

FOR IMMEDIATE RELEASE

December 3, 2013

CONTACT

Severn Williams, 415-336-9623, sev@publicgoodpr.com

Klamath Basin Task Force Concludes with Updated Water-Sharing and Power Cost Savings Plan for the Region: Broad Range of Klamath Basin Stakeholders Support Progress Made on Critical Issues

Klamath Falls, Ore. – The Klamath Basin Task Force issued its final report and recommendations today at a public meeting. The 27-member Task Force, which was formed by U.S. Senators Ron Wyden and Jeff Merkley, Rep. Greg Walden, and Governor John Kitzhaber, has been meeting periodically since the summer. The Task Force was formed to address lingering issues that have made it difficult to establish a full consensus within the Klamath Basin around how best to establish a balanced and comprehensive approach to water sharing in the region.

The Klamath Basin Task Force was specifically designed to address long-standing concerns among Upper Basin Off-Project ranchers and farmers who opposed two 2010 agreements aimed at identifying a consensus path forward for resolving the region's disputes over water. These Agreements, known as the Klamath Basin Restoration and Hydroelectric Settlement Agreements, were never fully implemented due to lack of Congressional action.

Absent the enactment of the Agreements, the return of drought once again threatened farming, fishing, and Tribal rights this past summer. A decades-long legal adjudication also officially granted senior water rights to both the Tribes and to Federal Reclamation Project farmers earlier this year, rights that both groups chose to enforce, leaving many Off-Project farmers with irrigation water shut-offs for the first time. The Task Force included many Off-Project irrigators who had opposed the 2010 Agreements.

The Task Force Report and Recommendations released today addressed three issues:

- **Basin-Wide Water Sharing Plan:** The Task Force developed an Agreement in Principle that outlines the steps that must be taken in order to adequately address water allocation issues for Off-Project Upper Basin ranchers in light of the recent Klamath Water Adjudication. The Agreement in Principle identifies a path forward that would sufficiently increase in-stream flows and improve river-side habitat in order to address Tribal needs while allowing the majority of Upper Basin irrigation to continue once specific conditions are met. The Agreement in Principle will be reviewed by the Upper Basin and Tribal communities and proponents hope to see a final agreement in place in time for Congress to consider implementing legislation in spring of 2014.
- **Affordable Power for Off-Project Farmers and Wildlife Refuges:** The Task Force also identified a path forward that would enable Off-Project farmers and the

wildlife refuges to access the same lower-cost federal power available to On-Project irrigators. Because electricity is required to power irrigation pumps, keeping power costs low is essential for both farmers and refuges that rely on irrigated water.

- **Federal Cost Reduction:** The Task Force successfully identified a 38% reduction in the total cost of new federal appropriations that would be required to implement the original 2010 Agreements.

Congressional action is required to implement the Agreements as updated through the Klamath Basin Task Force.

The original 2010 Agreements call for a pre-determined formula for water sharing in the basin, particularly during low-water years; significant investment in habitat restoration; and support for the Klamath Tribes to acquire a 92,000-acre tree farm. The 2010 Agreements also call for the removal of four hydroelectric dams from the Klamath River. Local, state and federal governments, tribes, farmers, ranchers, and conservation advocates came together to negotiate the Agreements to avoid similar crises in the future.

Senator Wyden has indicated that he views the new Task Force Recommendations as an update to the 2010 Agreements and that he intends to introduce legislation that conforms to the negotiation solutions identified in these documents.

To set up an interview with key stakeholders who were involved in both the original 2010 Agreements and the Klamath Basin Task Force, contact Severn Williams at 541-230-1973 or sev@publicgoodpr.com. Please see the FAQs below for additional detail on what was accomplished through the Klamath Basin Task Force.

Background

In the wake of two drought years in 2001-2002, more than 40 public and private stakeholder groups negotiated the Klamath Basin Restoration Agreement and the Klamath Basin Settlement Agreement (Agreements). These Agreements required Congressional approval and an appropriation of funds, but legislation to enact them was never introduced.

Oregon Governor John Kitzhaber declared drought in the Klamath Basin in spring 2013, marking yet another challenging water year for stakeholders. Shortly thereafter, a judge ruled in a decades-long adjudication process that local tribes and farmers that obtain water through the federal reclamation project have senior water rights in the region, opening the door for them to enforce their right to limited water by calling water from agricultural operations – an option that both groups chose to pursue.

