0-foot-high flashboards eliminated.

discharging into the bypass reach. This proposal was superceded by the April 27, 1992 AIR response that instead proposed a year round instream flow of 20 cfs.

- Proposals of the following recreational enhancements for the project.
  - Trail from Allens Falls Road approximately 3,000 feet upstream to the pipeline crossing, including parking for six cars.
  - Trail downstream to Allens Falls waterfall, located approximately 1,300 feet downstream of Allens Falls Road.<sup>4</sup>
  - Trail extension to waterfall located approximately 400 feet upstream of the pipeline crossing. 4

In the April 27, 1992 response to FERC additional information requests (AIRs), the recreational measures previously proposed in the application were amended to include this.

## 3.0 MEASURES WHICH ERIE WILL UNDERTAKE WITH RESPECT TO LICENSE CONDITIONS AND OTHER NON-LICENSE PROVISIONS OF SETTLEMENT

#### 3.1 <u>Impoundment Fluctuations</u>

Within six (6) months of license issuance and acceptance, the Licensee shall limit impoundment fluctuations within the Parishville and Allens Falls developments as specified in Table 3-1.

Table 3-1 West Branch St. Regis River Hydroelectric Project Normal Impoundment Fluctuations			
Development	Permanent Crest of Dam (NGVD)	Flashboards	Normal Impoundment Fluctuation
Parishville	884.5	None	0.5 feet measured in downward direction from permanent crest of dam.
Allens Falls	742.0	None	0.5 to 0.8 feet <sup>(1)</sup> measured in downward direction from permanent crest of dam when winter drawdown not in effect.  0.5 to 0. 8 feet <sup>(1)</sup> measured in downward direction from 1.0 foot below permanent crest of dam when winter drawdown in effect. <sup>(2)</sup>

- (1) Under normal operation, the Licensee shall limit daily impoundment fluctuations within the Allens Falls impoundment to 0.5 feet. In the event outflow from the Parishville Development is less than the required Allens Falls Development instream flow, discontinuity of flow will exist and use of an additional 0.3 feet of fluctuation is allowed to ensure the instream flow at the Allens Falls Development. For FERC compliance purposes, only exceedance of the 0.8 foot limit will be reported to the Commission by the Licensee. The NYSDEC will be notified whenever the 0.5 foot limit is exceeded.
- (2) The winter drawdown is defined as the lowering of the impoundment to a normal elevation of 1.0 foot below permanent crest of dam, or 741.0 feet NGVD. The winter drawdown shall occur no sooner than November 1 and shall not extend beyond May 15.

Normal impoundment fluctuations specified in Table 3-1 shall be defined as the maximum drawdown limit associated with the operating range necessary to achieve normal operation. The normal impoundment fluctuation limit shall be measured in the downward direction from the permanent crest of each dam, except in the instance of the Allens Falls Development winter drawdown, when daily fluctuations will be measured in the downward direction as referenced from 1.0 foot below permanent crest of dam. Water surface elevations higher than the elevation from which any downward fluctuation

is measured are considered outside of the normal impoundment fluctuation zone, and variations of same are not considered as a utilization of the normal impoundment fluctuation.

The Licensee may curtail or suspend these impoundment limitations if required by operating emergencies beyond its control and for short periods upon mutual agreement between the Licensee and the USFWS and NYSDEC. If the limitations are so modified, the Licensee shall notify the FERC as soon as possible, but no later than ten days after each such incident.

#### 3.1.1 <u>Justification for Impoundment Fluctuations Limitations</u>

The Parties' review of pertinent historical USGS stream flow data indicates river flow frequently exceeds the hydraulic capacity of each development's turbines. As such, normal daily impoundment fluctuations due to hydropower operations are limited to those periods when river flow is less than the hydraulic capacity of each development.

The normal daily impoundment fluctuation agreed upon for the Parishville Development maintains the status quo such that the existing shallow water littoral and wetland habitat will be preserved.

