

HYDROELECTRIC COMMISSION OF OREGON

LICENSE FOR PROJECT NO. 186

A MAJOR PROJECT

FOR THE DEVELOPMENT OF

37,329 THEORETICAL HORSEPOWER

WHEREAS, by act of the Legislature of the State of Oregon (Title 119, Chapter 1, O.C.L.A.) hereinafter called the Hydroelectric Act, the Hydroelectric Commission of Oregon, hereinafter called the Commission, is authorized and empowered, inter alia, to issue licenses to appropriate, initiate, perfect, acquire, and hold the right to the use of the waters within the State, and to construct, operate and maintain dams, reservoirs, power houses, conduits, transmission lines, and all other works and structures necessary or convenient for the use of such waters in the generation and utilization of electricity, and to approve changes in maps, plans, and specifications, which changes when approved shall become a part of the license; and

WHEREAS, the Portland General Electric Company, hereinafter called the Licensee, a corporation organized under the laws of the State of Oregon, with its principal place of business in Portland, Oregon, heretofore was granted a preliminary permit by the Commission, and has made application in due and proper form to the Commission for a license for a power development designated as Project No. 186 on the records of the Commission and by the Federal Power Commission as Project No. 135-Oregon, and for authority to construct, maintain and operate in the County of Clackamas, State of Oregon, certain project works necessary or convenient for such development; and

WHEREAS, this hydroelectric power development is a major project; and

the Licensee has applied to the Federal Power Commission for amendment of license for Federal Power Commission Project No. 135-Oregon to cover it; and said Licensee has paid to the Commission all fees required previous to the issuance of license in accordance with the provisions of the Hydroelectric Act and the Rules and Regulations of the Commission; and no application for said project or in conflict therewith has been filed by any municipality or public utility district; and

WHEREAS, the Licensee has filed maps, plans and specifications as required by Section 119-112, O.C.L.A., and the Commission finds the project to be well adapted to the utilization of the water for the power development involved and hereby approves the same; and

WHEREAS, the Licensee on the 10 day of September, 1953 accepted in writing all the terms of this license.

NOW, THEREFORE, the Commission hereby issues this license for the purpose of constructing, operating and maintaining the project works hereinafter described necessary or convenient for the development of hydroelectric power and to appropriate, acquire and hold the right to the use of the waters of Oak Grove Fork of Clackamas River to the extent hereinafter set forth. This license is issued on condition that the Licensee shall comply with all the terms and conditions of the Hydroelectric Act and Laws of Oregon relating thereto and with the Rules and Regulations of the Commission pursuant thereto as though fully set forth herein and shall be subject also to the following express conditions, limitations and specifications to-wit:

ARTICLE 1. Definition of Project. The word "project" as used in this license means the complete unit, improvement and development including the dam and appurtenant works and structures, storage reservoir and miscellaneous works

and structures used in connection with the unit or any part thereof, rights of way, lands, flowage rights and all other properties, rights and structures necessary or appropriate in the use, operation and maintenance of the project.

ARTICLE 2. Description of Project. Project No. 186 will consist of an earth and rock fill dam located in the NE $\frac{1}{4}$  NE $\frac{1}{4}$ , Section 27, Township 5 South, Range 8 East, W.M. It will be approximately 100 feet high, 725 feet long and 30 feet wide on top, and 400 feet wide on the bottom. The dam, with appurtenant works, will create a storage reservoir, referred to by the Licensee as Timothy Meadows Storage Reservoir, with a surface area of about 1370 acres when the reservoir is filled to its full depth of 90 feet. About 60,000 acre feet of useable storage will be impounded in the upper 65 feet of depth. During low water periods, which generally occur between September and March, a maximum of 300 cubic feet per second of the stored water will be released to increase the flow of Oak Grove Fork of Clackamas River and thus increase the power output in the Licensee's Stations "P", "G" and "M" below.

