

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Klamath River Renewal Corporation
PacifiCorp**

Project No. 14803

**AMENDED APPLICATION FOR SURRENDER OF LICENSE FOR
MAJOR PROJECT AND REMOVAL OF PROJECT WORKS AND
REQUEST FOR EXPEDITED REVIEW**

**EXHIBIT B.
PROJECT OPERATION AND RESOURCE UTILIZATION**

I. Interim Operations.

In September 2016, Exhibit B of the Initial Surrender Application (a) incorporated by reference the description of current operations of Project No. 2082 filed with PacifiCorp's New License Application, (b) indicated that the Project is being operated by PacifiCorp to provide additional instream flows and other environmental protections, as described in the KHSA Implementation Reports (2011-2014),³⁰ and (c) indicated that PacifiCorp is required to continue to operate the Project in accordance with the Interim Conservation Plan and interim measures provisions in the KHSA pending license surrender.³¹ These conditions of interim operations have not changed. PacifiCorp's most recent KHSA Implementation Report (April 2020) is appended to this application at **Exhibit B-1**.

II. Agreement for the Operation and Maintenance of the Project.

On September 20, 2017, the Renewal Corporation and PacifiCorp entered into the "Agreement for the Operation and Maintenance of the Lower Klamath Project" (O&M Agreement), which is appended as **Exhibit B-2**. The O&M Agreement provides for the ongoing operation and maintenance of each Project facility following the Renewal Corporation's acceptance of the license for the Project until the Renewal Corporation's implementation of the removal plans as authorized in the license surrender order is imminent.

³⁰ An Implementation Report was filed in 2018 covering June 1, 2014 through June 30, 2018. All Implementation Reports (2011-2018) are available at <https://www.pacificorp.com/energy/hydro/klamath-river/khsa-implementation.html>

³¹ KHSA § 6.1.

Exhibit B-1

KHSA Implementation Report

April 2020

Klamath Hydroelectric Settlement Agreement

Implementation Report

Klamath Hydroelectric Project



FERC Project No. 2082



April 2020

Executive Summary

The Klamath Hydroelectric Settlement Agreement (KHSa) was signed on February 18, 2010, and the amendments were signed on April 6, 2016, and November 30, 2016. This report focuses on events that occurred July 1, 2018, through December 31, 2019.

Amended KHSa

Legislation necessary for federal approval of the Klamath Basin Restoration Agreement (KBRA) never passed Congress and the KBRA Expired on December 31, 2015. In early 2016, the parties to the KHSa and KBRA met to chart a new path forward to implement the KHSa that did not rely on congressional approval. The result was an amended KHSa that specified a pathway by which PacifiCorp would apply to the Federal Energy Regulatory Commission (FERC) to transfer ownership of J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate to a specially created Dam Removal Entity (DRE). That DRE would then apply to FERC to surrender the license for these facilities and decommission them. The amended KHSa was signed in April 2016 and does not require federal legislation for implementation. The Klamath River Restoration Corporation (KRRc) was incorporated in May 2016 and is the DRE.

Dam Removal Funding

The California and Oregon public utility commissions have authorized customer surcharges designed to provide the full \$200 million capped amount that PacifiCorp customers will contribute toward dam removal under the KHSa. PacifiCorp has collected dam removal surcharges from Oregon customers since March 2010 and from California customers in January 2012.

The Oregon customer surcharge, with accrued interest, is designed to provide approximately \$184 million for dam removal; this amount has been collected and the surcharge collection ceased in December 2019. The California surcharge, with accrued interest, is designed to provide approximately \$16 million in funding for

dam removal. As of December 31, 2019, the dam removal trust accounts overseen by the Oregon Public Utility Commission (OPUC) had a balance of \$122.9 million and the dam removal trust accounts overseen by the California Public Utilities Commission (CPUC) had a balance of \$7.5 million, for a combined balance of \$130.5 million. The KRRc has entered into funding agreements with both the OPUC and CPUC and has access funds to implement dam removal activities. As of December 31, 2019, \$68.7 million had been disbursed to the KRRc from both trust accounts.

Interim Measures

PacifiCorp continues to implement the interim measures in the KHSa in the period prior to dam removal. The company is funding basinwide water quality monitoring and studies intended to reduce nutrient levels in the Klamath River and improve water quality in the Klamath Hydroelectric Project (Project) reservoirs. PacifiCorp has made operational adjustments to the Project and is implementing and funding fish habitat improvements within the Project and in the Klamath Basin downstream of Iron Gate Dam. PacifiCorp is also now funding the ongoing operations of Iron Gate Hatchery and the implementation of a Hatchery and Genetics Management Plan to aid in the conservation and recovery of Coho Salmon.

PacifiCorp is pleased with the progress made in implementing the KHSa and the various interim measures that continue to create improvements to water quality, fish habitat, and other environmental conditions. PacifiCorp notes the significant contributions of KHSa parties, tribes, and involved state and federal agencies in these efforts and looks forward to working with our stakeholders as these efforts continue to move forward.

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1.0 Introduction

On February 18, 2010, PacifiCorp, along with representatives of more than 40 organizations, including federal agencies, the states of California and Oregon, Native American tribes, counties, irrigators, and conservation and fishing groups, signed the historic Klamath Hydroelectric Settlement Agreement (KHSA). The 2010 KHSA laid out the process for additional studies, environmental review, and, following the passage of federal legislation, a decision by the Secretary of the Interior regarding whether removal of four Klamath River dams owned by PacifiCorp should proceed. The four Klamath River facilities proposed to be removed are J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate. The KHSA included provisions for the interim operation of the dams until their anticipated removal in 2020 and spelled out the process to transfer, decommission, and remove the dams. Federal legislation to enact the provisions of the KHSA was not passed by Congress and the agreement was amended in April 2016 to provide for an administrative pathway to potential dam removal consistent with the provisions of the Federal Power Act, as administered by the Federal Energy Regulatory Commission (FERC).

The KHSA also contains a set of interim measures that PacifiCorp is to implement during the period prior to potential dam removal to improve water quality and fish habitat, support and improve hatchery operations, and benefit environmental resources in the Klamath Basin. A copy of the KHSA can be found on PacifiCorp's website at:

<https://www.pacificorp.com/energy/hydro/klamath-river.html>

Since the execution of the KHSA, PacifiCorp has been working diligently in cooperation with parties to the KHSA and other affected stakeholders and regulatory agencies to implement its obligations under the KHSA and advance the settlement process. The purpose of this report is to document the progress made in implementing the KHSA.



Iron Gate Dam and Powerhouse



Copco No. 2 Dam



Copco No. 1 Dam and Powerhouse



J.C. Boyle Powerhouse

1.1 Background

PacifiCorp owns and operates the Klamath Hydroelectric Project (Project), located on the upper Klamath River in Klamath County (south-central Oregon) and Siskiyou County (north-central California). The Project consists of eight developments (Figure 1). Seven of the developments are located on the Klamath River between river mile (RM) 190.1 and 254.3, comprising (in order moving upstream) Iron Gate (RM 190.1 to 196.9), Copco No. 2 (RM 198.3 to 198.6), Copco No. 1 (RM 198.6 to 203.1), J.C. Boyle (RM 220.4 to 228.3), Keno (RM 233 to 253.1), and East Side and West Side (both in Link River at RM 253.1 to 254.3). The eighth development is on Fall Creek, a tributary to the Klamath River (in Iron Gate Reservoir) at RM 196.3.

The Project is licensed by FERC as Project No. 2082 (P-2082). With the exception of Fall Creek, the Project is largely dependent on water releases from Upper Klamath Lake at the U.S. Bureau of Reclamation's (Reclamation) Link River Dam (RM 254.3).

On February 25, 2004, PacifiCorp filed an application with FERC for a new 50-year license for the Project. PacifiCorp proposed in this application to operate five of the developments in a manner similar to historical operations with a set of environmental measures, the purposes of which included (but were not limited to) water quality and habitat enhancement, instream flow and ramp rate¹ management, facilitation of fish passage, and improved management of Iron Gate Hatchery fish stocks.

1.1.1 Origin of the KHSA

Following the submittal of its application for a new license, PacifiCorp began settlement discussions with a diverse group of stakeholders to resolve issues related to relicensing of the

Project. PacifiCorp worked collaboratively with this group of stakeholders to develop and enter into the KHSA. A precursor to the KHSA, the Klamath Agreement in Principle (AIP) laid out a framework for the KHSA and was signed on November 13, 2008.

After 5 years of negotiations, the original KHSA was signed by the involved parties on February 18, 2010. The 2010 KHSA identified a process and path forward that provided for the potential decommissioning and removal of Iron Gate, Copco No. 2, Copco No. 1, and J.C. Boyle dams as early as 2020.

PacifiCorp agreed to a potential dam removal path for the Project and executed the KHSA based on an assessment that the KHSA provided superior cost and risk protections for PacifiCorp and its customers as compared to continuing on a path of relicensing the Project. Under the KHSA, PacifiCorp's customers in California and Oregon were to be assessed surcharges to provide up to \$200 million in funding towards dam removal costs. The State of California will provide up to \$250 million in funding for dam removal costs in excess of the \$200 million customer contribution.

1.1.2 Federal Legislation

There were, however, several contingencies in the KHSA, including provisions for funding the dam removal effort and the passage of federal legislation. Congress had to pass legislation authorizing the Secretary of the Interior to make a determination on the KHSA and its companion agreement the Klamath Basin Restoration Agreement (KBRA). Starting in 2010 and continuing through 2015, senators from Oregon and California introduced Senate bills that would have provided this authority. While hearings in the Senate Committee on Energy and Natural Resources occurred, the bill never moved out of committee for consideration on the Senate Floor.

¹ Hydroelectric facilities typically have the capability of increasing and decreasing flow levels downstream of

the facilities. In general, the rate at which these flow changes occur is called the "ramp rate" or "ramping."

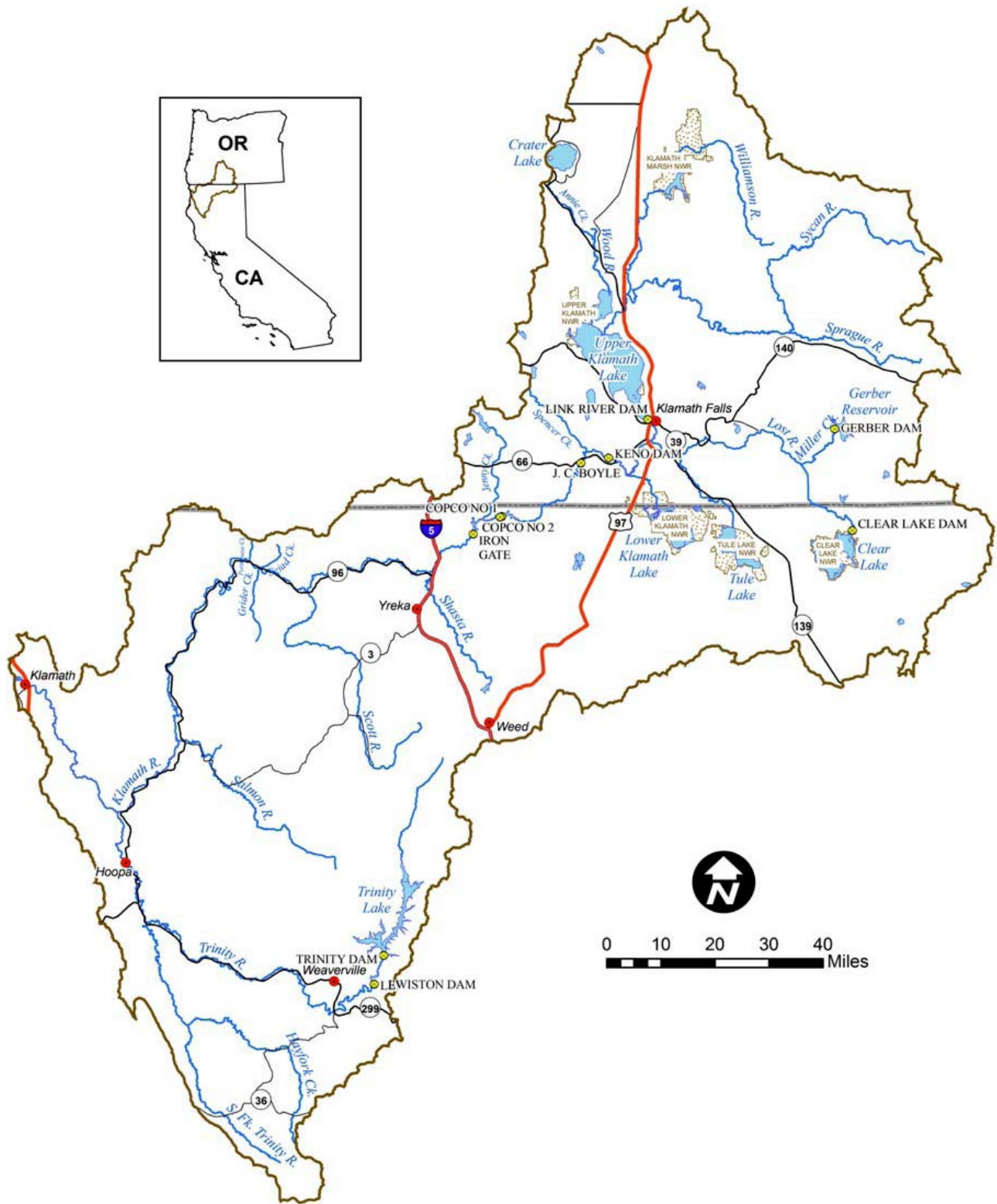


Figure 1. Klamath Basin

While the KHSA does not have an expiration date, the KBRA was designed to expire on December 31, 2015, if Congressional approval was not obtained. Senate hearings on the proposed legislation never occurred, and the required legislation was never passed. As a result, the KBRA expired at the end of 2015.

While PacifiCorp was not a party to the KBRA, the KBRA was important to the overall implementation of the KHSA because it provided funding for post-dam removal habitat restoration in areas that would be newly accessible to fish, addressed water rights disputes in the upper basin, and provided means to improve water supply reliability for Klamath Basin irrigators.

In early 2016, the parties to the KHSA met in an attempt to determine if there was a way to amend the KHSA to provide an administrative pathway to potential dam removal consistent with the provisions of the Federal Power Act, as administered by FERC. The amended KHSA provides that PacifiCorp will apply to FERC to transfer ownership of J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate developments to a Dam Removal Entity (DRE). The DRE would then accept the license for these developments and petition FERC to surrender the license and remove the facilities.

The amended KHSA, executed on April 6, 2016, provides for potential dam removal to occur through a license surrender process before FERC. Federal legislation is no longer required to implement the amended KHSA.

1.1.3 Klamath River Renewal Corporation

Following the execution of the amended KHSA, the Klamath River Renewal Corporation² (KRRRC) was incorporated as a nonprofit corporation in California on May 24, 2016. The KRRRC is the DRE as envisioned in the amended KHSA.

The mission of the KRRRC is to accept ownership of the four developments (J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate) collectively known as the Lower Klamath Project (P-14803) from PacifiCorp and obtain approval from FERC to surrender the license and eventually remove these facilities. To accomplish this mission, the KRRRC must obtain all necessary state, federal, and local permits for removal; create the necessary planning documents; select a contractor to conduct the removal process; and successfully implement the removal of the four lower dams on the Klamath River. Ownership of Keno Dam, currently a PacifiCorp facility, will be transferred to Reclamation as described in the KHSA as it will continue to serve irrigation purposes.

1.1.4 Studies and Environmental Review

As described in Section 3 of the original KHSA, the Secretary of the Interior, in cooperation with the Secretary of Commerce and other federal agencies, conducted studies and environmental review to determine whether to proceed with facilities removal.

On April 4, 2013, the Department of the Interior (Interior) released a Record of Decision and Final Klamath Facilities Removal Environmental Impact Statement (Final EIS) in compliance with the National Environmental Policy Act (NEPA). The Final EIS identified full removal of J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate developments as the preferred alternative to achieve a free-flowing river and realize other objectives expressed in the KHSA and KBRA.

Congressional action was necessary to authorize the Secretary of the Interior to make a determination whether the removal should proceed. As discussed previously, this authorization was never provided and the KBRA expired at the end of December 2015.

Because the KBRA has expired and it was part of the proposed action analyzed in the Final EIS, the usefulness of the 2013 Final EIS in supporting

² Information about the KRRRC can be found here: <http://www.klamathrenewal.org/>

implementation of the 2016 amended KHSA is unclear. However, it is anticipated that FERC will conduct supplemental NEPA analysis of the KRRC's Definite Plan for dam removal once the transfer and surrender applications have been approved by FERC.

