

Tenth Annual Report  
of the  
**Federal  
Power Commission**

Fiscal Year Ended June 30, 1930



United States  
Government Printing Office  
Washington : 1930

MISSION FROM MARCH 5,  
R 18, 1929.



## MISSION

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## PROJECTS

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## FEDERAL POWER COMMISSION

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lands allotted in severalty to the Indians, by the construction, maintenance, or operation of said project works, or of the works appurtenant or accessory thereto, and in no event shall the United States be liable therefor; nor does the license guarantee the validity of any reservations contained in the patent to any allottee or other grantee of Indian lands, whether in trust or in fee.

(c) The licensee shall clear of all trees, logs, brush, or other debris up to elevation 2893, the margins of Flathead Lake and those portions of Flathead River which shall be used for reservoir purposes under the license, and shall dispose to the satisfaction of the commission, or its designated representative, of all the brush and debris resulting from such clearing, together with all temporary structures and refuse left on public lands and reservations of the United States from the construction and maintenance of said project works. In addition, the licensee shall cut and remove any trees or brush lying above elevation 2893 which may be killed due to the regulation of Flathead Lake for storage purposes. (d) For the purpose of preventing the entrance of fish into the turbines of the power plant, the licensee shall install and maintain such fish stops or other equipment as may reasonably be prescribed by the Secretary of Commerce. (e) The licensee shall, during the period of construction, deliver at line voltage and at a point to be agreed upon on the line or lines which it will construct to supply power for construction purposes, power for farm and project purposes on the Flathead Irrigation project or the Flathead Irrigation District in quantities required by the United States for said purposes up to a maximum demand of 500 horsepower, at the price of 2 1/2 mills per kilowatt hour.

*Relating to operation:* (a) The licensee hereby recognizes the right of the United States to pump from the Flathead Lake or from Flathead River above licensee's dam for all purposes of irrigation on the Flathead Irrigation project or the lands of the Flathead Reservation, whether included in the irrigation project or not, not more than 50,000 acre-feet of water after July 15 of any one year. (b) The operations of the licensee, in so far as they affect the use, storage, and discharge from storage of the water of Flathead Lake, shall at all times be controlled by such reasonable rules and regulations as the Secretary of War may prescribe in the interests of navigation and as the Federal Power Commission may prescribe in the interests of flood control and of the fullest practicable utilization of the waters of Flathead River and Clark Fork for power, irrigation and other beneficial public uses. (c) The licensee agrees that all rights acquired in connection with the project covered by this license and the use of water for the development of power shall be held subject to the rights which may be reasonably necessary for the complete development of the irrigable land, the domestic water supply requirements, and the water-power possibilities, in the watershed above the project works. The licensee further agrees to waive objections to the subtraction of such water up to a maximum flow of 200 cubic feet per second, as may be authorized under either Federal or State authority for diversion out of the watershed above the project works.

(d) The licensee may regulate Flathead Lake, between elevations 2883 and 2893; provided, however, that the commission retains the right, at any time prior to the beginning of commercial operation of the project, to define limits of such regulation between elevation 2880 and 2893 in such manner as will make not less than 1,100,000 acre-feet of storage capacity available to the licensee, it being expressly understood that licensee shall not be restricted to less than 10 feet between the minimum and maximum elevations within which to carry on its regulations of Flathead Lake. It is expressly understood that variation by the commission of any limits of regulation which may be fixed as aforesaid shall not affect the rentals provided for in article 30 of the license. It is expressly understood that if and when water is pumped from Flathead

