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The Confederated Salish and Kootenai Tribes of the Flathead Indian Reservation (Tribes), The Montana Power Company (MPC), PPL Montana (PPLM), Trout Unlimited (TU), and the U.S. Department of the Interior (Interior) announce that they have reached an agreement to settle the Montana Power Company v. FERC lawsuit, currently pending in the United States Court of Appeals for the District of Columbia Circuit.

Deputy Secretary of the Interior David J. Hayes said, "This important agreement will protect the tribal trust resources of the Confederated Salish and Kootenai Tribes. It is an excellent example of how Federal resource agencies are working collaboratively and constructively with licensees, tribes and others in the hydropower licensing arena."

Under the agreement, the Tribes will receive approximately $35 million from MPC and PPLM to fund fish and wildlife mitigation activities for the protection and utilization of the Flathead Indian Reservation in connection with the operation of the Kerr Hydroelectric Project.

Vice Chairman of the Confederated Salish and Kootenai Tribal Council, Jamie Hamel said, "The Tribes are pleased to have the long-standing dispute regarding Kerr Project environmental mitigation resolved and we appreciate the efforts put forth by all parties toward achieving a settlement. The Tribes believe that the terms of the settlement are consistent with the terms of the Hellgate Treaty of 1855 and with the requirements of the Federal Power Act. It will protect the Flathead Reservation from impacts attributable to the Kerr Project so that the Tribes can preserve the Reservation as their traditional homeland."

The Kerr Hydroelectric Project is a 170 megawatt project that includes a dam, powerhouse and other facilities located on the Flathead Indian Reservation downstream of the natural outlet of Flathead Lake in northwestern Montana. Project boundaries encompass all of Flathead Lake. It was originally licensed to a predecessor of MPC in 1930 for 50 years. The project was relicensed in 1985 as part of a settlement among MPC, the Tribes and Interior that allowed Interior subsequently to require additional license conditions for the adequate protection of fish and wildlife. In November 1995, Interior issued the contemplated license conditions and FERC included them in 1997 and 1998 orders amending the license.

MPC challenged the license conditions in the United States Court of Appeals for the District of Columbia Circuit. The Tribes, TU, and Interior intervened in the litigation. MPC's project interest was recently sold and its portion of the license transferred to PPLM in December 1999.

PPLM, the Tribes and Interior filed an application to amend various articles of the existing Kerr Hydroelectric Project license under the agreement with the Federal Energy Regulatory Commission (FERC) on April 21. Shortly after FERC approval, funds under the settlement will be paid to the Tribes, and the MPC v. FERC lawsuit will be dismissed.

The settlement would resolve the challenges raised by MPC to Interior's conditions and retain the mitigation measures Interior considers necessary to provide for the protection and utilization of the Flathead Indian Reservation. These amendments will not change the requirement that the project be operated as a base load facility to protect fish and wildlife downstream of the dam, nor the requirement to make annual fish and wildlife mitigation payments of $1.44 million (in today's dollars).

Dick Cromer, Executive Vice President of MPC, said, "We are pleased to be a party to this agreement. The parties worked well together and produced a settlement that is in the public interest."

PPLM President Roger L. Petersen echoed MPC's enthusiasm. He said, "PPLM is proud to be the new co-licensee for the Kerr Project with the Confederated Salish and Kootenai Tribes and looks forward to a productive partnership with them. This settlement is important progress for the Tribes and we are honored to be a part of it."

Some of the terms of the settlement include:

- Payment to the Tribes of $10.75 million for fish and wildlife habitat restoration activities on the Reservation or, as needed, to supplement funding of fish stocking, supplementation, and reintroduction activities in Flathead Lake and the lower Flathead River;
- Payment to the Tribes of $7 million for fish stocking, supplementation, and reintroduction activities in Flathead Lake and the lower Flathead River;
- Payment to the Tribes of $17 million for fish and wildlife habitat acquisition on the Flathead Reservation.

"We've waited 15 years for a final agreement on getting fish and wildlife dollars from the Kerr project to the ground, so this settlement is an important achievement," says Bruce Farling, executive director of Montana Trout Unlimited, a national conservation group representing 120,000 conservation minded anglers, including 2,100 in Montana.
