

June 22, 2017

Crystal Johnson
City Manager, City of Granite Falls
641 Prentice Street
Granite Falls, MN 56241

**Re: Proposal for FERC Review of Potential Whitewater Park Options at the Granite Falls
Hydroelectric Project**

Dear Ms. Johnson:

We are pleased to present this proposal to help determine what impacts (if any) constructing a whitewater park at the Granite Falls Dam may have on the hydroelectric facility's exempt status with the Federal Energy Regulatory Commission (FERC).

Understanding of the Work

The City of Granite Falls has formed a committee to evaluate the potential for the development of a whitewater park at the current site of their dam and hydroelectric facility. They have also expressed their desire to maintain the existing exempt status that the hydroelectric facility has with the FERC.

Based upon recent experience dealing with the FERC regarding licensure, it is our belief that an informal conference call with the specific people in the Project Review Branch in the Washington DC office will provide the information necessary to understand the implications of the two basic conceptual alternatives being considered.

The committee has two conceptual alternatives in the form of architectural renderings for consideration. These two renderings will be shared with the FERC so that they understand the nature of the project being considered.

Scope of Work

Based upon our understanding of the City's request and upon past experience interacting with the FERC, we propose to provide the following scope of engineering services.

- Contact appropriate personnel within the FERC to request an informal conference call to discuss the potential regulatory impacts of proceeding with either of the two conceptual project alternatives being considered.
- Prepare a one-page high-level description of the facility and proposed conceptual whitewater project options to share with the FERC staff in advance of the call. The summary will be submitted along with the renderings (prepared by others) of the alternatives.
- Facilitate a conference call discussion with the FERC and City officials. Conference call should include contributions from a FERC approved independent consultant from Barr.

- Prepare an agenda in advance of the meeting and minutes to document the discussion and conclusions. The meeting should either determine if the project options would eliminate/maintain the exemption or identify next-steps to reach a determination.
- Prepare meeting minutes summarizing discussion, actions, and conclusions (if any).

Assumptions

The scope of work and fees are also based upon the following assumptions.

- The City will obtain permission (if necessary) to share the renderings with the FERC.
- Our understanding of FERC's organization and personnel able to assist is based upon a recent (June 2016) similar Barr project in which this procedure was followed. It is assumed that the same or similar personnel with the FERC will be willing and available to assist with this request.

Deliverables

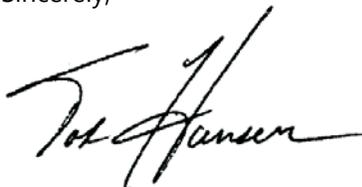
The following deliverables are anticipated as a part of this scope of work:

- A brief high-level write-up and meeting agenda to be shared with the FERC for use during conference call.
- Minutes documenting facilitated discussion with appropriate FERC personnel. The meeting should be held and the minutes delivered to the City within one month of the notice to proceed from the City.

We propose to complete this scope of construction services on a time and expenses basis with invoicing submitted monthly for a fee of \$4,000. This fee is based upon approximately 30 hours of time from Barr staff.

We look forward to working with you on this project and thank you for the opportunity to provide you with this proposal. If you have questions, please contact us at your convenience

Sincerely,

A handwritten signature in black ink that reads "Tor Hansen". The signature is written in a cursive, flowing style.

Tor Hansen, PE
Vice President
952-832-2758