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Lake or from Flathead River above licensee's dam after July 15 in any year for purposes of irrigation as provided in subparagraph (a) hereof, the licensee shall be permitted, in the months of January, February, and March of the next succeeding year, to regulate Flathead Lake, below the minimum elevation which may be fixed as aforesaid, to the extent necessary to enable it to recover the amount of water so pumped for irrigation purposes. Said elevations are in feet above mean sea level as determined by reference to a certain U. S. Geological Survey bench mark, elevation 2,910.832 feet, stamped "2900 G.N." as now located and established at Somers, Flathead County, or to such other bench marks as may be established by the U. S. Geological Survey having the same datum. As a basis of determination of the aforesaid storage limits, the licensee shall complete the mapping of lands bordering Flathead Lake and River and of the lake bed between elevations 2878 and 2900 uniform with the maps already completed by the Geological Survey at the north end of the lake, and shall continue to finance the collection of records of ground water elevations in the area at the head of Flathead Lake, and the study and interpretation of such records. The licensee also agrees to perform such channel excavation and other work as may reasonably be required by the commission for the purpose of flood control to the end that the normal flood levels of Flathead Lake shall not be increased by reason of the installation of the project works, and for the purpose of full utilization of storage and navigation. (e) Coincident with the beginning of commercial operation of the project works and thereafter throughout the remainder of the term of the license, licensee shall make available at the project boundary at or near the licensee's generating station, and the United States, for and on behalf of the Flathead irrigation project or the Flathead irrigation district, may take and, having taken, shall pay for, at the price of 1 mill per kilowatt hour: (1) Electrical energy in an amount not exceeding 5,000 horsepower of demand to be used exclusively for pumping water for irrigation; and (2) electrical energy in an amount not exceeding 5,000 horsepower of demand for all project and farm uses and for resale. Such deliveries shall be made at such standard voltage as may be selected by the commission. The licensee shall also make available, at the voltage of the line from which service is taken, either at the project boundary at or near the licensee's generating station or at some more convenient place on the project to be agreed upon, and the United States, for and on behalf of the Flathead irrigation project or the Flathead irrigation district, may take and, having taken, shall pay for, at the price of 2 1/2 mills per kilowatt hour, additional electrical energy in an amount not exceeding 5,000 horsepower of demand for all project and farm uses and for resale. (f) The United States reserves to itself or to the Flathead irrigation project management the exclusive right to sell power within the boundaries of the Flathead Indian Reservation, to the extent of 10,000 horsepower to be delivered for use and/or sale as provided in subparagraph (e) hereof. (g) The licensee agrees that it will enter into a contract with The Montana Power Co. under which all electrical power or energy generated by the project covered by the license, except that delivered to, or reserved for the United States pursuant to the provisions of the license, shall be delivered to or made available for The Montana Power Co. or its nominee upon the payment to the licensee of an annual amount approximately sufficient to meet the operating expenses and maintenance costs, taxes, accruals for depreciation and rentals (including the rental charges provided for by the licensee) and in addition an average return of 8 per cent per annum on its actual legitimate investment in all facilities and property covered by the license and used in the generation and delivery of such power, as established under the provisions of

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the Federal water power act and the rules and regulations of the commission issued in pursuance thereof. A duly certified copy of said power contract shall be filed with the commission. (h) The licensee agrees that full and complete copies of rate schedules and all contracts of the licensee or of The Montana Power Co. for management and supervision of its or their affairs, or for general construction, which involve the licensee or the project covered by the license, shall be filed with the Federal Power Commission promptly after execution. The licensee agrees to file annually with the Federal Power Commission copies of its annual reports and also copies of The Montana Power Co.'s annual reports as rendered to the Montana Public Service Commission.

*Relating to fixed capital.* (a) In consideration of the use to be made of the partially completed Newell tunnel, the licensee shall pay into the Treasury of the United States the sum of \$101,635.11, such payment to be made within 9 months from and after the date of the license and to be a part of and included in the licensee's net investment in the project.

(b) The licensee having submitted a claim of prelicense cost to January 31, 1929, of \$183,312.47 and the solicitor of the commission having recommended the rejection of items contained therein aggregating a total of \$85,088.76, the commission and the licensee mutually agree that the sum of \$98,223.71 shall be entered upon the fixed capital accounts of said project and included in the statement to be submitted to the commission, in accordance with the provisions of the license as representing the actual legitimate investment in said project up to and including January 31, 1929, provided, however, that this agreement shall not deny or affect the licensee's right, within one year from and after the date of the license, to submit further evidence to the commission or to any court having jurisdiction for the purpose of establishing the propriety of any part of said \$85,088.76. (c) The licensee agrees that its securities shall be issued only (1) to The Montana Power Co. upon condition that they shall be retained by said The Montana Power Co., it being understood that none of such securities shall be disposed of by The Montana Power Co. (except to a trustee or trustees under one of its mortgages or deeds of trust as hereinafter provided) without the express approval of the commission previously had and obtained, and/or (2) to a trustee or trustees under any mortgage or deed of trust securing the issuance of bonds or other securities of The Montana Power Co., to be held subject to the provisions of such mortgage or deed of trust. Such securities shall be sold to The Montana Power Co. for cash or its equivalent.

