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September 26, 2012

MEMORANDUM

TO: Council Members

FROM: Lauren Casey
Montana Energy Policy Analyst

SUBJECT: Briefing on the transfer of Kerr Dam

The Confederated Salish and Kootenai Tribes (CSKT) have been the co-licensee for Kerr Dam since 1985. This relationship has been with PPL Montana since their acquisition of the dam in 1999. Under the terms of the FERC license, CSKT has the exclusive right to acquire the project from PPL Montana at "original cost less depreciation" in September 2015 and become the sole owner/operator.

Brian Lipscomb, the Director of the CSKT Department of Energy (created in 2010), will present to the Council on the history of the dam from the perspective of CSKT, the circumstances leading to this current opportunity, the status of negotiations, and any anticipated impacts to the region as a result in this anticipated change in ownership.

Kerr Dam facts:

- Located on the Flathead Indian Reservation, in the Upper Columbia River Basin,
- Regulates the top ten feet of Flathead Lake, 1.2 million acre feet of storage,
- Regulates the Lower Flathead River, outlet to Flathead Lake,
- Built in 1934,
- 200-foot-high by 381-foot-long concrete arch dam, over 500 long with gravity and earth fill augmentation dams,
- 184 MW generation capacity
- Average annual output of 1.1 million MWh

CSKT Department of Energy

Brian Lipscomb, Director



Kerr Dam



- History of it's Development – CSKT Perspective
- Circumstances leading to CSKT's acquisition opportunity
- Status of Acquisition
- Regional Implications

Salish, Pend' Oreille, and Kootenai



- Furthest Inland Salish Speaking Tribes
- Southern Most band of Kootenai

- Reservation established by Hellgate Treaty of 1855 ~ Steven's Treaty



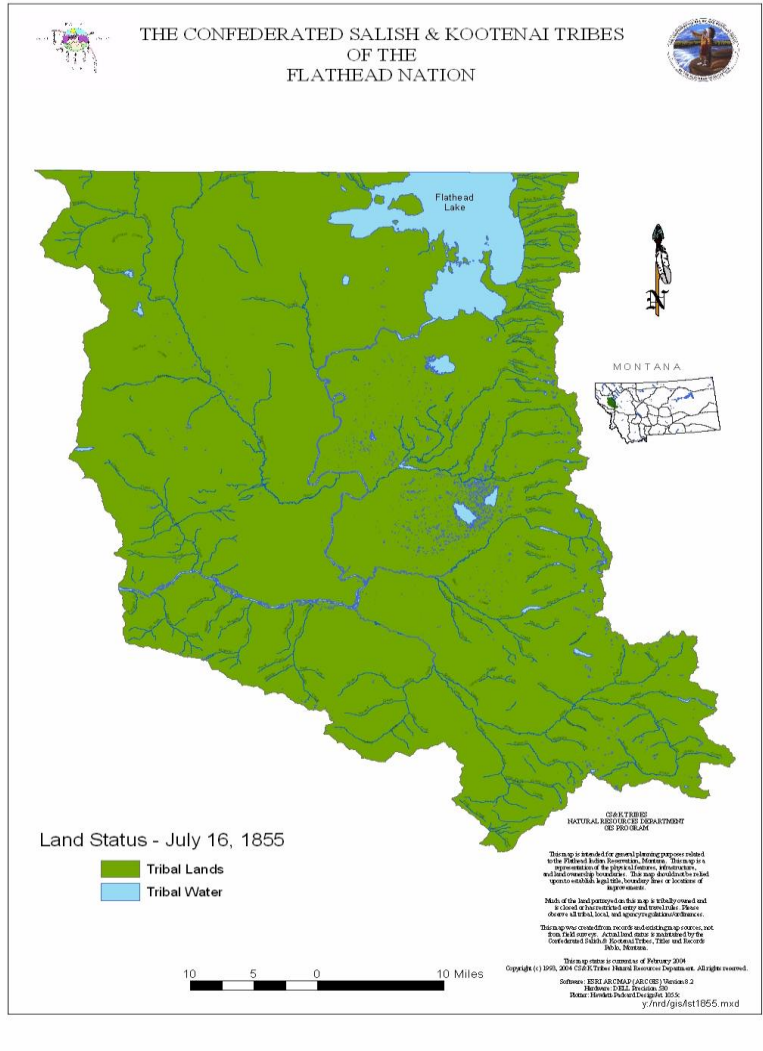
CSKT Resources Lost in Kerr Dam Construction