The daily and seasonal impoundment fluctuations agreed upon for the Allens Falls Development preserve the existing shallow water littoral and wetland habitat. In most instances, the daily impoundment fluctuation will not exceed 0.5 feet. However, other factors contributed to balancing management of instream flows and impoundment fluctuations to provide benefits to adjacent land owners while simultaneously protecting aquatic resources of the West Branch St. Regis River. These include recognition of the potential for discontinuity of instream flows between the Allens Falls and Parishville developments and continuation of the historical seasonal lowering of the impoundment during winter months to limit ice damage to docks. As such, signatories developed three types of

impoundment fluctuations including a 0.5 foot normal daily impoundment fluctuation, allowance of a 0.8 foot daily impoundment fluctuation to ensure provision of instream flows, and a seasonal 1.0 foot lowering of the impoundment. Justification for these types of fluctuations is provided below.

As proposed in the 1990 license applications and modified in the 1992 AIR responses, instream flows for the Allens Falls and Parishville developments were the same. However, the instream flow specified by this Settlement Offer for the Allens Falls Development is now greater than that specified for the Parishville Development (Section 3.2). Signatories recognized conditions may exist where the only inflow to Allens Falls is the Parishville instream flow plus any intervening drainage which, when combined, may be less than the required Allens Falls instream flow. Under such conditions, discontinuity of flow will exist and provision of the Allens Falls instream flow may not be possible if the Allens Falls impoundment is at or near the 0.5 foot impoundment fluctuation limit and cannot be drawn down further. Signatories have allowed for an additional 0.3 foot of daily impoundment fluctuation, which will be used in such instances to ensure provision of the Allens Falls instream flow. Signatories concluded that a 0.5 foot normal daily impoundment fluctuation in conjunction with intermittent use of an additional 0.3 foot of drawdown will not adversely impact shallow water littoral and wetland habitat.

At the time license application impoundment fluctuation proposals were developed, Allens Falls operated with seasonal 2.0-foot-high flashboards. However, the dam as reconstructed in 1991 now has a permanent crest elevation which coincides with the elevation of the historical crest of flashboards which are no longer installed or removed on a seasonal basis. At that time, concern was raised by shoreline residents regarding ice damage to private docks if the historical seasonal lowering of the impoundment no longer occurred via flashboard removal. Since dam reconstruction, the Licensee has simulated flashboard removal by lowering the impoundment below permanent crest of dam during the winter. Signatories have concluded that maintaining this practice will reduce the potential for significant ice damage to private docks without adversely

affecting habitat. Historically, the dates and magnitude of the winter drawdown were not firmly defined. However, this Settlement Offer hereinafter defines the dates of the winter drawdown as no sooner than November 1 and not extending beyond May 15, and that the magnitude shall be 1.0 foot below permanent crest of dam.

#### 3.2 Instream Flows

Within fifteen (15) months of license issuance and acceptance, the Licensee shall release the instream flows specified in Table 3-2 and Table 3-3 from a point located at the respective dam of each development.

Table 3-2 West Branch St. Regis River Project Parishville Development Instream Flow Schedule		
Flow Magnitude	Annual Start Date	Annual End Date
20 cfs (19.8 – 20.2)	January 1	December 31

Al	Table 3-3 ranch St. Regis River Proj llens Falls Development astream Flow Schedule	ject
Flow Magnitude	Annual Start Date	Annual End Date
30 cfs (29.8 – 30.2)	October 1	March 31
50 cfs (49.7 – 50.3)	April 1	August 31
40 cfs (39.7 – 40.3)	September 1	September 30

The instream flows are considered nominal flows. That is, it is recognized that the actual release at any given time may be slightly above or below the agreed-upon value. The degree to which a flow will be above or below the value indicated is a function of headpond elevation as a result of normal impoundment fluctuations (see Section 3.1). The Licensee shall derive appropriate gate settings for the provision of the

instream flow at each development based upon the midpoint of the normal impoundment fluctuation. For example, if the normal impoundment fluctuation is 0.5 feet and the instream flow is 20 cfs, the gate setting to provide 20 cfs shall be based upon a drawdown of 0.25 feet. The Licensee shall release each instream flow from a point located at the dam of each development.