*Annual charges.* (a) The licensee shall pay into the United States Treasury as compensation for the use in connection with the license, of the Flathead Indian tribal lands annual charges computed as follows:

(1) A charge at the rate of \$1,000 per calendar month beginning with the month in which the license is issued and extending to and including the month in which the project is placed in commercial operation. For the purpose of the payments under this article, the beginning of commercial operation shall be considered as the time when one of the licensee's generating units shall have been installed, tested, and demonstrated to be in suitable condition to produce electric energy for commercial purposes with a reasonable degree of reliability.

(2) A charge at the rate of \$5,000 per month beginning with the calendar month next succeeding the date on which the project is placed in commercial operation and extending to the end of the calendar year in which such commercial operation shall commence.

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(3) For each full calendar year from and after the 1st of January next following the date on which the first unit is placed in commercial operation, annual charges will be as follows:

For the first 2 years	\$60,000 per year
For the third year	75,000
For the fourth year	100,000
For the fifth year	125,000
For the next 5 years	150,000 per year
For the next 5 years	160,000 per year
For the next 5 years and/or until readjustment of the annual charges payable hereunder shall have been effected pursuant to the provisions of subparagraph (d) hereof	175,000 per year

(b) Payments shall be made for each calendar year within 30 days after the close thereof on bills rendered by the commission.

(c) Pursuant to the provisions of the act of March 4, 1929 (45 Stat. 1640), all charges for reimbursing the United States for the cost of administration of the Federal water power act have been expressly waived.

(d) The annual charges payable under the license may be readjusted at the end of 20 years after the beginning of operation under the license and at periods of not less than 10 years thereafter by mutual agreement between the commission and the licensee, with the approval of the Secretary of the Interior. In case the licensee, the commission, and the Secretary of the Interior can not agree upon the readjustment of such charges, it is agreed that the fixing of readjusted charges shall be submitted to arbitration in the manner provided for in the United States arbitration act (U. S. C., Title 9), such readjusted annual charges to be reasonable charges fixed upon the basis provided in section 5 of regulation 14 of the commission, to wit, upon the commercial value of the tribal lands involved, for the most profitable purpose for which suitable, including power development.

(e) The annual charges for the use of lands of the United States will approximate \$37.75.

PROJECT No. 785—MICHIGAN

License issued April 11, 1930 for 50 years.

Licensee: City of Allegan, Mich.

Location of project: On Kalamazoo River, in Allegan County, Mich.

Description of project: The project consists of a dam about 1,200 feet long in the Kalamazoo River at Calkins Bridge, to be constructed of earth with a concrete spillway section 120 feet long, and a power house situated on the west bank of the river containing one 600-horsepower unit and one 1,200-horsepower unit with provision for the future installation of a third unit of from 1,200 to 1,800-horsepower capacity. The fixed crest of the spillway section will be at elevation 604 feet, or about 13 feet above the river bed. Six Tainter gates, each 20 feet long by 12 feet high, will be installed on the crest of the spillway and will permit pool regulation and flood discharge. A fishway will be located between the gates and the power house. The dam will create an average head of 14.8 feet. The power capacity of the project is estimated to be 888 horsepower and the average annual output of the plant 6,900,000 kilowatt-hours.

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National Forest in Pend Oreille County, Wash., so as to extend the period thereof from June 14, 1930, to June 14, 1931, which is within the total period of three years authorized by the Federal water power act. It appearing to the commission that said extension is reasonable and necessary for the purposes for which said permit was issued, such extension being desired to enable the permittee to continue his investigations and complete his plans and financial arrangements, it was voted that said permit be amended by extending the period of priority to June 14, 1931.

2. The executive secretary stated that Western Washington Electric Light & Power Co., which holds a preliminary permit issued April 6, 1928, for a period of two years for a power project on North River in Grays Harbor and Pacific Counties, Wash., on lands and in navigable waters of the United States, has applied for an extension of one year of the period of the permit; that the permittee has been actively engaged in investigational work, including stream gaging; that in view of the immediate need of increased capacity for the Grays Harbor district served by the company, the Grays Harbor Railway & Light Co. installed an additional steam generating unit in 1928, thus postponing the need of the development proposed to be undertaken in connection with this project; and that additional time is also desired in view of the short period, two and one-half years, for which stream-flow records are available. The Chief of Engineers, to whom the application was referred, recommends that the requested extension be granted. The executive secretary recommended that the period of the permit be extended, as requested, for one year, the maximum allowed by law.

