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WATER RESOURCES DEPT.
SALEM, OREGON

STATE OF OREGON

WATER RESOURCES DEPARTMENT

LICENSE FOR HYDROELECTRIC PROJECT HE 542

WHEREAS, by act of the Legislature of the State of Oregon, ORS 543.010 to 543.610 and 543.990, as amended, herein called the Hydroelectric Act, the Water Resources Director is authorized to issue licenses to acquire and hold the right to the use of the waters within the state, and for the construction, operation and maintenance of facilities for the generation and use of hydroelectric energy; and

WHEREAS, George C. Reinmiller, a citizen of the United States, herein referred to as the LICENSEE, whose address is 521 S.W. Clay, Suite 200, Portland, OR 97201-5407 made application to the Director for a license for a minor hydroelectric project designated as Project HE 542 in the records of the Director; and

WHEREAS, the George C. Reinmiller Power Project proposes the use of up to .06 cubic feet per second from Hatchery Creek and .02 cubic feet per second from an unnamed spring located in the Northeast quarter of the Northwest quarter, Section 15, Township 3N, Range 8 W, WM and in the Southeast quarter of the Southwest quarter, Section 10, Township 3 N, Range 8 W, WM respectively; and

WHEREAS, The Director finds that the proposed project is well adapted to the development and utilization of the water power involved and that no municipality or utility district has filed an application in conflict with this project, and that the LICENSEE has paid to the Water Resources Department all fees required prior to the issuance of this license; and

WHEREAS, the project has been visited by the Water Resources Department staff, and there are no known resource conflicts within the parameters of the construction or operation of the project witnessed by staff and the Hydro Task Force has not identified any resource or land use issues relevant to this project which would restrict operation or alter the project design; and

WHEREAS, the LICENSEE on the 11th day of July, 1997 accepted in writing the terms and conditions of the Hydroelectric Act and of this license;

NOW, THEREFORE, the Director hereby issues this minor hydroelectric license to the LICENSEE to acquire and hold the right to the use of the

waters of Hatchery Creek and an unnamed spring, and to construct, operate, and maintain the project facilities herein described for the generation and utilization of hydroelectric energy, subject to the following express conditions:

Article 1. Project specifications:

The project is to be used to provide power to a residence on the property. The Hatchery Creek project will not operate from May 1 through October 31 of each year. The spring diversion will operate year-round.

Hatchery Creek Diversion: The project consists of a spring box buried beneath and to the side of the bed of Hatchery Creek and 3-in., 1,000 ft., PVC pipeline leading to a small powerhouse about 200 ft. from the home site and 5 ft. from the creek. The tail water discharges into Hatchery Creek via a 3-in. pipe at a point approximately 6 ft. from the powerhouse. The project diverts up to .06 cfs, has 119 ft. of head and generates 2½ theoretical horsepower. Power is generated by a pelton impulse turbine with a single phase 10-KW generator.

Unnamed Spring Diversion: This project diverts .02 cfs from an existing diversion dam into a penstock mounted near the bottom of the dam. The pipe transports water 700 ft. to a pelton wheel located adjacent to the one used for the Hatchery Creek diversion. The tail water discharges into Hatchery Creek. Additional water flows over the dam and into the Salmonberry River. The project has 86 ft. of head and generates 2 theoretical horsepower.

The project location is more particularly described and shown on the map designated as Exhibit A in the application. This map is hereby approved by the Director and made a part of this license. No substantial change shall be made to the project unless approved by the Director and incorporated into this license by appropriate amendment.

Article 2. Water Right Granted:

This license is issued for the period which is effective as of the date of issuance and will terminate December 31, 2034. This license grants the right to appropriate not to exceed .06 cfs of water from November 1 through April 30 from Hatchery Creek to generate 2½ theoretical horsepower; and to appropriate not to exceed .02 cfs from an unnamed spring year-round to

generate 2 theoretical horsepower. The use of water is limited to the amount which the generation facilities will use efficiently. The priority of the right hereby granted is January 19, 1993. On termination of this license, such right to the use of water shall revert to the public. The right granted is expressly made inferior in right and subsequent in time to any appropriation of water for this source which may hereafter be made for domestic, municipal, irrigation or any other beneficial consumptive use.