1.2 FERC Transfer and Surrender Proceedings

On September 23, 2016, PacifiCorp and the KRRC filed an application with FERC to transfer ownership of the J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate developments to the KRRC. Simultaneously with the filing of the transfer application, the KRRC filed a surrender application with FERC for these same developments. On March 1, 2017, the KRRC filed additional information with FERC in support of the September 23, 2016 filing. On April 24, 2017, FERC requested additional information from PacifiCorp and the KRRC. The responses to this request were submitted to FERC on June 23, 2017. Subsequent requests for additional information have been received from FERC on July 14, 2017, and October 5, 2017, and responses to several of these requests were provided to FERC on December 4, 2017, and June 28, 2018.

On March 15, 2018, FERC issued an order that splits the Klamath Hydroelectric Project (P-2082) into two separate projects. The Klamath Hydroelectric Project (P-2082) contains Keno Dam, the Eastside and Westside developments, and the Fall Creek Development. The Lower Klamath Hydroelectric Project (P-14803) contains the J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate developments. However, acting on a petition submitted by PacifiCorp to FERC on April 16, 2018, FERC issued an order on June 21, 2018, that stayed the implementation of this order until such time that FERC acts on

the application to transfer ownership of the Lower Klamath Project to the KRRC.

On June 28, 2018, the KRRC filed the first version of the Definite Plan with FERC. The Definite Plan provides the details on how removal of J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate developments would occur.³ The KRRC filed the initial Board of Consultants (BOC) report on December 12, 2018. FERC responded to this on January 23, 2019, and included requests for additional information. In April 2019, the KRRC requested that FERC extend the deadline for submitting this additional information to July 29, 2019, a request that FERC approved. On July 29, the KRRC filed with FERC the BOC's supplemental report to its Meeting Report No. 1.

Regardless of this activity, as of December 31, 2019, no substantive changes in FERC's activity have occurred with regard to the transfer or settlement applications.

1.3 FERC Licensing

The current FERC license for the Project expired on March 1, 2006, and the Project is now operating under annual licenses from FERC. It is anticipated that the Project will continue operating under annual licenses until the dams are removed pursuant to the KHSA or, should dam removal not proceed, a new license is issued. If FERC determines that dam removal should not proceed, or the KHSA terminates for other reasons, the FERC relicensing process for the Project would resume. The KHSA also provides that a new FERC license will not be issued and the licensing process will be held in abeyance pending the outcome of the KHSA dam removal process.

³ The Definite Plan can be found on the KRRC's website: <http://www.klamathrenewal.org/definite-plan/>

2.0 Parties to the Klamath Hydroelectric Settlement Agreement

The parties to the KHSA, as amended, are listed below.

United States

Department of Commerce
National Marine Fisheries Service
Department of the Interior, including:

- Bureau of Indian Affairs
- Bureau of Land Management
- Bureau of Reclamation
- Fish and Wildlife Service

State of California

California Department of Fish and Wildlife
California Natural Resources Agency

State of Oregon

Oregon Department of Environmental Quality
Oregon Department of Fish and Wildlife
Oregon Water Resources Department

PacifiCorp

Klamath River Renewal Corporation

Tribes

Karuk Tribe
Yurok Tribe

Counties

Humboldt County, California

Nongovernmental Organizations

American Rivers
California Trout
Institute for Fisheries Resources
Northern California/Nevada Council Federation of Fly Fishers
Pacific Coast Federation of Fishermen's Associations
Sustainable Northwest
Trout Unlimited

3.0 Funding

The KHSA sets out a cost cap for facilities removal of \$450 million. Of this amount, up to \$200 million is to come from surcharges on PacifiCorp's customers in California and Oregon. The State of California will fund up to \$250 million in dam removal costs in excess of the customer cost cap. In November 2014, California voters approved the *Water Quality, Supply, and Infrastructure Improvement Act* (Proposition 1). This bond measure included funding for implementation of California's responsibilities under the KHSA.

3.1 Customer Contributions

3.1.1 Oregon Public Utility Commission Proceedings

On March 18, 2010, in accordance with KHSA Sections 4.1.1 and 7.3.9, PacifiCorp filed its analyses of the rate-related costs, benefits, and risks to customers from the KHSA as compared to relicensing the Klamath River dams with the Oregon Public Utility Commission (OPUC). This filing, with supporting testimony, was an application to implement provisions of Oregon Senate Bill 76 passed in the 2009 Oregon legislative session. PacifiCorp concurrently filed an advice letter establishing two surcharges, effective upon filing, to collect the customer contribution towards dam removal costs. In its application, PacifiCorp also requested that the depreciation schedule for Project facilities be adjusted in contemplation of their anticipated removal in 2020 and sought authorization to transfer Project facilities to the DRE. On September 16, 2010, the OPUC issued a final order affirming the dam removal surcharges for Oregon customers and a depreciation schedule for the facilities that provides for removal in 2020.⁴ The OPUC order requires PacifiCorp to seek authorization to transfer Project facilities to the DRE at a later date. Since the surcharges

commenced in March 2010, PacifiCorp has been remitting collected surcharges to trust accounts established by the OPUC with an independent financial institution. As of December 31, 2019, the balance of the Oregon customer dam removal trust accounts was as follows:

J.C. Boyle Trust Account	\$30,325,429.34
Copco No. 1, Copco No. 2, and Iron Gate Trust Account	\$92,613,174.77
Total	\$122,938,604.11

The Oregon customer surcharge, with accrued interest, is designed to provide approximately \$184 million in funding for dam removal; this amount has been collected and the surcharge collection ceased in December 2019.

3.1.2 California Public Utilities Commission Proceedings

On March 18, 2010, in accordance with KHSA Sections 4.1.1 and 7.3.9, PacifiCorp filed an application with the California Public Utilities Commission (CPUC) requesting authorization to begin collecting dam removal surcharges from its California customers and seeking authorization to transfer Project facilities to the DRE. This application included supporting testimony regarding the rate-related costs, benefits and risks for PacifiCorp customers of as compared to relicensing. In its application, PacifiCorp also requested that the depreciation schedule for Project facilities be adjusted in contemplation of their anticipated removal in 2020. On May 6, 2011, the CPUC issued a final decision approving (1) the request for a surcharge of \$13.76 million collected over 9 years; (2) institution of two trust accounts for the deposit of the surcharge; and (3) depreciation of the rate base of the Project assets, and amortization of the relicensing and settlement costs associated with the Project, on an accelerated basis. On June 6, 2011, PacifiCorp filed an advice letter requesting

⁴ The OPUC Order is available at:
<http://apps.puc.state.or.us/orders/2010ords/10-364.pdf>

approval of revised tariffs adding the Klamath Surcharge. The trust accounts were established with an independent financial institution by the CPUC in January 2012 and PacifiCorp began assessing the surcharge on January 10, 2012.

Because of a delay between the issuance of the decision and the establishment of the trust accounts, approximately 8 months of surcharge collections were lost. On January 13, 2012, PacifiCorp filed a request to increase the Klamath surcharge rate in order to collect the full amount of the surcharge within the original collection timeframe. The CPUC approved PacifiCorp's request on October 25, 2012⁵ and new rates became effective October 29, 2012.

As of December 31, 2019, the balance of the California customer dam removal trust accounts was as follows:

J.C. Boyle Trust Account	\$1,885,461.86
Copco No. 1, Copco No. 2, and Iron Gate Trust Account	\$5,687,468.50
Total	\$7,572,930.36

The California customer surcharges, with accrued interest, are designed to provide approximately \$16 million in funding for dam removal.

3.1.3 Total Trust Account Balances

The total balance of the California and Oregon dam removal trust accounts maintained by independent financial institutions under the direction of the California and Oregon public utility commissions was \$130,511,534.47 as of December 31, 2019.

3.1.4 Management of the Trust Accounts

Pursuant to KHSa Section 4.2.4, the public utility commissions in California and Oregon have entered into trust management agreements with independent financial

institutions to manage the trust accounts established to hold the dam removal surcharges that constitute the customer contribution towards dam removal costs.

Disbursement of funds to the KRRC for permitting and facilities removal expenditures has and will continue to occur at the direction of authorized representatives of the public utility commissions. As of December 2017, the KRRC has obtained approval from the OPUC to access the Oregon surcharge funds and from the CPUC to access the California surcharge funds. As of December 31, 2020, \$68,704,135.00 had been disbursed to the KRRC from the trust accounts.

3.2 State of California Funding

If the cost of facilities removal exceeds the \$200 million customer contribution, then the State of California is to provide funding of up to \$250 million to cover the additional cost.

The *Water Quality, Supply, and Infrastructure Improvement Act* (Assembly Bill No. 1471) was submitted to the California voters on November 4, 2014, as Proposition 1. Voters approved the bond and it was signed into law by Governor Brown. Per KHSa Section 4.1.2, this bond provides for funding up to \$250 million to cover the difference between funds available under the customer surcharge and the actual costs for full facilities removal.

⁵ Final CPUC decision is available at:
http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/134812.htm

4.0 Interim Operations

4.1 Lease of State-Owned Beds and Banks

Pursuant to KHSA Section 2.4, PacifiCorp and the State of Oregon executed leases for J.C. Boyle and Keno dams in June 2011 and PacifiCorp is complying with the terms of those leases and remitting lease payments to the State of Oregon.

4.2 Keno Transfer

Pursuant to KHSA Section 7.5.2, PacifiCorp and Reclamation executed an Agreement in Principle in August 2012 regarding the potential transfer of the Keno Development to Reclamation. The Agreement in Principle memorializes broad principles designed to function as a framework for the development of a final transfer agreement. PacifiCorp and Reclamation continue good-faith negotiations to reach a final Transfer Agreement.



Keno Dam

The final Transfer Agreement will outline exactly how necessary lands and improvements will be transferred to Reclamation as specified in the KHSA. It will also include details related to ongoing access to affected lands and provisions for the transfer of control of the facility from PacifiCorp to Reclamation.

4.3 Local Community Power

Pursuant to KHSA Section 5.3, representatives of Interior, PacifiCorp, the Klamath Water and Power Agency (KWAPA), Klamath Water Users Association, Bonneville Power Administration, and the Western Area Power Administration have held numerous meetings regarding the development and implementation of a federal power program that would provide federal power to eligible Klamath Basin irrigation loads.

PacifiCorp transferred customer load information to KWAPA for customers that have indicated an interest in the program and who signed releases authorizing the release of their customer information to KWAPA. These customer load data informed KWAPA and Interior's planning for the delivery of federal power to serve eligible loads and estimated costs associated with the program.

PacifiCorp assisted KWAPA and its consultants to develop an analysis of the potential cost savings associated with implementation of the federal power program. PacifiCorp continues to work cooperatively with the involved parties to address power cost issues for Klamath Basin irrigators who are now paying higher power rates under tariffs approved by the public utility commissions.

4.4 Section 401 Water Quality Certification Process

Section 6.5 of the KHSA commits the KHSA parties to request abeyance of the California and Oregon Clean Water Act Section 401 water quality certification process for PacifiCorp's relicensing application, pending completion of the FERC transfer process to the KRRC and during the interim period⁶ prior to potential dam removal. Given the anticipated removal of the hydroelectric project facilities, abeyance of the Section 401 water quality certification process is intended to relieve the states, PacifiCorp, and other interested parties of the burden of

disconnects the facilities from the transmission grid (decommissioning).

⁶ Per KHSA Section 1.4, the interim period is that period between the effective date of the KHSA (February 18, 2010) and when PacifiCorp physically

processing relicensing-related certification applications during the interim period pursuant to the KHSA. At the same time, full authority of the states to condition the Project through the Section 401 certification process is preserved should dam removal under the KHSA not occur and the relicensing process resume.

With the execution of the amended KHSA in April 2016, PacifiCorp petitioned FERC for a formal abeyance of all work related to relicensing. FERC granted this abeyance on June 16, 2016, after which PacifiCorp withdrew its Section 401 applications from both the State Water Resources Control Board (SWRCB) and the Oregon Department of Environmental Quality (ODEQ) on June 23, 2016.

In September 2016, concurrent with submitting the transfer and surrender applications to FERC, the KRRC submitted Section 401 certification applications for facilities removal to the SWRCB and ODEQ.

On June 7, 2018, the SWRCB⁷ released a draft Section 401 water quality certification for the KRRC's proposed removal of the California dams. In December, 2018, the SWRCB released the Draft Environmental Impact Report (DEIR) for the Lower Klamath Project License Surrender as part of their standard processing of the KRRC's application. PacifiCorp submitted comments on the DEIR to the SWRCB on February 26, 2019. On December 31, 2019, the SWRCB submitted to FERC a Notice of Availability for public comment on recirculated portions of the DEIR. As of December 31, 2019, a target date for release of a final EIR was not available.

On May 23, 2018, ODEQ⁸ issued a draft Oregon Section 401 water quality certification for KRRC's proposed dam removal of J.C. Boyle and a public

hearing was held on June 12, 2018. ODEQ issued the final Section 401 water quality certification to the KRRC for the removal of J.C. Boyle on September 7, 2018.

4.5 Total Maximum Daily Loads

Pursuant to KHSA Section 6.3, PacifiCorp filed a *Plan for Implementing Management Strategies and Water Quality-Related Measures* with the ODEQ and the North Coast Regional Water Quality Control Board (NCRWQCB) on February 22, 2011. PacifiCorp's submittal of this plan was triggered under the KHSA by the NCRWQCB's approval of the *Klamath River Total Maximum Daily Load* (TMDL) on September 7, 2010, and by ODEQ's issuance of the *Upper Klamath and Lost River Subbasins Total Maximum Daily Load* on December 21, 2010. These plans specify the interim water quality measures that PacifiCorp will implement prior to potential transfer of the Project to the KRRC.

The ODEQ 2010 TMDL was challenged and withdrawn. ODEQ worked on revisions and issued a final TMDL specific to nutrient loading and dissolved oxygen in January of 2019 – the *Upper Klamath and Lost River Subbasins Nutrient TMDL and Water Quality Management Plan*.⁹ In May of 2019, ODEQ issued a draft water temperature TMDL. PacifiCorp submitted comments on July 15, 2019, on the draft water temperature TMDL. A final version of the *Upper Klamath and Lost Subbasins Temperature TMDL and Water Quality Management Plan* was issued September 19, 2019. The U.S. Environmental Protection Agency approved the final temperature TMDL on September 30, 2019. PacifiCorp petitioned for reconsideration on November 15, 2019; as of the end of the year, the decision was pending with ODEQ.

⁷ The SWRCB has posted California Section 401 information here: https://www.waterboards.ca.gov/waterrights/water_issues/programs/water_quality_cert/lower_klamath_ferc14803.shtml

⁸ The ODEQ has posted Oregon Section 401 information here:

<https://www.oregon.gov/deq/wq/wqpermits/Pages/Section-401-Hydropower.aspx>

⁹ The ODEQ has posted the finalized TMDL here: <https://www.oregon.gov/deq/wq/tmdls/Pages/TMDLs-Klamath-Basin.aspx>

5.0 Interim Measures Implementation

The KHSA documents a number of interim measures (IMs) PacifiCorp has undertaken to improve water quality and fish habitat conditions, support and improve hatchery operations, and benefit environmental resources in the Klamath Basin prior to potential dam removal.

This section provides an overview of the Interim Measures Implementation Committee membership and activities in the July 2018-December 2019 period and the current implementation status of these IMs, including those that are part of PacifiCorp's Interim Conservation Plan (ICP Interim Measures) and those in Appendix D of the KHSA that are not related to the ICP.

As the interim period has progressed, PacifiCorp has completed many of the IMs laid out in the KHSA. The following IMs are now complete:

- **Interim Measure 8: J.C. Boyle Bypass Barrier Removal.** Completed in 2010 and verified by the U.S. Fish and Wildlife Service (USFWS), National Marine Fisheries Service (NMFS), Bureau of Land Management, (BLM), and Oregon Department of Fish and Wildlife (ODFW).
- **Interim Measure 10: Water Quality Conference.** Completed September 11-13, 2012. A report on the outcomes from the workshop activities is available from PacifiCorp on request.
- **Interim Measure 11: Interim Water Quality Improvements. Studies or improvement actions completed under IM 11 include:**
 - Conceptual Feasibility Study of Aeration/Oxygenation Systems at Keno Reservoir
 - Nutrient Removal Methods

- Assessment of Potential Algae Harvesting and Removal Techniques at Link River Dam
- Link River Algae Removal Demonstration Project
- Study of Algal Conditions Management within a Reservoir Cove Using Physical Measure
- Planning and Design for a Demonstration Wetlands Facility Adjacent to the Klamath River
- 2014 Localized Treatment of Long Gulch Cove in Iron Gate Reservoir using Hydrogen Peroxide Based Algaecide
- Research on Microcystis Genotypes in the Klamath River System
- Multi-year Analysis of Microcystis Population Structure and Toxigenicity in Copco and Iron Gate Reservoirs
- Klamath Tracking and Accounting Program
- Conceptual Design Evaluation for Full-scale Particulate Organic Matter Removal from Klamath River Source Water using Stormwater Treatment Technology
- **Interim Measure 15: Water Quality Monitoring**
 - Periphyton Study
 - 2016 Genetics Special Study

The following overview summarizes the status of those IMs that continue to be actively implemented and includes the text of the IM in *italics* for reference. Past KHSA Implementation Reports are available for reference and can be found online at:

<https://www.pacificorp.com/energy/hydro/klamath-river/khsa-implementation.html>

5.1 Interim Measure 1: Interim Measures Implementation Committee

The purpose of the Interim Measures Implementation Committee (IMIC) is to collaborate with PacifiCorp on ecological and other issues related to the implementation of the IMs set forth in Appendix D of the KHSA. The primary goals of the IMIC are: (1) to achieve consensus where possible; and (2) timely implementation of the matters within the scope of the IMIC's responsibilities under the KHSA.