The Licensee may curtail or suspend these instream flow requirements if required by operating emergencies beyond the control of the Licensee, and for short periods upon mutual agreement between the Licensee, USFWS and NYSDEC. If the flows are so modified, the Licensee shall notify the FERC as soon as possible, but no later than ten days after each such incident.

#### 3.2.1 Justification

In September and October 2000, a team of signatories including the NYSDEC, USFWS, NYRU, St. Lawrence Chapter TU, ADK, AW, and Orion representatives participated in an instream flow field demonstration at each development of the West Branch St. Regis River Project to assess existing instream flow data as well as to develop, prioritize, and ascertain attainment of management goal objectives under a series of test releases. Management objectives specific to the Parishville bypass reach include habitat gains for the fish community, benthic invertebrate and forage fish production, fish movement, fishing opportunities, riparian vegetation, wetland and wildlife resources, and the reduction of the vulnerability of fish to illegal poaching. Many of these same management goals applied when considering the Allens Falls bypass reach. Additionally, baseflow needs within the West Branch St. Regis River downstream of the Allens Falls development were considered, as was the potential for the introduction of Atlantic salmon to the lower river (downstream of water falls known as "Allens Falls" in the lower portion of the bypass reach).

Seven test releases ranging from leakage to 125 cfs were evaluated in the Parishville bypass reach and five test releases ranging from leakage to 75 cfs were evaluated in the Allens Falls bypass reach. Special consideration was given to the

segment downstream of the Allens Falls waterfalls which is considered a barrier to upstream movement for most fish species inhabiting the West Branch St. Regis River downstream of the Project. The field evaluations were discussed and observations summarized by signatories to arrive at biologically justifiable instream flows within each bypass reach. These biologically-justified flows were then analyzed relative to flow duration curves, spillage, and energy costs.

The Parishville bypass reach is normally wetted during annual spring spillage and periodically wetted over the course of the year during high-flow events resulting in spillage. The agreed-upon instream flow is designed to restore the periodically dewatered bypass reach to a functional year-round river reach. In combination with spillage periods, the agreed-upon instream flow provides relatively high attainment of management objectives related to all life stages of brook trout (during periods of suitable water temperature), all life stages of longnose dace (representative of riffle dwelling species), and benthic macroinvertebrate production, which will increase the forage base. The instream flow also enhances fish movement, fishing opportunities, and riparian wildlife, while reducing the vulnerability of fish to illegal poaching. The designated flow also provides continuity between the two developments.

The Allens Falls bypass reach is also normally wetted during annual spring spillage and periodically wetted over the course of the year during high-flow events resulting in spillage. The river downstream of the Allens Falls development is also periodically dewatered during non-generation periods. The agreed-upon instream flow regime is designed to restore the periodically dewatered bypass reach to a functional year-round river reach, as well as to provide a baseflow downstream of the Allens Falls powerhouse to supplement flows during periods of non-generation. In combination with spillage periods, the agreed upon instream flow regime provides high attainment of management objectives related to all life stages of brook trout (during periods of suitable water temperature), Atlantic salmon spawning, incubation, and juvenile habitat, and benthic macroinvertebrate production. The flow regime also provides relatively high attainment of management objectives for all life stages of longnose dace

(representative of riffle dwelling species), fallfish, and white sucker, which will increase the forage base, along with improvement in rainbow trout and brown trout habitat during periods of suitable water temperature. The instream flow regime also enhances fish movement, fishing opportunities, riparian vegetation and wetlands, riparian wildlife, and aesthetics, while reducing the vulnerability of fish to illegal poaching.

#### 3.3 Flow and Water Level Monitoring

The Licensee shall develop a stream-flow and water-level monitoring plan in consultation with the NYSDEC and the USFWS within six (6) months of the FERC license issuance and acceptance. The monitoring plan shall include all gages and/or equipment to:

- Determine the minimum flow releases of the Parishville and Allens Falls developments of the West Branch of the St. Regis River Project at appropriate locations.
- Determine headpond and tailwater elevations as needed.
- Provide an appropriate means of independent verification of water levels by the NYSDEC and USFWS.

All gauging and ancillary equipment required by the monitoring, including headpond and tailwater gages, shall be made operational and fully calibrated within fifteen (15) months of license issuance and acceptance.

