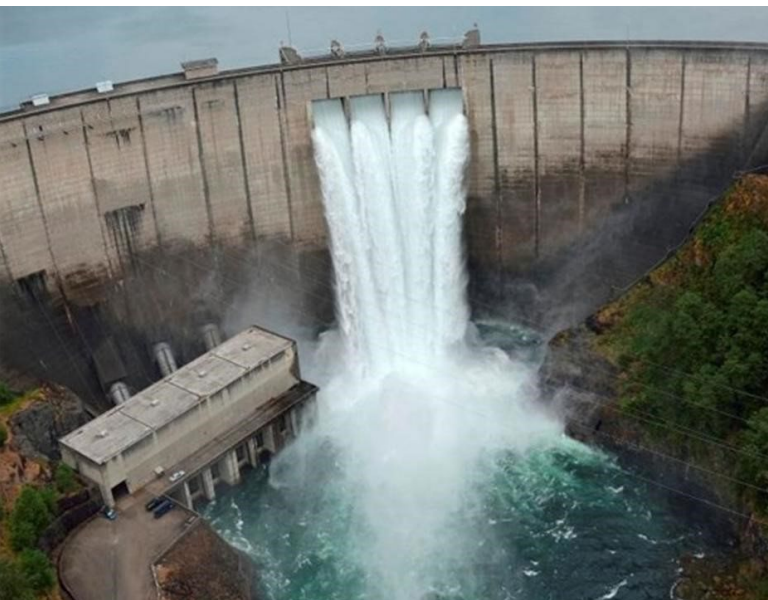


Introduction to FERC Hydropower Relicensing

Tacoma Public Utilities Board
October 8, 2025

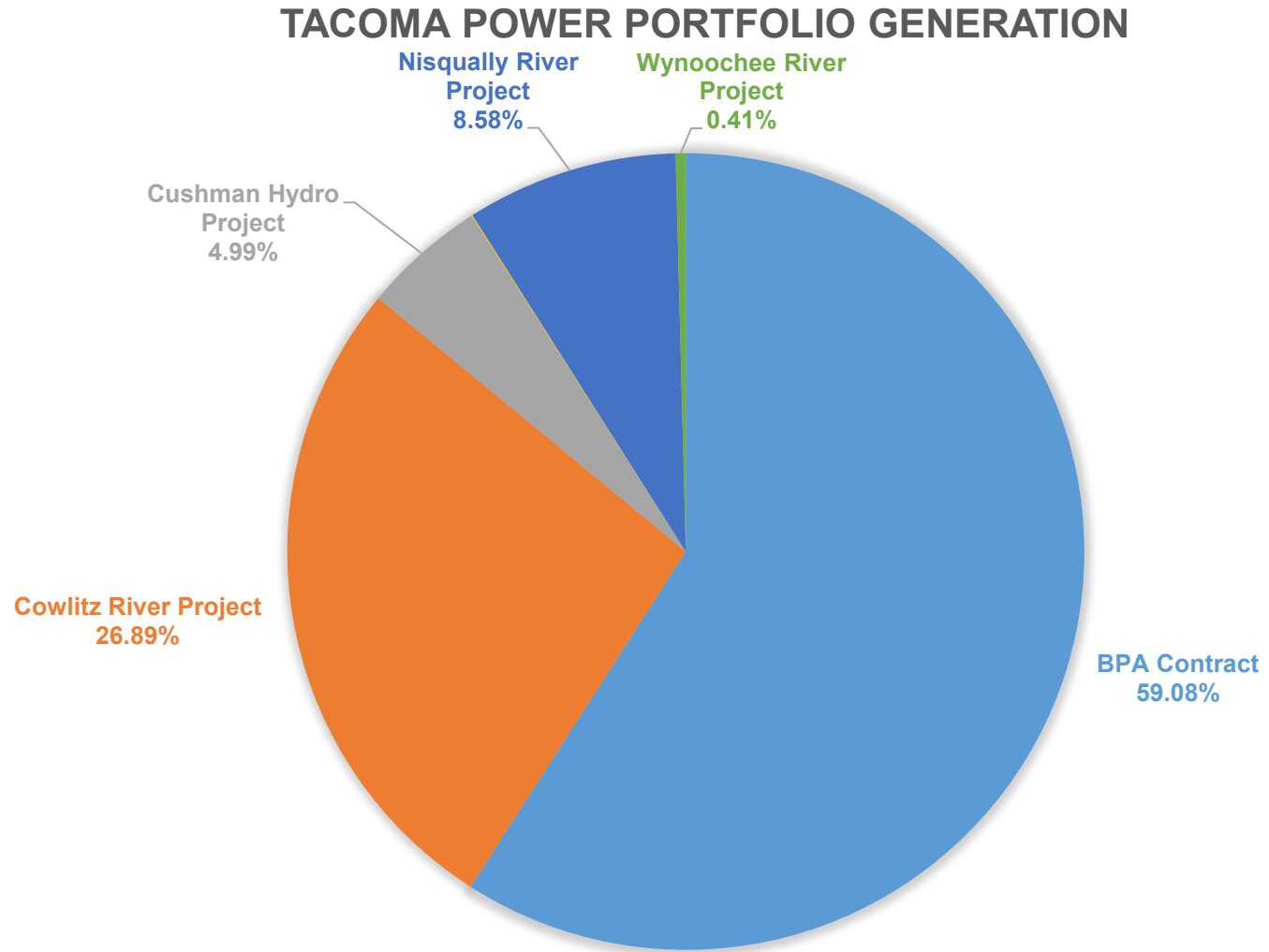


Welcome and Introductions

- **Welcome and Why We are Here**
- **Introductions**
 - Jenna Borovansky, HDR Northwest Relicensing Team Lead/Project Manager
 - Emily Andersen, HDR Senior Regulatory Specialist