The IMIC meets quarterly and members can attend in person or via a webcast and conference line. These meetings typically consist of a technical review of study plans,

updates on IM study progress, and review of technical reports. The IMIC has held most of its quarterly meetings in Yreka, California, which is a central location for most members.

Between July 2018 and December 2019, IMIC held six meetings; two in the second half of 2018, and four in 2019. Meetings typically were held during the third week of January, April, July, and October. Representatives to the IMIC come from 18 different organizations. The IMIC members who participated during the July 2018 to December 2019 period covered by this report are listed in Table 1.

Table 1. Interim Measures Implementation Committee Members and Affiliations

IMIC Member	Organization
Steve Rothert	American Rivers
Chelsea Aquino	Bureau of Land Management
Rick Carlson	Bureau of Reclamation
Donna Cobb	California Department of Fish and Wildlife
Jane Vorpagel	California Department of Fish and Wildlife
Erin Ragazzi	California State Water Resources Control Board
Parker Thaler	California State Water Resources Control Board
Kristen Gangl	California State Water Resources Control Board
Curtis Knight	California Trout
Mark Rockwell	Federation of Fly Fishers, N. CA Council
Glen H. Spain	Institute for Fisheries Resources
Susan Fricke	Karuk Tribe
S. Craig Tucker	Karuk Tribe
Jim Simondet	National Marine Fisheries Service
Clayton Creager	North Coast Regional Water Quality Control Board
Johnathan Warmerdam	North Coast Regional Water Quality Control Board
Chris Stine	Oregon Department of Environmental Quality

Table 1. Interim Measures Implementation Committee Members and Affiliations

IMIC Member	Organization
Mike Hiatt	Oregon Department of Environmental Quality
Robert M. Hooton	Oregon Department of Fish and Wildlife
Bill Tinniswood	Oregon Department of Fish and Wildlife
Ted Wise	Oregon Department of Fish and Wildlife
Ben Ramirez	Oregon Department of Fish and Wildlife
Kyle Gorman	Oregon Water Resources Department
Mary Graaney	Oregon Water Resources Department
Tim Hemstreet	PacifiCorp
Demian Ebert	PacifiCorp
Stan Swerdloff	The Klamath Tribes
Ryan Fogerty	U.S. Fish and Wildlife Service
Gina Glenne	U.S. Fish and Wildlife Service
Nick Hetrick	U.S. Fish and Wildlife Service
Mike Edwards)	U.S. Fish and Wildlife Service
John Vradenburg	U.S. Fish and Wildlife Service
Jason Cox	U.S. Fish and Wildlife Service
Matt Baun	U.S. Fish and Wildlife Service
Louisa McCovey	Yurok Tribe
Matthew Hanington	Yurok Tribe

5.2 Interim Conservation Plan Interim Measures and Endangered Species Act Regulatory Process

Section 6.2.1 of the KHSA provides as follows:

PacifiCorp shall apply to the Services pursuant to ESA Section 10 and applicable implementing regulations to incorporate the Interim Conservation Plan measures, including both Appendix C (ICP Interim Measures) and the Interim Conservation Plan measures for protection of listed sucker species not included in Appendix C, into an incidental take permit.



Starting in 2009, PacifiCorp worked closely with NMFS and USFWS to develop applications for and comply with Endangered Species Act (ESA) Section 10 permits consistent with agency regulations.

5.2.1 Coho Salmon Habitat Conservation Plan

In February 2011, PacifiCorp filed an application for an ESA Section 10 permit with NMFS. The permit application developed with NMFS included a Habitat Conservation Plan (referred to as the Coho HCP) that identifies a process to implement measures that will avoid, minimize, and mitigate the effects of Project operations on Coho Salmon and attain the biological goals and objectives described in the Coho HCP's conservation strategy. Such measures include:

1. Implementing habitat enhancement activities through a Coho Enhancement Fund
2. Implementing flow releases and turbine venting at Iron Gate Dam to improve habitat conditions for Coho in the Klamath River
3. Funding research focused on fish disease in the Klamath River
4. Retrieval and passage of large wood trapped at PacifiCorp's facilities
5. Monitoring to assess the benefits of these measures

On February 24, 2012, NMFS issued a final Incidental Take Permit under Section 10 of the ESA that authorizes potential incidental take of Coho Salmon that could occur as a result of PacifiCorp's interim operation of the Project consistent with the terms of the Coho HCP. Annually, PacifiCorp files a report with NMFS documenting Coho HCP implementation actions taken the previous year.

Activities conducted under the Coho HCP to date include operational adjustments to improve dissolved oxygen in flow releases from Iron Gate Powerhouse, the implementation of habitat enhancement projects to benefit Coho Salmon downstream of Iron Gate Dam as funded through PacifiCorp's Coho Enhancement Fund, fish disease research, development of a Hatchery and Genetics Management Plan (HGMP), delivery of

flows from Iron Gate Dam in support of Reclamation's regulatory requirements, and monitoring and adaptive management.

PacifiCorp developed a Gravel Augmentation Plan¹⁰ as required by the Coho HCP, which was submitted to NMFS for review and approved by NMFS on March 6, 2013. The Gravel Augmentation Plan required addition of 3,000 cubic-yards of gravel downstream of Iron Gate Dam over the 10-year period of the Coho HCP. Gravel augmentation immediately downstream of Iron Gate Dam has taken place in 2014, 2016, and 2017. As of December 31, 2019, a total of 4,600 cubic-yards of spawning gravel has been placed downstream of Iron Gate Dam, exceeding the target volume in the Coho HCP.



The Coho HCP also requires water quality data collection and analysis. PacifiCorp submitted a final Water Quality Monitoring Plan¹¹ to NMFS on February 24, 2013. This plan included procedures to monitor water temperature and dissolved oxygen at designated locations downstream of Iron Gate Dam. Since 2008, continuous monitoring of water temperature and dissolved oxygen has occurred in the Klamath River downstream of Iron Gate Dam. In May 2013, PacifiCorp completed arrangements with the U.S. Geological Survey (USGS) to install and collect continuous water temperature data in the Klamath River at Orleans. As required in the Incidental Take Permit, this location is used as a

¹⁰ PacifiCorp. 2013a. Interim Operations Habitat Conservation Plan for Coho Salmon: Iron Gate Gravel Augmentation Plan, Version 1.0. February. 26 pp.

¹¹ PacifiCorp. 2013b. Interim Operations Habitat Conservation Plan for Coho Salmon: Water Quality Monitoring Plan, Version 1.0. January. 24 pp.

down-river reference location that is outside the area where water temperatures are influenced by releases from Iron Gate Dam. Data are collected and used to evaluate consistency with the water quality objectives contained in the Coho HCP and are included in the annual Coho HCP Reports submitted to NMFS.

5.2.2 Sucker Habitat Conservation Plan

In August 2011, PacifiCorp filed an application for an ESA Section 10 Incidental Take Permit with USFWS, including a draft HCP (referred to as the Sucker HCP), to address potential incidental take of Lost River and Shortnose suckers that could occur during the period before Project removal (the interim period). PacifiCorp submitted a revised Sucker HCP to USFWS in late 2012 and public comments on PacifiCorp's application were solicited in March 2013. On February 20, 2014, USFWS issued a final Incidental Take Permit that authorizes potential incidental take of listed suckers that could occur as a result of PacifiCorp's interim operation of the Project consistent with the terms of the Sucker HCP.¹²

The Sucker HCP identifies a conservation strategy consisting of substantial shutdown of the East Side and West Side hydroelectric developments, continued support for restoration of the Williamson River Delta, and a protocol for implementing a Sucker Conservation Fund that will avoid, minimize, and mitigate take of listed suckers.

Since 2014, PacifiCorp has not operated the East Side and West Side developments except for tests generally lasting less than 24 hours and coordinated with USFWS to avoid take of suckers. PacifiCorp continues to provide revenue from the Tulana Farms lease to The Nature Conservancy. In 2018 and 2019, these funds were used to support restoration actions on the Williamson River Delta. Through the Sucker Conservation Fund, PacifiCorp funded a fish screening and irrigation efficiency

improvement project on the Sprague River in 2016 as documented in the last KHSA Implementation Report (through June 2018). In February 2018, PacifiCorp made the second contribution to the Sucker Conservation Fund and continues to work with the Sucker Recovery Team to identify appropriate projects.

5.3 Interim Measure 2: California Klamath Restoration Fund / Coho Enhancement Fund

PacifiCorp shall establish a fund to be administered in consultation with the California Department of Fish and Wildlife (after providing notice and opportunity for comment to the State Water Resources Control Board and North Coast Regional Water Quality Control Board) and NMFS to fund actions within the Klamath Basin designed to enhance the survival and recovery of Coho salmon, including, but not limited to, habitat restoration and acquisition. PacifiCorp has provided \$510,000 to this fund in 2009 and shall continue to provide this amount of funding annually by January 31 of each subsequent year in which this funding obligation remains in effect. Subject to Section 6.1.1, this funding obligation shall remain in effect until the time of decommissioning of all of the Facilities in California.

As of December 2019, PacifiCorp has provided funding of over \$5,400,000 into the Coho Enhancement Fund (CEF). Starting in 2009 and running through the 2019 grant cycle, 51 grants have been selected to receive funding for projects that benefit Coho Salmon downstream of Iron Gate Dam (Figure 2). These projects have a combined grant value of about \$5.2 million. Selections of projects to fund are made by PacifiCorp with the assistance of a technical advisory team comprising staff from NMFS and the California Department of Fish and Wildlife (CDFW).

¹² PacifiCorp. 2013c. PacifiCorp Klamath Hydroelectric Project. Interim Operations Habitat

Conservation Plan for Lost River and Shortnose Suckers. November. 146 pp.

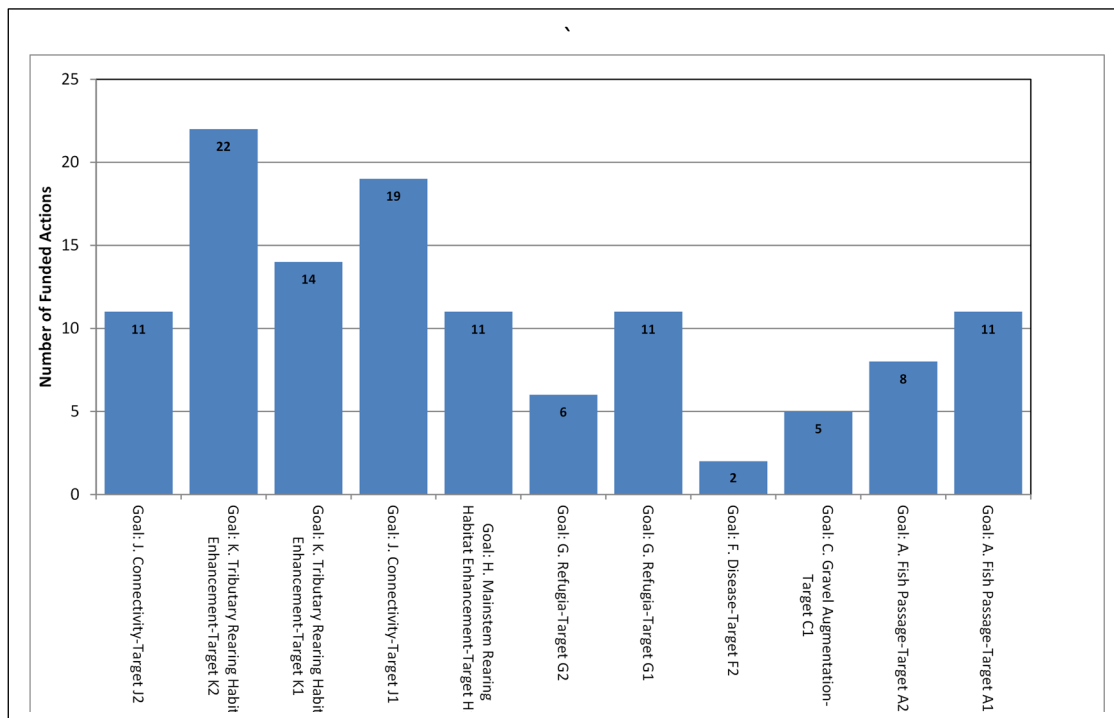


Figure 2. Number of Funded Activities Through 2019 as They Relate to Coho HCP Goals and Objectives

PacifiCorp has developed a partnership with the National Fish and Wildlife Foundation to administer the fund. This partnership allows CEF grant recipients to be eligible for additional funding through other grant programs, further enhancing the conservation benefit of the fund. Using this process, grantees have leveraged nearly an additional \$10.2 million in matching funds for Coho restoration projects as of 2019.

Funded projects have resulted in a substantial benefit to Coho Salmon downstream of Iron Gate Dam. When the projects are considered collectively through 2019, the CEF has resulted in:

- Implementation of over 11,820 linear feet of channel restoration;
- Creation of over 163,320 square feet of off-channel ponds;
- Installation of five fish screens;
- Removal of 91 passage barriers;
- Improved access to over 111 miles of Coho habitat;
- Installation of over 7 miles of riparian fencing;

- Implementation of 31 separate water leases or exchanges providing improved flows in over 38 miles of stream;
- Implementation of 111,643 square feet of other types of habitat enhancement projects;
- Installation of 56 wood structures; and
- Installation of eight beaver dam analogues.

The recipients of CEF grants and the corresponding projects thus far include:

- **Karuk Tribe:** Seiad Creek Channel Restoration, Phase I, II, and III created engineering designs, permitting, stakeholder identification, and construction to realign Seiad Creek to a natural course to enable Coho Salmon potential year-round habitat access.
- **Mid Klamath Watershed Council:** Seiad Creek Off-Channel Pond Habitat Construction.
- **Siskiyou County Resource Conservation District:** Fish Passage Improvement in the Scott River.



- **Siskiyou County Resource Conservation District:** Denny Ditch Fish Screen Improvements.
- **Emmerson Investments:** Shasta River Coho Habitat Project conserved and enhanced more than 6 miles of Shasta River habitat with fencing as well as providing livestock stock water lanes.
- **Grenada Irrigation District:** Huseman Ditch point of diversion fish passage improvements allowed for 4.7 miles of instream cold water retention.
- **Scott River Water Trust:** Scott River Water Acquisition Program enabled critical Coho streams to remain connected to the Scott River. This project has gone through three award cycles.
- **Mid Klamath Watershed Council:** Coho Rearing Habitat Enhancement created and restored more than 10 tributary cold water refugia areas at their confluences with the middle Klamath.
- **Mid Klamath Watershed Council:** Middle Klamath Restoration Prioritization Project identified Coho restoration projects that provide the greatest species benefit.
- **Mid Klamath Watershed Council:** Tributary Fish Passage Improvement Project created fish passage at the mouths and in the lower reaches of 72 Mid Klamath Subbasin tributaries.
- **Yurok Tribe:** Lower Klamath Coho Habitat Enhancement and Monitoring for construction of an off-channel habitat feature in McGarvey Creek increased juvenile Coho Salmon rearing capacity.
- **Mid Klamath Watershed Council:** Seiad/ West Grider Coho Winter Rearing Habitat Project created two off-channel ponds to improve winter habitat.
- **Mid Klamath Watershed Council:** Mid Klamath Coho Rearing Habitat Enhancement Project to enhance habitat complexity. Past years' efforts on this project are now complete; year 5 of the project continued during the 2018-2019 report update period.
- **Caltrans District 2:** Replaced an existing culvert on Fort Goff Creek with a single-span bridge to restore the stream channel and provide passage for Coho along with enhanced habitat.
- **Mid Klamath Watershed Council:** Stanshaw Creek Water Rights Evaluation, Phase 1 and 2; now complete.
- **Mid Klamath Watershed Council:** Tributary Coho Rearing Habitat Improvement. This project created or enhanced off-channel rearing and thermal refugia for Coho Salmon.
- **Montague Water Conservation District:** Shasta River Flow Augmentation Project; now complete.
- **Yurok Tribe:** Restoring Off-Estuary Habitat. This project enhanced habitat in the Lower Hoopaw Creek to benefit Coho Salmon.
- **Mid Klamath Watershed Council:** Mid Klamath Off-Channel Coho Rearing Habitat. This project created approximately 22,000 square feet of critical off-channel winter and summer Coho rearing habitat at four different locations.
- **Scott River Watershed Council:** Juvenile Coho Habitat Improvement Using Beaver Dams. Beaver and beaver dam analogues were used to improve the quantity and quality of Coho rearing habitat in the Scott River and its tributaries.



