

# Water Users Quarterly

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**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.*

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## Klamath Basin Restoration Agreement Moves Forward

The following is a recent briefing paper written by KWUA to outline the recent signing of the AIP with PacifiCorp.

### What does the Agreement in Principle (AIP) mean for Klamath Basin irrigators?

As outlined in the Klamath Basin Restoration Agreement (KBRA) the restoration of natural production and participation in ocean and river harvest opportunities of fish species throughout the Klamath Basin is contingent on the removal of the four dams that PacifiCorp has signed on to work towards removing. With this piece of the KBRA coming to fruition with the signing of this AIP, the next elements of the KBRA that will be fine-tuned include reliable water and power supplies for agriculture, communities and National Wildlife Refuges. While KWUA does not advocate dam removal as a standard solution, in our unique situation this piece of the puzzle is one of the larger struggles that we have been working collaboratively on, because in doing so we open up the



JC Boyle Dam on the Klamath River in Oregon

possibility for seeing other issues within the watershed resolved. This includes the water and power pieces, which when addressed through the KBRA, we believe will be pivotal for sustaining agricultural production and communities throughout the basin.

### What are the next steps that will happen in the process of dam removal?

Now that the AIP has been signed we know that PacifiCorp is making a private property rights decision based on economics in agreeing to remove the four lower dams on the Klamath River. PacifiCorp came to this business decision through much deliberation and consideration about what is

in the best interest of its ratepayers and shareholders. The Secretary of Interior will make a final assessment (based on numerous feasibility studies to be conducted) by March 31, 2012 to confirm the current view of the US, California and Oregon about whether dam removal is in the public interest. Providing the Secretary of Interior gives the go-ahead for dam removal, PacifiCorp would then transfer ownership to a government designated dam removal entity (DRE) who would then undertake the removal of the dams and also protect PacifiCorp (and ratepayers) from any additional liability.

**(Cont'd on page 2)**

### Who will pay for the dams to be removed?

The highest estimated amount for dam removal is \$450 million. \$200 million will be collected from PacifiCorp ratepayers in both Oregon and California, as a surcharge on their monthly electric bill. This amount will total roughly \$15-\$20 a year over current costs, per ratepayer. It is important to note that ratepayer costs under this scenario are capped at \$200 million. The alternative is relicensing which as been estimated to cost ratepayers more than \$300 million. The state of California will seek voter approval of a general obligation bond which will include facilities removal funds of \$250 million, to provide the \$450 million necessary to reach the total cost cap for dam removal.

### When will basin irrigators have some assurance of low cost power resources?

In the AIP it states that, "PacifiCorp agrees to transmit and deliver any federal power that is acquired pursuant to the Klamath Basin Restoration Agreement for Klamath Reclamation Project federal loads, on-project irrigation customers, and off-project irrigation loads. " Parties to the KBRA have been working for months to secure an allocation of federal power (15 average megawatts) to the Klamath Basin. Before the AIP began its fast-track to being signed, parties of the Klamath Settlement Group (pro-settlement) have been working with federal power providers to secure those allocations, and we believe have the assurances needed from Bonneville Power Administration (BPA) to provide 10 megawatts of power to the basin, and Reclamation to provide 5 megawatts to the basin. These power loads will meet the targeted load that we have been working to acquire for both on and off Project customers who were formerly served under the 1956 contract. We are currently working out the details of how PacifiCorp will deliver these federal power loads, and what the tariff will be for the transmission. We are still expecting to reach a 3 cent per kilowatt hour target.

### How will dam removal help regu-

### late our need for secure water deliveries?

Dam removal is a large piece in a comprehensive package to stabilize water deliveries to the Project and ensure we have some stability to bank on for our farms, ranches and communities. Ordinarily dam removal would not be something we advocate, but in this unique situation the removal of dams has become something we support because it helps the economies and communities of our partners in the KBRA. We seek to maintain good working relationships with our neighbors in the Klamath watershed, with their support of our water deliveries and federal power allocation; we feel we can fully support the restoration of their fisheries and the health of their communities by backing dam removal, especially when it will prove to be the least cost alternative for PacifiCorp customers. Ultimately the goal is to live sustainably and peaceably in the Klamath watershed regardless of the politics of Oregon, California or the United States.