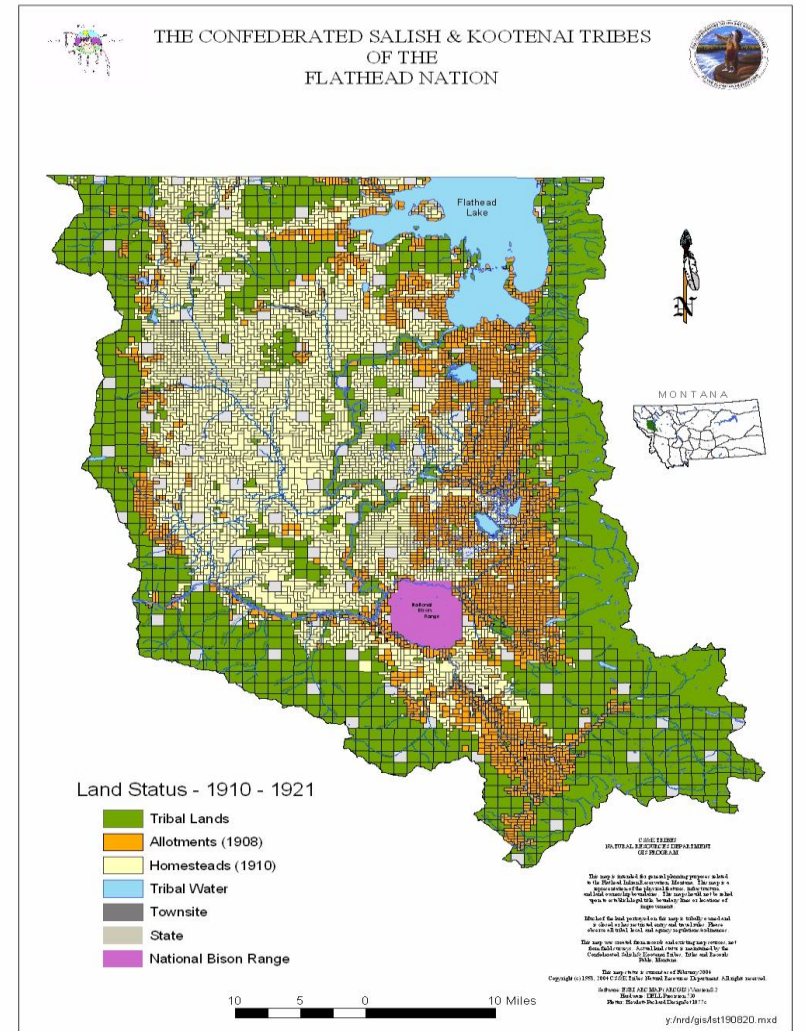
Impacts to River Resources

- River: Cultural, Physical
- Flathead Lake: Varial Zone