Sugar Creek Off-Channel Pond after Improvement

- **Scott River Water Trust:** Emergency Stream Augmentation Project. This project added additional water to the Scott River to support rearing Coho during critical drought.
- **Salmon River Restoration Council:** Salmon River Coho Rearing Habitat Enhancement Project increased function and value of Coho rearing habitat.
- **Klamath Basin Rangeland Trust:** Cold Creek Coho Passage and Screening Design Project developed a design for a fish-friendly irrigation diversion to replace a push-up dam on Cold Creek, a tributary to Bogus Creek.
- **Yurok Tribe:** Lower Klamath Coho Rearing Habitat Case Studies. The Yurok Tribe conducted a detailed review of eight constructed habitats in the lower river tributaries and evaluated their effectiveness to ensure lessons are learned and shared.
- **Scott River Water Trust:** French Creek Coho Enhancement through Flow Augmentation 2015 and 2016. This project was terminated in 2019 as the Trust changed their focus from providing seasonal flow enhancements to permanent water dedication.
- **Siskiyou Resource Conservation District:** Sugar Creek Off-channel Enhancement for Coho Salmon. By improving a connection from an existing groundwater-fed pond to Sugar Creek, Coho were provided access to cold water refugia.
- **Shasta Valley Resource Conservation District:** Novy/Rice Fish Passage Project Design. This project involved design of a replacement system for the last flashboard dam on the mainstem Shasta River and allowed access to 14 miles of habitat.
- **Mid Klamath Watershed Council:** Coho Habitat Enhancement and Monitoring Project. This project created a new 19,000 square-foot off-channel rearing pond and conducted detailed monitoring and maintenance on 13 other off-channel rearing sites.
- **GS Black, Inc.:** Shasta River Coho Protection through Diversion Enhancement. This project installed a self-cleaning cone screen and electric pump to replace a failed fish screen and diesel pump on the Shasta River.
- **Scott River Watershed Council:** Watershed-scale Floodplain Restoration to Enhance and Increase Juvenile Coho Salmon Off-Channel Summer Rearing and Overwintering Habitat in the Scott River Watershed—Phase 1, Planning and Design. Phase 1 of this project inventoried quality habitat and created a plan to restore high-priority sites in the Scott River.
- **Salmon River Restoration Council:** Salmon River Coho Rearing Habitat Enhancement Project. This project improved critical Coho Salmon rearing habitat by increasing cover, pool depth, and habitat complexity with manual modifications and the addition of small and large wood and brush bundles.
- **Mid Klamath Watershed Council:** Klamath River Coho Habitat Enhancement, Monitoring and Design Project. In 2018, this project created about 20,000 square-feet of off-channel rearing habitat through the addition of wood structures on 1,500 linear feet of Horse Creek, MKWC monitored and maintained 17 off-channel ponds, developed designs for four new restoration sites, and presented project information at the two professional meetings in 2018.

- **Scott River Watershed Council:** Juvenile Coho Habitat Improvement Using Beaver Dams II. This project constructed three beaver dam analogues and monitored for habitat change and fish response.
- **Mid Klamath Watershed Council:** Middle Creek Channel Rehabilitation Project. This project created a comprehensive restoration design for about 3,300 feet of stream channel that tie into adjacent restoration projects. In 2018, a topographic survey was completed of nearly 4,000 linear feet of stream channel and floodplain. Existing vegetation surveys were also begun. In 2019, MKWC continued topographic surveys, installed groundwater and surface water monitoring stations and collected data, and began planning for 2020 survey work and hydraulic modeling.
- **Yurok Tribe:** Lower Bear Creek Stream and Floodplain Habitat Enhancement Project: Phase 1. This project installed wood jams in Bear Creek to create rearing habitat for natal and non-natal Coho and conducted a detailed fish-use evaluation of the work. Construction delays postponed work in 2018. In 2019, the Yurok Tribal Fisheries Program completed environmental and cultural compliance, conducted habitat mapping, photo-monitoring, topographic and fish use surveys, secured 80 trees for wood jams, and collaborated with partners to install eight constructed wood jams.
- **California Trout, Inc.:** Upper Shasta Coho Habitat Restoration. This project improved Coho spawning and rearing habitat and access to cold-water refugia in the upper Shasta River. In 2018, a detailed survey of the reach, a geomorphic investigation, baseline hydraulic modeling, and designs for the large wood structures were all completed. In 2019, the design was completed, all necessary permits obtained, five spawning beds/riffles were built, and large woody material was installed upstream of each new riffle to direct flow into the thalweg of the riffles as well as

provide cover and deepen pools. The alcove on Hidden Valley was also enlarged.

- **Scott River Water Trust:** Water Dedication Development in the Scott River Basin. This project supported continued development of permanent instream water dedication. During 2018, two permanent water dedications in French Creek were negotiated, two more such negotiations were advanced, and one initial/early-stage discussion was begun. A final report was submitted in 2019; the project is now complete.



Juvenile Coho Salmon

- **Mid Klamath Watershed Council:** Horse Creek Wood Loading and Floodplain Relief Implementation Project: Phase 1. This project helped retain valuable wood and gravel in the Horse Creek watershed that were mobilized as a result of the 2016 Gap Fire. The project was awarded in 2018 and in 2019, 12 wood structures were installed in the project reach. Preproject surveys of large wood, sediment composition, and fish use were completed.
- **California Trout, Inc.:** Hidden Valley Ranch Fish Screen and Cold Water Exchange Project. This project will improve Coho summer rearing habitat by installing an improved on-channel, solar-powered fish screen onto an existing diversion, and increase the release of colder spring water during summer month through irrigation efficiency improvements and irrigation source water exchange. This project was awarded in 2018. No work occurred on this project in 2019 pending submittal of the necessary petitions to the SWRCB.

- **Scott River Watershed Council:** Addressing a Limiting Factor for Coho Salmon by Improving Spawning Conditions in a Key Tributary of the Scott Watershed. This project improved Coho spawning habitat in French Creek (a tributary to the Scott River) through large wood installation and spawning gravel augmentation. This project was awarded in 2018. In the fall of 2019, gravel was placed at specific locations with known Coho Salmon utilization, 10 large wood logs were placed instream, and 20 stream side trees were fallen into the stream with the associated gravel to increase channel complexity and help slow high winter water velocities.
- **Salmon River Restoration Council:** Salmon River Coho Rearing Habitat Enhancement Project. This project improved Coho rearing habitat by increasing cover, pool depth, and habitat complexity/connectivity through manually removing, adding, or manipulating blockages such as large wood or bush bundles. This project was awarded in 2018. In 2019, 34 brush bundles were added at 12 rearing sites, creating 1,043 square feet of in-stream cover. Additionally, 17 barriers were treated at 13 tributary confluences, improving access to over 26 miles of stream.
- **Scott River Water Trust:** Spencer Creek Permanent Water Dedication Project. In 2019, this project increased Spencer Creek flows to improve habitat for Coho Salmon and other anadromous fish by dedicating 0.76 cubic feet per second (cfs) in perpetuity to the stream. The agreement delivers approximately 255 acre-feet annually and improves 2.5 miles of habitat.
- **Yurok Tribe:** McGarvey Creek Coho Habitat Enhancement Using Beaver Dam Analogues. This project will increase salmonid rearing habitat capacity by installing two beaver dam analogues in the West Fork of McGarvey Creek; monitor and maintain these two sites and three other existing beaver dam analogues; plan and design at least one additional habitat enhancement site in McGarvey Creek; and report and conduct stakeholder outreach. This project was awarded in 2019.
- **California Trout, Inc.:** Parks Creek Fish Passage and Cardoza Ranch Efficiency Implementation Project. This project will construct a new point of diversion (with fish screen) on the Shasta River for the Cardoza Ranch, while providing continuous fish passage and reduced summer water temperatures in Parks Creek, a primary tributary to the Shasta River. The project will evaluate an existing monitoring station and develop a monitoring program to document stream changes related to the new diversion. This project was awarded in 2019.
- **Mid Klamath Watershed Council:** China Creek Fish Passage and Wood Loading Project. This project will remedy a chronic fish passage issue at the mouth of China Creek by using large wood to reroute the channel into a more desirable configuration across the existing delta. This project was awarded in 2019.
- **Mid Klamath Watershed Council:** Horse Creek (Klamath National Forest) Instream Wood Placement Project. This project will add 35 wood structures to Horse Creek at strategic sites in a low-gradient reach on public lands. Adding these structures to 1.5 miles of Horse Creek will increase habitat complexity and provide resilience to excessive sedimentation from recent extreme wildfires. This project, awarded in 2019, builds on the Phase 1 effort awarded in 2018.

A Technical Review Team was formed in 2012 and meets annually (if necessary) to review existing projects funded under the CEF and to recommend possible adaptive management changes, if warranted, based, in part, on the results of monitoring data developed from funded projects. To date, no changes have been recommended in the CEF process. The first Technical Review Team meeting was held in June 2012 and subsequent meetings were held

in November 2013, October 2014, and January 2017. By consensus of the group a meeting was not held in 2015. Because of the federal government shutdown in the winter of 2018-2019, no Technical Review Team meeting was held in 2018 or 2019. Technical review meetings continue to be held annually as needed.

5.4 Interim Measure 3: Iron Gate Turbine Venting

PacifiCorp shall implement turbine venting on an ongoing basis beginning in 2009 to improve dissolved oxygen concentrations downstream of Iron Gate Dam. PacifiCorp shall monitor dissolved oxygen levels downstream of Iron Gate Dam in 2009 and develop a standard operating procedure in consultation with NMFS for turbine venting operations and monitoring following turbine venting operations in 2009.

Passive venting of the Iron Gate turbine was successfully tested at the Iron Gate Powerhouse in the fall of 2008 and PacifiCorp installed a blower system at the Iron Gate Powerhouse in January 2010 to enhance the effectiveness of turbine venting. The combined system was tested in 2010 and demonstrated an ability to increase dissolved oxygen levels in the river downstream of Iron Gate Dam. PacifiCorp developed a turbine venting Standard Operation Procedure in early 2013 consistent with the terms of PacifiCorp's incidental take permit for Coho Salmon and has been implementing turbine venting on an ongoing basis.

5.5 Interim Measure 4: Hatchery and Genetics Management Plan

Beginning in 2009, PacifiCorp shall fund the development and implementation of a Hatchery and Genetics Management Plan (HGMP) for the Iron Gate Hatchery. PacifiCorp, in consultation with the National Marine Fisheries Service and the California Department of Fish and Wildlife, will develop an HGMP for approval by

NMFS in accordance with the applicable criteria and requirements of 50 C.F.R. § 223.203(b)(5). To implement the HGMP, PacifiCorp, in consultation with NMFS and CDFW, will develop and agree to fund an adequate budget. When completed, CDFW shall implement the terms of the HGMP at Iron Gate Hatchery in consultation with PacifiCorp and NMFS. Funding of this measure is in addition to the 100 percent funding described in Non-ICP Interim Measure 18.



Water Filtration System at Iron Gate Hatchery

PacifiCorp worked collaboratively with NMFS and CDFW to develop the HGMP for the Iron Gate Hatchery Coho Salmon Program. The HGMP was submitted by PacifiCorp and CDFW to NMFS on September 16, 2010. After public notice and comment on the HGMP and other related documents followed by the submission of a final HGMP, NMFS formally approved the HGMP, issued the final Environmental Assessment and Finding of No Significant Impact, Biological Opinion, and Incidental Take Permit (79 Federal Register 69428) in late October 2014.

The HGMP program operates in support of the Klamath River Basin's Coho Salmon recovery efforts by conserving a full range of the existing genetic, phenotypic, behavioral, and ecological diversity of the Coho Salmon run. The program's conservation measures include genetic analysis, broodstock management, and rearing and release techniques that maximize

fitness and reduce straying of hatchery fish to natural spawning areas.

In 2010, in cooperation with CDFW and NMFS, PacifiCorp began funding an active broodstock management program at Iron Gate Hatchery, a program that continues annually. The program is based on real-time genetic analysis of Coho spawning broodstock that provides information necessary to reduce the rate of inbreeding in the hatchery Coho population and increase the proportion of natural-origin fish in the total hatchery Coho spawning population.

Hatchery culture practices under the HGMP program have also been improved to increase egg-to-smolt survival rates by increasing survival during egg incubation and covering raceways with netting to reduce bird predation. Ongoing water quality challenges at the Iron Gate Hatchery led PacifiCorp and CDFW to pool resources and install a sand filtration and ultraviolet (UV) light water treatment system capable of handling the entire flow to the hatchery egg-rearing building. This system was installed in fall 2015.

The system has been successful at improving water quality to the incubator stacks and has resulted in an improved survival rate in all eggs that receive this cleaner water. Average survival from green egg to ponded fish has increased from 48 percent to over 80 percent with the addition of the UV treatment system (Figure 3). In 2018, data show survival from green eggs to ponded fish was 82 percent and in 2019 preliminary data indicate survival was 90 percent, a substantial improvement over conditions before the filtration system was installed.

Pursuant to the HGMP, in 2016 PacifiCorp began monitoring Klamath River tributaries for the presence of Coho adults and redds during the spawning season in the geographic area of the Upper Klamath Population Unit (Bogus Creek downstream to Portuguese Creek). Spawning surveys have been conducted in 2015-16, 2016-17, 2017-18, 2018-19, and 2019-20 spawning seasons. While this work has documented spawning in several tributaries between Iron Gate and Portuguese Creek, most spawning Coho have been observed in Seiad Creek, Horse Creek, and Bogus Creek.

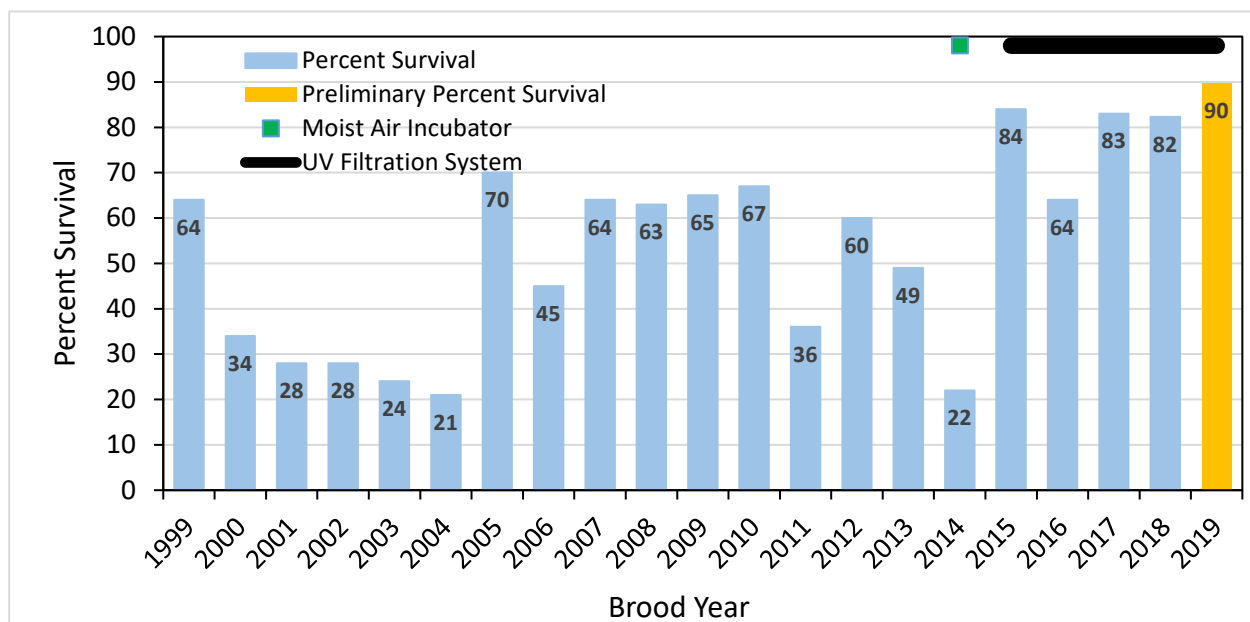


Figure 3. Percent Survival by Brood Year with Ultraviolet Filtration Period Indicated by the Top Black Bar

The total population estimate from the spawning surveys has varied from year to year, but averages about 259 fish (Figure 4). The total population estimate for the Upper Klamath population unit averages about 380 fish.