Tacoma Power's Supply Portfolio

- Roughly 40-45% of our customer's energy supply comes from our 4 hydro projects
- 3 of our 4 licenses to operate those projects expire in 2037
- This is most of our owned supply
- Relicensing is a 10-year effort resulting in a 40-50 year commitment



Why Talk About Relicensing Now

- **Tacoma Power FERC License Expirations**

Hydropower Project	Current License Term	Expiration
Wynoochee	50 years	2037
Cowlitz	35 years	2037
Nisqually	40 years	2037
Cushman	50 years	2048

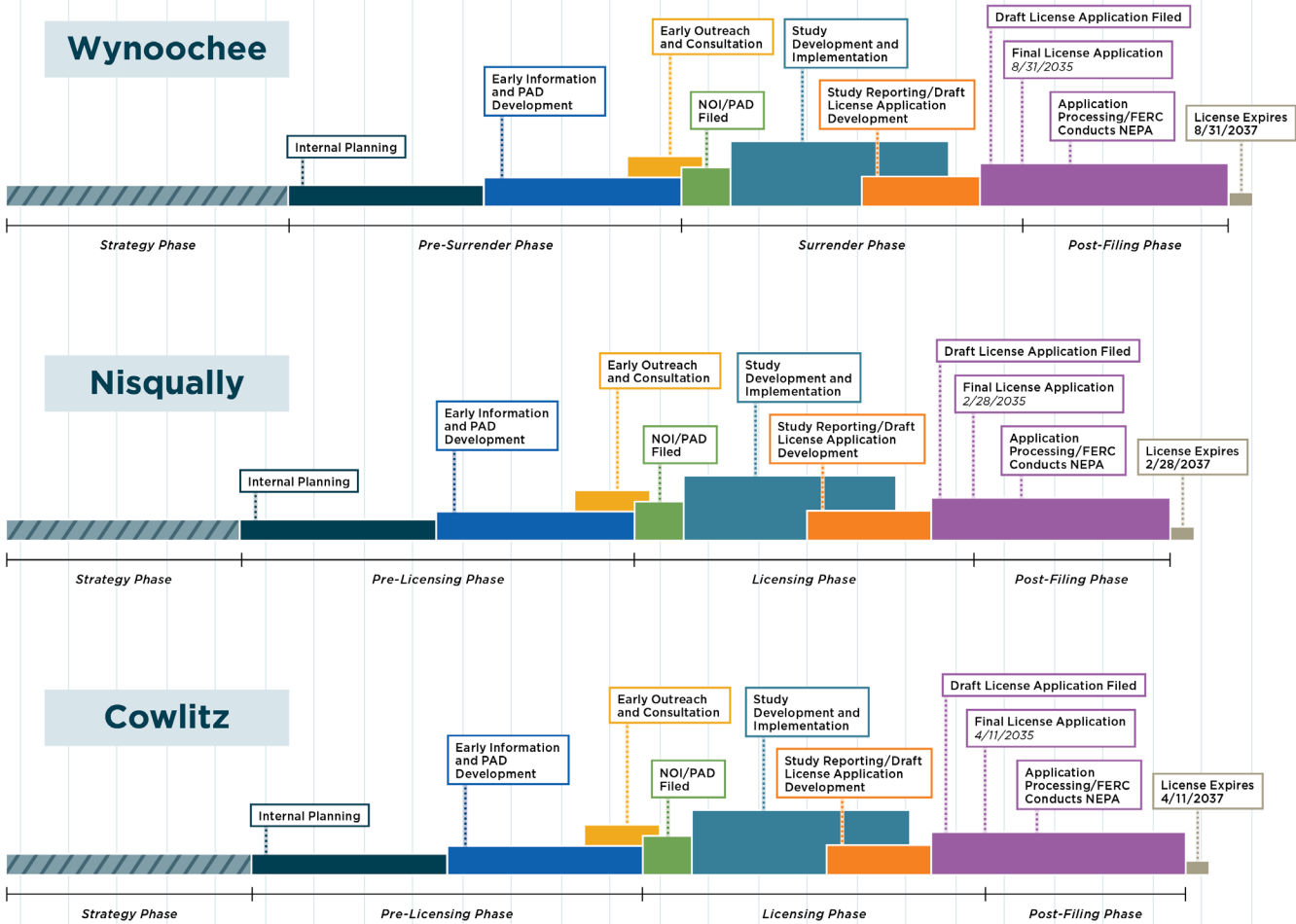
- **Relicensing Filings Required for Each Project in 2031-2032**

