

Water Users Quarterly

KWUA Mission Statement

To preserve, protect and defend the water and power rights of the landowners of the Klamath Basin, while promoting wise management of ecosystem resources.

Contact Us!

Klamath Water Users Association
2455 Patterson Street, Suite 3
Klamath Falls, Oregon 97603
Phone (541)-883-6100
Fax (541)-883-8893
Visit us online at:
www.kwua.org

Staff:

Executive Director:
Greg Addington
Outreach / Program Coordinator:
Belinda Stewart
Administrative Assistant:
Mari Gill

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DELAY IN WATER DELIVERIES EXPECTED FOR THE 2009 WATER YEAR

Klamath Water Users Association (KWUA) expressed its concern regarding the March 9th announcement by the Bureau of Reclamation that water operations for the Klamath Project may be delayed to mid-April with deliveries in late-April. "This uncertainty could create real problems for family farmers and ranchers, our employees, businesses, and the communities we live in," said KWUA President Luther Horsley.

Reclamation's announcement states that inflow forecasts are for 78 percent of average, but that Upper Klamath Lake is about a foot below minimum lake elevations identified in the U.S. Fish and Wildlife Service 2008 biological opinion for endangered suckers (average depth of Upper Klamath Lake is 8'). 1725 cubic feet per second (cfs) is required to be released at Iron Gate Dam under the 2002 biological opinion issued by the National Marine Fisheries Service for Coho salmon. "We are presently looking at a regulatory drought of

uncertain duration and magnitude, based on uncoordinated biological opinions, said Greg Addington, KWUA Executive Director. "The process remains broken."

Under the two separate biological opinions, it is possible for there to be enough or more than enough water for irrigation, but not necessarily at the right time. According to Addington, "There are scenarios, not necessarily this year, where we could have plenty of water available, but have to shut off for two weeks in mid-summer. That doesn't work." Addington added that Reclamation continues to work with the Services (National Marine Fisheries Service and US Fish and Wildlife Service) to complete coordinated biological opinions, but as of current, only USFWS has completed a new opinion in that process.

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Horsley said the proposed Klamath Basin Restoration Agreement would avoid these types of problems. The KBRA is a proposed multiparty agreement that would greatly improve certainty of water deliveries, timing of deliveries and address habitat restoration and other issues throughout the Klamath Basin. "If we were operating under a fully implemented KBRA right now, we would know what we have. It may be less than full demand, but we would have a program in place so that regardless of location in the Project, individual irrigators would have water through the season or have agreed not to irrigate for compensation."

Addington echoed that a key difference is predictability. "Klamath Lake most likely would not be drawn down to

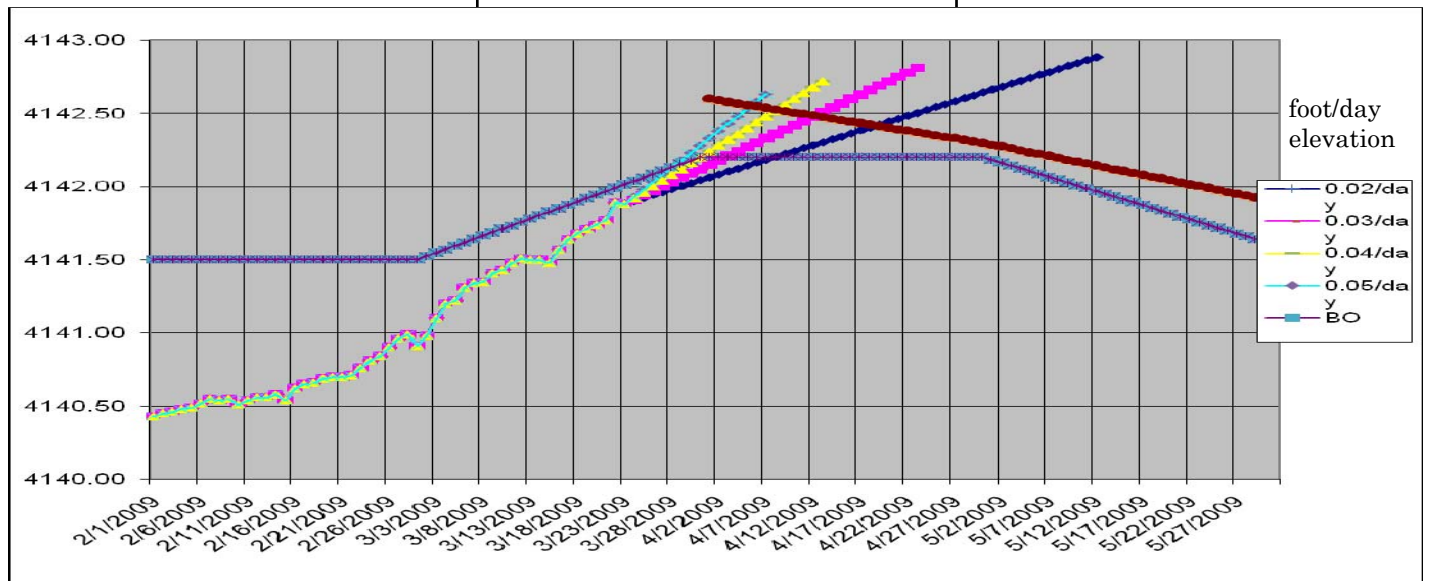
where it is today if we were under the KBRA. There would have been a sensible, integrated operation before now based on management for fish, wildlife and irrigation."