The commission thereupon took action as follows:

In the matter of the application of Western Washington Electric Light & Power Co., a corporation organized under the laws of the State of Washington, and whose address is Aberdeen, in the State of Washington, for an amendment of preliminary permit issued April 6, 1928, for a power project (No. 835) on North River, on lands and navigable waters of the United States, to extend the period thereof from April 6, 1930, to April 6, 1931, to enable it to continue its investigations and complete its plans and financial arrangements, such extension being within the total period of three years authorized by the Federal water power act. It appearing to the commission that said extension is reasonable and necessary for the purposes for which said permit was issued, it was voted that said permit be amended by extending the period of priority to April 6, 1931.

*Authorization for license*

The executive secretary made the following statement: Rocky Mountain Power Co., a corporation organized under the laws of the State of Delaware and a subsidiary of The Montana Power Co., both concerns having their office and principal place of business at Butte, Mont., made application on January 26, 1921, for preliminary permit for a proposed power project (No. 5) on Flathead River, a tributary of Clark Fork of the Columbia River, and on Flathead Lake in Flathead, Lake, and Sanders Counties, Mont., at five sites extending downstream from a point about four miles below the outlet of Flathead Lake at Polson, affecting tribal lands on the Flathead Indian Reservation and a small area of public lands. The application was presented to the commission at its meeting on April 23, 1923, together with protests of the Kallispell community at the head of Flathead Lake, the State of Washington, on behalf of the proposed Columbia Basin project, and the Water Users Association of the Flathead irrigation project, and a statement of the Government

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interests in the partially constructed Newell Tunnel. The commission voted that action upon the application be suspended until a report should have been received from a commission appointed by the Secretary of the Interior to investigate the proposed Columbia Basin irrigation project. The report of the commission, submitted August 25, 1925, states that Flathead Lake is not needed as a storage reservoir for the Columbia Basin irrigation project, provided the natural outflow is available to the extent that it may be needed. On May 10, 1926, Congress made provision in the Interior appropriation act for the construction and operation of a power plant at Flathead site No. 1 for the benefit of the Flathead irrigation project and made an appropriation for starting work. Walter H. Wheeler, of Minneapolis, Minn., made application on January 11, 1928, for a preliminary permit for a proposed power development (project No. 838) on Flathead River embracing the above-noted five sites. He proposes to use the power for the development of electrochemical and electrometallurgical industries at or near the power sites. The district engineer of the War Department, to whom the applications were referred for investigation, held a hearing in December, 1927, on the Rocky Mountain Power Co.'s application, and in April, 1928, the Chief of Engineers of the War Department reported on this application, which he recommended be granted, and on that of Walter H. Wheeler, which he recommended be denied. By act of Congress of March 7, 1928, (45 Stat. 212-213), the commission was authorized, in accordance with the Federal water power act, and upon terms satisfactory to the Secretary of the Interior, to issue a permit or license for the development of the Flathead power sites. On March 27, 1928, Rocky Mountain Power Co. made application for license for a proposed project at what is commonly known as site No. 1, the upper one of the five heretofore mentioned. The project is to consist of a dam with crest gates to afford an average effective head of about 182 feet and to afford 10 feet of regulated depth of storage on Flathead Lake, water conduits about 770 feet long, a power house with an installed capacity of 150,000 horsepower, and appurtenant works. It is proposed to sell the power to The Montana Power Co. for public utility and electrometallurgical purposes, except such as may be delivered for use on the Flathead irrigation project. The nominal power capacity of the project is 80,000 horsepower. The commission called upon the Rocky Mountain Power Co. to furnish further information required for an adequate understanding of its project. In compliance with this request, the Rocky Mountain Power Co. provided funds for the Geological Survey to prepare additional maps, to make a study of the variation of ground-water levels at the upper end of the lake and to obtain additional records of the stages, inflow, and outflow of Flathead Lake. Revised designs of structures and studies of reservoir and plant capacities were made by the applicant under the direction of the district engineer of the War Department as the field representative of the commission, and a report was submitted to the commission embodying this information. On July 16, 1929, the Chief of Engineers of the War Department submitted the report of the district engineer on the application for license, concurring in the recommendation that a license be granted to the Rocky Mountain Power Co. with appropriate safeguards to navigation and irrigation in the basin of Flathead Lake.