The monitoring plan will contain provisions for the installation of binary staff gages at appropriate locations to permit independent verification of headpond, tailwater or bypass reach water levels to the nearest 0.1-foot. Binary staff gages will be visible to the general public. Access to staff gages shall be provided to the NYSDEC, the USFWS, and/or their authorized representatives.

The Licensee shall keep accurate and sufficient records of the impoundment elevations and all project flows to the satisfaction of the NYSDEC and shall provide such data in a format and at intervals as required by the NYSDEC. All records will be made available for inspection at the Licensee's principal business office within New York State within five (5) business days or will be provided in written form within 30 days of the Licensee's receipt of a written request for such records by the NYSDEC. Furthermore, the Licensee will provide to the NYSDEC a seven-day-per-week contact person to provide immediate verification of monitored flows and responses to questions about abnormal or emergency conditions.

The Licensee shall keep accurate and sufficient records of any uncontrollable station outage that causes a reduction in the required minimum flow at or below the Parishville dam or the Allens Falls dam. The Licensee will consult with the NYSDEC to develop a plan for reporting these types of incidents. The reporting plan shall be finalized within twelve (12) months of the FERC license issuance and acceptance.

#### 3.4 Fish Protection, Passage and Downstream Movement

At the time the existing trashracks at each development need to be replaced, the Licensee shall implement the fish-protection measures specified in Table 3-4.

V Do	Vest Branch St. Rownstream Fish Mo	Table 3-4 egis River H ovement and	ydroelectric Project Protection Measures
Development	Protection Measure	Downstream Movement Routes	Conveyance System
Parishville and Allens Falls	1-inch clear spacing trashracks installed when the existing trashracks need to be replaced.	Spillway and gates.	No special allowances or structures beyond those that exist are required to facilitate conveyance of fish which may move through the developments.

The Licensee shall not be required to provide measures or structures to facilitate downstream fish movement at either the Parishville or Allens Falls developments beyond those which exist, or may exist, as a result of implementing the instream flow specified in Section 3.2.

For the term of the new license, the Licensee shall not be required to (1) test the effectiveness of any, or all, components of existing and future protection or passage measures and/or structures, (2) make qualitative or quantitative determinations of fish entrainment and/or mortality, or (3) provide compensation for any fish entrainment and/or mortality.

The Licensee shall not be required to increase the level of protection and passage as agreed to by this Settlement Offer for the term of the license, unless prescribed by the U.S. Department of the Interior under Section 18 of the Federal Power Act (see Section 2.7).

The Licensee may curtail or suspend the requirements of this commitment if required by operating emergencies beyond the control of the Licensee, and for short periods upon mutual agreement between the Licensee, USFWS and NYSDEC. If the requirements of this commitment are so modified, the Licensee shall notify the FERC as soon as possible, but no later than ten days after each such incident.

#### 3.4.1 Justification

The West Branch St. Regis Project is located in an area of transition between cold water fisheries in the headwaters (Adirondack Mountain Region) and the cool/warm water fisheries downstream (St. Lawrence River Lowlands). Several, significant waterfalls are present within the Project's footprint which historically limited migration between these two regions. The existing trashracks at the Parishville Development have 1 5/16 inch clear spacing between vertical bars and its location does not create an area of high velocity in front of the intake (maximum approach velocities estimated at 1.25 fps). The existing trashracks at the Allens Falls Development have 1 3/4 inch clear spacing between vertical bars and its location does not create an area of high velocity in front of the intake (maximum approach velocities estimated at 1.5 fps). The existing trashracks at both developments are considered to be in good condition.

The relatively narrow spacing of the existing trashracks at each development provides some protection for larger fish that inhabit the project impoundment. When the existing trashracks at each development need to be replaced, they will be replaced with trashracks having 1.0 inch clear spacing, which will further deter most adult game fish from entering the intake. These devices may also behaviorally deter smaller fish that generally have a higher survival rate during turbine passage.

The Allens Falls impoundment contains a predominantly warmwater fishery and the bypass reach is intended to be managed as a coldwater fishery. Similarly, the Parishville impoundment contains a warmwater fishery, and that bypass reach is intended to be managed as a mixed coldwater/warmwater fishery to the extent practical. As such, the fishery management goal is not to encourage additional movement beyond that which may already exist.

