



United States Department of the Interior



BUREAU OF RECLAMATION
1150 North Curtis Road
Boise, ID 83706-1234

IN REPLY REFER TO:

CPN-6426
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VIA ELECTRONIC MAIL ONLY

Mr. Darvin Fales
Columbia Basin Hydropower
P.O. Box 219
Ephrata, WA 98823
dfales@cbhydropower.org

Subject: Response to Request for a Preliminary Lease of Power Privilege (LOPP) for a Pumped-Storage Hydropower Development at Lake Roosevelt Reservoir, Columbia Basin Project, Washington

Dear Mr. Fales:

On May 4, 2021, the Bureau of Reclamation responded to the request for a preliminary lease of power privilege for the Banks Lake project submitted by Kleinschmidt Group on behalf of Columbia Basin Hydropower (CBHP). As noted in the response, Reclamation received two proposals responding to its solicitation published in the Federal Register. Reclamation also noted in that response that it will treat the two proposals as distinct and not mutually exclusive for purposes of preliminary leasing, because sufficient information is not yet available to determine whether the proposals conflict.

Reclamation's review found the initial proposal was not qualified. Reclamation provided CBHP until June 30, 2021, to submit a qualified proposal addressing the list of items requiring greater detail. Kleinschmidt submitted a revised proposal on June 29, 2021, which was reviewed by the same Reclamation selection team members as before. The resubmitted proposal provided sufficient information to be deemed qualified. Therefore, Reclamation is pleased to notify you that CBHP has been selected as a preliminary power privilege lessee to study the Banks Lake pumped-storage hydropower development project.

As discussed in recent phone conversations, the United States and Canada began negotiations to modernize the Columbia River Treaty in 2018. Reclamation is working with the State Department, Bonneville Power Administration, and the U.S. Army Corps of Engineers to update flood risk management provisions by 2024. Columbia River operations will remain consistent with historic practices until 2024 but are likely to change after then. This includes the potential of operating Lake Roosevelt at the current minimum operating elevation of 1208' for extended durations. CBHP may want to take this into consideration in how it schedules future studies and design development for the Banks Lake LOPP project. Insofar as these conditions will impact CBHP's ability to evaluate project feasibility, Reclamation would be willing to consider holding the preliminary lease in abeyance pending more certain operations information.

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The first step in moving towards a preliminary lease agreement, accordingly, is the development of a Contributed Funds Act (CFA) agreement as described in paragraph 11 of FAC 04-08 on Administrative Charges. Reclamation will begin drafting a CFA agreement and provide a copy of the draft approximately 60 days from the date of this letter. CBHP will be responsible for all of Reclamation's costs associated with the Banks Lake project beginning the date this letter is signed. Any costs incurred by Reclamation prior to the development of a CFA agreement will be retroactively billed to CBHP. If CBHP does not elect to hold its preliminary lease in abeyance, Reclamation will develop a preliminary lease agreement and schedule a kick-off meeting with CBHP. The kick-off meeting will occur within 30 days of the CFA agreement being fully signed and funds received from CBHP.

We look forward to working with you on the development of the Banks Lake project.

If you have questions, please contact Mr. Benjamin Miller, Project Manager, at (208) 378-5196 or bjmiller@usbr.gov, or Ms. Florence Webster, Regional LOPP Lead, at (208) 378-5332 or fwebster@usbr.gov. For the hearing impaired please call the Federal Relay System at (800) 877-8339 (TTY).

Sincerely,



Digitally signed by
ROLAND SPRINGER
Date: 2021.11.17
10:12:45 -07'00'

Roland K. Springer
Acting Regional Director