On August 22, 1928, applicant Wheeler was notified that, subject to his right to request a hearing, his application would be recommended for rejection. He protested this proposed action and requested a hearing, which was held before the commission from October 28 to November 9, 1929, subsequent to which briefs were received from parties in interest. The data therein presented have been critically studied by the staff of the commission, by the Bureau of

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May 10, 1930

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or in conflict therewith having been filed by any State or municipality, the commission thereupon found that said project will be best adapted to a comprehensive scheme of improvement and utilization for the purposes of navigation, of water-power development, and of other beneficial public uses, and that the license will not interfere or be inconsistent with the purpose for which any reservation affected thereby was created or acquired, and thereupon approved the maps, plans, and specifications of the proposed project and project works, the plans of the dam and other structures affecting navigation having been approved by the Chief of Engineers and the Acting Secretary of War, and in pursuance of such approval and such findings authorized issuance of license for a period of 50 years subject to legal review under the direction of the Secretary of the Interior, to the provisions of said act, to the rules and regulations of the commission pursuant thereto, to the execution of the guaranty and agreement by The Montana Power Co. attached to the license and approval thereof by the executive secretary and the Secretary of the Interior, to the following special conditions, and to such further conditions, if any, as the Chief of Engineers may find necessary or desirable in the interests of navigation, or the Secretary of War shall deem necessary for the adequate protection and utilization of said lake and river.

(a) The licensee shall be liable for all damages occasioned by the property of others, including lands allotted in severalty to the Indians, by the construction, maintenance, or operation of said project works, or of the works appurtenant or accessory thereto, and in no event shall the United States be liable therefor, nor does this license guarantee the validity of any reservations contained in the patent to any allottee or other grantee of Indian lands, whether in trust or in fee.

(b) The licensee shall clear of all trees, logs, brush, or other debris up to elevation 2893, the margins of Flathead Lake and those portions of Flathead River which shall be used for reservoir purposes under this license, and shall dispose to the satisfaction of the commission, or its designated representative, of all the brush and debris resulting from such clearing, together with all temporary structures and refuse left on public lands and reservations of the United States from the construction and maintenance of said project works. In addition the licensee shall cut and remove any trees or brush lying above elevation 2893 which may be killed due to the regulation of Flathead Lake for storage purposes.

(c) The licensee hereby recognizes the right of the United States to pump from the Flathead Lake or from Flathead River above licensee's dam for all purposes of irrigation on the Flathead irrigation project or the lands of the Flathead Reservation, whether included in the irrigation project or not, not more than 50,000 acre-feet of water after July 15 of any one year.

(d) The operations of the licensee, in so far as they affect the use, storage, and discharge from storage of the water of Flathead Lake, shall at all times be controlled by such reasonable rules and regulations as the Secretary of War may prescribe in the interests of navigation and as the Federal Power Commission may prescribe in the interests of flood control and of the fullest practicable utilization of the waters of Flathead River and Clark Fork for power, irrigation, and other beneficial public uses.

(e) The licensee agrees that all rights acquired in connection with the project covered by this license and the use of water for the development of power shall be held subject to the rights which may be reasonably necessary for the complete development of the irrigable land, the domestic water supply requirements, and the water-power possibilities in the watershed above the project

works. The licensee further agrees to waive objections to the subtraction of such water up to a maximum flow of 200 cubic feet per second, as may be authorized under either Federal or State authority for diversion out of the watershed above the project works.