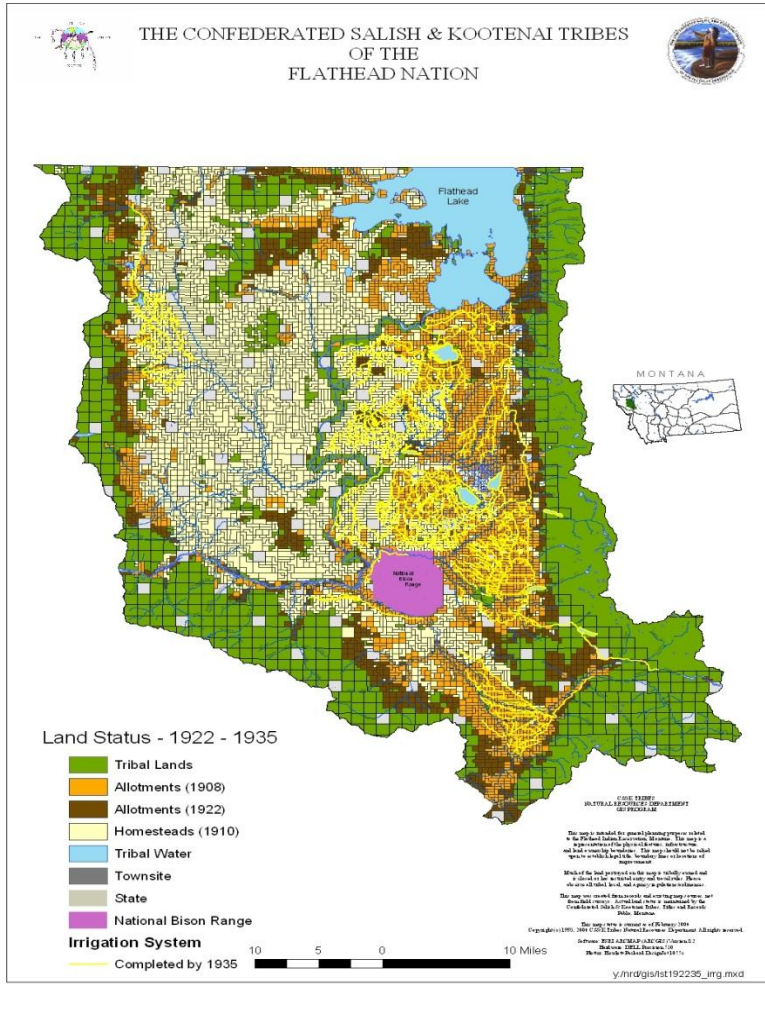
1904 - Flathead Allotment Act



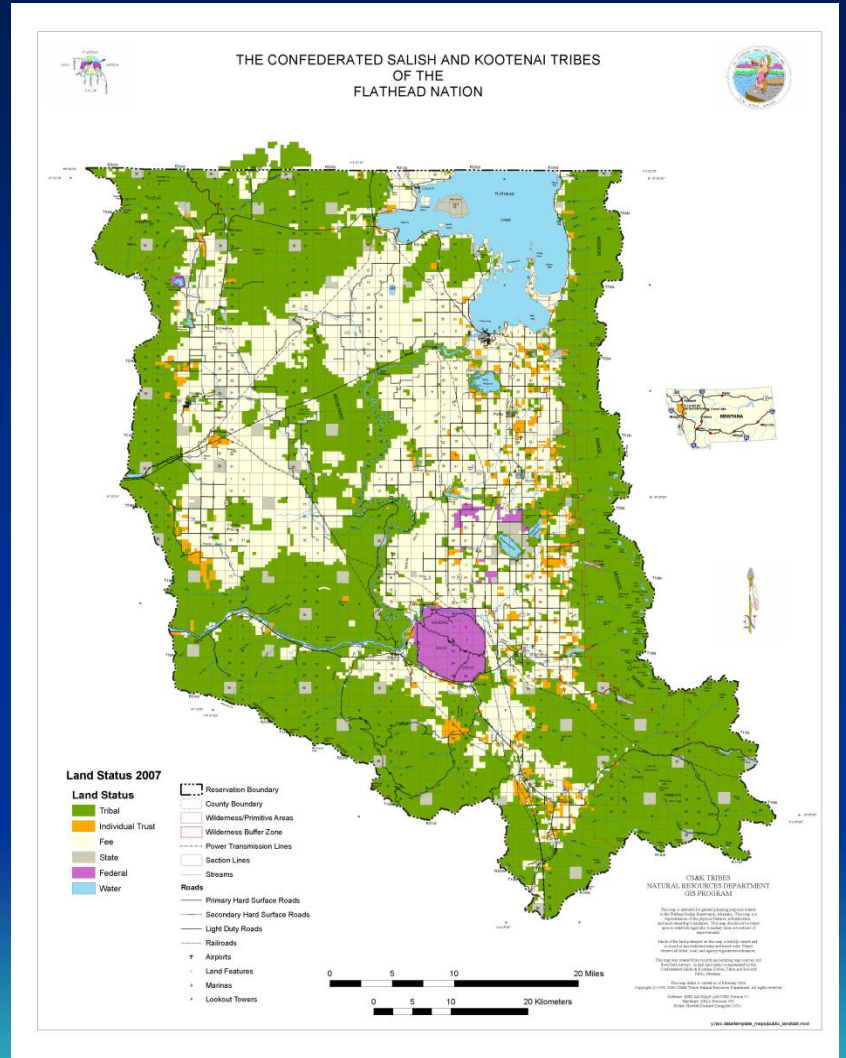
1855 - Hell Gate Treaty
Flathead Indian
Reservation