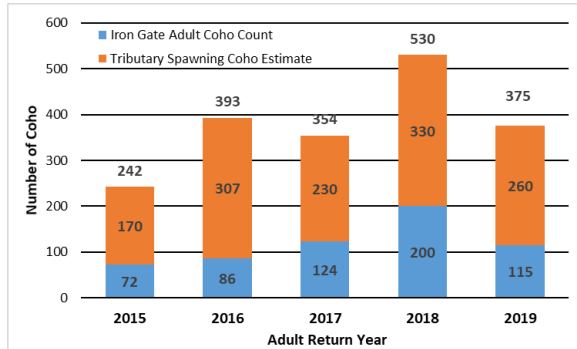


Figure 4. Adult Coho Captured at Iron Gate Dam and Coho Population Estimate Based on Spawning Surveys of Tributaries from Bogus Creek to Portuguese Creek (does not include the Scott or Shasta rivers)

5.6 Interim Measure 5: Iron Gate Flow Variability

In coordination with NMFS, USFWS, States, and Tribes, PacifiCorp and Reclamation shall annually evaluate the feasibility of enhancing fall and early winter flow variability to benefit salmonids downstream of Iron Gate Dam, subject to both PacifiCorp's and Reclamation's legal and contractual obligations. In the event that fall and early winter flow variability can feasibly be accomplished, PacifiCorp, in coordination with NMFS, USFWS, and Reclamation will, upon a final Incidental Take Permit issued to PacifiCorp by NMFS becoming effective, annually develop fall and early winter flow variability plans and implement those plans. Any such plans shall have no adverse effect on the volume of water that would otherwise be available for the Klamath Reclamation Project or wildlife refuges.

The joint biological opinion on Reclamation's Klamath Project for 2013-2023 (2013 BiOp) includes provisions for more variable flow releases from Iron Gate Dam to provide benefits to listed species. To achieve more "natural" flow variability in releases from Iron Gate Dam, Reclamation schedules variable flows based on the profile of the week-prior hydrograph of the Williamson River. In addition, accretions within PacifiCorp's Project area (downstream of Keno Dam to Iron Gate Dam) are accounted for and generally reflected in flow releases downstream from Iron Gate Dam. PacifiCorp has been working closely with Reclamation to coordinate river operations and dam releases in a manner that achieves Reclamation's flow requirements below Iron Gate Dam while also meeting operational and other regulatory objectives of Reclamation and PacifiCorp.

In summer 2015, in response to a request from NMFS to further evaluate the opportunity to create additional variability in flow releases, PacifiCorp developed and tested a program to automatically adjust releases from the Iron Gate Powerhouse to provide a diurnally variable flow pattern that mimics that seen in an unregulated stream. PacifiCorp continues to implement this diurnal fluctuation program.

Flows downstream of Iron Gate Dam generally remained at or near biological opinion minimum target flows from July 2018 through January 2019. The lone exception to this was a short pulse in late August, when flows briefly approached 2,000 cfs, initiated to support the Ceremonial Boat Dance downstream of Iron Gate Dam (Figure 5).

February 2019 brought a shift in weather patterns that generated substantial snowfall in the upper basin. By the beginning of March, snow water equivalent had exceeded the median in the upper basin (Figure 6), alleviating the building drought fears.

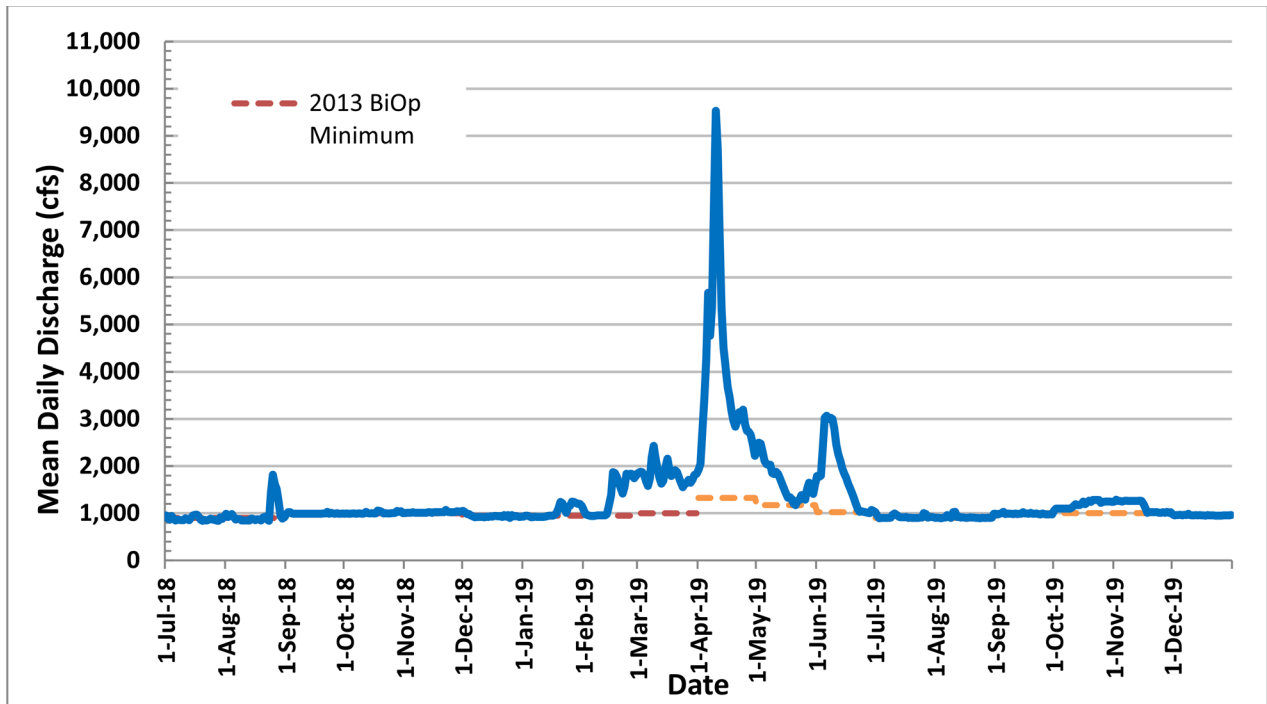


Figure 5. Mean Daily Discharge in the Klamath River Downstream of Iron Gate Dam (USGS Gage No. 11516530)

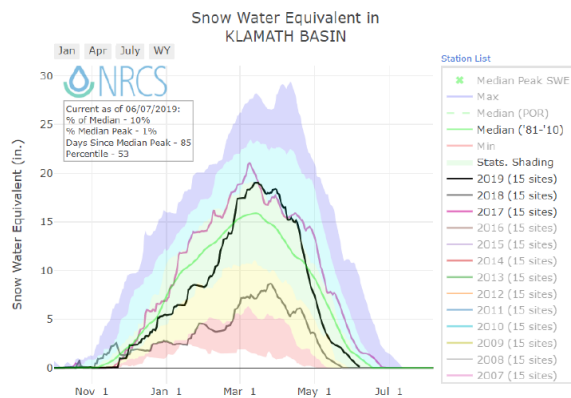


Figure 6. Snow Water Equivalent in the Klamath Basin, November 2018 - July 2019¹³

Snowmelt in the spring of 2019 started in late March but was most dramatic in early April when a warm storm brought high elevation rain. Rain on snow, coupled with management of Upper Klamath Lake for flood control, generated a seasonal peak mean daily discharge at Iron Gate Dam of 9,530 cfs on April 10, 2019.

¹³ Graph from <https://www.nrcs.usda.gov/Internet/WCIS/basinCharts/POR/WTEQ/OR/KLAMATH%20BASIN.html>



Approximately 9,500 cfs of Flow at Iron Gate Dam on April 10, 2019 at 8:30 AM
(Photo: PacifiCorp)

In response to litigation¹⁴ and reinitiated consultation, new coordinated biological opinions on Reclamation's Klamath Project for 2019-2024 were released in April 2019 by USFWS¹⁵ and NMFS¹⁶ for the listed species under their respective jurisdictions. The proposed Klamath Project operation as evaluated in the USFWS and NMFS biological opinions allocates 50,000 acre-feet (AF) of the Environmental Water Account (EWA) for disease mitigation or habitat flushing flows on a flexible basis in below average or dry years.

According to the thresholds in the 2019 NMFS BiOp, a disease dilution flow was not required in 2019. However, increasing levels of *Ceratonova shasta* along with outmigrating Chinook (especially releases of Iron Gate Hatchery-raised Chinook smolts) and Coho Salmon in early June 2019 prompted stakeholders to request this flow release regardless of the requirements in the 2019

NMFS BiOp. As a result, Reclamation initiated a disease dilution flow starting on June 4, 2019, that brought flows downstream of Iron Gate Dam up to about 3,000 cfs for 5 days before gradually ramping down to baseflow levels (Figure 5). From July 2019 through December 2019, flows downstream of Iron Gate Dam generally remained at or near biological opinion minimum target flows (Figure 5).

Other elements of the 2019 NMFS BiOp allow for delivery of opportunistic surface flushing flows in average to wet years as hydrologic conditions permit. This surface flushing flow was effectively achieved without special action in 2019 by the rain-on-snow event in early April. The proposed Project operations in the 2019 NMFS BiOp also include an additional 20,000 AF to be release in May or June when the EWA is greater than 400,000 AF as of April 1.

The beginning of the 2019-20 water year was below median in contrast to the wetter year experienced in 2018-19 (Figure 7).

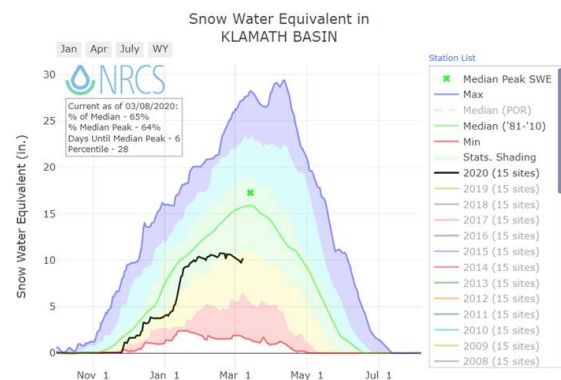


Figure 7. Snow Water Equivalent in the Klamath Basin, November 2019 – March 2020¹⁷

¹⁴ Yurok Tribe v. Bureau of Reclamation, No. 16-cv-6863 and Hoopa Valley Tribe v Bureau of Reclamation. No. 16-cv-4294.

¹⁵ USFWS 2019. Biological Opinion on the Effects of Proposed Klamath Project Operations from April 1, 2019 through March 31, 2024 on the Lost River Sucker and the Shortnose Sucker. TAILS #08EKLA00-2019-F-0068. 220 pp.

¹⁶ NMFS 2019. Endangered Species Act Section 7(a)(2) Biological Opinion and Magnuson-Stevens Fishery Conservation and Management Act Essential Fish Habitat Response for Klamath Project Operations from April 1, 2019 through March 31, 2024. File WCR-2019-11512, WCRO-2019-00113.

¹⁷ Graph from <https://www.nrcs.usda.gov/Internet/WCIS/basinCharts/POR/WTEQ/OR/KLAMATH%20BASIN.html>

The 2019 NMFS BiOp was legally challenged because it was found that the analysis relied on erroneous data. As of late in 2019, Reclamation was working with multiple stakeholders to reach a viable settlement agreement. With this process ongoing, the water management measures in the 2019 NMFS BiOp remain in use. Consultation with the Services has been reinitiated and work on new BiOps is underway.

5.7 Interim Measure 6: Fish Disease Relationship and Control Studies

PacifiCorp has established a fund in the amount of \$500,000 in total funding to study fish disease relationships downstream of Iron Gate Dam. Research proposals will be solicited and agreed upon by PacifiCorp and NMFS for the purpose of determining that the projects are consistent with the criteria and requirements developed by PacifiCorp and NMFS in the ESA review process applicable under Settlement Section 6.2. PacifiCorp will consult with the Klamath River Fish Health Workgroup regarding selection, prioritization, and implementation of such studies, and such studies shall be consistent with the standards and guidelines contained in the Klamath River Fish Disease Research Plan and any applicable recovery plans.

Humboldt State University, USGS, Oregon State University, the Karuk Tribe, and the Yurok Tribe collaborated on a research proposal to examine how management actions could be focused to reduce the incidence of ceratomyxosis. Specific studies as part of the proposal include:

- Determine combinations of water hydraulics and sediment compositions that produce mortality in polychaetes
- Measure the response of selected polychaete populations in the Klamath River to any experimental control actions over appropriate temporal and spatial scales

- Determine the relative contribution of species-specific genotypes of *Ceratonova shasta* from tributary and mainstem sources and determine seasonal myxospore abundance
- Develop mathematical models to improve the understanding of *Ceratonova shasta* dynamics and provide opportunities for management (e.g., flow manipulations)



Polychaete Tubes on a Boulder in the Klamath River

PacifiCorp funded implementation of these studies with money from the Fish Disease Fund. Results from these studies include several technical reports and a published journal article. Of the six grants issued by the Fish Disease Fund, the last two projects funded were completed in 2018. These comprised an Oregon State University (OSU) research project focused on data collection and development of models to evaluate the effectiveness of flow manipulation in controlling *Ceratonova shasta* and a USGS/OSU effort to develop models for juvenile Coho mortality caused by *Ceratonova shasta* in the Klamath River. With the completion of these two projects, the \$500,000 that PacifiCorp allocated to the Fish Disease Fund had been completely expended.

5.8 Interim Measure 7: J.C. Boyle Gravel Placement and/or Habitat Enhancement

Beginning on the Effective Date and continuing through decommissioning of the J.C. Boyle Facility, PacifiCorp shall provide funding of \$150,000 per year, subject to adjustment for inflation as set forth in Section 6.1.5 of the Settlement, for the planning, permitting, and implementation of gravel placement or habitat enhancement projects, including related monitoring, in the Klamath River above Copco Reservoir.

Within 90 days of the Effective Date, PacifiCorp, in consultation with the IMIC, shall establish and initiate a process for identifying such projects to the Committee, and, upon approval of a project by the Committee, issuing a contract or providing funding to a third party approved by the Committee for implementation of the project.

The objective of this Interim Measure is to place suitable gravels in the J.C. Boyle bypass and peaking reach using a passive approach before high flow periods, or to provide for other habitat enhancement providing equivalent fishery benefits in the Klamath River above Copco Reservoir.

The IMIC and PacifiCorp collaborated on the development of a gravel enhancement and monitoring plan, which serves as the basis for ongoing implementation actions under this interim measure.

Because access to the river to implement this measure occurs on BLM roads, BLM conducted a NEPA analysis to assess potential impacts from implementation of this interim measure. The BLM issued a Finding of No Significant Impact on October 3, 2011. Since 2011 the NEPA work has been revisited as new sites have been identified.

As of December 2019, just under 4,500 cubic yards of gravel has been added to nine sites in the Klamath River below J.C. Boyle Dam (Figure 8).

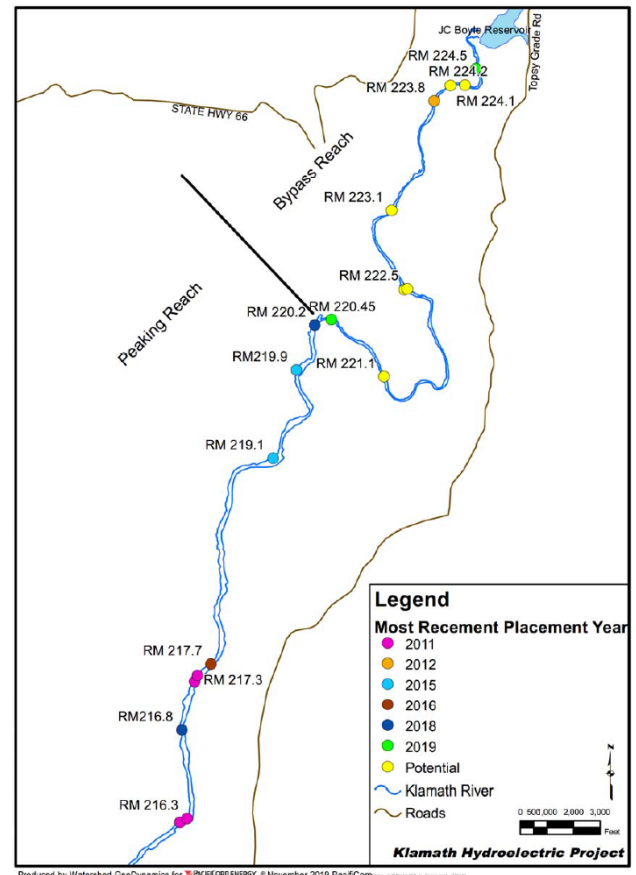


Figure 8. Gravel Placement Locations Downstream of J.C. Boyle Dam from 2011-2019

5.9 Interim Measure 9: J.C. Boyle Powerhouse Gage

Upon the Effective Date, PacifiCorp shall provide the U.S. Geological Survey (USGS) with continued funding for the operation of the existing gage below the J.C. Boyle Powerhouse (USGS Gage No. 11510700). Funding will provide for continued real-time reporting capability for half-hour interval readings of flow and gage height, accessible via the USGS website. PacifiCorp shall continue to provide funding for this gage until the time of decommissioning of the J.C. Boyle Facility.

PacifiCorp continues to provide USGS with funding for the operation of the gage downstream of the J.C. Boyle Powerhouse (USGS Gage No. 11510700). These gaging data are available at:
http://waterdata.usgs.gov/usa/nwis/uv?site_no=11510700.

