



United States Department of the Interior

BUREAU OF RECLAMATION

Pacific Northwest Region

Snake River Area Office

230 Collins Road

Boise, ID 83702-4520

JAN 30 2019

IN REPLY REFER TO:

SRA-1000

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VIA ELECTRONIC MAIL ONLY

Mr. James T. Carkulis
Cat Creek Energy, LLC
398 S. 9th St., Suite 240
Boise, ID 83702

Subject: Lease of Power Privilege Process for Pumped-Storage Hydropower Development at Anderson Ranch Reservoir, Boise Project, Idaho

Dear Mr. Carkulis:

As you are aware, Reclamation set a five-year period to complete a series of activities in its letter dated October 17, 2016, notifying Cat Creek Energy, LLC (CCE) of its selection as preliminary lessee for Lease of Power Privilege (LOPP) at Anderson Ranch Dam. Based on Reclamation's understanding of the project's complexity, this timeframe exceeded the standard two years normally allowed to complete required activities and execute a LOPP for projects involving Reclamation dams.¹ As established in the letter, activities to be completed by CCE within the five-year period ending October 16, 2021, include:

- Entering into a contributed funds act agreement contract with Reclamation
- Entering into a preliminary LOPP agreement with Reclamation
- Fulfilling preliminary LOPP agreement responsibilities – including National Environmental Policy Act compliance (which includes Endangered Species Act, and National Historic Preservation Act compliance) and studies required by Reclamation to evaluate, in part, Anderson Ranch LOPP project impacts on the underlying Reclamation Boise Project and public safety

As we approach the midway point of the five-year period, this letter serves to reiterate required project activities and timeframes, document Reclamation's understanding of progress to date, and recommend next steps. We share this information also in the interest of supporting the Department of the Interior's priorities, including domestic energy security and natural resource development. CCE completed the first activity by entering into a Contributed Funds Act agreement contract with Reclamation, finalized May 9, 2017.² Subsequent to finalization of the

¹ Reclamation Manual Directive and Standard, *Lease of Power Privilege (LOPP) Processes, Responsibilities, Timeframes and Charges* (FAC 04-08) is available at <https://www.usbr.gov/recman/fac/fac04-08.pdf>.

² Contract No. 16-07-10-P0079, signed by Reclamation on May 9, 2017.

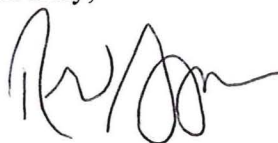
contract 20 months ago, CCE has not yet provided funding to Reclamation. Because Reclamation law requires project proponents to fund Reclamation work on LOPP projects, Reclamation has been unable to engage in any activities for the project, including preliminary LOPP agreement development, regulatory compliance and related studies, or coordination with the Federal Energy Regulatory Commission. *Initiation of these activities is critical for any attempt to meet the established five-year timeframe and move the Anderson Ranch LOPP project forward.*

Because Reclamation has remained idle and without funding since CCE's selection as preliminary lessee 27 months ago, Reclamation does not presently have resources dedicated to the project. Should CCE funding be made available, Reclamation's need to identify and assign resources to the Anderson Ranch LOPP project may result in further delays.

As noted in previous communications, the Anderson Ranch LOPP project is complex, requiring coordination with and authorization from multiple Federal agencies. If CCE remains committed to the Anderson Ranch LOPP project, it is imperative that CCE reengage with Reclamation and provide funding in accordance with the standing Contributed Funds Act agreement contract in a timely manner, thereby allowing Reclamation to support Anderson Ranch LOPP project development.

If you have questions or concerns, please contact me at (208) 383-2246.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Springer', written in a cursive style.

Roland K. Springer
Area Manager

cc: Ryan Hansen (FERC)