- Typical 5+ years of preparation prior to formal process (staffing, planning, budgeting, organizing documentation)

Opportunity: Pro-Active Planning Period

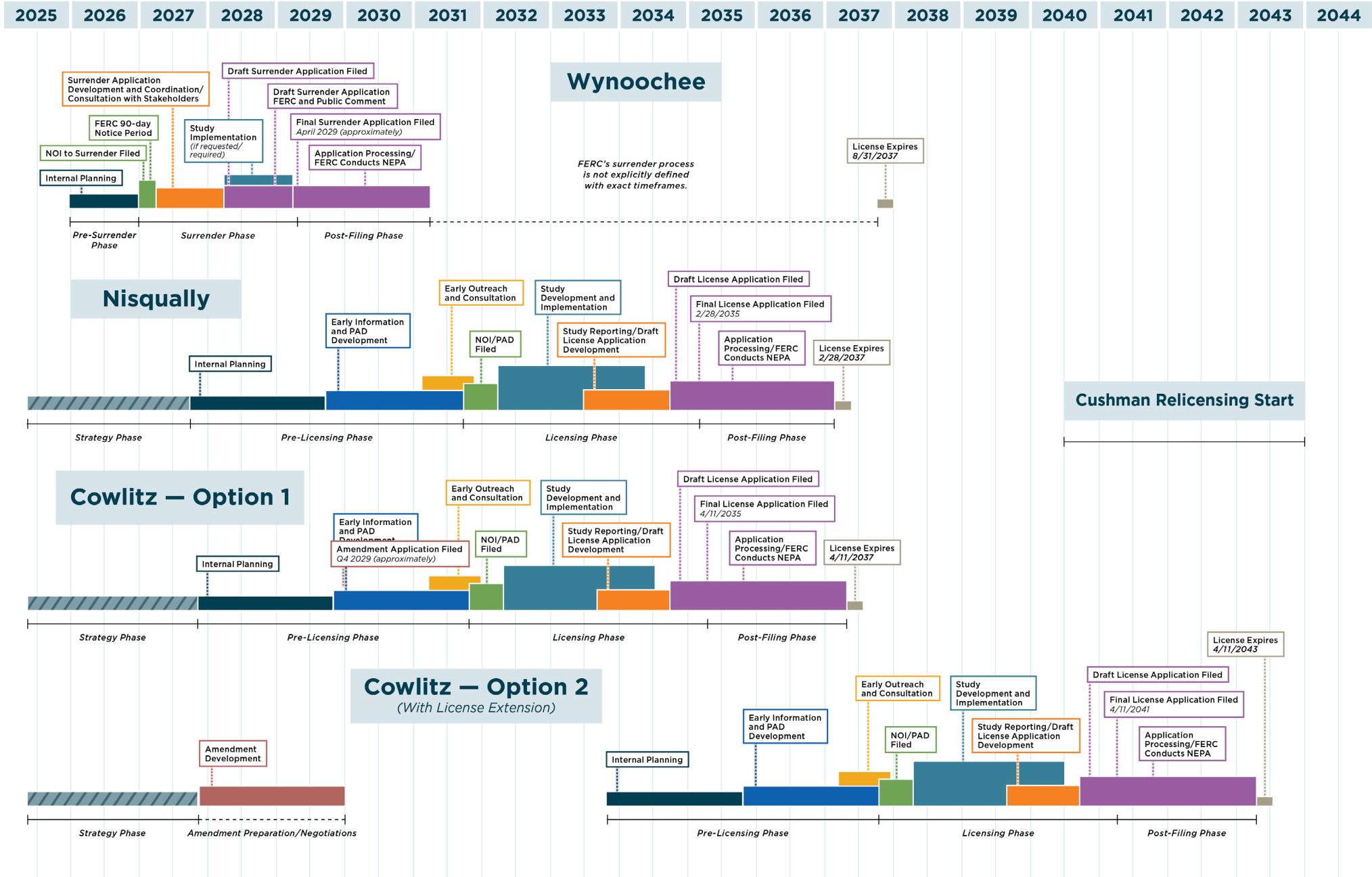
- **Tacoma Power initiated discussions in 2023 throughout the organization to address the upcoming overlap of license expiration dates**
- **HDR and Tacoma Power worked together to test multiple hypotheses, including:**
 - Investigation of the relicensing vs. not relicensing at the Wynoochee Project
 - Review of current license schedules and opportunities for modification of schedules – to stagger or not to stagger
- **Planning horizon is now, before the “relicensing train” leaves the station**

Project Schedules: Current Expiration Dates



Cushman Relicensing Start

Assumed Process Schedules for Planning



Today's Goals

- Develop an Understanding of Relicensing Process and Non-License-Renewal Process
- Overview of Current Planning Activities in Support of Upcoming Hydropower Project Relicensing Processes
- Role of the Board

