

# COWLITZ COUNTY PUD

FOR IMMEDIATE RELEASE

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## **Cowlitz PUD, Kiewit Pacific Settle Swift 2 Canal Contract Claim for \$3.9 Million**

Cowlitz PUD will pay Kiewit Pacific Company (KPC) an additional \$3.9 million for repair work completed at the Swift No. 2 power canal, as part of an agreement finalized November 29.

Cowlitz PUD owns the Swift No. 2 Hydroelectric Project on the North Fork Lewis River, three miles east of Cougar, WA. It was heavily damaged in April 2002 when its canal embankment failed and water, soil and rock inundated the powerhouse and adjacent state highway.

KPC was awarded a \$28.8 million contract in July 2004 to rebuild the power canal and began working on the project in August 2004.

In May 2006 KPC filed a lawsuit in Federal District Court in Tacoma, asking for an additional \$14 million for its work at Swift. Cowlitz PUD filed a counter-claim in June 2006 rejecting KPC's claim.

The agreement was reached in principle earlier in November at a settlement conference ordered by Federal District Court Judge James L. Robart. Under the agreement Kiewit affirms its warranty obligations under the contract with no changes. The PUD's \$3.9 million payment to KPC becomes part of the damage claim subject to pending litigation with TIG Insurance Company.

"The PUD is satisfied with this agreement," General Manager Brian Skeahan said. "We think we negotiated the best possible settlement for our customers and are glad to have this chapter of the Swift repair process behind us."

Swift 2 provides 10-15 percent of the power provided to the PUD's residential, commercial and small industrial customers. After being out-of-service from April 2002 to December 2005, fulltime operation began in January 2006.

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*Cowlitz PUD is a publicly-owned utility that serves 47,000 electric customers in Cowlitz County, Washington. The utility constructed the 70 megawatt Swift No. 2 Hydroelectric Project in the late 1950s.*