Klamath Irrigation District Manager Dave Solem said "We are again moving into uncharted territory. It is inevitable that there will be more demand on the irrigation system with a late start. The Project water users and districts will have to work cooperatively to stay above monthly lake level minimums throughout the summer." Horsley added, "Our plea to Project irrigators is to be as conservative as possible when deliveries start. Irrigators as a whole in the Project are very efficient with their water use. We really need people to get creative and tighten up where possible. By doing this, we create the most likely scenario for

making it through the rest of the season without additional disruptions".

KWUA is pleased that the Klamath County Commissioners have sought a drought declaration from the Governor and ask that he act on this request in an expedited manner. "A drought declaration won't solve our problem, but it will provide increased flexibility with regard to groundwater use and can help in many cases," said Addington.

These water delivery restrictions apply only to those within Reclamation's Klamath Project, primarily those who irrigate from the Klamath River system which amounts to over 180,000 acres. The total water supply that will be available for Project irrigation and wildlife refuge use through the season is uncertain. **(WUQ)**



The chart (above) is provided by the Klamath Area Bureau of Reclamation. This shows the biological opinion (BO) lake elevation required in dark purple, and the actual lake level represented by the four merged lines. Where the line splits into four separate trajectories, represents a range of possible inflow scenarios that will determine the lake level and thus the date when diversions from Upper Klamath Lake to the Project will begin. The determining factor for diversions is based on when the lake elevation will meet the required brown line representing lake elevation that must be achieved to avoid likelihood of shut downs later in the season. The intersection of actual lake level and the brown line is the projected turn on date.

Klamath Area TMDL's

There have been two Klamath Area Total Maximum Daily Loads (TMDL's) in progress over the last few years, one for the Lost River and another for the Klamath River. The Lost River TMDL was released in final draft around the end of December 2008 and the Klamath River TMDL is currently in draft form.

At a March 4th scoping meeting hosted by the North Coast Regional Water Quality Board (NCRWQB) at the Tulelake Fairgrounds, concerned locals attended to learn more about the proposed TMDL. While the science is currently being peer reviewed, the NCRWQB wanted to discuss policy issues related to implementing the TMDL and sought input from locals about what has been done in recent years to mitigate water quality issues in the Klamath River watershed.

Local Klamath County Soil and Water Conservation District, District Manager, TJ Woodyly was in

attendance at the meeting and able to inform NCRWQB that in the past 10 years at least \$50 million program dollars have been spent for just that purpose. Others in attendance brought up other funding and projects that have contributed to water quality improvement, and it was mentioned that we have two local Oregon advisory committees (LAC's) that have drafted and implemented water quality management plans (WQMP) for both the Lost River and the Klamath Headwaters which extends to the California border. NCRWQB was apparently unaware of these two LAC's and WQMP's.