Exhibits. The location of the proposed dam and reservoir and the character thereof are more specifically shown and described in the following designated exhibits filed with the Commission and which are a part of this license.

Exhibit J-1: Detailed Map of Timothy Meadows Reservoir

Exhibit J-2: Detailed Map of Timothy Meadows Reservoir

Exhibit K-1: General Plans and Sections of Timothy Meadows Dam

Exhibit K-2: Geological data of Timothy Meadows Dam Site

Exhibit K-3: Hydrographs

ARTICLE 3. Special Conditions.

(a) Sufficient water shall be by-passed at the Timothy Meadows Stor-

age Dam to sustain fish life in the river below. The amount of water to be bypassed shall be determined by tests satisfactory to the Commission after the completion of the dam, but shall not exceed 10 cubic feet per second. Under ordinary conditions operational fluctuations in the stream below the dam will not exceed 4 inches per hour, provided that this restriction shall not apply when conditions are such that the safety of the Timothy Meadows dam, or life and property below, are threatened. The Licensee shall take such steps as are economically feasible to safeguard fishery resources within the Timothy Meadows reservoir.

(b) When required by the Commission, the Licensee shall install, operate and maintain an automatic gage in Oak Grove Fork of Clackamas River at a location approved by the Commission.

(c) The Licensee shall make such studies as the Commission may require of the character of the soil and materials to be placed in the earth and rock fill dam and other factors bearing upon the maximum dam height and shall prepare and submit in detail further data bearing upon such matters and the method of construction proposed and shall in general furnish such maps, plans, specifications and other complete information and data as may be required to enable the Commission with the data already submitted to pass upon the safety and adequacy of all structures proposed.

(d) The Licensee shall not commence construction of the dam or appurtenant works without approval by the Commission of the plans therefor, prepared in conformity with the information and data called for in the preceding paragraph.

(e) Any change in maps, plans or specifications shall be submitted to the Commission for approval. To the extent any changes are approved by the

Commission the approval thereof shall be deemed to amend the description of the project.

ARTICLE 4. Period of License. This license will be effective as of September 19, 1953 and shall terminate December 31, 2002, unless the whole net investment of the project under this license shall be amortized and repaid prior thereto.

ARTICLE 5. Jurisdiction. In consideration of this license and of the benefits and advantages accruing thereunder to the Licensee, it is expressly agreed by the Licensee that the entire project, project area and project works as herein designated and described whether or not upon lands of the United States, shall be subject to all provisions, terms and conditions of this license. Should the Licensee be prevented from compliance with any provisions of this license or of the Hydroelectric Act by the operation of any valid Federal law or the lawful order, rule or regulation of any Federal governmental agency exercising exclusive jurisdiction in the premises, it shall not be deemed to be in default or under any liability to the State of Oregon for failure to perform the same during the period of such disability.

ARTICLE 6. Time for Commencement and Completion of Project. The Licensee shall commence construction of the project works on or before January 1, 1954 and shall complete the construction of the project works on or before July 1, 1955, unless for good cause shown the Commission shall order and allow an extension of time for commencement or completion.

ARTICLE 7. Water Right Granted. Subject to the provisions of Article 3, this license grants the Licensee the right to store, divert and use not to exceed 60,000 acre feet of the water of Oak Grove Fork of Clackamas River in any 12 months period beginning April 1 and ending March 31, and to release the

stored waters as needed at a rate not to exceed 300 cubic feet per second to supplement the natural flow of said Oak Grove Fork and Clackamas River for the purpose of increasing hydroelectric generation at the Licensee's Stations "P", "M" and "Q". The date of priority for the right to store, divert and use said water is March 18, 1953. The Licensee hereby is granted the right to divert at its Station "P" on Oak Grove Fork of the Clackamas River not to exceed 300 cubic feet per second of the water released from storage in Timothy Meadows Reservoir to develop 30,000 theoretical horsepower under a head of 880 feet; to divert not to exceed 300 cubic feet per second of said water at Station "M" to develop 2,795 theoretical horsepower under a head of 82 feet; and to divert not to exceed 300 cubic feet per second of said water at Station "Q" on the Clackamas River to develop 4,534 theoretical horsepower under a head of 133 feet.

