Date: July 23, 2008

From: Tom Culhane

To: File

RE: Current status of the Grays Harbor Public Development Authority (PDA) water right and the WA Public Power Supply (Satsop) water rights

This memo is to memorialize my understanding of the water rights associated with the Satsop Development Park, located at the site of the former Satsop nuclear power plant project. The development park has three active water rights associated with it including:

File#	Primary Person	Doc	Stat	Priority DT	Purposes	Qi (gpm)	Qa	TRS
G2-24506ALFWRIS	WA Public Power Supply/Satsop	Cert	Active	12/17/1973	DG	300	484	17.0N/06.0W/06
G2-24507ALFWRIS	WA Public Power Supply/Satsop	Cert	Active	12/17/1973	PO	4129	6660	17.0N/07.0W/15
S2-00140(B)	Grays Harbor Public Development Authority	Pmt	Active	3/24/1955	MU,CI	8976	14478	17.0N/07.0W/15

A brief history and status of these water rights is as follows:

G2-24506ALFWRIS and G2-24507ALFWRIS are both EFSEC issued water authorizations associated with the Satsop nuclear power plant project. Originally these authorizations were:

- G2-24506ALFWRIS: 1,007 gpm (1000 gpm for construction water uses and 7 gpm for potable water uses) and 1,625 AF/YR for construction water and potable water uses
- G2-24507ALFWRIS: 80 cfs and 54,360 af/yr for power production

After the nuclear power project fell through, Amendment 2 for the Satsop Combustion Turbine (CT) plant was signed in May of 1996 (see Exhibit A). Final approved Amendment 2 included water authorizations for both the Keys Well (located in T.17N, R.6W., Section 6, and also known as the "Raw Water Well") for 300 gpm, and the Ranney wells (located in T.17N, R.7W., Section 15) for 9.5 cfs. As the maximum quantity that can be produced annually from a well pumping continuously at 300 gpm is 484 af/yr, the annual restriction on the Keys Well (Raw Water Well) is 484 af/yr.

A subsequent reduction of the 9.5 cfs associated with the G2-24507ALFWRIS (the Ranney wells) occurred as a result of a 2004 Memorandum of Understanding (MOU) signed between Duke Energy Grays Harbor, LLC, Energy Northwest, the Department of Ecology, and the Washington Department of Fish and Wildlife (see Exhibit B). Previous to that the 9.5 cfs was

partitioned out such that 8.6 cfs could be used for power production and 0.9 cfs could be used to cool the discharge water from the CT plant. The 2004 MOU reduced the 9.5 cfs allocation to 9.2 cfs, while at the same time simplifying the authorization to allow the entire quantity (9.2 cfs) to be used in whatever way is needed for power production. As the maximum quantity that can be produced annually from a 9.2 cfs (4,129 gpm) withdrawal is 6,660 af/yr, the annual restriction on the Ranney wells is 6,660 af/yr. The 2004 MOU also restricted the withdrawal of water under G2-24507ALFWRIS to only those times when the minimum instream flows (MIFs) established in Chapter 173-522-020 WAC are met. When flows are not met, the plan is that the CT plant would start diverting water under the authority of S2-00140(B). The MOU also required the CT plant to reimburse the U.S. Geological Survey for operation of a gauge to monitor flows.

S2-00140(B) is an active water right permit issued to the Grays Harbor PDA. This right resulted from a change to a 1955 City of Aberdeen water right, S2-00140. That water right was split such that Grays Harbor PDA retained a municipal and commercial industrial right for 8,976 gpm and 14,478 af/yr. The approved points of withdrawal are the same Ranney wells associated with G2-24507ALFWRIS. An important attribute of this water right is that it is not subject to the Chapter 173-522-020 WAC MIFs. As such, water use by the Satsop CT plant under S2-00140(B) is legal, when water use under G2-24507ALFWRIS is not authorized.