5.10 Interim Measure 11: Interim Water Quality Improvements

The purpose of this measure is to improve water quality in the Klamath River during the Interim Period leading up to dam removal. The emphasis of this measure shall be nutrient reduction projects in the watershed to provide water quality improvements in the mainstem Klamath River, while also addressing water quality, algal and public health issues in Project reservoirs and dissolved oxygen in J.C. Boyle Reservoir. Upon the Effective Date of the Settlement until the date of the DRE's acceptance of the FERC surrender order, PacifiCorp shall spend up to \$250,000 per year to be used for studies or pilot projects developed in consultation with the Implementation Committee regarding the following:

- *Development of a Water Quality Accounting Framework*
- *Constructed Treatment Wetlands Pilot Evaluation*
- *Assessment of In-Reservoir Water Quality Control Techniques*
- *Improvement of J.C. Boyle Reservoir Dissolved Oxygen*

Within 60 days of the DRE's acceptance of the FERC surrender order, PacifiCorp shall develop a priority list of projects in consultation with the Implementation Committee. The priority list will be informed by, among other things, the information gained from the specific studies conducted before the DRE's acceptance of the FERC surrender order and the information generated at the

water quality conference specified in Interim Measure 10. Following the DRE's acceptance of the FERC surrender order, PacifiCorp shall provide funding of up to \$5.4 million for implementation of projects approved by the Oregon Department of Environmental Quality (ODEQ) and the State and Regional Water Boards, and up to \$560,000 per year to cover project operation and maintenance expenses related to those projects, these amounts subject to adjustment for inflation as set forth in Section 6.1.5 of this Settlement. Recognizing the emphasis on nutrient reduction projects in the watershed while also seeking to improve water quality conditions in and downstream of the Project during the Interim Period, the Parties agree that up to 25 percent of the funding in this measure for pre-surrender-order-acceptance studies and post-surrender-order-acceptance studies may be directed towards in-reservoir water quality improvement measures, including but not limited to J.C. Boyle.

Consistent with the intent of this interim measure, PacifiCorp is conducting studies that focus on nutrient reduction in the Klamath River while also addressing water quality issues in Project reservoirs. Annual study plans and draft technical reports generated by the ongoing work are prepared for IMIC review. After review and responding to comments from the IMIC, work plans for water quality studies and technical reports are finalized.

The Interim Measure 11 (IM 11) studies that were in progress or initiated between July 2018 and December 2019 are described below. Citations for each study follow this section and the reader is referred to the PacifiCorp Klamath Hydroelectric Project webpage for complete technical reports on these and previously completed works:

<https://www.pacificorp.com/energy/hydro/klamath-river/khsa-implementation.html>

Completed IM 11 studies, listed in Section 5.0 (Interim Measures Implementation), are not presented in detail in this report. Please see past KHSIA Implementation Reports at the link cited above as provided in Section 5.0.

5.10.1 2019 Study Plan

Finalized in January of 2019, the Klamath Hydroelectric Project Interim Measure 11 Study Activities for 2019 (the 2019 Study Plan), outlined five studies that would be funded by PacifiCorp to focus on water quality improvements in the Klamath River primarily through nutrient reduction. These projects include:

1. Development of a Water Budget and an Assessment of Nutrient Loading from Two Agricultural Operations, Phase 2
2. Evaluation of the Iron Gate Intake Barrier Curtain System for Water Quality Improvement of Powerhouse Releases
3. Assessment of Irrigation Water Conservation Opportunities for Water Quality Improvement in the Upper Klamath Basin
4. Agency/Barnes Lake Restoration Project - Water Quality Evaluation
5. Design and Installation of a Biochar Filtration System to Improve Water Quality in Upper Klamath Lake

Details of each study or pilot project outlined in the 2019 Study Plan and its current implementation status as of December 2019 are provided in the sections that follow.

5.10.2 Agricultural Water Budget and Nutrient Assessment, Phase 2

Hydrologic modification throughout the Upper Klamath Lake Basin for agricultural irrigation, has resulted in many piped and pumped return flows to Upper Klamath Lake and the Klamath River that have phosphorus concentrations exceeding TMDL targets. The purpose of this project is to complete an assessment of specific locations, historical and current land use, nutrient budgets, water budgets, and seasonal water needs to

ensure investments into water quality improvement projects are targeted and effective.

In 2018, Trout Unlimited (TU) received IM 11 funding to begin an assessment of the Running Y and Caledonia farms to determine a water budget and temporal and spatial variability of soluble and particulate phosphorus and nitrogen. Phase 1, completed in 2018, focused on existing data analysis and farm operations summaries. As part of this effort, TU worked closely with the Oregon Department of Agriculture (ODA) and the landowners to summarize existing operations and develop monitoring plans. In addition, the landowners hired a consultant to produce a report about the existing wetlands on the Caledonia and Running Y farms. Flow data are being obtained from inlets and outlets of the two farms to allow nutrient loads to be calculated.

Phase 2, will involve water quality and flow data collection as well as data analysis and development of the nutrient and water budget. The following actions were accomplished in late 2018 and 2019:

- Flow meters were installed on incoming ditches and outflow pipes in December and January.
- ODA monitored water quality throughout winter flood events.
- Wetland water quality monitoring began in late spring.
- Farms released their irrigation plans and have incorporated extensive tailwater reuse into those plans.
- Consideration was given to new areas for wetland installation/water retention.
- Consideration was given to soil nutrient and salinity testing to understand the impact of tailwater reuse.
- Application was submitted to the Oregon Watershed Enhancement Board (OWEB) for technical assistance funding in 2020 to develop designs for water quality treatment options based on the results of this study.

5.10.3. Evaluation of Intake Barrier Systems for Water Quality Improvement from Iron Gate Powerhouse Releases¹⁸

The purpose of this IM 11 activity is to continue to evaluate the effectiveness of the intake barrier system in Iron Gate Reservoir to improve water quality in Iron Gate Powerhouse releases to the Klamath River. During 2015-2019, annual studies have been conducted to continue evaluation of the operation of the curtain upstream of the intake as a means of reducing algae entrainment into the intake. A comprehensive analysis of the data collected between 2015 and 2018 is underway. Work in 2019 has built on previous years of data collection and continues to inform management and operation of the system.

One strategy for improving water quality in the Klamath River downstream of Iron Gate Dam involves reducing the amount of cyanobacteria transported to the river from Iron Gate Reservoir. Seasonal cyanobacteria blooms in Iron Gate Reservoir typically occur in near-surface waters of the photic zone where light and nutrients are available. The penstock intake for Iron Gate Powerhouse is open from the surface to the reservoir bottom at about 35 feet. Thus, the intake tower entrains water from the full depth of the water column at the location of the intake. Withdrawal of water from the photic zone can result in releases of cyanobacteria to the Klamath River downstream.

PacifiCorp has been investigating ways to isolate the surface waters of Iron Gate Reservoir since installing the first curtain on the log boom

in 2009.¹⁹ This was followed by testing a cover that was installed over the upper portion of the intake structure in 2011.²⁰ In 2014, a curtain was temporarily installed in the current location for a short period of time as a proof of concept exercise. In 2015, the existing curtain was installed.



Iron Gate Reservoir on August 14, 2019, Showing Algae Upstream of Curtain and Clearer Water Downstream

The purpose of the curtain is to improve the quality of near-surface waters downstream of the curtain in the Iron Gate Reservoir prior to intake entrainment. In the summer, the intake barrier curtain isolates warmer, less dense near-surface waters that contain most of the cyanobacteria, while withdrawing cooler, denser, and deeper waters from the reservoir for release to the Klamath River downstream (Figure 9).

Since 2015, studies have shown that the curtain reduces the release of near-surface waters with higher levels of cyanobacteria.

¹⁸ Miao, E., and M. Deas. 2014. Assessment of an Intake Barrier for Water Quality Control at Iron Gate Reservoir – 2013 Study Results. Prepared for PacifiCorp Energy, prepared by Watercourse Engineering, Inc. April.

¹⁹ Deas, M. L. and E. Miao. 2010. Exploratory velocity measurements in Iron Gate Reservoir with an

acoustic doppler current profiler. Prepared for PacifiCorp. July. 14 pp.

²⁰ Watercourse Engineering, Inc. (Watercourse). 2013. Appendix B *in* 2012 Assessment of an intake cover for water quality control at Iron Gate Reservoir. Prepared for PacifiCorp. July.

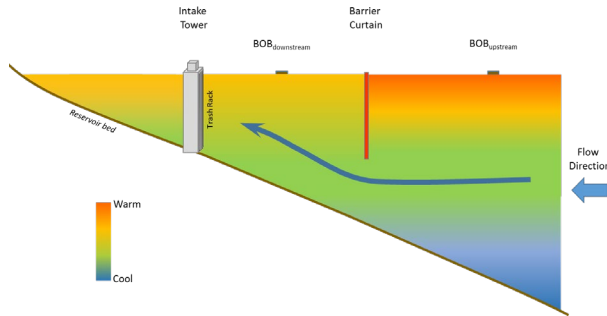


Figure 9. Conceptual Profile View of Thermal Conditions in Iron Gate Reservoir Showing the Location of the Basic Observation Buoys, Curtain, and Intake Tower

As a secondary benefit, the curtain also functions as a simple selective withdrawal device that isolates warmer surface waters and preferentially draws deeper cooler waters for release to the Klamath River. This selective withdrawal ability can allow for some manipulation of temperatures in released water, which may be beneficial for managing fish disease because disease levels can be exacerbated by higher water temperatures.

The focus of 2018 and 2019 data collection was to better understand the barrier and dam algal reduction and specifically, the factors that influence the curtain's effectiveness. High, medium, and low effectiveness periods were able to be defined based on epilimnetic stratification stability, the curtain depth, and other factors.

A comprehensive analysis (still in preparation as of December 2019) of all data collected from 2015 through 2018 indicates that the curtain significantly reduces the concentration of algae downstream of the curtain under periods of high-curtain effectiveness. Following from this, the analysis indicates that the curtain reduces algae loads downstream of Iron Gate Dam, too. The statistics for reduction in algae loading downstream of Iron Gate Dam are less strong, primarily because of a small sample size. Collectively, the data analysis indicates that the curtain reduces the release of cyanobacterial toxins to the Klamath River when the curtain is deployed at or below epilimnetic stratification. The curtain is the most effective when it is deployed to depths below the epilimnion and

during periods of strong epilimnetic stratification in Iron Gate Reservoir.

In 2019, dissolved oxygen levels downstream of Iron Gate were studied to gain an understanding of how quickly natural reaeration is occurring after water is released from Iron Gate Dam. Analysis of these data is underway, but preliminary results indicate that water released from Iron Gate Dam reaerates within a couple of miles downstream of the dam.

5.10.4 Irrigation Efficiency Opportunities Evaluation, Phase 1

The goal of this study was to prepare high-level assessment of irrigation water conservation opportunities in the Klamath Basin that provide benefits of both water quantity management and water quality improvement. In the first phase of this effort, completed in late spring and summer of 2019, initial scoping actions were taken to better understand what relevant data are available, what coordination is already happening between stakeholders in the basin in regard to irrigation efficiency, and what projects may have already been envisioned or undertaken. As part of this effort, the following tasks were completed:

- Created a fact sheet and initial question list for basin stakeholders.
- Conducted interviews with a subset of identified stakeholders to gather data, understand specific perspective and challenges, and refine the initial contact list.
- Compiled interview notes and reference materials obtained from stakeholders.
- Summarized and presented the findings to the IMIC.

This study found that cost-benefit data were lacking on much of the irrigation efficiency work that had been completed in the basin to date. Some implemented projects have cost data, and some water quality improvement data, but rarely does a project have both. Recommendations to the IMIC included a

possible Phase 2 effort to compile the available cost and water quality data to better inform project selection under the IM 11 Priority List of Projects (PLP) funding category as well as the inclusion of cost reporting and water quality monitoring requirements in IM 11 funded projects.

The study found that projects within this PLP category that focus on discharges directly to Upper Klamath Lake/Klamath River are qualitatively understood to have the greatest water quality benefit with the least impact on tailwater reuse already in place. Some irrigation efficiency projects currently identified and pursued by stakeholders lack funding for pre-implementation actions (studies/permitting) or are constrained by the geographic scope of available grant opportunities. It was also suggested that IM 11 PLP grants be structured flexibly to avoid geographic constraints and to be best leveraged with other available funding in the basin.

5.10.5 Agency/Barns Lake Restoration Project

The extensive hydrologic modification throughout Upper Klamath Lake Basin has led to the dramatic reduction in the number of wetlands and their functional capacity to sequester nutrients. Over the last 2 years, TU has worked closely with USFWS, private landowners, The Nature Conservancy, Natural Resources Conservation Service (NRCS), and other stakeholders to support the development of a large wetland restoration project adjacent to the Upper Klamath National Wildlife Refuge, and previously referred to as the “Agency-Barnes Ranch.” The project encompasses an area of about 14,000 acres, 70 percent of which is federally owned. The remaining 30 percent is privately owned but the properties have been enrolled in USFWS and NRCS easements to facilitate conservation and restoration on a large scale.

The goals of this project are to:

- Analyze existing data to determine nutrient loads and water volumes flowing into the Agency Wetlands project site, specifically those contributions from West Canal and Central Canal.
- Model multiple inundation and vegetation scenarios to evaluate treatment capacity of restored wetlands.
- Develop preliminary water quality treatment designs that can be incorporated into the USFWS NEPA process for the full wetland restoration design.

During the 2018-2019 Implementation Report update period, TU has collaborated with project partners to understand how the water quality review can best inform larger-scale restoration in the vicinity of the project. Initial nutrient removal estimates for the Agency-Barnes area have been generated. Once the project alternatives are selected, TU will coordinate evaluation of those alternatives from a water quality improvement perspective.

5.10.6 Biochar Pilot Project

Through its Water Quality Program, ODA has been working with landowners, local conservation partners, and agencies since March 2018 to develop projects that improve water quality on properties around Upper Klamath Lake. This work was initiated in response to concerns about the endangered sucker species in Upper Klamath Lake and the detrimental effect of poor water quality and algal blooms on the species. The goal is to substantially reduce phosphorus contributions from agricultural operations to Upper Klamath Lake. The Upper Klamath Lake TMDL states that 13 percent of the external phosphorus loading to the Lake is from the agricultural return water pumped directly into the Lake.

The goal of this small-scale technology pilot project is to filter phosphorus from irrigation runoff. Because tailwater is concentrated at irrigation canal pumping stations or within irrigation canals, there is an opportunity to filter this water before it is returned to Upper

Klamath Lake. The project as proposed has three phases. Phase 1 conducts laboratory testing to assess the effectiveness and lifespan of different filtration media options. Phase 2 includes a site-specific design of a pilot filtration system. Phase 3 implements and tests a pilot system on a farm located adjacent to Upper Klamath Lake.

As of December 2019, a contract had been completed between PacifiCorp and the Klamath Watershed Partnership, a site visit was conducted on November 5 and 6, 2019, local wood waste was collected for use in making the biochar, rock quarry and water samples were collected, laboratory work was undertaken to inform design and the media mix, and discussions were begun with landowners to select a pilot facility.

5.10.7 Upper Klamath Basin Watershed Action Plan

Led by the Klamath Tribes and The Nature Conservancy, a collaborative group of agencies and land managers in the Upper Klamath Basin began preparation of a comprehensive Upper Klamath Basin Watershed Action Plan (Action Plan) in 2017. When the draft is completed, the Action Plan will provide a suite of site-specific targeted actions that, when implemented, will improve water quality in the Upper Klamath Basin. The Action Plan dovetails very well with the PLPs (Section 5.10.9). Because of this connection with the PLPs, PacifiCorp has been providing IM 11 funds to help support this work since 2017. During 2018-2019, partners received a draft final plan that will be reviewed and finalized before being distributed to the public. They also submitted an OWEB stakeholder engagement grant application to support action plan implementation in 2020.

5.10.8 Development, Monitoring, Identification, and Prioritization of Wood River and Sprague River Diffuse Source Treatment Wetland Sites

One way to reduce input of nutrients into Upper Klamath Lake is to treat water in some fashion before it enters the lake. One of the treatment methods continuing to be investigated in 2018-2019 is diffuse source treatment wetlands (DSTWs). These are small wetlands that are constructed in specific locations where they can capture runoff, increase transit time, and where vegetation can take up nutrients from the water before that water enters channels and ultimately Upper Klamath Lake. In 2015, PacifiCorp provided IM 11 funding to TU to support the design, implementation, and detailed evaluation of DSTWs being constructed in the Wood River Basin. To date, site selection has been made, DSTWs have been designed, and pre-implementation monitoring is underway.

5.10.9 Development of a Priority List of Projects²¹

To this point, the IM 11 discussion in this section has focused on water quality improvement studies conducted in the interim period between authorization of the KHSA and dam decommissioning. The second half of IM 11 discusses the development of a PLP that could be implemented following the KRRC's acceptance of a FERC surrender order.