01 FERC Relicensing
Regulatory Landscape

02 Processes and Timeline

03 Integrated Licensing
Process (ILP)

04 Planning Considerations
for FERC Proceedings

05 Cost Considerations
Relicensing

06 Preparing for FERC
Proceedings

07 Next Steps



01 FERC Relicensing Regulatory Landscape



Relicensing Terminology

Terminology

- Alternative Licensing Process (ALP)
- Area of Potential Effect (APE)
- Integrated Licensing Process (ILP)
- Non-governmental Organizations (NGOs)
- Protection, mitigation, and enhancement (PM&E)
- Ready for Environmental Analysis (REA)
- Traditional Licensing Process (TLP)

Laws / Regulations

- Clean Water Act (CWA)
- Code of Federal Regulations (CFR)
- Endangered Species Act (ESA)
- Energy Policy Act of 2005 (EPAct)
- Federal Power Act (FPA)
- Fish & Wildlife Coordination Act (FWCA)
- National Environmental Policy Act (NEPA)
- National Historic Preservation Act (NHPA)

Documents

- 401 Water Quality Certification (401 WQC)
- Additional Information Request (AIR)
- Biological Assessment (BA)
- Biological Opinion (BO)
- Draft License Application (DLA)
- Environmental Assessment (EA)
- Final License Application (LA/FLA)
- Historic Properties Management Plan (HPMP)
- Initial Consultation Document (ICD)
- Initial Study Report (ISR)
- Notice of Intent (NOI)
- Pre-Application Document (PAD)
- Preliminary Licensing Proposal (PLP)
- Programmatic Agreement (PA)
- Proposed Study Plan (PSP)
- Revised Study Plan (RSP)
- Scoping Document 1 (SD1)

Agencies

- Bureau of Indian Affairs (BIA)
- Department of Ecology (Ecology)
- Federal Energy Regulatory Commission (FERC)
- National Marine Fisheries Service (NMFS)
- United States Fisheries and Wildlife Service (USFWS)
- Washington Department of Fish and Wildlife (WDFW)

FERC Relicensing – What is it

- **Statutory requirement that authorizes the continued operation of a non-federal hydropower facility for the next 30 to 50 years**
- **Formal relicensing process initiated 5 to 5.5 year prior to expiration date of licenses (~2031/2032)**
 - Consists of a series of defined statutory and regulatory deadlines for filings
- **Issuance of a New License is a Federal Action – process influenced by:**
 - Federal Power Act (FPA) and Title 18 of the Code of Federal Regulations
 - Years of legal precedent and Federal Energy Regulatory Commission (FERC) decisions
 - Various Federal and State statutes and regulations
 - Evolving regulatory and policy landscape

Federal Power Act and Electric Consumers Protection Act

- The hydropower industry is regulated by the Federal Energy Regulatory Commission (FERC) under authority granted by the Federal Power Act (FPA).
- The FPA was passed by Congress in 1920, with major amendments in 1986 and 2005.
- Amended the FPA with the Electric Consumers Protection Act of 1986 (ECPA)
 - Added the “equal consideration clause” to Section 4(e)
 - Added Section 10(j) giving fish and wildlife agency recommendations greater weight

Major Statutes Affecting Hydropower Licensing

- **National Environmental Policy Act** - Requires FERC to prepare an environmental report, in coordination with other agencies, about the environmental impacts of licensing a project and of alternatives to the project, and to consider impacts and alternatives when making licensing and exemption decisions.
- **Endangered Species Act** - Requires FERC to consult with U.S. Fish and Wildlife Service (USFWS) and/or NMFS before issuing a license or exemption to ensure that the action is not likely to jeopardize the continued existence of a listed species or critical habitat.
- **Clean Water Act** - Requires that a project obtain a water quality certificate from the state in which a “discharge” occurs and allows the state to condition the license related to water quality and other relevant provisions of state law.
- **National Historic Preservation Act (Section 106)** - Requires FERC to consider the effects of licensing or exempting a project on historic properties.