(f) The licensee may regulate Flathead Lake between elevations 2883 and 2893; provided, however, that the commission retains the right, at any time prior to the beginning of commercial operation of the project, to define limits of such regulation between elevations 2880 and 2893 in such manner as will make not less than 1,100,000 acre-feet of storage capacity available to the licensee, it being expressly understood that licensee shall not be restricted to less than 10 feet between the minimum and maximum elevations within which to carry on its regulation of Flathead Lake. It is expressly understood that variation by the commission of any limits of regulation which may be fixed as aforesaid, shall not affect the rentals provided for in paragraph (i) following. It is expressly understood that if and when water is pumped from Flathead Lake or from Flathead River above licensee's dam after July 15 in any year for purposes of irrigation as provided in paragraph (e) above the licensee shall be permitted, in the months of January, February, and March of the next succeeding year, to regulate Flathead Lake below the minimum elevation which may be fixed as aforesaid, to the extent necessary to enable it to recover the amount of water so pumped for irrigation purposes. Said elevations are in feet above mean sea level as determined by reference to a certain United States Geological Survey bench mark elevation 2,910.832 feet, stamped "2900 GN," as now located and established at Somers, Flathead County, or to such other bench marks as may be established by the United States Geological Survey having the same datum. As a basis of determination of the aforesaid storage limits, the licensee shall complete the mapping of lands bordering Flathead Lake and River and of the lake bed between elevations 2878 and 2900, uniform with the maps already completed by the Geological Survey at the north end of the lake, and shall continue to finance the collection of records of ground water elevations in the area at the head of Flathead Lake, and the study and interpretation of such records. The licensee also agrees to perform such channel excavation and other work as may reasonably be required by the commission for the purpose of flood control to the end that the normal flood levels of Flathead Lake shall not be increased by reason of the installation of the project works, and for the purpose of full utilization of storage and navigation.

(g) In consideration of the use to be made of the partially completed Newell Tunnel, the licensee shall pay into the Treasury of the United States the sum of \$101,685.11, such payment to be made within nine months from and after the date of this license and to be a part of and included in the licensee's net investment in the project.

(h) For the purpose of preventing the entrance of fish into the turbines of the power plant, the licensee shall install and maintain such fish stops or other equipment as may reasonably be prescribed by the Secretary of Commerce.

(i) Coincident with the beginning of commercial operation of the project works, and thereafter throughout the remainder of the term of the license, licensee shall make available, at the project boundary at or near the licensee's generating station, and the United States, for and on behalf of the Flathead irrigation project or the Flathead irrigation district, may take and having taken, shall pay for, at the price of 1 mill per kilowatt-hour: (1) Electrical energy in an amount not exceeding 5,000 horsepower of demand to be used exclusively for pumping water for irrigation; and (2) electrical energy in an amount not exceeding 5,000 horsepower of demand for all project and farm

uses and as may be at the boundary convenient pl on behalf may take watt-hour horsepower (j) The voltage an construct purposes o in quantifi demand of (k) The managem Flathead l lvered for (7) (A) tion for in lands amn 30 (1) A-18 month in v in which t the payme shall be or shall have to produce of reliability (2) A of month next operation a mercial ope (3) For following t annual chs For the fir For the thi For the fou For the fift For the nex For the nex For the ne annual cl pursuant paragraph (B) Payi the close th (C) Purs all charges of the Fede

SESSION

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May 16, 1929

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jections to the subtraction of feet per second, as may be necessary for diversion out of the  
 Between elevations 2853 and 2893 the right, at any time, to define limits in such manner as will be capacity available to the project shall not be restricted to minimum elevations within which it is expressly understood that the flow which may be fixed as provided in paragraph (1) following. The water is pumped from Flathead Lake after July 15 in any year and March of the next year, and the minimum elevation which shall enable it to recover the water. Said elevations are in accordance to a certain United States Geological Survey map of 10,882 feet, stamped 1900 Flathead County, or to such determination of the aforesaid mapping of lands bordering between elevations 2878 and the Geological Survey at the head of Flathead Lake. The licensee also agrees to as may reasonably be required to the end that the increased by reason of the use of full utilization of partially completed Newell the United States the same months from and after provided in the licensee's net fish into the turbines of such fish stops or other secretary of Commerce. operation of the project the term of the license, at or near the licensee's behalf of the Flathead may take and, having electrical energy in an electrical energy in an for all project and farm