While the NCRWQB refused to discuss anything related to the science of the TMDL, they did want to discuss implementation measures to mitigate perceived water quality impacts. One suggestion outlined in their draft report "*Water Quality Restoration*

Plan for the Klamath River Basin in California: Draft Scoping for TMDL Implementation" was to install a waste treatment facility either on the Link River or the Straights Drain, or both. Much clarification was sought related to this idea and NCRWQB gave the impression that they are indeed thinking of a waste treatment plant much like municipal systems. Other ideas they suggested were having treatment wetlands to filter water, and algae harvesting to produce biofuels and fertilizer. Those in attendance suggested to the Board many reasons why these ideas may be less than ideal; treatment wetlands require more water to be diverted in order to work (of which we don't have any to spare), and the majority of algae that grows on Upper Klamath Lake is not the correct type for biofuels production.

The next meeting on the Klamath River TMDL will be in June, and will include an opportunity to comment on the science of this TMDL. **(WUQ)**

KWAPA Update

Klamath Water and Power Agency (KWAPA) has been working hard to come up to speed and fully functioning for the 2009 season. Currently KWAPA has signed a cooperative agreement with the Bureau of Reclamation to operate a Water User Mitigation Program (WUMP). The Bureau has solicited bids for groundwater use and at this time KWAPA is developing policy on accepting bids and contracting for groundwater pumping. They expect to enter into groundwater pumping options during the 2009 season.

Another recent development for KWAPA is the hiring of their first Executive Director, Hollie Cannon. Hollie received an engineering degree from OIT and spent two years doing survey work before beginning his water management career, managing the Lakeview Water Users for 7 years. Following that position Hollie became the manager of Talent Irrigation District, which he held for 14 years. Most recently Hollie has been running a successful water right consulting business which he started from the ground up. Besides his career in water management, he has been active in various

community activities including church, boy scouts, Medford Leadership Academy, Oregonians for Food and Shelter, Committee to Form Jackson County Water Bank, and Leadership Oregon. Hollie has been married to his wife Kathy for 33 years and they have three grown children. Hollie looks forward to using the experience he has gained over his lifetime to participate in the solutions to some of the problems that face Klamath Basin water users. Hollie will be starting on a part-time basis in April and will move to full-time in May. **(WUQ)**

PacifiCorp, Dams and Senate Bill 76

There has been a lot of recent media coverage on Senate Bill 76 and what it means for ratepayers. Mostly in relation to confusion over the Klamath River dams, the power they produce and the lack of understanding of what this piece of Oregon Legislation does and means to ratepayers. The following numbers are KWUA's best analysis based on available information.

The headlines regarding this legislation seem to say essentially the same thing - "rate increase to pay for dam removal". While this is partly true it isn't the full story. The problem is that people view this as status quo vs. a rate increase (\$1.50/month for 10-12 yrs) to pay for dam removal. The reality is, it is a maximum of \$1.50/month (with a hard cap), to pay for possible removal if studies show benefits outweigh risks vs. a minimum of \$1.50/month to go through relicensing. It is almost certain that the actual relicensing number will ultimately be much higher with no cap on liability for ratepayers (Commercial, Industrial, Agricultural, Residential and otherwise). Also, people wonder why this legislation now? As we understand it, PacifiCorp (PC) is required to collect up front for possible decommissioning because the PUC won't allow them to recover costs if the asset isn't in place.

For a comparison and for those people, like KWUA, who worry about precedent:

* Generating Capacity of the Klamath Hydro Project = 169mw (not certain they have ever produced that much power.)

* Over the past 50 years their production has been about 90mw,

somewhat by design. Projects are sized to produce at roughly 50% efficiency based on amount of water right and flow available.

* FERC estimates that the relicensed hydro-project's average output will be about 60mw.

* Assume the 4 Klamath Dams could produce the full 169mw that is an average output of 42mw per dam (or 15mw per dam of a relicensed Project). At the same time it should be noted that the lion's share of production happens at one dam, J.C. Boyle (up to 100mw).