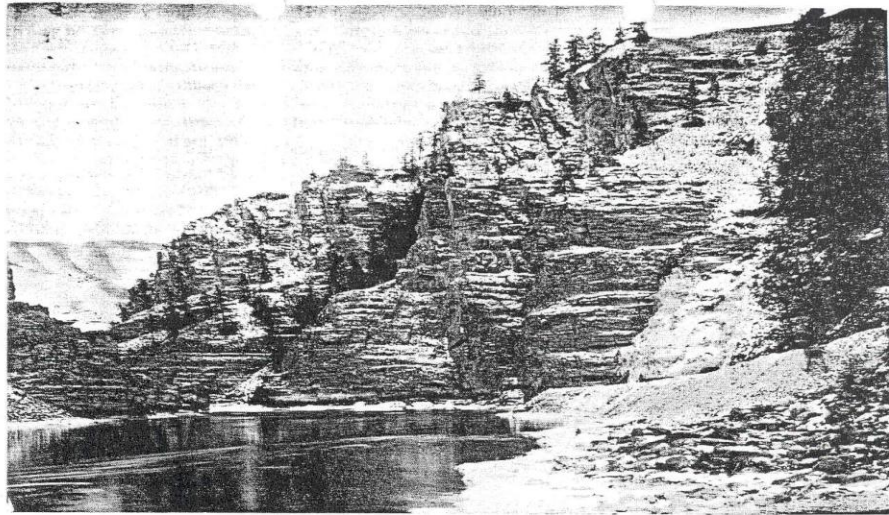


1934 – Indian Reorganization Act

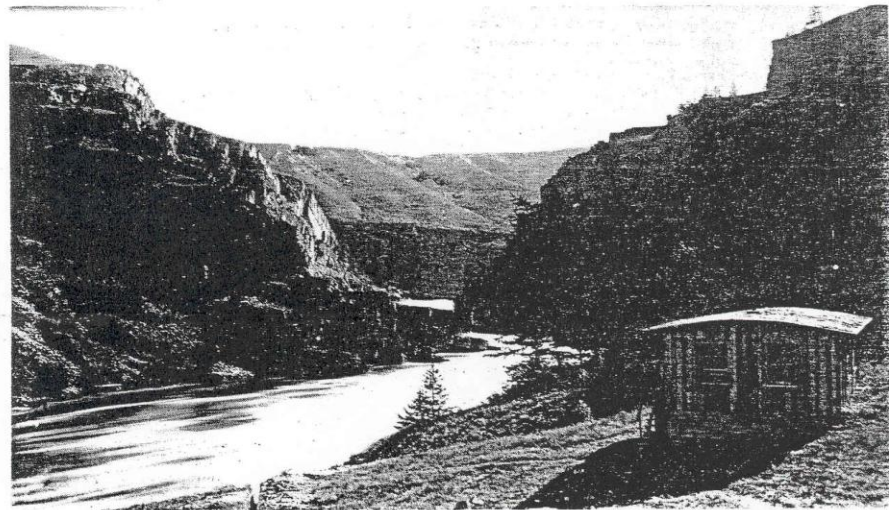


1908 – Allotments, FIIP, Homesteads, Villa Sites





The Flathead River in 1910: Powerhouse site and Newell Tunnel portal



The river from the Tunnel Camp.