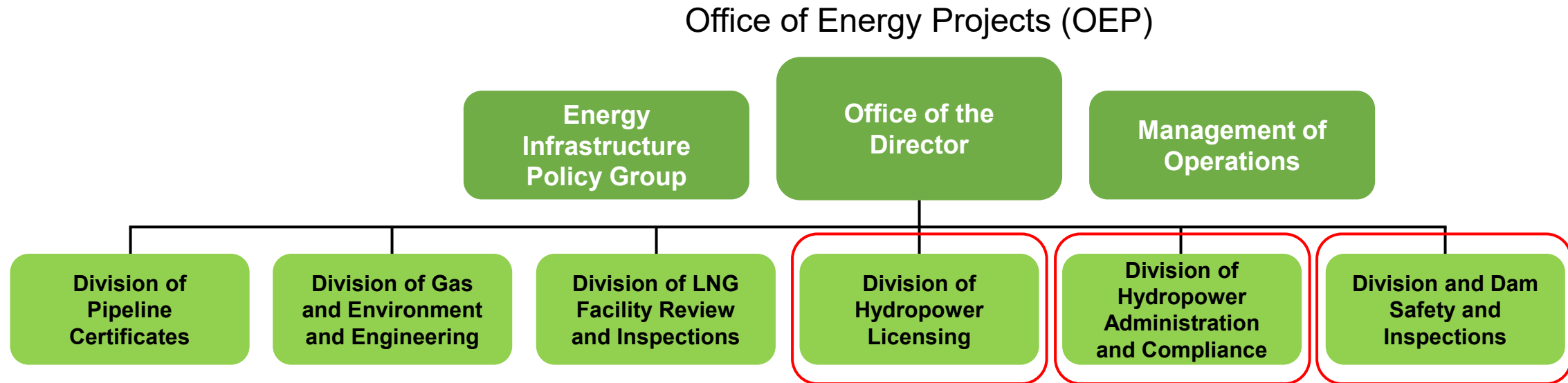
Mandatory Conditioning Agencies

- **Section 18 FPA Fishways Authority – United States Fish and Wildlife Service (USFWS) and/or National Marine Fisheries Service (NMFS)**
- **Section 4(e) FPA – Managing agency if Project occupies Federal Lands**
 - For issues that may impact resources under federal management. Agency issues terms and conditions **related to protection of the federal reservation under its jurisdiction.**
 - U.S. Forest Service
 - Bureau of Indian Affairs (BIA) (if reservation lands are within Project Boundary)
- **Section 401 Clean Water Act – Washington Department of Ecology**
 - Must certify that the Project is consistent with water quality standards

Listed Species - Endangered Species Act (ESA)

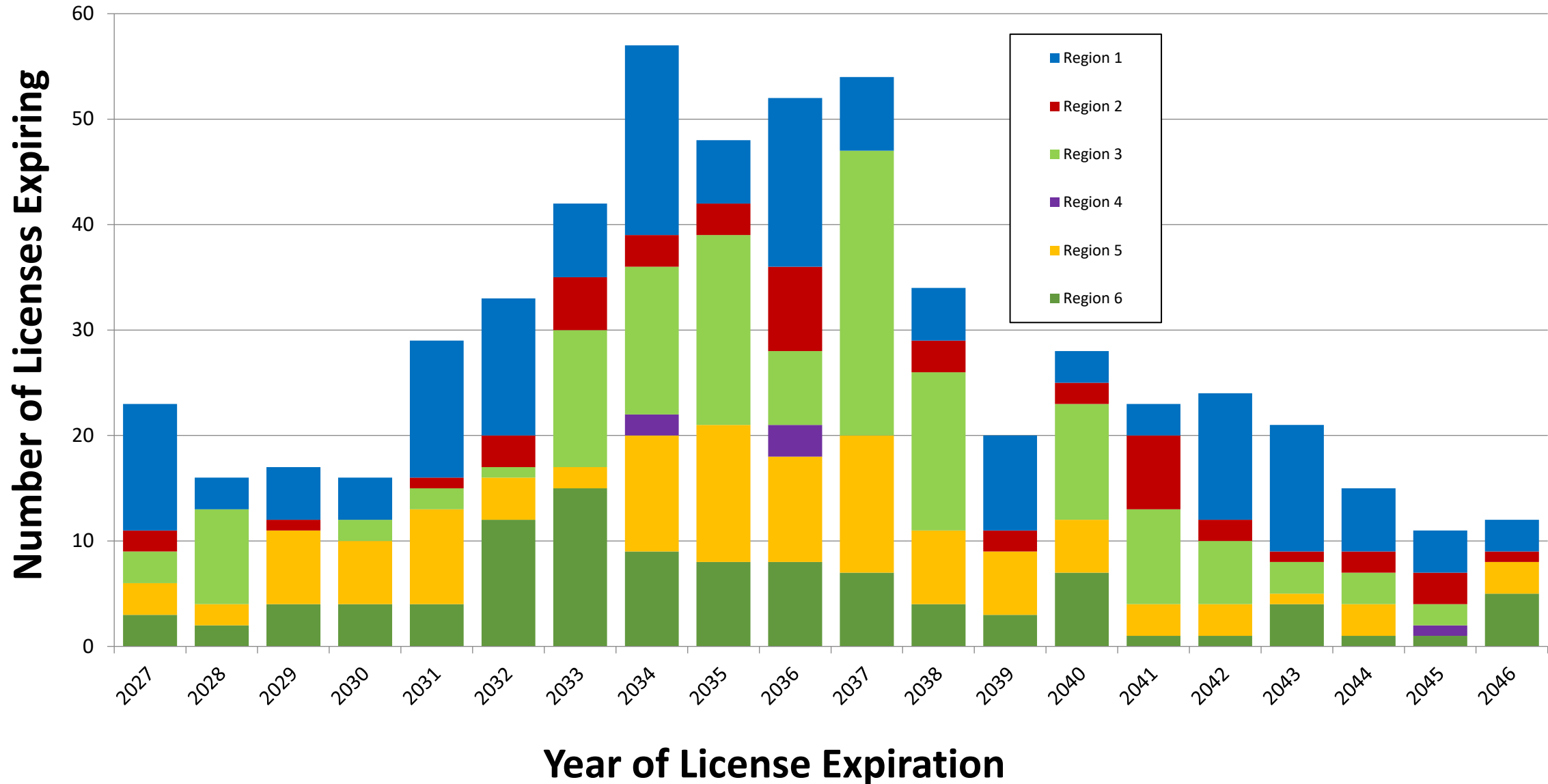
- **Section 7 of ESA**
 - Directs federal agencies, in consultation with the Department of Interior or Commerce, to ensure their actions do not jeopardize listed species or adversely modify critical habitat
 - Requires federal agencies to develop and carry out programs to conserve threatened and endangered species
 - Applies to federal approval of non-federal activities (e.g., permits or licenses)
- **USFWS is responsible for freshwater and terrestrial species**
- **NMFS is responsible for marine and anadromous species**
- **Many states are looking to address state-listed species through relicensing process**