* The average generating capacity of the dams on the Columbia system (including tributary dams) is 1,725 MW per dam.

* The average generating capacity of the dams on the Snake River system is about 535 MW per dam.

* It is also fair to point out that Projects under federal ownership don't play by same set of rules as privately owned facilities. They are not subject to the federal power act and many of the other conditions that privately owned utility is.

We mention these points not to minimize the value of hydro power or the size of facilities; it is rather to point out that Klamath dams and other dams (that some have drawn comparisons with) are truly apples to oranges, not only in size and output, but also for the fact that there is no irrigation and minimal if any, flood control involved with these dams. We fully understand the position that power is power and even one kilowatt of current production is valuable... But at what cost and if we can do something (KBRA) that benefits our communities....?

PacifiCorp shareholders and subsequently ratepayers are faced with spending \$350 million for fish passage (FERC low-end estimate indexed for inflation). This number does NOT include whatever the company would have to do to remedy the significant water quality related issues that must be dealt with in order to get the required water quality certification from both Oregon and CA. The California Energy Commission, thinks the total number for relicensing will approach \$450 million when all the Mandatory environmental and Clean Water Act conditions are imposed.

\$350-\$450 million to relicense (Oregon's share under the PUC approved '4 state protocol' allocation is 50% of these costs plus under relicensing PC will tack on PUC approved rate of return for shareholders) to produce 60 MW of power, most of which (JC Boyle) does not count towards the Renewable Portfolio Standards required by Oregon and California. On the low end, the cost to Oregon ratepayers under the best case relicensing scenario (\$350million x 50%) would be about \$175 million (very close to what is proposed in SB 76). The difference is SB 76 is a cost cap (maximum).

The \$175 million number for Oregon customers in a relicensing scenario is a minimum-best case scenario- and honestly we believe the number would be much higher.

(cont'd on page 5 →)

PacifiCorp, Dams and Senate Bill 76 (cont'd)

In estimation, that is \$5.8-\$7.5 million per MW. For comparison, there is currently a 12 MW solar facility being developed in Washington State (that will count towards utilities' renewable requirements) that is going in at a total cost of about \$50 million or \$4.16 million/MW. Unfortunately, cheap Hydro-power from PC's Klamath Dams is a thing of the past.

There is a real lack of understanding regarding process, laws, regulations and economics. Emotions surrounding all of these

things run high and we respect that others are frustrated that from a policy perspective, we have reached such a point in this country. One thing is for sure, it is a dramatically different world than when the Copco dams were built almost a hundred years ago; we now have the Federal Power Act, which gives considerable discretion to federal agencies to impose mandatory license conditions, not to mention the ESA and the Clean Water Act, etc.

It is doubtful that any of those laws are getting changed anytime

soon. We have to deal with what is before us now. It is time to be practical—or perhaps impractical.

KWUA does not as general policy support dam removal, but as we have pointed out time and again over the course of the past year, in this unique circumstance, taking into account multiple issues and stakeholder groups throughout the watershed (including the economics and property rights of the dams owner) this element of the larger KBRA package does not seem entirely implausible. **(WUQ)**