ARTICLE 8. Period of Water Right. The right to the use of the water stored in Timothy Meadows reservoir in connection with the development of this project shall be vested with the Licensee during the time this license or any lawful renewal or extension thereof is in force.

ARTICLE 9. Annual License Fee. An annual license fee of \$1,866.45 shall be paid by the Licensee on or before January 1 of each of the calendar years 1956 to 1960, inclusive, being 5 cents for each of the 37,329 theoretical horsepower authorized herein; and an annual license fee of \$5,599.35 shall be paid on or before January 1 of each of the calendar years 1961 to 2002, inclusive, being 15 cents for each of the 37,329 theoretical horsepower authorized herein. Should the terms and conditions of this license be extended at its expiration the Licensee shall pay such annual fees as the Hydroelectric Commission of Oregon or its successor having jurisdiction in the matter at the time shall fix.

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See First Amendment

ARTICLE 10. Expenses of Examination. The Licensee shall pay to the State of Oregon in accordance with the provisions of Section 119-111, O.C.L.A., the expenses incurred and to be incurred by the Commission in examining into the application for license and maps, plans, specifications, cost estimates and other matters relating to the project and the investigations from time to time of acts done and work carried forward under the license until the completion of the project; provided, that the total of such expenses shall not exceed \$2,500 during any one year.

ARTICLE 11. Depreciation. The amount of the annual charges for depreciation expense to be included in the cost of operation shall be determined on a 5 per cent sinking fund basis computed by the use of service lives as determined by the Public Utilities Commissioner of Oregon, subject to the approval of the Commission; provided, that the service lives of the original units of property shall not exceed the unexpired period of the license. Should the Public Utilities Commissioner require the Licensee to change to the straight line method of depreciation for its system, then in that event, subject to the approval and requirements of the Commission, the Licensee shall use straight line depreciation, as adjusted, under this license. In determining the amount of the annual charges for depreciation expense to be included in the cost of operation prior to the time of final action of the Commission in fixing the actual legitimate cost of the original project as provided for in Article 12 of this license, the original legitimate cost of the items in each account number as set forth in the "Initial Cost Statement" to be filed by the Licensee, as provided for in said Article, shall be used.

ARTICLE 12. Determination of Cost of Project.

(a) Initial Cost Statements: The Licensee shall file within one year after the time the project is ready for service, an initial statement,

under oath, with three additional conformed copies thereof showing the amount claimed by the Licensee as the actual legitimate cost of the development, as defined in Section 119-115, O.C.L.A., on forms as now prescribed by the Federal Power Commission for this purpose, otherwise on forms approved by the Commission. Similar statements with respect to net additions and betterments to the project shall be filed in the same manner before April 1 of each and every succeeding year during the term of this license or any lawful extension thereof, unless the Commission shall otherwise direct.

(b) Substance: Each statement so filed shall give full, adequate and complete information with respect to the cost of the project or additions and betterments as the case may be. Any statement which does not contain sufficient information will be returned to the Licensee for such additional information as the Commission may deem necessary.

(c) Report on Project: When a satisfactory statement shall have been filed with the Commission, the Commission will file one copy of such with the Public Utilities Commissioner of Oregon, and the Commission's representatives will make an audit of the accounts, will analyze the books, cost records, engineering reports, and other records supporting such statement or pertaining to the project, will inspect the project works, and will prepare a report setting forth their findings and recommendations with respect to the cost as claimed.

(d) Service of Report: Copies of such report and of the final report provided for in sub-section (g) of this Article 12, will be served by registered mail upon the Licensee at its principal place of business in Oregon and copies will be sent to the Public Utilities Commissioner of Oregon, the Federal Power Commission and such other parties as the Commission may prescribe.