In the fall of 2016, SWRCB suggested that the IMIC begin to develop a PLP and not wait for the KRRC to accept the surrender order or for FERC to issue the surrender order. This was a reasonable request in part because it allowed a practical and structured approach to developing the PLP. The first phase of work included a focused subgroup of the IMIC and PacifiCorp which determined that four types of projects,

²¹ CH2M. 2017. Interim Measures Implementation Committee: Interim Measure 11 – Development of a

priority list of projects: Phase 1 Final Report. Prepared for PacifiCorp. June. 56 pp.

when considered collectively, would result in water quality improvement. These included (in no particular order) DSTWs, Natural Wetlands Restoration, Riparian Fencing and Grazing Management, and Irrigation Efficiency and Water Management.

In the second phase, PacifiCorp continued to work with the IMIC subgroup to refine the list of project categories, allocate funding to the selected list, and develop a conceptual governance structure for implementation of the PLP. PacifiCorp completed documentation of the second phase of the PLP and refined the conceptual governance structure.

In the third phase, completed in 2018-2019, PacifiCorp and the IMIC collaborated to select a fiscal agent. The fiscal agent is the organization that actually holds the IM 11 funds, solicits projects, and administers funds to selected projects. A questionnaire was distributed to candidate fiscal agents, a subgroup of those was interviewed by the IMIC on the phone, and a final decision was made based on consensus with the IMIC following IMIC interviews of the top two candidates. Ultimately, OWEB was selected to be the fiscal agent. The Phase 2 governance structure and draft request for proposals were revised to reflect this selection. The third phase of the PLP was completed and sent to the IMIC for review on June 12, 2019. No comments were received from the IMIC and the PLP Phase 3 Report is considered final.

The KHSA requires approval of the final PLP by SWRCB, NCRWQCB, and ODEQ. These organizations are coordinating on approval processes. Once that is complete, PacifiCorp will submit the Phase 3 reports for final approval per IM 11.

5.11 Interim Measure 12: J.C. Boyle Bypass Reach and Spencer Creek Gaging

PacifiCorp shall install and operate stream gages at the J.C. Boyle Bypass Reach and at Spencer Creek. The J.C. Boyle Bypass

Reach gaging station will be located below the dam and fish ladder and fish bypass outflow, but above the springs in order to record flow releases from J.C. Boyle Dam. The Spencer Creek gage will utilize an existing Oregon Water Resources Department gaging location. It is assumed that the required measurement accuracy will be provided using stage gaging at existing channel cross-sections with no need for constructed weirs. The installed stream gages shall provide for real-time reporting capability for half-hour interval readings of flow and gage height, accessible via an agreed-upon website, until such time as it is accessible on the USGS website. The Spencer Creek gage shall be installed in time to provide flow indication for Iron Gate Flow Variability (ICP Interim Measure 5). Both gages shall be installed and functional prior to September 1, 2010. Installation of the bypass gage, and measurement and maintenance shall conform to USGS standards. The Spencer Creek gage will be maintained according to USGS standards, as applicable.

PacifiCorp completed installation of the J.C. Boyle bypass reach gage in 2011 and the gage is functional and logging data. Gaging data for the J.C. Boyle bypass reach gage are available at:

<https://www.pacificorp.com/community/recreation/water-release/klamath-river.html>

Gaging data for the Spencer Creek gage are available at the following website:

http://apps.wrd.state.or.us/apps/sw/hydro_near_real_time/display_hydro_graph.aspx?station_nbr=11510000

5.12 Interim Measure 13: Flow Releases and Ramp Rates

PacifiCorp will maintain current operations including instream flow releases of 100 cubic feet per second (cfs) from J.C. Boyle Dam to the J.C. Boyle bypass reach and a

9-inch per hour ramp rate below the J.C. Boyle powerhouse prior to transfer of the J.C. Boyle facility.

Provided that if anadromous fish have volitional passage to the J.C. Boyle bypass reach after removal or partial removal of the lower dams and before J.C. Boyle is transferred, PacifiCorp will operate J.C. Boyle as a run of river facility with a targeted ramp rate not to exceed 2 inches per hour, and flows will be provided in the J.C. Boyle bypass reach to provide for the appropriate habitat needs of the anadromous fish species. The operation will also avoid and minimize take of any listed species present. Daily flows through the J.C. Boyle powerhouse will be informed by reservoir inflow gages below Keno Dam and at Spencer Creek. Provided further that if anadromous fish have volitional passage upstream of Iron Gate Dam before the Copco Facilities are transferred, PacifiCorp will operate the remaining Copco Facility that is furthest downstream as a run of the river facility with a targeted ramp rate not to exceed 2 inches per hour and coordinate with NMFS and FWS to determine if any other flow measures are necessary to avoid or minimize take of any listed species present. In either event, flows in the respective bypass reaches will be based on species-specific habitat needs identified by the IMIC.

The Parties agree that if dam removal occurs in a staged manner, J.C. Boyle is intended to be the last dam decommissioned. If, however, the FERC surrender order or Definite Plan directs a different sequence for Decommissioning and Facilities Removal, then the Parties shall Meet and Confer to identify adjustments necessary to implement Facilities Removal in a manner that is consistent with PacifiCorp's Economic Analysis.

PacifiCorp is maintaining flow releases and ramp rates consistent with the existing FERC license and the requirements of applicable

biological opinions as contemplated by this interim measure.

5.13 Interim Measure 14: 3,000 cfs Power Generation

Upon approval by OWRD in accordance with Exhibit 1, PacifiCorp may divert a maximum of 3,000 cfs from the Klamath River at J.C. Boyle Dam for purposes of power generation at the J.C. Boyle Facility prior to decommissioning of the facility. Such diversions shall not reduce the minimum flow releases from J.C. Boyle Dam required of PacifiCorp under Interim Measure 13. The implementation of this interim measure shall not: reduce or adversely affect the rights or claims of the Klamath Tribes or the Bureau of Indian Affairs for instream flows; affect the operation of Link River Dam or Keno Dam or any facility of the Klamath Reclamation Project; or otherwise adversely affect lake levels at Upper Klamath Lake, flows in Link River, or Keno Reservoir elevations.

As contemplated by this interim measure and pursuant to the Water Rights Agreement between PacifiCorp and the State of Oregon contained in Exhibit 1 of the KHSA, the Oregon Water Resources Department issued a limited license to PacifiCorp on April 20, 2010, authorizing diversions to the J.C. Boyle Powerhouse of up to 3,000 cfs. This limited license continues to be renewed annually.

5.14 Interim Measure 15: Water Quality Monitoring

PacifiCorp shall fund long-term baseline water quality monitoring to support dam removal, nutrient removal, and permitting studies, and also will fund blue-green algae (BGA) and BGA toxin monitoring as necessary to protect public health. Funding of \$500,000 shall be provided per year. The funding shall be made available beginning on April 1, 2010 and annually on April 1 until the time the dams are removed. Annual coordination and planning of the

monitoring program with stakeholders will be performed through the Klamath Basin Water Quality Group or an entity or entities agreed upon by the Parties and in coordination with the appropriate water quality agencies. The Regional Board and ODEQ will take responsibility for ensuring that the planning documents will be completed by April 1 of each year. Monitoring will be performed by the Parties within their areas of regulatory compliance or Tribal responsibility or, alternatively, by an entity or entities agreed upon by the Parties. Monitoring activities will be coordinated with appropriate water quality agencies and shall be conducted in an open and transparent manner, allowing for participation, as desired, among the Parties and water quality agencies.

Significant disputes that may arise between the Parties, or with the Regional Board, regarding the monitoring plan content or funding will be resolved by the Implementation Committee, acting on input and advice, as necessary, from the water quality agencies. Notwithstanding the forgoing, the Oregon Department of Environmental Quality and the California State Water Resources Control Board shall make final decisions regarding spending of up to \$50,000 dedicated to BGA and BGA toxin monitoring as necessary to protect public health.

PacifiCorp has now completed 11 years (as of December 2019) of funding baseline water quality monitoring consistent with this interim measure, which was begun under the AIP in 2009. Annual planning, coordination, and monitoring for Interim Measure 15 is done collaboratively with PacifiCorp, ODEQ, NCRWQCB, U.S. Environmental Protection Agency Region 9, Karuk Tribe, Yurok Tribe, and Reclamation. The baseline monitoring program occurs over approximately 254 miles of river and reservoirs waters from Link River Dam near Klamath Falls, Oregon to the Klamath River estuary near Klamath, California. Parameters

measured include basic water quality (temperature, dissolved oxygen, pH, and conductivity) along with a suite of nutrients.

The public health monitoring component is intended to provide timely information that can be used to inform public health agencies if cyanobacteria are present and generating toxins of concern. Public health agencies use this information to determine the need to post warning notices or issue advisories for Upper Klamath Lake, project reservoirs, and river reaches. Public health monitoring is done on a more frequent basis (e.g., biweekly) than the baseline sampling and occurs at public access points along Upper Klamath Lake; Keno, J.C. Boyle, Copco, and Iron Gate reservoirs; and the Klamath River from Iron Gate Dam downstream to the estuary. Results of water sample analysis are immediately forwarded to public health entities. Public health memos that summarize public health data available to date, are routinely provided by each monitoring entity to a wide array of stakeholders and the Klamath Basin Monitoring Program (KBMP), which subsequently posts these memos on their website (www.kbmp.net).

Interim Measure 15 water quality monitoring is coordinated to ensure appropriate quality assurance protocols and standard operating procedures, with transparency being a key element of the program. Study plans, laboratory comparison memoranda, annual summary reports, and data are available on the PacifiCorp (<https://www.pacificorp.com/energy/hydro/klamath-river/water-quality.html>) and KBMP websites (www.kbmp.net).

In 2018 and 2019, the frequency of and locations for baseline nutrient sampling generally did not change from the 2017 program, nor did the constituents sampled. The baseline program sampling for phytoplankton in 2018 and 2019 continued to occur monthly from May-October and only the Link River Dam site and Klamath below Iron Gate Dam were sampled more frequently.

Similarly, there were no changes to the 2018 or 2019 public health sampling program compared to the 2017 program. Public health monitoring for cyanobacteria and microcystin toxin in water samples occurred at a total of 18 designated locations used for public access and recreation.

Expansion of public health monitoring in 2016 to Upper Klamath Lake continues to provide important information to the Oregon Health Authority about the presence of *Microcystis* and microcystin in Upper Klamath Lake. The data collected in samples from Upper Klamath Lake since 2016 have resulted in routine public health advisories issued for Upper Klamath Lake, Keno Reservoir, and occasionally J.C. Boyle Reservoir. Although fewer advisories were issued for Upper Klamath Lake in 2018 and 2019 (three and two, respectively), the advisories remained in place from August to October or November.

5.15 Interim Measure 16: Water Diversions

PacifiCorp shall seek to eliminate three screened diversions (the Lower Shovel Creek Diversion – 7.5 cfs, Claim # S015379; Upper Shovel Creek Diversion – 2.5 cfs, Claim # S015381; and Negro Creek Diversion – 5 cfs, Claim # S015380) from Shovel and Negro creeks and shall seek to modify its water rights as listed above to move the points of diversion from Shovel and Negro creeks to the mainstem Klamath River. Should modification of the water rights be feasible, and then successful, PacifiCorp shall remove the screened diversions from Shovel and Negro creeks associated with PacifiCorp's water rights prior to the time that anadromous fish are likely to be present upstream of Copco Reservoir following the breach of Iron Gate and Copco dams. To continue use of the modified water rights, PacifiCorp will install screened irrigation pump intakes, as necessary, in the Klamath River. The intent of this measure is to provide additional water to Shovel and Negro

creeks while not significantly diminishing the water rights or the value of ranch property owned by PacifiCorp. Should costs for elimination of the screened diversions and installation of a pumping system to provide continued use of the water rights exceed \$75,000 then the Parties will Meet and Confer to resolve the inconsistency.

Implementation of this measure to relocate irrigation diversions on tributaries above Copco Reservoir is not contemplated to occur until just prior to the reintroduction of anadromous fish as a result of dam removal.

5.16 Interim Measure 17: Fall Creek Flow Releases

Within 90 days of the Effective Date and during the Interim Period for the duration of its ownership while this Settlement is in effect, PacifiCorp shall provide a continuous flow release to the Fall Creek bypass reach targeted at 5 cfs. Flow releases shall be provided by stoplog adjustment at the diversion dam and shall not require new facility construction or the installation of monitoring equipment for automated flow adjustment or flow telemetry.

Additionally, if anadromous fish have passage to the Fall Creek following removal of the California dams, flows will be provided in the Fall Creek bypass reach to provide for the appropriate habitat needs of the anadromous fish species of any kind that are naturally and volitionally present in the Fall Creek bypass reach. Flows will be based on species specific habitat needs identified by the IMIC. The operation will also avoid and minimize take of any listed species present.

Pursuant to Interim Measure 17, PacifiCorp adjusted instream flow releases in the Fall Creek bypass reach from 0.5 cfs to 5 cfs on May 18, 2010. The additional instream flow release is being provided through an existing bypass culvert at the Fall Creek Diversion Dam. PacifiCorp's operations staff monitor this flow

release during the course of their routine visits to the Fall Creek Diversion Dam to ensure that the instream flow is maintained.

5.17 Interim Measure 18: Hatchery Funding

Beginning in 2010, PacifiCorp shall fund 100 percent of Iron Gate Hatchery operations and maintenance necessary to fulfill annual mitigation objectives developed by the California Department of Fish and Wildlife in consultation with the National Marine Fisheries Service and consistent with existing FERC license requirements. PacifiCorp shall provide funding of up to \$1.25 million dollars per year for operations and maintenance costs, subject to adjustment for inflation as set forth in Section 6.1.5 of the Settlement. These operations and maintenance costs shall include a program for 25 percent fractional marking of chinook at the Iron Gate Hatchery facilities as well as the current 100 percent marking program for Coho and steelhead. Labor and materials costs associated with the 25 percent fractional marking program (fish marking, tags, tag recovery, processing, and data entry) shall be included within these operations and maintenance costs. This operations and maintenance funding will continue until the removal of Iron Gate Dam.

PacifiCorp will provide one-time capital funding of \$1.35 million for the 25 percent fractional marking program. This funding will include the purchase of necessary equipment (e.g., electrical upgrades, automatic fish marking trailer, tags and a wet lab modular building for processing fish heads). PacifiCorp will ensure the automatic fish marking trailer is available for use by April 2011. PacifiCorp is not responsible for funding the possible transition to a 100 percent Chinook marking program in the future.

PacifiCorp owns the Iron Gate Hatchery and the current Project license requires PacifiCorp to fund 80 percent of Iron Gate Hatchery operations and maintenance costs, with the remainder funded by CDFW. However, under Interim Measure 18, PacifiCorp has assumed funding of 100 percent of operation and maintenance costs for Iron Gate Hatchery.

Consistent with the interim measure, PacifiCorp purchased a fish marking system for Iron Gate Hatchery to provide 25 percent constant fractional marking of Chinook Salmon produced at the hatchery. The marking system was first used in the spring of 2011 and has been used every spring since then. The increased marking percentage at Iron Gate Hatchery is providing better data on the contribution of the hatchery-to-basin Chinook Salmon harvest and escapement. This information is helping to improve fisheries management in the basin.



State-of-the-Art Marking and Recording Equipment at Iron Gate Hatchery

In 2012, PacifiCorp completed construction of a new wet lab at CDFW's Yreka facility that has been used every season since then to analyze coded wire tags collected from returning adult Chinook.



Wet Lab for Reading Adult Salmon Tags

5.18 Interim Measure 19: Hatchery Production Continuity

Within 6 months of the Effective Date of the Settlement, PacifiCorp will begin a study to evaluate hatchery production options that do not rely on the current Iron Gate Hatchery water supply. The study will assess groundwater and surface water supply options, water reuse technologies or operational changes that could support hatchery production in the absence of Iron Gate Dam. The study may include examination of local well records and the feasibility of increasing the production potential at existing or new hatchery facilities in the basin.

Based on the study results, and within 6 months following the DRE's acceptance of the FERC surrender order, PacifiCorp will propose a post-Iron Gate Dam Mitigation Hatchery Plan (Plan) to provide continued hatchery production for 8 years after the removal of Iron Gate Dam. PacifiCorp's 8-year funding obligation assumes that dam removal will occur within 1 year of cessation of power generation at Iron Gate Dam. If dam removal occurs after 1 year of cessation of power generation at Iron Gate Dam, then the Parties will Meet and Confer to determine appropriate hatchery funding beyond the 8 years. PacifiCorp's Plan shall propose the most cost effective means of meeting hatchery mitigation objectives for 8 years following removal of Iron Gate

Dam. Upon approval of the Plan by the California Department of Fish and Wildlife or Oregon Department of Fish and Wildlife (as appropriate) and the National Marine Fisheries Service, PacifiCorp will begin implementation of the Plan. Plan implementation may include PacifiCorp contracting with the owners or administrators of other identified hatchery facilities and/or funding the planning, design, permitting, and construction of measures identified in the Plan as necessary to continue to meet mitigation production objectives. Five years after the start of Plan implementation, PacifiCorp, the California Department of Fish and Wildlife or Oregon Department of Fish and Wildlife (as appropriate) and the National Marine Fisheries Service, the CDFW or ODFW (as appropriate) and the NMFS shall meet to review the progress of Plan implementation. The 5 year status review will also provide for consideration of any new information relevant to Plan implementation. Plan implementation shall ultimately result in production capacity sufficient to meet hatchery mitigation goals for the 8-year period being in place and operational upon removal of Iron Gate Dam.

