

Parties Sign Klamath Basin Restoration Agreement, Klamath Hydroelectric Settlement

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Secretary of the Interior Ken Salazar Thursday joined Oregon Gov. Ted Kulongoski, California Gov. Arnold Schwarzenegger, PacificCorp Chief Executive Officer Greg Abel and the chairmen of the Klamath, Yurok and Karuk Tribes in announcing final agreements that could potentially lead to removal of four dams on the Klamath River and the largest river restoration project in the nation's history.

The Klamath Basin Restoration Agreement and the Klamath Hydroelectric Settlement Agreement provide a framework for removal of the dams by 2020 contingent on congressional approval and a scientific assessment by the Interior Department confirming that their removal is indeed in the public interest.

The agreements also outline activities that would be undertaken to restore fisheries and provide water supply certainty to communities and water users in the Basin.

"The Klamath River, which for years was synonymous with controversy, is now a stunning example of how cooperation and partnership can resolve difficult conflicts," said Salazar. "The agreements provide a path forward to meet the needs of local communities, tribes, farmers, fishermen and other stakeholders while restoring a beautiful river and its historic salmon runs."

"Today we celebrate a thoughtful, collaborative approach that will bring certainty and stability to water issues to support agriculture and, at the same time, will restore the Klamath River to support wild salmon populations," said Kulongoski. "A restored basin will serve all Oregonians -- from the basin to our coastal communities -- who depend on the river and its resources for their social and economic livelihoods."

Interior is charged with undertaking a rigorous, science-based analysis, as well as a full analysis under the National Environmental Policy Act, and making a final determination by March 31, 2012, whether the benefits of removing the dams will advance restoration of salmon in the Klamath Basin and be in the public interest. The decision will be made in consultation with state, local, and tribal governments and other stakeholders, as appropriate.

The potential removal of the dams is a key piece of a major restoration effort for the Klamath developed by more than 30 diverse stakeholders, including California and Oregon, three tribes, PacificCorp, water users and conservation groups. The restoration agreements, if confirmed by Congress and fully implemented, are intended to provide sustainable allocation of water for fish harvest, agriculture uses, national wildlife refuges, and other users.

"Our top priority at PacifiCorp has been and continues to be protecting our customers in terms of cost and liability," said Abel. "This is another significant milestone toward establishing the framework that ensures our customers' best interests are front and center, no matter what the ultimate public policy decision is in terms of dam removal."

The Restoration Agreement outlines next steps to: 1) restore and sustain natural fish production and provide for full participation in ocean and river harvest opportunities of fish species throughout the Klamath Basin; 2) establish reliable water and power supplies which sustain agricultural uses, communities, and National Wildlife Refuges; and 3) contribute to the general welfare and economic viability of all Klamath Basin communities.

Two years ago, the states of Oregon, California, federal government and PacifiCorp, which operates the Iron Gate, J.C. Boyle, Copco 1 and Copco 2 dams on the Klamath River, began negotiating the Hydroelectric Settlement. In November 2008, they reached an Agreement in Principle (AIP) that laid out the framework for the removal of the dams, as well as a commitment to negotiate a final agreement to include other interested parties, which was signed today.

The final Hydroelectric Settlement outlines the process for additional studies, including an environmental review, which will inform a decision by the Secretary of Interior regarding whether the removal of the four dams owned by PacifiCorp is justified and will: 1) advance restoration of salmon in the Klamath Basin; and 2) is in the public's interest, which includes but is not limited to consideration of potential impacts on affected local communities and tribes. The Secretary will make a determination by March 31, 2012, and the earliest that dam removal would occur, if determined necessary, is in 2020.

Now that these agreements have been signed, all parties are expected to work with members of the Oregon and California congressional delegations, federal agencies and the Obama Administration to secure federal funding through the Department of Interior's budget starting with the fiscal year 2012. The estimated cost for implementing the Restoration Agreement in its first year is approximately \$41 million with the long-term cost of habitat work, water programs and other measures estimated at \$97 million a year over ten years.

More than 90 percent of the total costs will be targeted for fisheries restoration and reintroduction, and enhancing the quality and quantity of water for fish.

The hydroelectric agreement calls for the accumulation of a \$450 million fund, \$200 million of which was authorized by the Oregon Legislature through the passage of Senate Bill 76 during the 2009 regular legislative session. The legislation directs PacifiCorp and the Oregon Public Utility commission to work together to establish a trust that will hold funds from customers to cover the costs for dam removal. The bill also requires the PUC to hold hearing to determine whether rates are fair, just and reasonable.

California's contribution to fund dam removal, the other \$250 million, would come from a combination of surcharge on California ratepayers and general obligation bonds.

More information, a summary and all of the documents related to the Klamath Restoration Initiative are available at: <http://www.edsheets.com/Klamathdocs.html>

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