uses and for resale. Such deliveries shall be made at such standard voltage as may be selected by the commission. The licensee shall also make available, at the voltage of the line from which service is taken, either at the project boundary at or near the licensee's generating station or at some more convenient place on the project to be agreed upon, and the United States, for and on behalf of the Flathead irrigation project or the Flathead irrigation district, may take and, having taken, shall pay for at the price of 2 1/2 mills per kilowatt-hour, additional electrical energy in an amount not exceeding 5,000 horsepower of demand for all project and farm uses and for resale.  
 (7) The licensee shall, during the period of construction, deliver at line voltage and at a point to be agreed upon on the line or lines which it will construct to supply for construction purposes, power for farm and project purposes on the Flathead irrigation project or the Flathead irrigation district in quantities required by the United States for said purposes up to a maximum demand of 500 horsepower, at the price of 2 1/2 mills per kilowatt-hour.  
 (8) The United States reserves to itself or to the Flathead irrigation project management the exclusive right to sell power within the boundaries of the Flathead Indian Reservation, to the extent of 10,000 horsepower to be delivered for use and/or sale as provided in paragraph (1) above.  
 (9) (A) The licensee shall pay into the United States Treasury as compensation for the use, in connection with this license, of the Flathead Indian tribal lands annual charges computed as follows:  
 (1) A charge at the rate of \$1,000 per calendar month beginning with the month in which the license is issued and extending to and including the month in which the project is placed in commercial operation. For the purpose of the payments under this paragraph, the beginning of commercial operation shall be considered as the time when one of the licensee's generating units shall have been installed, tested, and demonstrated to be in suitable condition to produce electric energy for commercial purposes with a reasonable degree of reliability.  
 (2) A charge at the rate of \$5,000 per month beginning with the calendar month next succeeding the date on which the project is placed in commercial operation and extending to the end of the calendar year in which such commercial operation shall commence.  
 (3) For each full calendar year from and after the first of January next following the date on which the first unit is placed in commercial operation, annual charges will be as follows:  
 For the first two years \_\_\_\_\_ \$60,000 per year  
 For the third year \_\_\_\_\_ 75,000  
 For the fourth year \_\_\_\_\_ 100,000  
 For the fifth year \_\_\_\_\_ 125,000  
 For the next five years \_\_\_\_\_ 150,000 per year  
 For the next five years \_\_\_\_\_ 160,000 per year  
 For the next five years and/or until readjustment of the annual charges payable hereunder shall have been effected pursuant to the provisions of subparagraph (D) of this paragraph \_\_\_\_\_ 175,000 per year.  
 (B) Payments shall be made for each calendar year within 30 days after the close thereof on bills rendered by the commission.  
 (C) Pursuant to the provisions of the act of March 4, 1929 (45 Stat. 1640), all charges for reimbursing the United States for the cost of administration of the Federal water power act have been and are hereby expressly waived.

(l) The annual charges payable under this license may be readjusted at the end of 20 years after the beginning of operation under this license and at periods of not less than 10 years thereafter by mutual agreement between the commission and the licensee with the approval of the Secretary of the Interior. In case the licensee, the commission, and the Secretary of the Interior can not agree upon the readjustment of such charges, it is hereby agreed that the fixing of readjusted charges shall be submitted to arbitration in the manner provided for in the United States arbitration act, (U. S. C. Title 9), such readjusted annual charges to be reasonable charges fixed upon the basis provided in section 5 of regulation 14 of the commission to wit, upon the commercial value of the tribal lands involved, for the most profitable purpose for which suitable, including power development.

(m) The licensee having submitted a claim of prelicense cost to January 31, 1929, of \$183,312.47 and the solicitor of the commission having recommended the rejection of items contained therein aggregating a total of \$85,088.76, the commission and the licensee hereby mutually agree that the sum of \$98,223.71 shall be entered upon the fixed capital accounts of said project and included in the statement to be submitted to the commission in accordance with the provisions of article 32 of the license as representing the actual legitimate investment in said project up to and including January 31, 1929, provided however, that this agreement shall not deny or affect the licensee's right within one year from and after the date of this license to submit further evidence to the commission or to any court having jurisdiction for the purpose of establishing the propriety of any part of said \$85,088.76.

(n) The licensee agrees that it will enter into a contract with The Montana Power Co. under which all electrical power or energy generated by the project covered by this license, except that delivered to or reserved for the United States pursuant to the provisions of the license, shall be delivered to or made available for said The Montana Power Co. or its nominees upon the payment to the licensee of an annual amount approximately sufficient to meet the operating expenses and maintenance costs, taxes, accruals for depreciation, and rentals (including the rental charges provided for by this license), and in addition an average return of eight per cent per annum on its actual legitimate investment in all facilities and property covered by this license and used in the generation and delivery of such power, as established under the provisions of the Federal water power act and the rules and regulations of the commission issued in pursuance thereof. A duly certified copy of said power contract shall be filed with the commission.