FERC Office of Energy Projects Organizational Chart



Source: <https://www.ferc.gov/media/oep-org-chart>

Hydro Licenses Expiring by Region





02 Processes and Timeline



FERC's Three Licensing Processes

- **Integrated Licensing Process (ILP)** – FERC's default process
- **Traditional Licensing Process (TLP)**
- **Alternative Licensing Process (ALP)**
 - Licensees may also use a hybrid version of the three processes
- **FERC's role as relicensing referee:**
 - Hope that project stakeholders can work through issues
 - Complete the required National Environmental Policy Act (NEPA) analysis
 - Issue a new license

Regardless of process, formal relicensing is initiated 5-5.5 years prior to license expiration, and license application must be filed 2 years prior to expiration = 3+ years of intensive, ongoing consultation and documentation to support license application.

Transfer/Surrender vs. Relicensing

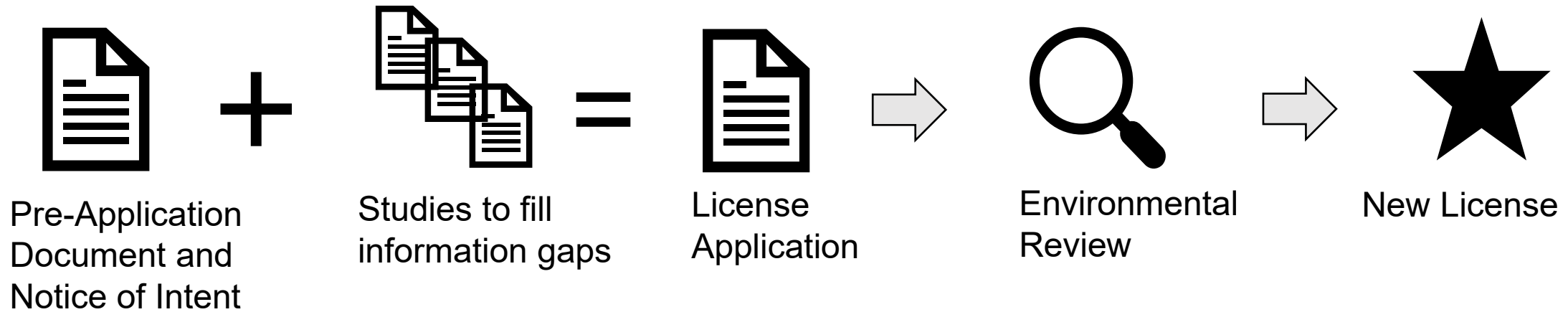
- **Surrender Proceeding Focus** – short-term identification of disposition of project features (either maintain for other purposes or remove).
Generally focuses on:
 - Dam Safety
 - Disconnect from the grid – no longer authorized to produce power upon completion of surrender
 - Federal lands must be restored to the satisfaction of land management agencies
- **Transfer Process Focus** – transferee must meet financial, technical, and legal qualifications to hold the license for the project
- **Relicensing Proceeding Focus** – long-term operational and environmental analysis. More extensive consultation and broader focus on:
 - Appropriate Protection, Mitigation, and Enhancement Measures for identified project effects in order to authorize continued operation for 40-50 years.