### When should we expect to see the dams removed?

The target date for dam removal is the year 2020. There are many conditions that will decide the exact date of dam removal. (Please see "next steps for dam removal" above)

### What other loose ends in the KBRA are yet to be resolved now that the AIP has been signed?

The top priorities for the Klamath Water Users Association, on behalf of Klamath Project irrigators, will be as follows:

- Complete the details of the federal power allocation to the basin. Secure a promise of federal power delivery from BPA and Reclamation. Work with PacifiCorp to iron out the details of how to transfer federal power to the basin and costs that will be incurred for transmission.
- Work on the details of re-programming funds that have been spent in the basin for random acts of restoration, and channel these funds for

more focused efforts that will coincide with KBRA goals. A power feasibility study will be one of the efforts we hope to see funded in the near future. This study would help us to know what renewable energy projects could best benefit the basin. This would also involve engaging with PacifiCorp to see how they could partner with us in these renewable energy projects.

- Work with the National Marine Fisheries Service (NMFS), the Bureau of Reclamation and settlement partners (tribes), to ensure a workable Biological Opinion (BO) for the Klamath Reclamation Project and a meaningful way to address the interim between now and when the KBRA would be fully implemented at some point in the future.

As it stands now we are waiting to see how the BO will change in the coming months with the recent movement towards the KBRA being reality.

### What will the next few months look like?

We hope to see notable progress made on PacifiCorp, the Feds and the States, coming to a final agreement. We will continue to work on the loose ends of the KBRA in our effort to see a watershed wide agreement come to fruition.

**\*\*For more information and a full version of the AIP, please visit our NEW website at [www.kwua.org](http://www.kwua.org)**

#### Quotes about the AIP:

"[In] the political and legal reality, **this agreement is more practical than the likely alternative – and will cost electric customers less.**"

– Albany Democrat Herald,

November 17, 2008

*"For a bad deal, it's pretty good"*

"**This pact could potentially end years of litigation and fighting over the Klamath**, while restoring salmon to a river that once was a major fish factory."

– Sacramento Bee,

November 17, 2008

*"Two big water deals now gain traction"*

# First Annual Fall Harvest Tour a Success

Klamath Water Users hosted our first annual fall harvest tour on October 17, 2008. Twenty-seven members of the community were in attendance as we toured the basin in a chartered bus. Stops during the tour included a viewpoint of Upper Klamath Lake, pumping plants in Klamath Drainage District, Cal-Ore Produce, the Walking Wetlands near Tulelake, potato and onion harvests, Ed Staunton's potato shed, and a viewpoint near Harpold Gap. Winema Lodge provided lunch for the tour.

Attendees of the tour commented that they better understand the history of the Klamath Reclamation Project, and how the water flows. Certain attendees felt that they better understand their clientele

from the agricultural community following the tour.

Speakers along the tour included Steve Kandra, Willie Riggs, Luther Horsley, Ron Cole, Rob Crawford, Marshall and Ed Staunton, Bob Gasser, Bill Kennedy, and Jenneke deJong.



Jenneke deJong speaks to the tour group about her family's dairy.

Following the success of this years tour we hope to offer a harvest tour to the community each year, rotating between August, September and October, so as to

include the variety of harvest activities that take place in the basin.

## KWAPA Update

Klamath Water and Power Agency (KWAPA) had its first organizational meeting on August 20th at the Klamath Irrigation District office. During this meeting officers were elected and bylaws were adopted. Officers are as follows:

- Chairman:** Ed Bair (KID)
- Vice Chairman:** Rocky Liskey (KDD)
- Secretary/ Treasurer:** John Crawford (TID)
- Members:** Bill Heiney (TID), Dave Cacka
- Attorney:** Bill Ganong

During the meeting it was discussed that KWAPA may begin to operate the Water User Mitigation Program (WUMP) that has been operated by the Bureau of Reclamation (BOR) in the past. BOR will continue to assist KWAPA in assumption of the WUMP program. Since this initial meeting



KWAPA has officially signed a contract to take over the WUMP program. At the second meeting of KWAPA the board discussed the details of assuming operation of the WUMP program as well as the need for KWAPA to hire an executive director. Currently KWAPA is reviewing applications for the position.

## Klamath Area TMDL's

KWUA is still awaiting the release of the new TMDL requirements for the Klamath River and Lost River. It is our understanding that comments and alternate studies submitted to parties involved in



formulating the TMDL standards have caused a delay in releasing the TMDL. It is our hope that this delay will allow more careful and realistic standards that can be attained with reasonable compliance.

As of current the TMDL study is on target to be released in January for public comment. If things remain on schedule we will be facing new

TMDL standards for these water bodies possibly as soon as 2009.

There has been no further information on irrigation districts being named as Designated Management Authorities (DMA's) although we anticipate hearing more about that with the release of these TMDL's.