(e) Time of Filing of Protest: Thirty days after service thereof will be allowed to the Licensee within which to file a protest to such report. If no protest is filed within the time allowed, the Commission will issue such orders as may be appropriate. If a protest is filed a hearing will be ordered, such hearing to be held within 90 days from the filing of the protest with the Commission.

(f) Burden of Proof: The burden of proof to sustain each item of the statement of claimed cost as filed shall be upon the Licensee and only such items as are in the opinion of the Commission supported by satisfactory proof may be entered in the project accounts of the Licensee.

(g) Finding and Final Statement: Final action by the Commission will be in the form of a finding and order entered upon its minutes and served upon the Licensee, Public Utilities Commissioner of Oregon, the Federal Power Commission and such other parties as the Commission may prescribe. The Licensee shall thereafter file a final statement, under oath, in duplicate, with two additional copies thereof, showing the net investment revised in conformity with the order of the Commission, together with a statement showing that its records have been revised in conformity with such order.

ARTICLE 13. Reasonable Rate of Return. A reasonable rate of return on the net investment in the project shall be that established by the Public Utilities Commissioner of Oregon, subject to the approval of the Commission, but shall not exceed 6 per cent per annum. The surplus earned and accumulated in excess of the reasonable rate of return for this project will be in proportion to the total surplus earned and accumulated in excess of a reasonable rate of return by the Licensee, as determined by the Public Utilities Commissioner of Oregon, and any such surplus earnings shall be apportioned on the basis that the net investment in this project, as determined by the Commission, bears to

the total net investment of Licensee in its electric utilities properties and such determination shall be subject to the approval of the Commission.

The formula to be used to determine the surplus earned and accumulated for this project as set out above shall be as follows:

$$a = \frac{bx}{y}$$

in which

- a = the surplus earned and accumulated in excess of a reasonable rate of return for this project.
- b = total surplus earned and accumulated in excess of a reasonable rate of return by the Licensee as determined by the Public Utilities Commissioner of Oregon.
- x = total net investment of Licensee in this project as determined by the Commission.
- y = total net investment of Licensee in his electric utilities properties as determined by the Public Utilities Commissioner.

The determination of the Public Utilities Commissioner with respect to "b" and "y" shall be subject to the approval of the Commission.

ARTICLE 14. Amortization Reserve. Any earnings in excess of said reasonable rate of return as determined by the Public Utilities Commissioner of Oregon and as approved by the Hydroelectric Commission, shall be set up in Account 258-2, Miscellaneous Reserve, as a credit to the Amortization Reserve, as provided for in Section 119-114, O.C.L.A., of the Hydroelectric Act, to be disposed of in accordance with order of the Commission.

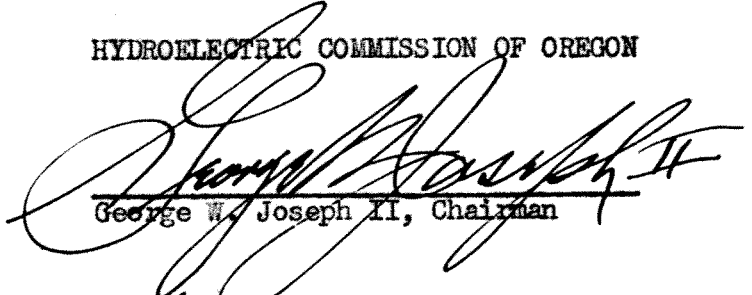
ARTICLE 15. Accounting. For the purpose of this license and the accounting to be followed by the Licensee, the Commission adopts the Uniform System of Accounts prescribed by the Public Utilities Commissioner of Oregon for Class A and B Electric Utilities, effective January 1, 1937, and reserves the right to approve any revisions or modifications thereof.

