Form P-1

FEDERAL POWER COMMISSION

TERMS AND CONDITIONS OF PRELIMINARY PERMIT

Article 1. The Permittee shall make such engineering and other investigations, secure such data, and perform such acts as are necessary in order to submit to the Commission as part of its application for license such maps, plans, specifications, estimate of cost, and other information for a full understanding of the proposed project as is required by the Commission's rules and regulations; and shall supply for the use of the Commission copies of engineering and geologic reports and results of tests and analyses, and any other information secured in connection with such investigations, examinations, and surveys when and as they are submitted to or completed by the Permittee. In carrying out the requirements of this article the Permittee shall:

A. Install as soon as practicable and thereafter maintain such stream gages and stream-gaging stations as the District Engineer of the United States Geological Survey having charge of stream-gaging operations in the region shall determine necessary and best adapted for the purpose of determining the stage and flow of the stream or streams from which water will be diverted, and shall provide for required readings of such gages and for the adequate rating of such stream-gaging stations. The exact location, design, and time of installation of gages and stations, the ratings of such stations, and the determination of the flow thereat shall be made under the supervision of or in cooperation with

the District Engineer of the Geological Survey having charge of stream-gaging operation in the region of said project; and the Permittee shall advance the said Geological Survey the amount of funds estimated to be necessary for such co-operation and supervision for such periods as may be mutually agreed upon. The Permittee shall keep accurate and sufficient record of the foregoing determinations to the satisfaction of the Commission, shall make return of such records at the time of filing application for license and at such other times as the Commission may require, and in such form as the Commission may prescribe.

B. Sink such test pits or make such borings or other foundation explorations and make such geologic studies and tests on foundations and fill material as will make available sufficient information relating to character of foundations and materials for the project structures to permit of the designing of the structures in accordance with good engineering practice and the checking of their safety, adequacy, and desirability in the development of the resources involved.

C. Begin the required investigations within sixty days after acceptance of the permit, and thereafter prosecute such investigations in such manner and at such rate as in the judgment of the Commission will insure the completion of all necessary investigations within the period of the permit.

Article 2. A license will be issued for the proposed project only if in the judgment of the Commission said project will be best adapted to a comprehensive plan for the improvement and utilization of the site for purposes of navigation, of water-power development, and for other beneficial public uses, including recreational purposes. In reaching a decision thereon, the Commission will consider, among other things:

A. Whether the maps, plans, and specifications are such:

(1) That full, practicable utilization will be made of the water, storage possibilities, and the head at the site to be developed;

(2) That the structures will be safe and in accordance with good engineering practice; and

(3) That all unnecessary energy losses, whether in hydraulic works or in mechanical or electrical equipment, will be avoided.

B. Whether in relation to existing or probable future projects upon the same or adjacent streams, the fullest practicable utilization of the water, storage possibilities, and head available will be made possible.

C. Whether said project will be in general accord with the most beneficial utilization of the water for navigation, water power, irrigation, or other beneficial public uses, and for aiding flood control, reclamation, and similar developments.

D. Whether proper provision is made for present or future electrical interconnection with other projects or systems in order to take advantage of diversity of streamflow and of power demands.

E. Whether the use to which the power will be devoted is, in general, in accord with the needs of the community and of the public welfare.

F. Whether the applicant is financially able to carry out the development.

G. Whether the construction, maintenance, and operation of the proposed project works will interfere or be inconsistent with the purpose for which any reservation of lands of the United States was created or acquired.

Article 3. The priority granted under the permit will be lost if the Permittee fails to fulfill the requirements of the permit, if the permit is cancelled by order of the Commission, or if in course of consideration by the Commission of said application for license, the Permittee shall not on or before the date of expiration of the permit, or such later date as may be fixed by the Commission:

A. File data required by the Commission in addition to that contained in or furnished with said application; or

B. Present satisfactory evidence of ability to carry out the plan as set forth in said application, or as required to be modified by the Commission; or

C. Accept the conditions of the proposed license; or

D. Modify the plans as may be required by the Commission if the project adopted as disclosed in said plans is not such as in the judgment of the Commission, based upon the consideration set forth in Article 2 hereof, will be best adapted to a comprehensive plan for the improvement and utilization of the site for the purposes of navigation, of water-power development, and for other beneficial public uses, including recreational purposes.

Article 4. The Permittee shall keep accurate and dependable records of all expenditures made for the purposes authorized by the permit, together with all vouchers and other supporting data relating to such expenditures, which records shall be retained by the Permittee.

Article 5. If license is issued for said proposed project it shall be subject to the pertinent provisions of the Act, to the rules and regulations of the Commission in effect at the time of issuance, and may contain such special conditions and requirements not inconsistent with the Act as the Commission may require.

Article 6. The permit confers no authority upon the Permittee to undertake construction of the project, or any part thereof, or to occupy or use lands or other property of the United States for the purposes of construction unless specific permission is given by the Commission for

such occupancy or use; and neither the granting of such authority nor the performance of construction work whether with or without such authority shall be deemed to have created any equities or to have established any rights with respect to issuance of license, beyond what would have been created or established had such authority not been given or such work not been performed.

Article 7. In order to maintain the priority of application granted by the permit, the Permittee shall on or before the expiration date of the permit file with the Commission or its designated agent, in conformity with the Commission's rules and regulations then in effect, an application for license for the proposed project.

Article 8. The permit is not transferable and may be canceled by order of the Commission upon failure of the Permittee in good faith to begin or diligently to prosecute the investigations, examinations, and surveys contemplated under the permit, or to comply with any other conditions therein, or for any other good cause shown after notice and opportunity for hearing.