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IT'S OFFICIAL: REMOVING KLAMATH DAMS SAVES MONEY FOR PACIFIC POWER CUSTOMERS

***California Public Utilities Commission Rules that Dam Removal under Terms of
the Klamath Agreements is in Ratepayers' Best Financial Interest***

San Francisco, CA – Today the California Public Utilities Commission (CPUC) – the California agency charged with protecting public utility customers – formally ruled that the proposed Klamath Hydroelectric Settlement Agreement (KHSA) is indeed the cheapest alternative for Pacific Power's customers.

This ruling was made after months of investigation and testimony and it follows a similar ruling by the Oregon PUC on September 16, 2010, which came to the same conclusion.

In addition to lower utility bills, Klamath dam removal proponents say benefits of dam removal include more jobs and investments in local economies. Also, reservoirs created by the dams currently host annual blooms of a toxic 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.

The CA PUC ruling paves the way for Pacific Power to start collecting a very small monthly dam removal surcharge capped at no more than 2% on its California customer bills to start setting aside money for Klamath dam removal by the year 2020. By spreading this dam removal rate surcharge over the next 9 years, this will keep the individual customer burden very low. It also avoids the greater expense of forcing ratepayers to pay to upgrade the antiquated complex of dams.

According to PUC calculations, this Klamath dam removal surcharge would amount to about \$1.61/month per customer. PacifiCorp has about 45,000 customers in northern California. A similar surcharge has been collected in Oregon for more than a year.

As the PUC noted, the dam removal plan in the KHSA is the cheapest of all the available options for Pacific Power customers, and caps their total costs at \$200 million. However, should the

Agreement collapse and Pacific Power be forced to keep and upgrade the dams to meet modern standards, it could cost their customers *at least two and a half times more* (about \$500 million) than simply removing them and replacing their power with more efficient modern facilities elsewhere.

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 Commission's Order, released today in CPUC Rate Case No. A.10-03-015, noted specifically that:

"By physically removing the Klamath assets pursuant to the KHSA, the cost to ratepayers of resolving issues in the Klamath Basin is capped, protecting ratepayers from the unknown cost of relicensing the dams; and the water of the Klamath River will be able to flow freely downstream, allowing spawning gravel downstream to be flushed clean and the water temperature to return to normal. (pg. 4)"

"Through the use of the KHSA cost cap, ratepayers are protected from the uncertain costs of relicensing, litigation, and decommissioning that customers may be responsible for *sans* the KHSA. If the KHSA surcharge is not instituted, ratepayers would be exposed to an uncertain amount of costs." (pg. 30)

"We argued for years that on the Klamath, dam removal actually saves ratepayers money. Today, after a thorough investigation, the California Public Utility Commission has formally confirmed it," said Glen Spain, Northwest Director of the Pacific Coast Fishermen's Associations (PCFFA), which represented commercial fishing interests in the Klamath Settlement negotiations. "These ageing dams are simply obsolete, and their removal is clearly the cheapest and best option for everyone."

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, after expensive retrofitting to meet modern standards, these dams would 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).

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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, see: www.klamathrestoration.gov

The California PUC Docket No. A.10-03-015 on which this Order will be posted is at: <http://docs.cpuc.ca.gov/published/proceedings/A1003015.htm>.

The 119-page prior 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>.