In light of these difficult circumstances, Senator Ron Wyden first held a Congressional hearing and then led the charge to establish the Klamath Basin Task Force, a 27-member group that aimed to expand support for the principles behind the Agreements and reduce the amount of money the federal government would be required to contribute to implement them.

The Klamath Basin Task Force: Frequently Asked Questions

December 2013

Q: Why was the Task Force necessary?

A: The Task Force was created by Senators Ron Wyden and Jeff Merkley, Congressman Greg Walden, and Oregon Governor John Kitzhaber to develop permanent solutions to the escalating water-related crises in the Klamath River Basin. While Senator Wyden praised progress made over the last decade to find common ground and reconcile competing interests through the Klamath Basin Restoration and Klamath Hydroelectric Settlement Agreements (Agreements), he called for a reopening of discussions to reduce the federal costs of the Agreements and broaden consensus around a new negotiated solution to water sharing in the Upper Klamath Basin – the region hardest hit by the 2013 drought.

Q. Was the Task Force process inclusive of local stakeholders and the public?

A: The Task Force included people that both supported and opposed the original Agreements. Invited participants included representatives of the federal government and the States of Oregon and California, tribes, on- and off-Project irrigators, conservationists, and the commercial fishing industry. Because of the Task Force's specific charge, members had a direct interest or expertise in Upper Basin water issues. All full Task Force meetings were open to the public and included multiple opportunities for public comment.

Q: What were the primary accomplishments of the Task Force?

A: In addition to cost reductions already achieved in 2011, the Task Force identified new opportunities to further reduce the overall federal cost of Klamath Basin restoration efforts by approximately another 38%, identified an opportunity to bring irrigation-related electricity costs down for all Upper Basin water users, and created a broader consensus of agreement to resolve water conflicts among the various parties involved. The restoration tasks outlined in the original Agreements will also now be met at a much lower total federal cost. Perhaps most significantly, some Upper Basin water users who did not feel fully represented in the past process willingly participated in the Task Force and agreed to support the plan for water allocation endorsed by the Task Force.

Q: How are the new consensus solutions that came out of the Task Force different from the old Agreements?

A: The recommendations that came out of the Task Force are being treated by Senator Wyden (who is most likely to draft the required implementing legislation) as an addendum to the original 2010 Klamath Settlement Agreements. As such, these new agreements enhance the terms of the original Agreements in three central ways: 1) the total cost of the federal government's share of implementing the Agreements and protecting the resources of the Basin has now been reduced by about another 38%; 2) plans to connect on-Project irrigators to lower cost federally generated power sources have been extended to apply to off-Project irrigators in a

geographic area (pending Congressional legislation) that includes landowners in the Upper Basin who were formerly served by a contract with PacifiCorp; and 3) the water-sharing formula between ranchers and tribes in difficult water years has been expanded to include off-Project water users in the Upper Basin, giving them a much-needed buffer against future water shortages.

Q: What specific savings went into reducing the cost by 38%?

A: Funding for watershed restoration under the Settlement now comes from many sources, not just from the federal government. The 38% reduction in the new federal funding share of restoration efforts under the Agreements was achieved in a number of ways, including reprogramming more of the \$20 million that already comes to the Basin each year to support Settlement measures (since this is not "new money," this subtracts from the new money needed); putting more money into the pot from multiple non-federal sources, including from the States of California and Oregon; tightening estimates with better data to achieve some specific program cost reductions while achieving the same results, and; recalculating the total need in light of the fact that many expenses projected for 2010 to 2014 have already either been funded or are no longer necessary because of the passage of time. For more details as to how these federal dollars savings were achieved, refer to the Klamath Task Force's Final Report.

Q: What happens next?

A: There will be an open comment period for the public to weigh in on the new consensus solutions advanced by the Task Force, after which Senator Wyden is expected to draft the necessary legislation to implement the updated Agreements.

Q: Why does Congress need to be involved?