- Electric Power Development on the FIR

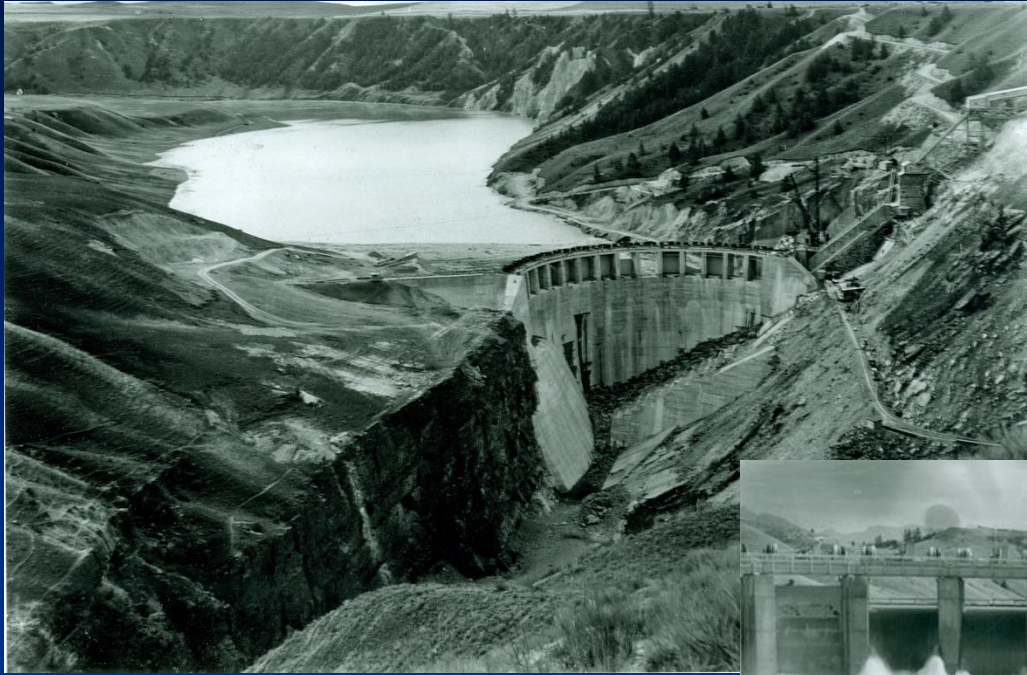
- Newell Tunnel

- Flathead Indian Irrigation Project



- 1920 – Federal Power Act
- 1921 – Rocky Mtn Power applies for 1st license
- 1930 – 1st FERC Lic#005
Rocky MTN Power





- **1939** Kerr Dam began producing power.
- One of the first two transmission lines built as part of the Kerr project was a 154,000-volt line to the substation at Anaconda.



Kerr Dam

- 200 feet high
- 381 feet long
- Generation Capacity of 196 MW
- On average it produces 1.1 million Megawatt Hours of Energy per year
- Controls top ten feet of Flathead Lake – 1.2 MAF



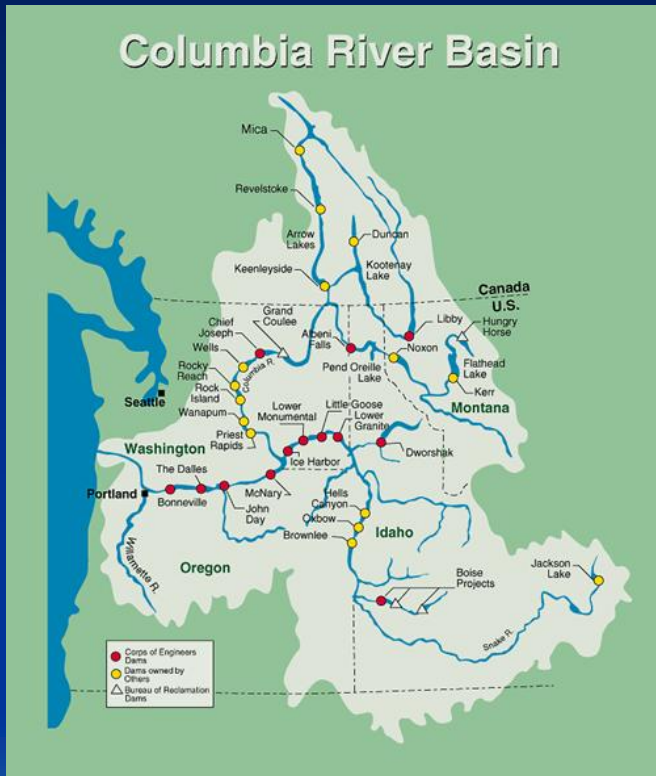
Second License - CSKT As Co-Licensee, Implementer of Mitigation, and Dam Owner

- 1970's – Neyman Case Clarified Ownership of the South Half of Flathead lake
- 1976 – CSKT Files Competing License Application
- 1985 – Second License Issued with CSKT as Co-Licensee
- 1997 – State of Montana Deregulates the Power Industry
- 1999 – Mitigation Conditions Established
- 1999 – Pennsylvania Power and Light Acquires Kerr Dam
- 2010 – Process for CSKT to Acquire Begins



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Energy Keepers, Inc.



- Part of Columbia River Hydro System
- Flood Control
- Power Production
- Balance Resource Protection with Power Production
- Manage the Plant
- Market the Power
- Tribes Receive Revenue from Sale of Power
- Lake Level Operations