#### 3.5 Recreation

The recreational opportunities provided by this Settlement Offer supplement the existing recreational opportunities on the West Branch St. Regis River, which provide public access to, and use of, the impoundments, bypass reaches, and adjacent lands associated with the Parishville and Allens Falls developments.

#### 3.5.1 Recreational Enhancement Commitments To be Included in the License

Within fifteen (15) months of license issuance and acceptance, the Licensee shall implement all recreation enhancements specified below.

- (a) <u>Informal Access at Parishville Powerhouse</u> The Licensee shall not preclude informal access to project waters via lands near the Parishville powerhouse.
- (b) <u>Informal Access at Coon Road</u> The Licensee shall install signage designating the extent of parking available at an informal parking area and boat launch at the end of Coon Road providing access to both the impoundment and bypass reach. Coon Road connects the Old Potsdam Parishville Road to the developed area adjacent to the southern abutment of the Allens Falls Dam.
- (c) <u>Informal Access to Bypass Reach From Allens Falls Road Bridge</u> The Licensee shall neither preclude existing informal access to the bypass reach at the Allens Falls Road Bridge nor be required to construct cleared or stone trails, provide signage, or otherwise improve this area.
- (d) <u>Informal Access Near Allens Falls Powerhouse</u> The Licensee shall designate an informal access point near the Allens Falls powerhouse. Informal parking will be designated near the surge tank on Covey Road. An unimproved trail in the vicinity of the Allens Falls powerhouse will be provided for boaters. Boat barriers will be provided in the tailrace for safety purposes.
- (e) <u>Public Access</u> The Licensee shall allow public access to all lands within the FERC project boundary associated with each development covered by this Settlement Offer, with the exception of those lands and facilities specifically related to hydroelectric generation where public safety would be a concern. Lands and facilities where public access will be precluded may include, but are not necessarily limited to, dams, dikes, gates, intake structures, water conveyance

structures, powerhouses, substations, transmission lines, and certain access roads leading to such facilities.

- (f) Future Recreational Opportunities The Licensee shall work with members of the St. Regis River Advisory Council (SRRAC) to examine further reasonable opportunities to develop access to project lands or waters. The Parties agree that canoe portages would neither be practical nor necessary at the Parishville and Allens Falls developments, given site constraints and that adequate day-use canoe access is provided at locations indicated in this Settlement Offer.
- (g) <u>Flow-Notification Procedures</u> The Licensee shall maintain a flow-notification system for the purpose of providing the public with information regarding known spillage events that may provide recreational opportunities below the project dams. The Licensee shall make this information available on its Internet web page. The parties agree that the Licensee shall not be required by this Settlement Offer, or articles of license, to supply whitewater releases on the West Branch of the St. Regis River.
- (h) <u>Recreation Monitoring</u> The Licensee shall not be required to monitor the use of recreational facilities included in this Settlement Offer beyond the requirements of the FERC's Form 80 reporting.
- (i) Operating Emergencies The Licensee may curtail or suspend recreation measures if required to by operating emergencies beyond the control of the Licensee, and for short periods upon mutual agreement between the Licensee and the NYSDEC. If such suspension of measures occurs under emergency conditions, the Licensee shall notify the NYSDEC as soon as possible, but no later than ten days after each such incident.

### 3.5.2 Recreation Enhancement Commitments Not to be Included in License

Within fifteen (15) months of license issuance and acceptance, the Licensee shall implement all recreation enhancement commitments specified below, with the exception of item (e).

- (a) Donald Young Park Impoundment Access (Non-project Facility) The Town of Parishville (the Town) owns, operates, and maintains the Donald Young Town Park adjacent to the Parishville impoundment. This park is open year round from dawn to dusk and provides parking, car-top boat access, and informal access to the Parishville impoundment. The park itself is not within the project boundary. The Licensee shall cooperate with the Town to ensure continued public access to the Parishville impoundment. Neither the Town nor the Licensee shall be required to improve the facility beyond its current condition.
- (b) <u>Hiking Access at Hamlet Park (Non-project Facility)</u> Informal parking exists on lands owned by the Town at an area known as Hamlet Park just downstream of the Parishville dam. This parking area provides access to informal footpaths which traverse project lands and provide access to the river. The Town will not preclude informal parking and/or river access at the lands it owns at this location, nor will it be required to improve the site via formal signage and/or picnic facilities. The Licensee shall cooperate with the Town to ensure continued public access at this site.