Article 3. Resource Conditions:

The LICENSEE shall comply with all statutes and rules applicable to the resources impacted by the project. Use of water under this license is subject to the following express conditions:

Water Quality:

Temperature (OAR 340-41-205 [2][b]) - No measurable increases shall be allowed, as relative to a control point immediately upstream from a discharge when stream temperatures are 58 degrees F. or greater; or more than 0.5 degrees F. increase due to a single-source discharge when receiving water temperatures are 57.5 degrees F. or less; or more than 2 degrees F. increase due to all sources combined when stream temperatures are 56 degrees F. or less;

Dissolved oxygen (OAR 340-41-205 [2][a]) - dissolved oxygen concentrations shall not be less than 90 percent of saturation at the seasonal low, or less than 95 percent of saturation in spawning areas during spawning, incubation, hatching, and fry stages of salmonid fishes; and

Flow (OAR 340-41-205 [1]) - the highest and best practicable treatment and/or control of wastes, activities, and flows shall in every case be provided so as to maintain dissolved oxygen and overall water quality at the highest possible levels.

Fishery Resources:

The LICENSEE shall provide screening of the diversion structure on Hatchery Creek and other fish protection measures to the satisfaction of the Department of Fish and Wildlife (ODFW).

Riparian Protections:

To protect the bed of Hatchery Creek, the pipeline between the intake screen box and the powerhouse shall be routed to the side of the channel of Hatchery Creek and its banks.

Article 4. Project Maintenance

At all times, the project must be maintained to operate in compliance with all Oregon Revised Statutes and Oregon Administrative Rules relevant to project maintenance. The LICENSEE shall maintain the project facilities in sufficiently good working order to make use of the water without waste and to ensure safety. If, after completing construction, the LICENSEE fails to use or operate the project facilities for any period of five consecutive years, the Director shall, after due notice, terminate this license by written order. If at any time after two years of non use of water for this project, there shall be any conflicting application or claim to the use of this water, then the LICENSEE may be required by the Director to show cause why the conflicting application should not be granted and this license terminated.

Article 5. Annual Fee

The LICENSEE shall pay to the Water Resources Department in accordance with the provisions of ORS 543.300 (5) on or before the first day of January of each year after issuance of this license, and during the period of this license, an annual fee of \$15.00.

Article 6. Construction Costs

The licensee shall maintain an account of the actual cost of the construction of the project facilities and any additions thereto, and shall, under oath, provide such accounting to the Director upon request.

Article 7. Access

The Director and the Director's authorized agents and employees may have free and unrestricted access in, through and across the project in the performance of their official duties. The LICENSEE shall grant access to LICENSEE's reports, accounts, records and other data relating to said project.

Article 8. Liability

The LICENSEE shall be liable for all damages occasioned to the persons or

property of others by the construction, operation, or maintenance of the project facilities, and in no event will the State of Oregon be liable therefore.

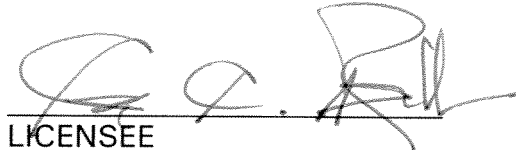
Article 9. Statutory Provisions

This project being a complete project of less than 100 theoretical horsepower capacity, the following provisions of the Hydroelectric Act and none other, in accordance with provisions of ORS 543.300 (7), are specifically waived: ORS 543.530, ORS 543.550.

Article 10.

With the written consent of the LICENSEE, the Director may alter, enlarge, or omit any of the conditions of this license.

IN TESTIMONY OF ACCEPTANCE of all the terms and conditions of this license, ORS 543.010 to 543.610 and 543.990, and the rules and the regulations of the Director pursuant thereto, the LICENSEE has affixed his signature this 11th day of July, 1997.



LICENSEE

IN WITNESS HEREOF, the Director of the Water Resources Department of Oregon has signed her name at Salem, Oregon, this 29th day of July, 1997.



Martha O. Pagel, Director