ARTICLE 16. Bond of Licensee to Protect Laborers and Materialmen.

Before entering upon the construction of this project the Licensee shall execute a bond as required by Section 119-126, O.C.L.A., in an amount of \$10,000, the form of which is to be approved by the Attorney General of Oregon, which bond shall be in addition to and not in lieu of any other liability of the Licensee principal.

IN WITNESS WHEREOF, the Hydroelectric Commission of Oregon has caused its name to be signed hereto at Salem, Oregon, this 11 day of September, 1953.

HYDROELECTRIC COMMISSION OF OREGON



George W. Joseph II, Chairman

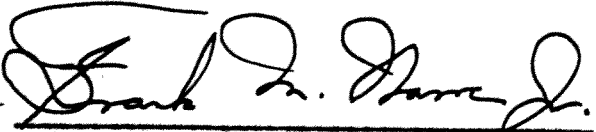


F. C. Dillard, Vice Chairman



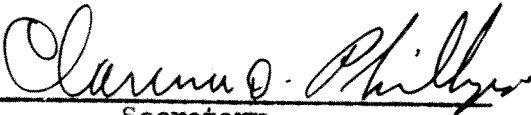
Chas. E. Stricklin, Secretary

IN TESTIMONY OF ACCEPTANCE of all the terms and conditions of the Hydroelectric Act, and of the further conditions imposed in the foregoing license, the Licensee, this 10th day of September , 1953, has caused its corporate name to be signed by Frank M. Warren, Jr. its Executive Vice-President, and its corporate seal to be affixed hereto and attested by Clarence D. Phillips , its Secretary, pursuant to the resolution of its Board of Directors, duly adopted on the 8th day of September , 1953, a certified copy of the record of which is attached hereto.

By   
Executive Vice President

SEAL

Attest:

  
Secretary

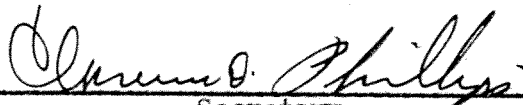
PORTLAND GENERAL ELECTRIC COMPANY  
CERTIFIED COPY OF RESOLUTION ADOPTED BY  
THE BOARD OF DIRECTORS

Executive Vice-

RESOLVED, That the/President, Frank M. Warren, Jr. , and the Secretary, Clarence D. Phillips , of this Corporation be and they hereby are authorized, empowered and directed for and on behalf of this Corporation, and as its corporate act and deed, to execute an acceptance of license for Project No. 186, which said license provides for the construction, operation and maintenance of the Timothy Meadows Storage Reservoir in Clackamas County, Oregon, and said officials are authorized to do and perform any and all acts necessary or desirable to effectuate the purpose of this resolution.

I, Clarence D. Phillips , Secretary of the Portland General Electric Company, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by the Board of Directors of said Corporation at a meeting thereof held on September 8 , 1953; that there was then and there present and voted thereon a quorum of said Board; and that said resolution is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this 10<sup>th</sup> day of September , 1953.

  
Secretary

SEAL

FIRST AMENDMENT TO LICENSE FOR PROJECT NO. 186  
(ISSUED SEPTEMBER 11, 1953 TO PORTLAND GENERAL ELECTRIC COMPANY)  
BY ORDER OF THE HYDROELECTRIC COMMISSION OF OREGON OF JANUARY 28, 1955

The heading on Page 1 of License for Project No. 186 is amended to read as follows:

HYDROELECTRIC COMMISSION OF OREGON  
LICENSE FOR PROJECT NO. 186  
A MAJOR PROJECT  
FOR THE DEVELOPMENT OF  
37,437 THEORETICAL HORSEPOWER

ARTICLE 2 is amended to read as follows:

Description of Project: Project No. 186 will consist of an earth dam located in the NE $\frac{1}{4}$ , NE $\frac{1}{4}$  of Section 27, Township 5 South, Range 8 East, W. M. It will be approximately 100 feet high, 725 feet long and 40 feet wide on top with substantially a 1:3 slope on the upstream side and a 1:2 $\frac{1}{2}$  slope on the downstream side. The dam, with appurtenant works, will create a storage reservoir, referred to by the licensee as Timothy Meadows Storage Reservoir, with a surface area of about 1370 acres when the reservoir is filled to its full depth of 90 feet. About 60,000 acre feet of useable storage will be impounded in the upper 65 feet of depth. During low water periods, which generally occur between September and March, a maximum of 300 cubic feet per second of the stored water will be released to increase the flow of Oak Grove Fork of Clackamas River and thus increase the power output in the Licensee's Stations "P", "G" and "M" below.

A hydroelectric unit will be installed in the lower end of the dam outlet culvert consisting of a turbine using a maximum of 10 cubic feet per second to operate a generator having a maximum capacity of 25 kilowatts.

Exhibits. The location of the proposed dam and reservoir and the character thereof are more specifically shown and described in the following designated exhibits filed with the Commission and which are a part of this license.

Exhibit J-1: Detailed Map of Timothy Meadows Reservoir  
Exhibit J-2: Detailed Map of Timothy Meadows Reservoir  
Revised Exhibit K-1: General Plans and Sections of  
Timothy Meadows Dam  
Exhibit K-2: Geological data of Timothy Meadows Dam Site  
Exhibit K-3: Hydrographs

ARTICLE 7 is amended to read as follows:

Water Right Granted. Subject to the provisions of Article 3, this license grants the Licensee the right to store, divert and use not to exceed 60,000 acre feet of the water of Oak Grove Fork of Clackamas River in any 12 months period beginning April 1 and ending March 31, and to release the stored waters as needed at a rate not to exceed 300 cubic feet per second to supplement the natural flow of said Oak Grove Fork and Clackamas River for the purpose of increasing hydroelectric generation at the Licensee's Stations "P", "M" and "G" and not to exceed 10 cubic feet per second to operate its hydroelectric unit at the lower end of the Timothy Meadows Dam outlet culvert. The date of the priority for the right to store, divert and use said water at Stations "P", "M" and "G" is March 18, 1953, and for the operation of the hydroelectric unit at the lower end of the Timothy Meadows Dam outlet culvert is January 11, 1955. The Licensee hereby is granted the right to divert at its Station "P" on Oak Grove Fork of the Clackamas River not to exceed 300 cubic feet per second of the water released from storage in Timothy Meadows Reservoir to develop 30,000 theoretical horsepower under a head of 880 feet; to divert not to exceed 300 cubic feet per second of said water at Station "M" to develop 2,795 theoretical horsepower under a head of 82 feet; to divert not to exceed 300 cubic feet per second of said water at Station "G" on the Clackamas River to develop 4,534 theoretical horsepower under a head of 133 feet; and to divert not to exceed 10 cubic feet per second from Timothy Meadows Reservoir to develop 108 theoretical horsepower under a head of 95 feet at the hydroelectric unit at the lower end of Timothy Meadows Dam outlet culvert.

ARTICLE 9 is amended to read as follows:

Annual License Fee. An annual license fee of \$1,871.85 shall be paid by the Licensee on or before January 1 of each of the calendar years 1956 to 1960, inclusive, being 5 cents for each of the 37,437 theoretical horsepower

authorized herein; and an annual license fee of \$5,615.55 shall be paid on or before January 1 of each of the calendar years 1961 to 2002, inclusive, being 15 cents for each of the 37,437 theoretical horsepower authorized herein. Should the terms and conditions of this license be extended at its expiration the Licensee shall pay such annual fees as the Hydroelectric Commission of Oregon or its successor having jurisdiction in the matter at the time shall fix.

HYDROELECTRIC COMMISSION OF OREGON

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Lewis A. Stanley, Secretary