

August 12, 2004

Re: Initiation of Relicensing Settlement Negotiations Planning  
Cooper Lake Project FERC No. 2170

Cooper Lake Project Relicensing Participants:

As discussed at the July 14 relicensing workshop and in other discussions with some of you prior to and after the workshop, Chugach Electric is interested in exploring the opportunity to reach a comprehensive negotiated settlement agreement regarding the relicensing of the Cooper Lake Project (FERC No. 2170). While there are a few technical studies to be completed that may aid in the settlement discussions, we believe it would be good to get the negotiation process started now. There are several initial steps we need to take to set the stage for negotiations:

- **Develop a “road map” for the interest-based negotiations** – how will the negotiations work?
- **Develop a negotiations protocol** – what operating rules will we follow?
- **Identify and prioritize interests that will define the scope of the negotiations** – what will we be negotiating?
- **Get dates reserved on the calendar** – what level of effort can we all commit to this effort?

We'd like to kick off this process with a half-day meeting from 8:30 A.M. – noon on September 2, 2004, at the CIRC Building (4<sup>th</sup> floor conference room), located at 2525 C Street in Anchorage. We are providing an internet link to an article on interest-based negotiations (<http://www.negotiationskills.com/articleB1.html>) that you may want to read to provide a common background prior to the meeting. We've also attached a draft Guidance Document showing a general plan for the negotiations process and a draft Negotiations Protocol that we would like to use as a starting point for our discussions. We would appreciate receiving comments on these draft documents by August 25 and we'll be prepared to discuss and revise them as necessary on September 2. We can then hopefully begin to develop a list of interests for the negotiations with the remaining time.

To get us moving forward on this negotiations effort we need for you to do the following:

- Let us know if your organization would like to participate in the negotiations process and who, at least initially, you would like to be the key contact point.
- Confirm that you can attend the September 2 session.
- Provide us with feedback on the draft Guidance Document and draft Negotiations Protocol.
- Please email your responses to May Clark at [May\\_Clark@chugachelectric.com](mailto:May_Clark@chugachelectric.com) by August 25.

Thank you for your continued interest in the relicensing of the Cooper Lake Project. We look forward to this next step in our process.

Sincerely,

CHUGACH ELECTRIC ASSOCIATION, INC.

A handwritten signature in black ink, appearing to read "Burke Wick". The signature is written in a cursive style with a large initial "B" and "W".

Burke Wick, PE  
Plant O&M Supervisor  
Cooper Lake Project Relicensing Project Manager

Enclosures

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