## Steelhead and Bull Trout Reintroduction in Central Oregon

Central Oregon Irrigation District in partnership with the Deschutes Basin Board of Control, the National Marine Fisheries Service, and Oregon Department of Fish and Wildlife is experiencing success in their efforts to reintroduce Steelhead and Bull Trout, both listed as threatened species under the Endangered Species Act. What seems to have led to the success for this region is that all parties involved can share in celebrating the return of these two species through the regulatory assurances they have received throughout the process. In May of 2007 all irrigation district members of the DBBC were issued a letter of Prosecutorial Discretion from National Oceanic Atmospheric Administration. This letter is valid for one year and was issued based on past water conservation efforts performed by irrigation districts. The issuance of a

renewal of that letter is contingent on continuing conservation efforts. NOAA has also become involved in obtaining 10(j) rulemaking for the effort which determines the reintroduced species is classified as “experimental/non-essential”. This rule means these species wouldn’t carry full ESA liabilities. If NOAA is successful this will be the first time they have issued a 10(j) rule for an anadromous species.

In continuing to protect irrigation districts from future negative affects of this reintroduction, irrigation districts hope to receive an incidental take permit from NOAA and ODF&W. To

receive an incidental take permit a Habitat Conservation Plan must be successfully pursued and completed. Until the process is completed irrigators have been

granted an accidental fish-death forgiveness decree from NMFS. With this letter of exemption the Deschutes Basin Board of Control, a consortium of seven irrigation districts is exempt from prosecution from accidental fish

deaths.

We are pleased to hear about such successful efforts being made in neighboring counties. KWUA intends that our cooperative efforts toward reintroduction will also be rewarded with meaningful regulatory assurances.

“With this letter of exemption the Deschutes Basin Board of Control, a consortium of seven irrigation districts is exempt from prosecution from accidental fish deaths.”

## BPA Rate Credits Resumed in November

With a decision issued September 22, the Bonneville Power Administration (BPA) plans to restart benefits for many customers of Northwest utilities, including eligible Pacific Power customers in Oregon and Washington.

“We are glad there will be at least some level of benefit for our Oregon and Washington residential and small farm customers, and we’re particularly pleased these benefits will start before the winter heating season,” said Pat Reiten, president of Pacific Power.

Until they were suspended by BPA in Spring 2007, these benefits were directly passed through as credits on the electricity bills of the Pacific Northwest’s seven investor-owned electricity utilities, representing these customers’ share of power-cost benefits from the Northwest’s federal hydropower system. Investor-owned utilities serve approximately 60 percent

of the region’s population, and 75 percent of Oregonians.



### What this means for you

With the change, Oregon and Washington residential and small farm customers will receive a monthly credit of approximately 4 percent. This is a decrease of about \$3.63 each month on the average Oregon *residential* customer. This compares to previous benefit levels of approximately 13

percent for typical Oregon residential customers. Credits began appearing on statements of eligible customers beginning November 1.

When KWUA inquired about the reinstated rate credit to Toby Freeman, PacifiCorp Regional Community Manager, we were told that what basin farmers will experience with this recent credit, while nearly the same amount, will seem like much less. The reason for this is that Klamath irrigator rates have doubled since we last enjoyed this rate credit. With the increased rates the rate credit will be a much smaller percentage of the total monthly bill. The previous credit for basin area farm customers was a little over 3 tenths of a cent (3.5) per kilowatt hour, and is now a little under 3 tenths of a cent (2.77) per kilowatt hour.

## Support Your Local Food Bank!

As an association that seeks to support the continuation of sustainable farming and ranching operations in the Klamath Basin, we want to take a minute to acknowledge why we really do what we do – to feed the world! In this time of economic downturn and instability, the staff and board of KWUA want to spread the word to support your local food bank! The Klamath-Lake County Food Bank has been working for years to meet the needs of those in our community who need food and are

unable to provide for their families for a variety of reasons. As a community that understands what it means to be neighborly, and to help out one another in our times of need, it is only natural that we extend that spirit into our community by supporting the Klamath-Lake County Food Bank.

If you donate food, money or time to make sure no one goes without, we applaud you! Thank you for passing on the blessings you have whether it be time or donations. If you want to

experience the blessing of helping out your neighbors we have a suggestion for you; donate to your local food bank! One way you can do this is by going online to: [www.klamathfoodbank.com](http://www.klamathfoodbank.com) and donating to the cause.

We are so pleased to be a part of a community that reaches out and gives back. Thank you again for your generosity, and for working with us in partnership to feed the world, starting right here in our own backyard!

## Susan Fry Selected as Area Manager for Reclamation's Klamath Basin Area Office

*(December 19, 2008, Bureau of Reclamation PRESS RELEASE)*

Mr. Donald Glaser, Regional Director of the Bureau of Reclamation's Mid-Pacific Region, announces the selection of Ms. Susan Fry as the Area Manager of the Klamath Basin Area Office located in Klamath Falls, Oregon.

