

P R E S S R E L E A S E

**Karuk Tribe • Klamath Tribes of Oregon • American Rivers
Pacific Coast Federation of Fishermen's Associations
Trout Unlimited • Institute for Fisheries Resources • California Trout
Klamath Riverkeeper • Salmon River Restoration Council**

FOR IMMEDIATE RELEASE : September 16, 2010

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**IT'S OFFICIAL: REMOVING KLAMATH DAMS SAVES MONEY FOR
POWER CUSTOMERS**
***Oregon Public Utilities Commission Rules that Dam Removal under
terms of the
Klamath Agreements is in Ratepayers' Best Interest***

Salem, OR – Today the Oregon Public Utility Commission (OPUC) – the Oregon agency charged with protecting utility customers – formally ruled, after months of investigation, that the proposed Klamath Hydroelectric Settlement Agreement (KHSA) is indeed in the best interests of PacifiCorp ratepayers as well as the cheapest alternative for the company.

The basis of the Commission's official finding is the significant cost savings of dam removal over retrofitting and relicensing. The KHSA would lead to the removal of four dams on the Klamath River in 2020, pending environmental reviews and approval by the Secretary of Interior. The only other alternative is a much more expensive relicensing proceeding through the Federal Energy Regulatory Commission (FERC), the federal agency which licenses dams, which the Commission found will likely cost PacifiCorp's customers far more money than dam removal.

The Commission's Order, released today in OPUC Rate Case No. UE-219, noted that:

"Ratepayers will be responsible for significant future costs for the Klamath Project (regardless of the disposition of the dams).... We are persuaded that continued pursuit of the relicensing option would pose significant risks to ratepayers. The nature and scope of the costs involved with relicensing would remain uncertain and subject to significant escalation for a considerable period of time. The KHSA in contrast, offers a more certain path for the Project's future..... Due to significant tangible and intangible

benefits associated with the KHSA, we conclude it is in the best interest of customers and find the KHSA surcharges to be fair, just and reasonable.” (pg. 12)

“Because the KHSA limits costs and manages risk better than relicensing, we find the KHSA to be in the best interest of customers, and we determine that the KHSA surcharges are, therefore, fair, just and reasonable.” (pg. 13)

“We argued for years that on the Klamath, dam removal saves ratepayers money. Today, after a thorough investigation, the Oregon Public Utility Commission has formally confirmed that fact,” said Glen Spain, Northwest Director of the Pacific Coast Fishermen’s Associations, which represented commercial fishing interests in the Klamath Settlement negotiations. “These ageing dams are simply obsolete, and their removal is clearly the cheapest option.”

PacifiCorp has approximately 550,000 customers in Oregon who are now contributing small surcharge amounts (averaging about \$1.50 per month per customer) each month under the KHSA, toward a Klamath dam removal fund, in accordance with a bill passed by the Oregon Legislature last year (SB 76). This “Klamath surcharge” was also approved by the Commission’s ruling as a fair and reasonable way to help pay for dam removal costs.

Customer surcharges to pay for operational changes of this sort are the normal practice in the utilities industry.

The KHSA caps ratepayer liability at \$200 million. The alternative to the KHSA would be to formally relicense the dams, costing ratepayers an estimated \$500 million or more in required upgrades to the aging facilities.

All the four Klamath hydropower dams combined generate only a very small amount of power – only about 82 Megawatts (MW) on average over the past fifty years. According to estimates by the Federal Energy Regulatory Commission (FERC), the federal agency that licenses dams, even after expensive retrofitting to meet modern standards, these dams would still only generate about 62 MW of power on average, or about 27% less than they do today. FERC itself estimated in its 2007 Final Environmental Impact Report on relicensing that even if fully FERC relicensed, the required retrofitting would be so expensive that these dams would then operate at more than a \$20 million/year net loss (see FERC FEIS, Table 4-3 on pg. 4-2).

“The Commission’s order today means PacifiCorp customers will save money and there will be money in the bank for dam removal. The federal government just finalized a \$26 million contract for the two largest dam removals ever – 108 ft and 210 ft tall, on Elwha River in Washington. The Klamath dams range from 25 ft to 173 ft. This is more evidence that removing Klamath dams is both affordable and feasible,” said Steve Rothert, California Director of American Rivers.

In addition to lower utility bills, Klamath dam removal proponents say benefits of dam removal include more jobs and investments in local Klamath basin economies. Also, reservoirs created by the dams are currently contaminated with life-threatening blue-green algae that is harmful to humans and can be lethal to pets and livestock. Dam

removal is expected to greatly improve water quality as well as bolster valuable salmon runs which support many regional jobs.

A similar ruling by the California PUC is anticipated, to cover PacifiCorp's roughly 45,000 California customers, in March 2011.

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Editor's note: For summaries and the full text of the Klamath Settlement Agreements as well as additional fact sheets on the terms of the Agreements, see:

<http://www.klamathrestoration.org>

For more on the federal and state dam removal environmental analysis and federal and state decision-making process leading toward a final Secretary of Interior decision on dam removal in March, 2012, see: www.klamathrestoration.gov

The 119-page Oregon PUC Order affirming the Klamath surcharge can be found on the OPUC website at: <http://apps.puc.state.or.us/orders/2010ords/10-364.pdf>.