

March 12, 2026

## MEMORANDUM

**To:** Parks and City Light Committee  
**From:** Eric McConaghy, Analyst  
**Subject:** Council Bill 121177 - Seattle City Light Skagit Hydroelectric Project Ordinance

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On March 18, 2026 the Parks and City Light Committee (Committee) will discuss [Council Bill \(CB\) 121177](#), the Seattle City Light Department (SCL) Skagit Hydroelectric Project Ordinance. CB 121177 would authorize the Mayor or her designee to execute a Comprehensive Settlement Agreement (Settlement Agreement), five Off-License Agreements (OLAs), and other related agreements on behalf of the City of Seattle (City) for purposes of [relicensing SCL's Skagit River Hydroelectric Project \(Skagit Project\)](#) before the Federal Energy Regulatory Commission (FERC).

If authorized, then the Mayor or her designee would sign the Settlement Agreement (Attachment 1) and the five OLAs (Attachments 2 – 6) for the City. After all parties have signed<sup>1</sup>, SCL would file them with an amended, final license application for the Skagit Project with FERC. Subsequently, FERC would initiate the environmental and public review phase of the relicensing process. SCL expects that FERC would complete the process to relicense the Skagit Project no earlier than 2030.

This memorandum provides background, a description of the Settlement Agreement and the OLAs, and estimates of financial impacts for SCL rate payers.

### Background

On behalf of the City, SCL is required under the [Federal Power Act](#) to obtain a license from the [Federal Energy Regulatory Commission \(FERC\)](#) to operate the [Skagit Project](#). The Skagit Project consists of the Ross, Diablo, and Gorge hydroelectric developments (dams), a transmission line corridor that is about 100 miles long containing multiple transmission lines, the company towns of Newhalem and Diablo, and numerous recreation and interpretive facilities. The project also includes 10,800 acres of fish and wildlife mitigation land.

The Skagit Project began generating power in 1924 and currently supplies about 20 percent of SCL's power. The City's 1995 FERC license to operate the Skagit Project expired on April 30, 2025. Since then, SCL has operated the Skagit Project under annual licenses.

For more than seven years, SCL has been working with Tribes, federal, state, and county agencies, and other parties to achieve agreement on the aspects of the application to FERC for

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<sup>1</sup> All parties to the Comprehensive Settlement Agreement, besides the City, Skagit County and Skagit County Dike and Drainage Flood Control Partnership, have executed the Settlement Agreement and all other parties to the Off-License Agreements have executed them as of March 12.

a new, long-term license (50 years) for the continued operation of the Skagit Project. SCL has successfully concluded negotiations with all the other parties.

The purpose of the Settlement Agreement ([Attachment 1 of CB 121177](#)) is to resolve among the signatories (parties) all issues that have or could reasonably have been raised by the Parties in connection with the continued operation and maintenance of the Skagit Project under a new FERC license. The Settlement Agreement proposes the City's obligations for the protection, mitigation and enhancement of resources affected by the Skagit Project.

Parties to the Comprehensive Settlement Agreement:

- City of Seattle by and through its City Light Department;
- United States Department of Commerce, National Marine Fisheries Service;
- United States Department of Agriculture, Forest Service;
- United States Department of the Interior, Fish and Wildlife Service;
- United States Department of the Interior, National Park Service;
- United States Department of the Interior, Bureau of Indian Affairs;
- Washington Department of Fish and Wildlife;
- Washington Department of Ecology;
- Sauk-Suiattle Indian Tribe ;
- Swinomish Indian Tribal Community;
- Upper Skagit Indian Tribe;
- Skagit County;
- Skagit County Dike and Drainage Flood Control Partnership;
- Trout Unlimited;
- American Whitewater;
- North Cascades Institute; and
- Skagit Fisheries Enhancement Group

### **Off-License Agreements**

The OLAs are targeted to the specific, negotiated terms of their respective parties. They can be organized into two categories based on the parties and the purpose: with federal agencies and with Tribes.

The OLAs with federal agencies, while separate, have the same dual purposes: to resolve all issues between the City and the agency regarding the relicensing of the Skagit Project that are not addressed in the Settlement Agreement and to memorialize the parties' joint commitments to mitigate Skagit Project-related impacts and to enhance coordination. The execution of each would commit the City, through SCL, to fund specific activities and services related to the Skagit Project. These commitments are in addition to and separate from requirements under the new FERC license. See the Joint Commitments section of the federal OLAs for more information.

## Federal OLAs

[Attachment 2: National Park Service OLA](#) and  
[Attachment 3: United States Forest Service OLA](#)

The three OLAs with the Tribes will serve to settle all claims by and from those the Tribes past, present and future against the City arising from or related to the operation of the Skagit Project for the 50-year term of the license. In return, the SCL, on behalf of the City, will provide compensation or other perform other obligations specific to each Tribe as detailed in the “Compensation” sections of each OLA.

## OLAs with the Tribes

[Attachment 4: Sauk-Suiattle Indian Tribe](#);  
[Attachment 5: Upper Skagit Indian Tribe](#); and  
[Attachment 6: Swinomish Indian Tribal Community](#)

## **Impacts on Rate Payers**

Execution of the Settlement Agreement and OLAs would commit SCL to spending approximately \$42 million over the next five years for OLA considerations and for actions related to the Skagit Project in advance of relicensing (Early Actions). Assuming that SCL obtains the new license from FERC, SCL estimates total cost of the license proposal at \$4 billion (in 2025 dollars) over 50 years, including: \$1.8 billion for capital improvements to dams and facilities, \$979 million for fish passage, and \$350 million for commitments in the off-license agreements. Also included would be spending on protection, mitigation, and enhancement measures as well as operations and maintenance costs for the Skagit Project.

SCL estimates a rate increase due to the cumulative impact of new license costs of about 5 percent over six years, which represents the period of SCL’s next Strategic Plan. Council is expected to consider and possibly adopt SCL’s 2027 – 2032 Strategic Plan and associated rate path during summer of 2026 in tandem with consideration and possible action an ordinance setting SCL’s 2027 and 2028 retail rates.

## **Next Steps**

On April 1, 2026, SCL will respond to the Committee’s questions and the Committee will continue discussion of CB 121177 with possible action following. If the Committee takes action to recommend the legislation, then Council could take final action on April 7, 2026.

cc: Lish Whitson, Director  
Calvin Chow, Deputy Director