"Susan Fry's skills and past experience, including 15 years of Federal service and her recent graduation from the Reclamation Leadership Development Program, make her well-suited to lead the Klamath Basin Area Office," said Mr. Glaser.

As Area Manager, Ms. Fry will direct and oversee program activities for the Klamath Project, which provides irrigation water for about 240,000 acres as well as water for the Klamath National Wildlife Refuges. A key element of the Area Manager position will be helping to lead the extensive restoration programs under way in the Klamath Basin.

For the past 2 years, Ms. Fry has been the Mid-Pacific Region's Environmental Officer. She also has served as Reclamation's lead on the Bay-Delta Conservation Plan, an effort to develop a habitat conservation plan for the Sacramento-San Joaquin Delta. Ms. Fry previously served for 3 years as the Special Assistant to the Regional Director. Ms. Fry joined the Mid-Pacific Region after 2 years as a private consultant focused on water resource issues in northern California and wilderness designation issues across the West. Prior to that, Ms. Fry was a U.S. Army Corps of Engineers' employee for 12 years. While with the Corps, Ms. Fry was the Senior Project Manager on the Sacramento-San Joaquin River Basins Comprehensive Study, a Special Assistant to the Assistant Secretary of the Army for Civil Works at the Pentagon, and an Assistant to the Senate Energy and Water Development Appropriations Subcommittee Legislative Clerk on Capitol Hill.

Ms. Fry graduated from the University of California at Davis with a Bachelors of Science degree in wildlife biology.

## Bureau of Reclamation Mid-Pacific Region Water Users Conference on the Horizon

The 2009 Mid Pacific Region Water Users Conference is scheduled to take place **Thursday, January 20th through Friday, January 23rd** at the Eldorado Hotel and Casino in Reno, Nevada. This is an annual conference attended by Managers, Directors, O&M Personnel, Consultants, and Government Agency Representatives from districts served by the United States Bureau of Reclamation facilities in California, Nevada and Oregon.

This conference is a good opportunity to network with others involved with western water, as well as an educational opportunity to learn

about upcoming water related issues we will face in the coming years. Topics that will be presented on include perspectives on state and federal water politics, a report on the Klamath Basin Restoration Agreement status, 2009 operations projection from Bureau of Reclamation, biological opinions update, and water supply outlook for 2009.

If you are interested in attending the conference on behalf of the organization you represent, you can get more information about the conference by contacting:

By mail: Mid Pacific Region Water Users Conference, 1521 T Street, Sacramento, CA 95814,

Or by email: [JTownsend@cgfa.org](mailto:JTownsend@cgfa.org)

By phone at: (916) 488-1638

By fax at: (916) 446-1063

Klamath Water Users Association will be sending representatives to the conference this year, as well as presenting an update on the Klamath Basin Restoration Agreement.

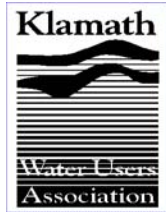
Registration for the conference is due by January 12th.

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## A Note From the KWUA President

Welcome to the new "Water Users Quarterly"! KWUA has in the past published newsletters, and now we hope to pick up where we left off in order to keep you informed on the latest happenings related to water issues in the Klamath Basin.

The only constant for KWUA has been change. As we track changes occurring in our watershed that affect you we will use this new format to keep you informed. In concert with our new KWUA website ([www.kwua.org](http://www.kwua.org)) our goal is to empower water users of the Klamath Basin to have the best and most accurate coverage of issues that matter to you. If you have an issue of particular interest that we don't cover, please don't hesitate to let us know! Some of the regular issues we plan to report on include;

- Progress of the Klamath Basin

Restoration Agreement (KBRA)

- TMDL and Water Quality issues affecting the watershed.
- Updates on the progress of the new entity, Klamath Water and Power Agency (KWAPA)
- Special KWUA happenings, including tours, the annual meeting, and other local regional events.

We will include other items of interest as they arise.

If you unable to receive the electronic version of "Water Users Quarterly" we can send you the hardcopy. Please contact our office at (541) 883-6100 or email our Outreach and Program Coordinator, Belinda Stewart, at [belinda@kwua.org](mailto:belinda@kwua.org), to be added to our mailing list.

We seek to serve the water users of the basin, please don't hesitate to call or email with any questions or concerns you may have related to water issues.

Thank you for your continued support of KWUA in 2009. We appreciate knowing we have the support of our local water users as we move forward to face the challenges that will arise with the coming year and with a new presidential administration.

Best,

Luther Horsley  
KWUA President