A: There are a multitude of federal lands, programs, and interests (including contractual and Treaty obligations) affected by the Agreements. Therefore, several aspects of the updated Agreements will require Congressional approval and/or appropriations. The Klamath Reclamation Project consists, in part, of federally-owned infrastructure and facilities that are operated and maintained by local irrigation districts. The ability to provide off-Project irrigators with an allocation of federally generated electricity will require Congressional action. Congress must also appropriate some of the funding for environmental restoration activities called for in the updated Agreements. While no federal funding will be used for the removal of the four hydroelectric dams currently owned and managed by PacifiCorp, these are nevertheless federally licensed dams. And most importantly, only Congress can approve a federal Tribal Treaty water right settlement of the sort that is part of this Agreement.

Q: Do the updated Agreements call for the removal of all dams from the Klamath Basin?

A: No. There are more than a dozen dams and other irrigation diversion structures currently functioning throughout the system. PacifiCorp has simply determined that the removal of four of the main-stem dams they own would be, under the terms of

the Settlement, the cheapest and best option for its customers. This business decision has been approved by both the California and Oregon Public Utilities Commissions (PUCs), which are agencies charged with protecting rate payers. These four PacifiCorp dams do not provide irrigation or flood control and provide only a very small amount of power that the company can easily replace. The remaining dams and diversion structures would continue to assist with water distribution and irrigation.

Q: What did the Task Force agree to with regard to power?

A: The Task Force identified and set out a path to find reasonable power cost relief for irrigators both inside and outside of the Klamath Reclamation Project in order to facilitate more efficient use and reuse of water. One key component of an overall irrigation and drainage power cost strategy includes the Upper Basin potential to receive an allocation of federally generated power. The Task Force has recommended that any federal legislation include a provision making Upper Basin off-Project irrigators eligible to receive this lower cost power.

Q: What did the Task Force agree to with regard to federal restoration costs?

A: The Task Force identified significant cost savings – reductions of approximately 38% – without sacrificing the restoration needs outlined in the Agreements. The updated total new federal investment required is now estimated to be about \$466 million, but this investment would be spread out over 15 years (i.e. about \$31 million/year) to help protect and enhance an important regional economy that generates more than \$750 million annually in economic benefits. And of this money, only about 50% or \$250 million would be in newly authorized funds. This is much less federal money than originally anticipated. And none of this federal money would go for dam removal costs, which will be paid entirely from non-federal sources.

Q: What did the Task Force agree to with regard to water allocation?

A: The new Upper Basin settlement established by the Task Force includes a substantial number of Off-Project irrigators who did not participate in previous negotiations. This settlement now includes the vast majority of water users in the Upper Basin and will enable water to be allocated equitably among Upper Basin family farmers and ranchers, wildlife refuges, and lake/river interests, including for migratory fish like salmon. The settlement will provide for a much more sophisticated approach to water management in a way that will help greatly to protect all stakeholders against future droughts. This approach will avoid the brutal “winner take all” outcomes that have become the norm throughout the Basin.

Q: How do these agreements change the impact of recent water adjudications?

A: The Klamath Tribes and the Reclamation Project irrigators, both of whom had their senior water rights confirmed through the administrative process in the Klamath River Basin Adjudication, have helped to create and will participate in a unique water sharing agreement that is outlined and supported by the Task Force. Using this new approach, there would be more water flexibility in challenging water

years and additional support would be available to off-Project family farms and ranches. In other words, the outcome is intended to avoid future involuntary shortages so that these communities are better able to plan. Under this new approach there would be far fewer irrigation shutdowns in the future. Without Congressional approval of the updated Agreements, however, there will continue to be costly litigation for everyone resulting in winners and losers in the water wars, and regardless of outcomes there will be negative cultural and economic consequences for the Upper Basin.

Q: What would be different in future drought years if Congress passes legislation to enable the updated Agreements?

A: Water supplies would be more certain and reliable for all stakeholders, particularly in drier years. People and communities would know what to expect, as opposed to the *status quo*, which could be no water in any given year. Additionally, more predictable water quantities would be offered for fish in Upper Klamath Lake and its tributaries, and wildlife refuges would (for the first time) be guaranteed an allocation of water that could help avoid an annual crisis for migrating waterfowl along the Pacific flyway. Water balance for the entire Basin would be more responsive to actual hydrology, making annual water-related disasters a thing of the past.