(o) The licensee agrees that its securities shall be issued only (1) to The Montana Power Co. upon condition that they shall be retained by said The Montana Power Co.; it being understood that none of such securities shall be disposed of by said The Montana Power Co. (except to a trustee or trustees under one of its mortgages or deeds of trust as hereinafter provided) without the express approval of the commission previously had and obtained, and/or (2) to a trustee or trustees under any mortgage or deed of trust securing the issuance of bonds or other securities of said The Montana Power Co. to be held subject to the provisions of such mortgage or deed of trust. Such securities shall be sold to The Montana Power Co. for cash or its equivalent.

(p) The licensee agrees that full and complete copies of rate schedules and all contracts of the licensee or of The Montana Power Co. for management and supervision of its or their affairs, or for general construction, which involve the licensee or the project covered by this license, shall be filed with the Federal Power Commission promptly after execution. The licensee agrees its files and

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No. 621. Licen project in Nez P approved August

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The commission In the matter o land, Oreg., for th

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nnually with the Federal Power Commission copies of its annual reports and  
also copies of The Montana Power Co.'s annual report as rendered to the  
Montana Public Service Commission.

The commission further voted to reject the application of Walter H. Wheeler  
for preliminary permit for the five sites (project No. 863) without prejudice,  
however, to submission by him of an application for preliminary permit or  
license for the lower four sites and voted to reject the application of Rocky  
Mountain Power Co. for preliminary permit for the lower four sites (project  
No. 5)

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having recommended  
total of \$85,088.76, the  
the sum of \$98,223.71  
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Amendment of license

The executive secretary stated that Harry V. Gates, to whom a license was  
issued on February 9, 1928, for a power project on Crooked River, in Jefferson  
County, Oreg., applied on April 3, 1930, for an extension of time from July 1,  
1930, to July 1, 1931, for completion of said project, that the licensee has  
prosecuted construction work diligently, has expended over \$31,000 on the  
development, and estimates that it will require about \$8,000 additional to com-  
plete the work, the total cost being considerably above the estimates, and that  
the request for extension was considered reasonable. He recommends that the  
license be amended to extend the time of completion to July 1, 1931.

The commission thereupon took action as follows:  
In the matter of the application of Harry V. Gates of Hillsboro, Oreg., for  
amendment of license for a power project (No. 869) on Crooked River on lands  
of the United States in Jefferson County, Oreg., so as to extend the time for  
completing construction until July 1, 1931, said extension being necessary be-  
cause of the excessive cost of construction as compared with original estimates,  
it was voted that the license be amended so as to extend the time for com-  
pletion of construction from July 1, 1930, to July 1, 1931.

Transfer of licenses

The executive secretary made the following statement: Inland Power & Light  
Co. of Oregon, has submitted two applications, each dated March 14, 1930, for  
approval of transfer to the Chelan Electric Co. of Washington, of the licenses  
as issued and amended for the following major projects and the properties  
thereunder:

- No. 204. License issued January 19, 1923, to Grangeville Electric Light &  
Power Co. (Ltd.), for a project in Idaho County, Idaho, transfer of license to  
Inland Power & Light Co., approved October 18, 1928, effective on January 1,  
1928, and leasing to Pacific Power & Light Co., approved August 1, 1929.
- No. 221. License issued June 8, 1926, to Inland Power & Light Co. for a  
project in Nez Perce County, Idaho, and leasing to Pacific Power & Light Co.,  
approved August 1, 1929.

The board of directors of Inland Power & Light Co., at its meeting held on  
March 14, 1930, authorized the president or vice president of the company to  
sell, convey, and/or transfer both projects to the Chelan Electric Co. when au-  
thority of this commission had been granted. The board of directors of the  
Chelan Electric Co. on the same day took similar action directing its officers  
to receive these properties. The executive secretary recommended that transfer  
of licenses and properties be authorized, subject to appropriate conditions  
with respect to financial accounting.

The commission thereupon took action as follows:  
In the matter of the applications of the Inland Power & Light Co. of Bor-  
land, Oreg., for the transfer to Chelan Electric Co.

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delivered to or made  
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tract shall be filed  
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obtained, and/or  
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