Additionally, the Licensee shall issue the Town a license granting permission for the Town to delineate and maintain a "common sense" footpath traversing project lands and passing near the mill ruins in a wooded area also within the project boundary. This footpath may include small trail markers, but no formal signage will be required by either the Licensee or the Town. The Town may include other organizations such as the local high school and the ADK local chapter in this effort. The goal of this cooperative effort is to minimize vandalism and liability risks at the site while not precluding access and hiking opportunities.

- (c) Measures Commemorating Mill Ruins (Non-project Facility) Mill ruins exist on project lands owned by the Licensee near Hamlet Park and Parishville pipeline. As specified in item (b) above, the Licensee will issue a license to the Town for the development of a "common sense" footpath that will pass near these ruins. In lieu of formal development of this trail and an on-site display with signage commemorating the mill ruins, the Licensee will instead work with the Town in the cooperative development of an educational display at the Town Museum commemorating the mill ruins.
- (d) <u>Informal Impoundment Access at Alder Meadow Brook (Non-project Facility)</u> An informal access point to the Allens Falls impoundment exists at the confluence of Alder Meadow Brook with the southern shore of the Allens Falls impoundment. The Licensee will not preclude public access at this location, and will not be required to improve the site beyond its current level.
- Transfer of Allens Falls Overlook Parcel to Town of Parishville (Non-project Facility) Within five (5) years of license issuance, the Town of Parishville and the Licensee agree to transfer an approximately six-acre triangular parcel of land (including the island) from the Licensee to the Town. This parcel is located on the east bank of the West Branch of the St. Regis River and north of Allens Falls Road and includes the island within the river, adjacent to where the parcel meets the river. Upon transfer, the parcel is to be outside of the project boundary and ownership and management of this parcel will be granted to the Town of Parishville. This non-project provision is not subject to the fifteen (15) month implementation schedule specified at the beginning of Section 3.5. In the event transfer does not occur within five (5) years of license issuance, this matter will be addressed by the SRRAC.
- (f) <u>Dispute Resolution</u> In the event that dispute arises relative to recreational enhancement commitments not included in the License specified in this Section 3.5.2, signatories agree to engage in good faith negotiations for a period of at least 90 days, if necessary, in an effort to resolve the dispute, with said negotiations to be initiated by the aggrieved party. A minimum of two meetings, scheduled and

organized by the objecting party, shall be held to attempt to resolve the dispute during the 90-day period, if necessary. In the event that resolution cannot be reached within the 90-day negotiating period, any signatory may seek relief in an alternate forum with jurisdiction and authority to address recreational enhancement commitments not included in the license.

#### 4.0 ADVISORY COUNCIL (NON-PROJECT MEASURE)

At a minimum, the following entities shall be initially invited to form, via designating a representative to serve on, the West Branch St. Regis River Advisory Council (SRRAC), with any entity's service on the SRRAC conditioned on being signatories to this Settlement or through approval of existing members of the SRRAC:

- New York State Department of Environmental Conservation (NYSDEC)
- Orion Power New York (Orion or Erie)
- United States Fish & Wildlife Service (USFWS)
- New York Rivers United (NYRU)
- New York State Conservation Council (NYSCC)
- Adirondack Mountain Club (ADK)
- St. Lawrence County (SLC)
- New York Council, Trout Unlimited (NYCTU)
- American Whitewater (AW)
- Town of Parishville (Town of Parishville)

The NYSDEC will chair the Advisory Council.

The Advisory Council will exist and function in accordance with By-Laws and Rules of Procedure to be adopted by the Advisory Council, with same to be modeled on the By-Laws and Rules of Procedure that will be put into place by the Raquette River Advisory Council (as modeled after those of the Black and Beaver River Advisory Councils).

