

April 7, 2021

Dear License Participants,

I want to personally express my gratitude for your ongoing engagement in the study planning phase for relicensing the Skagit River Hydroelectric Project. As our whole planet grapples with the effects of carbon fuel-induced climate change, the Skagit River project enables the Northwest to be a leader in safe, renewable energy. We are grateful for that; we also recognize it comes at a cost.

We have a deep responsibility to ensure that the City of Seattle (Seattle) does as much as it can to mitigate the impacts of our generating facilities. This is especially true here, because the Skagit River is vital to restoring healthy salmon runs in Puget Sound and saving Southern Resident Orca from extinction. The river is also the lifeblood of the entire watershed and a spiritual treasure to the people who live in the area.

The Skagit River watershed is home to Native American sovereign tribes, including the Upper Skagit, Swinomish, and Sauk-Suiattle Tribes. I recognize that the Skagit Project has impacted tribes, as well as Canadian First Nations. Seattle is working to recognize and address those impacts and do our part to ensure that treaty rights and cultural resources are honored, protected, and restored.

I was greatly disappointed when I learned that the ongoing process to study potential project impacts had become adversarial and that the licensing team and I were perceived as poor listeners and uninterested in collaboration. For this I apologize. I know we can do better.

We have a once in a lifetime opportunity to improve environmental conditions in the Skagit River and strong, trust based relationships are key to achieving our mutual goals. With that in mind, we brought in a new team of advisors and had internal conversations to reset our approach to this process. We value our relationships with you and understand that we need to improve our communications and increase the transparency of our decision-making. We're also working to embed collaboration into the relicensing process.

I have spoken directly with many of you, and I recognize that you will be watching carefully to determine if our actions align with our words. It is my sincere hope that our actions today, and in the future, demonstrate this commitment.

The Revised Study Plan: Today Seattle filed the Revised Study Plan (RSP) with the Federal Energy Regulatory Commission (FERC). We have made substantial changes to the Proposed Study Plan in response to your comments, and we believe you will see a plan that is far more responsive to your interests and requests than the Proposed Study Plan.

While this is a significant milestone in the relicensing process, we recognize that Seattle has a substantial amount of work ahead of us. A few specifics:

Fish Passage Feasibility Study: Within the RSP, we added a study to comprehensively evaluate the feasibility of providing upstream and downstream fish passage at Gorge, Diablo, and Ross dams. We also included an aquatic habitat study in the RSP to study the suitability of fish habitat in Ross Lake. We will work collaboratively with the licensing participants to implement these studies and to identify next steps. We are committed to following the science and taking an ecosystem approach.

As part of our commitment to do more for the Skagit River watershed, Seattle is prepared to undertake the following additional protection, mitigation and enhancement (PME) measures:

- 1. Instream Flows in the Gorge Dam Bypass Reach:** Seattle is committed to providing flows in the bypass as soon as possible and as part of a long-term commitment in the new license. We understand the profound importance to Tribes and other parties of instream flows below Gorge dam. I have instructed my staff to engage the licensing participants in a collaborative process to identify appropriate flows for the bypass reach that consider cultural, spiritual, aesthetic, and ecological interests.

We are prepared to implement an interim instream flow regime in the bypass reach for the remainder of the current license term. While we note that this interim flow regime will need to be within the terms of our existing license and certain operational constraints, we expect that Seattle and the licensing participants can collaborate and reach agreement on a flow regime that can be implemented in the near future. We expect that this experience will inform flows that will be proposed as part of the new license.

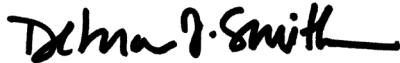
- 2. Fish Habitat Fund:** Seattle plans to establish a new fund to benefit ESA-listed species in the Skagit River watershed. Upon Seattle City Council approval, our plan is to provide initial funding in the amount of **\$2,500,000** and an additional **\$500,000** annually, until the issuance of the next license by FERC. We propose that these monies be used to fund fish and aquatic habitat projects and studies. We propose that the fund be administered by a joint board consisting of representatives of Seattle, the Upper Skagit, Swinomish, and Sauk-Suiattle Tribes, and federal and state resource agencies. We note that as part of the previous relicensing of the Skagit Project, Seattle entered into the Fisheries Settlement Agreement (April 1991) with many of the licensing participants to mitigate Project impacts on fisheries resources. This settlement included substantial financial commitments by Seattle to fund mitigation for aquatic habitat impacts. This mitigation has provided significant benefits to aquatic resources. It is our hope that this new fund will provide benefits beyond what has been provided under the existing Fisheries Settlement Agreement.

Seattle's goal for this fund is to bring substantial new resources to the effort to protect, conserve, and restore the fisheries resources and aquatic habitat of the Skagit River.

3. Other Early Implementation PME Measures: This relicensing process provides an opportunity for Seattle and the licensing participants to jointly refine existing PME measures and develop new ones for the new license to mitigate project impacts and improve the Skagit River watershed. However, we do not need to wait for license issuance to begin some of the work. While we work together to negotiate the conditions of the next license, Seattle will work with the licensing participants to identify opportunities to implement these new PME measures as early as possible.

The relicensing process gives us a tremendous opportunity to look at the whole ecosystem—not just the environmental ecosystem, but the ecosystem of possibilities. Our ability to work together is essential to our collective success. We deeply appreciate your patience and willingness to work with us to provide safe and renewable energy and preserve this remarkable watershed.

Yours in partnership,



DEBRA J. SMITH
General Manager/CEO
Seattle City Light