03 Integrated Licensing Process (ILP)



Telling Tacoma's Story with Each Document



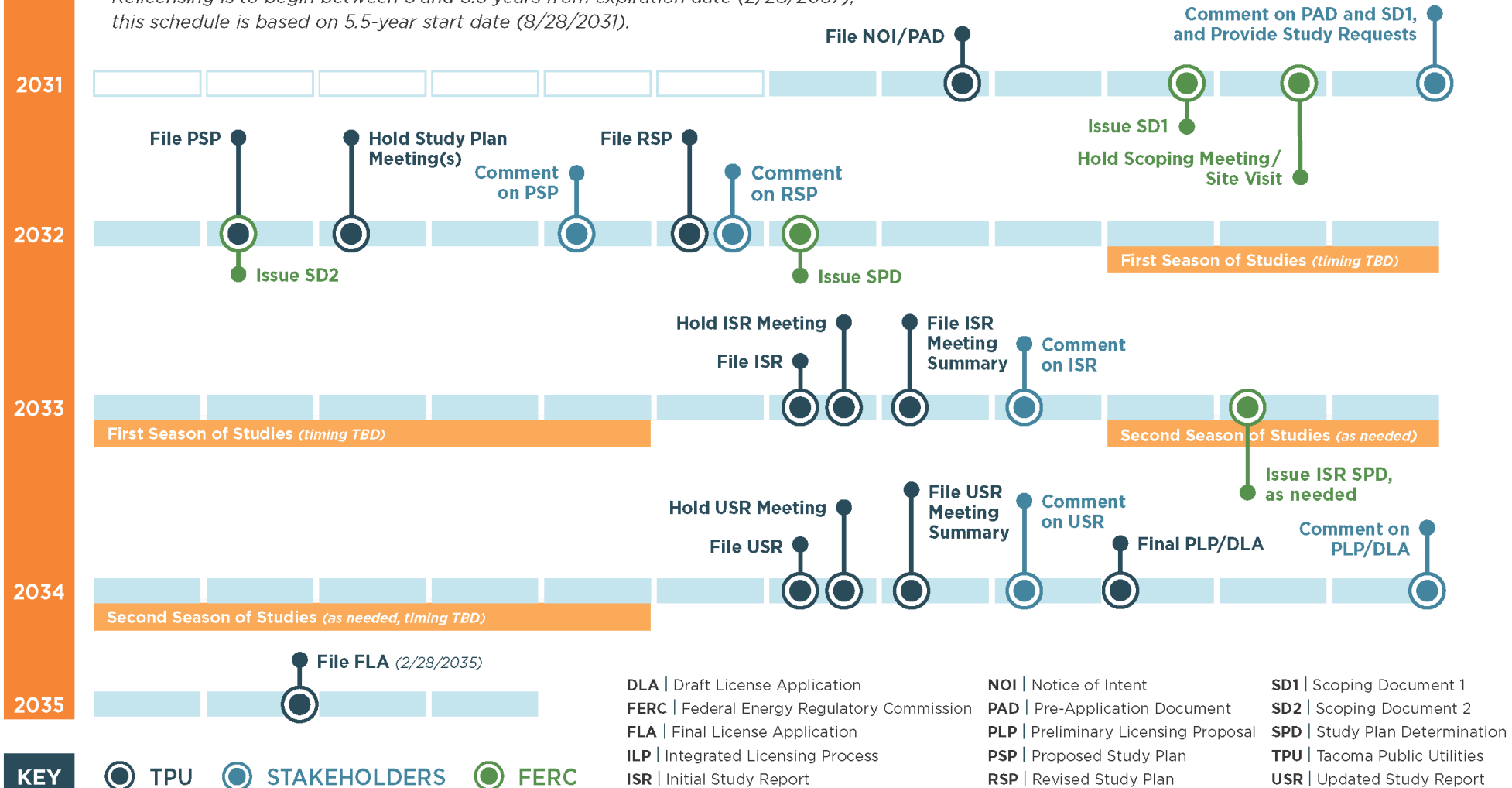
Setting and Socializing Relicensing Goals

- **TPU's chance to tell the story in its own words at the outset**
- **Across projects and/or for each project (internally first, then externally)**
- **“Power of the pen” and opportunity set the stage and identity**

Project Specific ILP Schedule

Example Relicensing Timeline

* Relicensing is to begin between 5 and 5.5 years from expiration date (2/28/2037);
this schedule is based on 5.5-year start date (8/28/2031).





04 Planning Considerations for FERC Proceedings



Relicensing Planning Considerations: Desired Future Operations

- **Review status of existing license commitments**
 - Identification of potential changes – what works, what doesn't
- **Develop Desired Project Proposal for Relicensing**
 - Baseline = current operations – continue status quo?
 - Significant structural or capacity modifications?

Relicensing Planning Considerations: Consider Key Project Values

- **Identify key financial and operational roles of each project – socialize with internal team and consider consistent set of internal metrics**
 - Understand any “if this, then that” relationships between projects where decisions may need to be considered
- **Identify “no fly” zones – financial or operational limits that could trigger lack of Project viability**

External Interested Party Identification: Who Else will be at the Relicensing Table

- FERC's Division of Hydropower Licensing
- U.S. Fish and Wildlife Service (USFWS)
- National Marine Fisheries Service (NMFS)
- U.S. Forest Service (USFS)
- Bureau of Indian Affairs (BIA) – Tribal interests
- Washington Department of Ecology – Section 401 Authority
- Washington Department of Fish and Wildlife (WDFW)
- Washington Department of Archaeology and Historic Preservation
- Indian Tribes
- Other organizations such as American Whitewater, Sierra Club, Trout Unlimited, and other public/environmental/recreation interest groups
- Other local governments and public



05 Cost Considerations Relicensing



Cost Considerations

- **Balance the short-term costs of relicensing with the long-term costs of the new license implementation**
- **Primary drivers of cost in relicensing**
 - Level of controversy/interest and public involvement approach
 - Study program commitments
- **Internally, consider value of project to set guides for relicensing decisions and long-term license implementation commitments**
- **Leverage existing compliance monitoring and other information**