#### 5.0 ENHANCEMENT FUND (NON-PROJECT MEASURE)

#### 5.1 The Fund

Beginning within one year of the date the new FERC license is accepted and becomes final for the West Branch St. Regis River Project, the Licensee will establish and initiate contributions to a single St. Regis River Fund (Fund) covering both the Parishville and Allens Falls Developments.

The Licensee shall contribute \$5,000 in the first year, and \$750 each year thereafter for the duration of the new license (license term). This funding commitment is contingent upon the FERC's issuance and finalization of a new license, and the Licensee's acceptance of same, for the West Branch St. Regis River Project. This funding plan is further contingent that the new FERC license issued for the project included as part of this Settlement is issued with a forward-looking effective license term of 40 years beyond the date of license issuance (40 year license).

If the FERC issues a license for the project with a forward-looking effective license term less than the 40-year license defined above, and the Licensee seeks rehearing with the FERC on same, all signatories agree to not oppose such a petition. If the FERC ultimately does not grant a 40-year license as defined above for the project included as part of this Settlement, the Licensee's contribution will instead be \$750 annually for the forward-looking effective portion of the license term issued by the FERC.

In the event a 40-year license as defined above is issued for the project included as part of this Settlement, the following condition will then apply:

• If the SRRAC cannot reach agreement on plans to spend the initial \$5,000 within two years after it is contributed to the fund, the unused balance of the initial \$5,000 will revert back to the Licensee.

The timing of the Licensee's annual Fund remittance shall be mutually determined between the Licensee and the SRRAC.

The Fund may be used within the St. Regis River basin between its confluence with the St. Lawrence River through its headwaters and within one (1) mile of the river's main stem banks, or the banks of the East and West branches. Funds may be used for, but are not limited to, projects, studies, or services, designated by majority vote of the SRRAC, for any of the following purposes: ecosystem restoration or protection such as fish stocking, natural resource stewardship, and new recreation resources (beyond those required by this Settlement Offer).

Priority for Fund disbursements will be accorded to proposals from/concerning/in those towns and villages in which the Licensee's hydroelectric generating facilities are located. The Fund is not intended for any of the signatories of the St. Regis River Settlement Offer to carry out any obligations under the new FERC license or any amendment thereto. Furthermore, the Fund is not intended for any signatory to discharge any legal or statutory obligations.

After the passage of one year following surrender or expiration, without annual license issuance, of the new FERC License for the West Branch St. Regis River Project, available funds accumulated and not otherwise obligated, shall revert to the Licensee.

The Fund will be administratively managed by the Licensee and distributed according to the criteria above and the majority vote of the Advisory Council.

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Organization: Adirondack Mountain Club

By: Betty Low Bailey
Betty Lou Bailey

Title: Chairman, Canoe Route Subcommittee,

**Conservation Committee** 

Organization: American Rivers

Amirew Fahlund

Title: Director of Hydropower Programs

Date: **8**/20/2001

Organization: American Whitewater

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Title: Conservation Director

Date: August 16, 2001

Organization:	Erie Boulevard Hydropower, L.P. acting through its General Partner, Orion Power New York
Ву:	Janet Audunson
Title:	General Manager
Date:	8-20-01

Organization: New York Rivers United

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Title: Executive Director

Date: 4/20/01

Organization: New York State Conservation Council

By: Howard Cushing

Title: President

Date: 8/20/2001

Organization: New York State Department of Environmental Conservation

Peter Duncar

Title: Deputy Commissioner of Natural Resources

Date: august 29, 200,

Organization:	St. Lawrence County
Ву:	Starley Morrill
Title:	Chairman of the Board of Legislature
Date:	8-16-01

Organization: Town of Parishville

loc Sne

Title: Town Supervisor

Date: 8/29/0 (

Organ	ization:	ation: Trout Unlimited		
	By:	Tim Damon		
	Title:	President, St. Lawrence Valley Chapter		
Date:		8-27-01		

Organization: U.S. Department of the Interior, U.S. Fish and Wildlife Service

Dr. Mamie Parker

Title: Regional Director