KWUA Annual Meeting Review

Our annual meeting took place the evening of April 2nd at the OIT Student Union. The meeting was attended by nearly 100 KWUA members, supporters, and dignitaries. Bill Ganong was our master of ceremonies and kept the program moving throughout the evening with his unique brand of humor. We began the evening with an overview of the Klamath Basin Restoration Agreement (KBRA) given by KWUA executive director, Greg Addington. Following, Paul Simmons, KWUA legal counsel, gave an overview of KWUA successes in avoiding costly litigation largely through our involvement as partners in the KBRA. Bill Ganong gave an update about the 'takings case' and informed the audience about the opportunity we will have with the Oregon Supreme Court's upcoming hearing at Klamath Union "Pelican Court" on May 15th. Bill emphasized the importance of upholding the order of the court, even given this unique setting and passionate subject. Ed Bair, Chairman of the KWAPA Board, gave a brief introduction about KWAPA and its mission and vision, and also introduced Hollie Cannon as the new KWAPA Executive Director. Belinda Stewart introduced a new option KWUA is offering to community members and businesses to become KWUA associate members. (Membership packets are available at KWUA). Sue Fry, Bureau of Reclamation's Klamath Area Manager, gave an update on the 2009 water year, informing the audience that they will be beginning Project irrigation diversions no later than April 10th. Steve Thompson, Retired USF&WS Regional Director, was our keynote speaker, and gave a wonderful talk about the beginning of KBRA negotiations and how far we have come in this process. Throughout his talk he emphasized the power of collaborating with diverse groups and his high esteem of water users and others who have worked to make this collaboration possible. Throughout the evening KWUA awarded three Anders Tomlinson prints of Project agriculture collages on canvas. Award recipients were; Ken Rykbost (ret. OSU Extension Agent), Harry Carlson (ret. UC Davis Extension Agent), and Steve Thompson. Thank you to all who attended and helped to make this meeting a success!

KWUA Welcomes New Board Members

KWUA has just seated our Board of Directors for 2009. Changes have been made in seating positions 6 and 10.

The new KWUA Board of Directors is as follows:

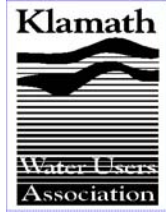
Position	Member	Alternate
Position 1 (TID)	Earl Danosky	Bill Heiney
Position 2 (KID/ Warren Act)	Dave Solem	Jason Chapman
Position 3 (KDD/ Klamath Hills/ Midland ID)	Luther Horsley	Tim O'Connor
Position 4 At Large	Gary Wright	Mike Byrne
Position 5 (Shasta View and Malin ID)	Rob Unruh	Luke Robinson
Position 6 (Enterprise/ Poe Valley/ Pine Grove ID)	Shane McDonald	L.D. Sorensen
Position 7 (Sunnyside/ Van Brimmer/ Westside ID)	Steve Kandra	Rob Crawford
Position 8 (Ady/ Pioneer/ Plevna/ Keno ID)	Bob Flowers	Jason Flowers
Position 9 (KBID)	Bill Kennedy	Ed Bair
Position 10 (Caledonia)	Mark Campbell	Karl Scronce
Position 11 At Large	Bob Gasser	Scott Seus

**KLAMATH WATER USERS
ASSOCIATION**

2455 Patterson St. Suite. 3
Klamath Falls, OR 97601

Phone: (541) 883-6100
Fax: (541) 883-8893
E-mail: greg@kwua.org

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A Note From the KWUA President

In light of the recent announcement from the Bureau of Reclamation that Project water users should expect a delay in water deliveries, we have some choices to make in how we, as irrigators, will manage that delay.

One of the most obvious problems to negotiate with a delayed start is that water demand may be high near the beginning of the season, and could possibly cause a domino effect of season long demand remaining high. A benefit of beginning water deliveries earlier is that there is a staggered demand on water and thus districts have a chance to manage at steadily increasing amounts over the seasonal climb in demand.

The challenge we may face this season, could be peaking demands that deliveries never quite catch up

to. This of course, all depends on how we manage our demand. We can avoid season long demand spikes by taking a proactive approach to water management. By only taking what we need and treating our water allocations as the scarce resource it is, we can allow for everyone to irrigate adequately until the end of the season, and in doing so assure that no one in the Project is without.

It is difficult to plan for a drought year, and sometimes even a challenge to see it coming. Even with 100% of average snowpack, the projected April-September inflow forecast is for 78% of average. Plans have been made, the season is planned for. Until we have some stability in water allocations to the Project, and a plan in place to successfully mitigate for short years, we have to make due. In my way of thinking this means we have to pull together and be responsible stewards

of our resources, as we always have.

Some simple measures can be taken; putting shields on end sprinklers to prevent watering roads and ditches, water efficient nozzles on sprinklers, and careful consideration of timing on sprinkler sets so as not to overwater. Simple changes can go a long way to making this a good water year, just in the way we manage our water.

-Luther Horsley