06 Preparing for FERC Proceedings



Hydropower Project Planning

Recent Activities

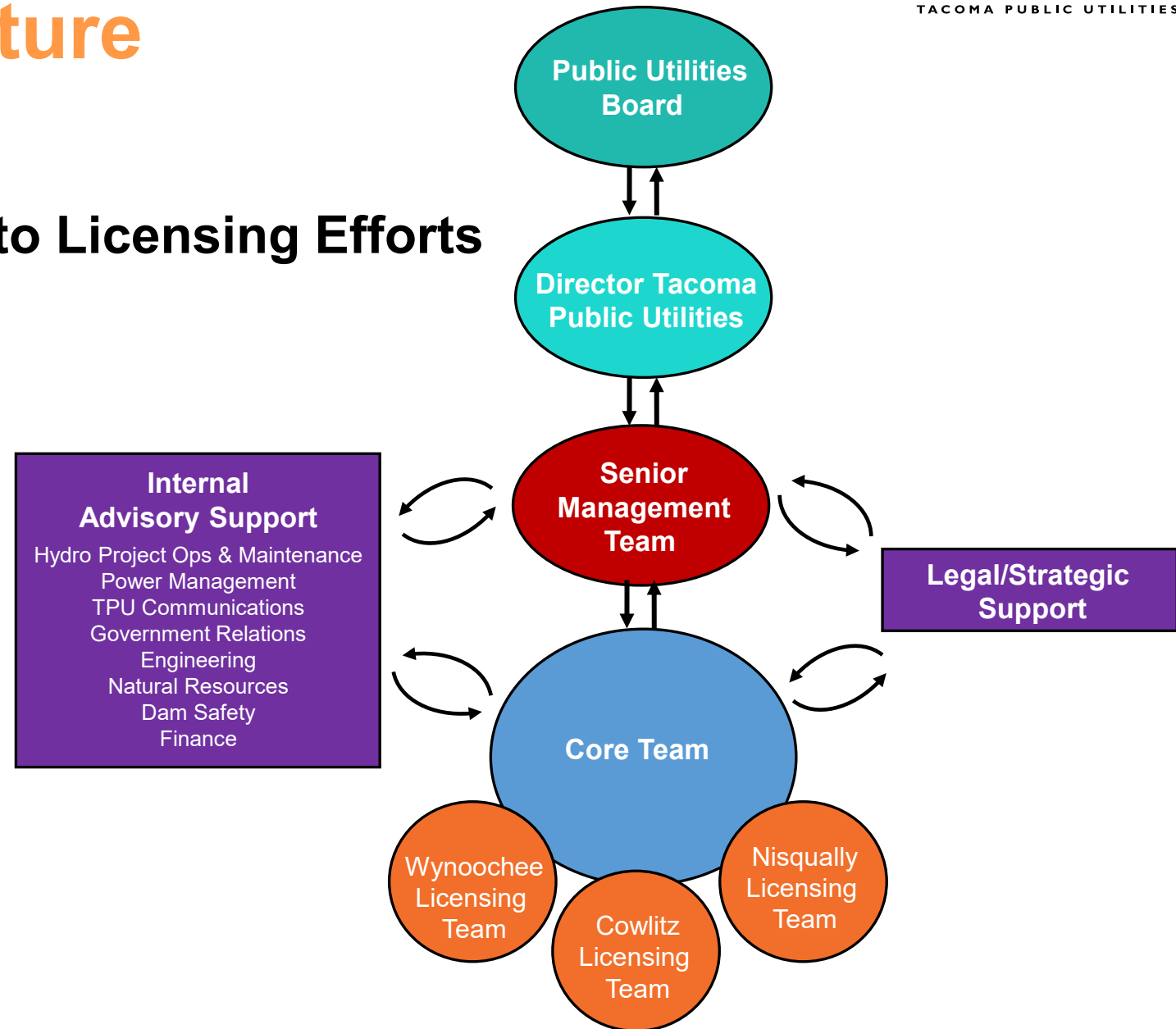
- **Training for TPU staff in March 2025**
- **Development of governance document and staffing plan**
 - Executive level review and approval in June 2025
 - Overview to TPU staff in September 2025
- **Planning level cost distribution estimates**

Governance and Staffing Plan Purpose

- **Establish Organizational Decision-Structure to Support Timely Decision-Making Throughout Phases of Licensing Processes**
- **Establish a Team Structure and Define Clear Roles and Responsibilities to Foster Communication and Coordinated Approach for the Overlapping Proceedings**
- **Provide Staffing Recommendations and Timeline for Hiring**
 - Outline qualifications, key activities and duties of proposed positions
 - Propose new positions required to support preparation, implementation of licensing process, and future implementation of new licenses

Governance Structure

- **Utility-Wide Effort**
- **Core Team Dedicated to Licensing Efforts**



Board Role

- **Authorize budget and spending authority that supports:**
 - Proposed budgets for staffing increases and other internal needs appropriate for the licensing processes;
 - External consultant and legal support contracts appropriate for the licensing processes;
- **Authorize execution of necessary licensing documents required by FERC, including any settlement agreements associated with the licensing processes; and**
- **Continued budget and spending authority for resources required for license implementation.**



07 Next Steps



Next Steps

- **Internal Staffing**
- **Contract approvals**
 - Technical Consultant Licensing Support
 - External Counsel for Licensing Legal Support