In 2011, PacifiCorp began a study to evaluate hatchery production options that do not rely on the current Iron Gate Hatchery water supply. PacifiCorp engineering and environmental staff researched available water supply options in the area and historical records on hatchery water supply options considered at the time Iron Gate Hatchery was constructed. PacifiCorp, in consultation with CDFW, developed preliminary alternatives for continued hatchery operations. Further progress on the evaluation of these alternatives was delayed because of the uncertain future of the settlement agreements as the end of 2015 approached with little Congressional action. With execution of the revised KHSA in 2016, formation of the KRRC, and filing of the application to transfer ownership to the KRRC, there is renewed

interest in determining the future of Iron Gate Hatchery. PacifiCorp continues to work with CDFW, NMFS, KRRRC, and other stakeholders to evaluate other locations, changes in fish production goals, and solutions to the water supply challenges that could allow for the continued production of hatchery fish after the removal of Iron Gate Dam.

5.19 Interim Measure 20: Hatchery Funding After Removal of Iron Gate Dam

After removal of Iron Gate Dam and for a period of 8 years, PacifiCorp shall fund 100 percent of hatchery operations and maintenance costs necessary to fulfill annual mitigation objectives developed by the California Department of Fish and Wildlife in consultation with the National Marine Fisheries Service. The hatchery mitigation goals will focus on Chinook production, with consideration for steelhead and Coho, and may be adjusted downward from current mitigation requirements by the California Department of Fish and Wildlife and National Marine Fisheries Service, in consultation with the other Klamath River fish managers, in response to monitoring trends.

No implementation actions have occurred for this interim measure given that this requirement begins only following removal of Iron Gate Dam.

5.20 Interim Measure 21: BLM Land Management Provisions

Beginning in 2010 and continuing until Decommissioning of the J.C. Boyle facility, PacifiCorp shall fund land management activities by the Bureau of Land Management as specified in this interim measure. BLM will provide PacifiCorp an annual Work Plan for the management measures described below for road maintenance, invasive weed management, cultural resource management, and

recreation. The Work Plan will include the status of Work Plan tasks from the prior year, a description of the prioritized tasks for the upcoming year, and their estimated costs. PacifiCorp or BLM will mutually establish the annual delivery date of the Work Plan taking into consideration fiscal and maintenance calendars and may request a meeting to coordinate the content of the plan. PacifiCorp will provide funding within 60 days of concurring with the Work Plan. Administrative services, environmental review or permitting efforts, if necessary, to implement actions under the funds shall not require additional PacifiCorp funding beyond the amounts specified below.

A. PacifiCorp shall provide up to \$15,000 per year to BLM towards projects identified through the coordination process described above for the purpose of road maintenance in the Klamath Canyon. This funding will be used to annually maintain the access road from State Highway 66 to the J.C. Boyle Powerhouse and terminate at the BLM Spring Island Boat Launch. Remaining funds will be used to do non-recurring road maintenance work on roads within the Canyon as mutually agreed upon in writing by BLM and PacifiCorp.

B. PacifiCorp shall provide up to \$10,000 per year to BLM for use by the Oregon Department of Agriculture (ODA) towards projects identified through the coordination process described above for the purpose of integrated weed management of invasive weed species along the road system and river corridor within the Klamath Canyon. Noxious weed control projects will be coordinated with Siskiyou County to ensure that weeds are controlled along the river corridor from the Oregon-California boundary to the top of Copco Reservoir.

C. PacifiCorp shall provide up to \$10,000 per year to BLM towards projects identified through the coordination process described above for the management of the

following 5 BLM cultural sites which are within, or partially within, the T1 terrace of the J.C. Boyle full flow reach: 35KL21/786, 35KL22, 35KL24, 35KL558, and 35KL577. Management of additional sites with these funds can occur with mutual written agreement between PacifiCorp and BLM.

D. PacifiCorp shall provide up to, but no more than, \$130,000 in funding for the development and implementation of a Road Management Plan to be implemented during the Interim Period. The Road Management Plan shall be developed by BLM and PacifiCorp and will determine priorities for operation and maintenance, including remediation or restoration of redundant or unnecessary facilities, of the shared BLM/PacifiCorp road system within the Klamath River Canyon from J.C. Boyle Dam to the slack water of Copco Reservoir.

The BLM has continued to use funding under this interim measure for cultural resources, road maintenance, and invasive weed management. Recent actions implemented under this interim measure include:

- Cultural Resources: The BLM conducted detailed monitoring and updated baseline data at multiple sites identified in IM 21. Baseline data consisted of constructing detailed site maps, capturing spatial data, and documentation of any changes to the sites (e.g., disturbances, newly found artifacts or features). Results of annual monitoring performed to date have not found any evidence that J.C. Boyle peaking operations are causing erosion of sites along the river.
- Road Management Plan: PacifiCorp and BLM worked collaboratively to complete road management measures including limiting access and closing roads on both PacifiCorp and BLM property at Frain Ranch in the Klamath River Canyon. The objective of the measures was to reduce damage to sensitive resources caused by unauthorized use of off-highway vehicles.
- Road Maintenance: Annually, BLM grades and does other maintenance work on approximately 13 miles of the Topsy Road and approximately 8 miles of the John C. Boyle Road from Highway 66 to the closure gate. In 2018, BLM graded and took other maintenance actions on 4.5 miles the John C. Boyle Road/Copco Big Bend Road (road 40-6E-1.2). Additionally, BLM graded and conducted maintenance on approximately 6 miles of the Topsy Grade Road (3137) from Highway 66 to the Topsy Campground and continuing south along the Topsy Grade Road to the BLM property line.
- Invasive Weed Management: The BLM has continued to address invasive weed management throughout the 4,390 acres of the Klamath River Canyon in both Oregon and California. The BLM has applied spot treatments to a total of about 125 acres in the Klamath River Canyon.



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Exhibit B-2

**Agreement for the Operation and Maintenance
of the Lower Klamath Project**

September 20, 2017

AGREEMENT

for the

OPERATION AND MAINTENANCE

of the

LOWER KLAMATH PROJECT

between

KLAMATH RIVER RENEWAL CORPORATION

and

PACIFICORP

Consistent with the Amended Klamath Hydroelectric Settlement Agreement (KHSA), the Klamath River Renewal Corporation (KRRC), a California non-profit corporation, and PacifiCorp, an Oregon corporation, entered into this Agreement for the Operation and Maintenance of the Lower Klamath Project (the Agreement) on September 20, 2017. KRRC and PacifiCorp are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

1. RECITALS: This Agreement is made with reference to the following facts, among others:

1.1 PacifiCorp is engaged in the generation, transmission, and distribution of electric power and energy as an electric utility in Oregon, California, Idaho, Utah, Washington, and Wyoming. PacifiCorp has been the Federal Energy Regulatory Commission (FERC) licensee for the Klamath Hydroelectric Project – a series of eight generating and non-generating developments on the Klamath River and its tributaries in Klamath County, Oregon and Siskiyou County, California (the Project). On April 6, 2016, PacifiCorp entered into the KHSA with, among others, the State of California, the State of Oregon, the United States Department of the Interior, the Yurok Tribe, the Karuk Tribe, and the National Marine Fisheries Service.

1.2 The KRRC is a California non-profit corporation incorporated on February 29, 2016, pursuant to the KHSA for the sole purpose of becoming the “Dam Removal Entity” under that agreement. The KRRC became a party to the KHSA on August 30, 2016.

1.3 Pursuant to the KHSA, on September 23, 2016, PacifiCorp and KRRC filed a joint application to FERC asking it to remove J.C. Boyle, Copco No. 1, Copco No. 2, and Iron

Gate from the Project license and designate them as a new project – the Lower Klamath Project – and to transfer the FERC license for the new Lower Klamath Project from PacifiCorp to KRRC.

1.4 Concurrently with the joint license transfer application, KRRC filed an application with FERC to surrender the FERC license for the Lower Klamath Project for purposes of Facilities Removal, as defined in the KHSA. As of the date the Parties entered into this Agreement, FERC has not yet approved the Parties' joint license transfer application or KRRC's license surrender application.

1.5 The KHSA provides that after the license for the Lower Klamath Project is transferred to the KRRC, PacifiCorp will continue to operate the Facilities for the benefit of its customers and retain all rights to the power from the Facilities until each Facility is Decommissioned. The KHSA also provides that Parties will enter into an operations and maintenance agreement under which PacifiCorp will pay all costs associated with operating and maintaining the Facilities between the time of license transfer and Decommissioning, and indemnify, defend, and hold KRRC harmless with respect to those operations.

1.6 Accordingly, PacifiCorp and KRRC desire to enter into this Agreement for the purpose of establishing the respective obligations of the parties with respect to the interim operation and maintenance of the Lower Klamath Project.

2. AGREEMENT:

In consideration of the mutual covenants below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PacifiCorp and

KRRC agree with respect to the operation and maintenance of the Lower Klamath Project as set forth in this Agreement.

3. TERM:

3.1 The Effective Date of this Agreement is the date on which KRRC shall have executed a Signed Acceptance of Transfer of License for the Lower Klamath Project from PacifiCorp.

3.2 This Agreement will terminate as to each Facility on the applicable Facility Termination Date or as otherwise provided for in this Agreement.

4. DEFINITIONS; CONSTRUCTION:

4.1 The capitalized terms set forth below, when used in this Agreement, will have the respective meanings specified below. Capitalized terms used in this Agreement but not defined below will have the respective meanings ascribed to such terms in the KHSa.

(a) **Copco No. 1:** means the Copco No. 1 hydroelectric development and associated lands located in Siskiyou County, California, which generally consists of a concrete dam, reservoir and powerhouse (20 megawatt [MW]) located at River Mile (RM) 198.6.

(b) **Copco No. 2:** means the Copco No. 2 hydroelectric development and associated lands located in Siskiyou County, California, which generally consists of a dam located at RM 198.3, a water conveyance system, a powerhouse (28 MW) located at RM 196.8, and a substation adjacent to the powerhouse.

(c) **Decommissioning:** has the meaning ascribed in Section 1.4 of the KHSA.

(d) **Effective Date:** has the meaning set forth in Section 3.1.

(e) **Facility and Facilities:** individually or collectively Copco No. 1, Copco No. 2, Iron Gate or J.C. Boyle, as the context requires. For purposes of this Agreement each Facility shall be deemed to include all associated real property interests transferred to KRRC, consistent with Section 7.6.4 of the KHSA, whether or not such interests are included by FERC in the applicable boundaries of the Lower Klamath Project.

(f) **Facility Termination Date:** means, as to each Facility, the date on which KRRC intends to commence substantial physical Facilities Removal activities and as to which KRRC has requested that PacifiCorp discontinue operation of such Facility, provided that, except as may be otherwise agreed by the Parties, such date shall be consistent with Section 7.3 of the KHSA and shall have been set forth in a notice from KRRC to PacifiCorp not less than 90 days before the proposed Facility Termination Date, and provided further that PacifiCorp shall have complied with its obligations under Section 11 with respect to turning over the Facility to KRRC.

(g) **FERC:** means the Federal Energy Regulatory Commission.

(h) **Iron Gate:** means the Iron Gate hydroelectric development and associated lands located in Siskiyou County, California, which generally consists of a reservoir, an earth embankment dam, and a powerhouse located at RM 190.1. The Iron Gate development does not include the Iron Gate Fish Hatchery, which is a facility owned by PacifiCorp and operated by the California Department of Fish and Wildlife.

(i) **J.C. Boyle:** means the J.C. Boyle hydroelectric development and associated lands located in Klamath County, Oregon, which generally consists of a reservoir, a combination embankment and concrete dam located at RM 224.7, a water conveyance system, a powerhouse (98 MW) on the Klamath River at RM 220.4, and a substation adjacent to the powerhouse.

(j) **KHSA:** means the Klamath Hydroelectric Settlement Agreement, originally entered into on February 18, 2010, as heretofore amended, a copy of which is attached to this Agreement as Exhibit A, and as it may hereafter be amended.

(k) **Lower Klamath Project:** means the four hydroelectric generating developments (J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate) and associated lands to be transferred from PacifiCorp to KRRC under the KHSA, including lands referred to in the KHSA as Parcel B lands.

(l) **Operating Expenses:** means those expenses set forth in Section 6.

(m) **Project:** means the Klamath Hydroelectric Project licensed by FERC under project license number P-2082. The Project is located in Klamath County, Oregon and Siskiyou County California, and includes seven generating facilities (East Side, West Side, J.C. Boyle, Copco No. 1, Copco No. 2, Fall Creek, and Iron Gate) and associated lands, and one non-generating dam (Keno) and associated lands.

4.2 Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) All references herein to particular articles or sections without reference to a specific document are references to articles or sections of this Agreement.

(c) The word “including” and words of similar import mean “including but not limited to.”

(d) All references herein to any other document, agreement or instrument shall mean such document, agreement or instrument as it may be amended, modified, supplemented or restated.

(e) All references to any law, regulation, directive, order, license, permit, approval or other legal or regulatory requirement shall refer to same as in effect at the time of reference.

5. PROJECT OPERATION:

5.1 From and after the Effective Date, PacifiCorp will, at its sole cost and expense, operate and maintain the Lower Klamath Project in accordance with the terms, conditions, and covenants contained in this Agreement.

5.2 PacifiCorp will operate and maintain the Lower Klamath Project in a prudent, efficient, and skillful manner, consistent with its manner of operation and maintenance before the Effective Date and in accordance with the standards and requirements of the KHSA and the standards prevailing in the utility industry for hydroelectric projects of a similar size and nature.

5.3 PacifiCorp will comply with the requirements and conditions of all federal, state and local laws, regulations and requirements (including any final orders or regulations of regulatory or other agencies having jurisdiction) applicable to the operation or maintenance of the Lower Klamath Project, including the requirements and conditions of the FERC license and applicable directives, protocols, plans or procedures issued or required by FERC with respect to the Lower Klamath Project.

5.4 PacifiCorp acknowledges that it will at all times be acting as an independent contractor and that neither its employees nor the employees of any of its contractors will be considered to be servants, employees or agents of KRRC and that it will be responsible for all employment matters relating to its employees, including but not limited to workplace conditions and reporting and notification obligations.

5.5 PacifiCorp will pay promptly all sums due its employees or due any governmental or other agency on its employees' behalf, and will not permit any labor claims to become a liability of KRRC or a lien against the Lower Klamath Project.

5.6 PacifiCorp will promptly notify KRRC of any emergency affecting the Lower Klamath Project. Consistent with the standards prevailing in the utility industry for hydroelectric projects of a similar size and nature, PacifiCorp will take all necessary action to prevent or mitigate any emergency affecting the Lower Klamath Project.

5.7 PacifiCorp will keep and maintain the Lower Klamath Project in a safe and orderly condition, and will not cause or permit the existence of a public or private nuisance or commit or permit waste.

5.8 PacifiCorp will not do any thing or fail to take any act that would impair the coverage of or increase the premium for any policy of insurance maintained by KRRC, and no provision of this Agreement will be construed as authorizing any such result.

5.9 For purposes of this Agreement operation and maintenance means activities, services and functions necessary or otherwise performed in connection with the Lower Klamath Project, including, without limitation, their operation, maintenance, repair, replacement, refurbishment, restoration, security, safety, engineering, testing, staffing, and inspection, and any measures necessary to comply with applicable contracts, agreements, laws, regulations, requirements, permits, approvals, consents, certificates, authorizations or reporting obligations or to comply with “operation and maintenance” standards or practices prevailing in the utility industry for hydroelectric projects of a similar size and nature. Operation and maintenance shall include Decommissioning of a Facility but shall not include (a) capital improvements or alterations unless required to be undertaken as part of the foregoing or (b) Facilities Removal activities by KRRC.

5.10 PacifiCorp shall accept its responsibilities under this Agreement without regard to the condition of the Lower Klamath Project on the Effective Date, which PacifiCorp shall be deemed to have accepted in its AS IS condition, and PacifiCorp’s operations and maintenance obligations shall not be limited or impaired by any condition, circumstance or occurrence in existence as of the Effective Date, provided that nothing in this Section 5.10 shall be construed to impair PacifiCorp’s rights under Section 7.1.3 of the KHSA.

5.11 KRRC shall notify and consult with PacifiCorp regarding any proposed amendments or modifications to the FERC license or other license, permit, authorization, or approval applicable to the Lower Klamath Project. KRRC shall not initiate or voluntarily participate in a process to amend or modify any license, permit, authorization, or approval applicable to the Lower Klamath Project that would materially increase Operating Expenses without prior consultation and approval with PacifiCorp.

6. EXPENSE OF OPERATION, MAINTENANCE, REPAIRS AND REPLACEMENTS:

6.1 PacifiCorp will be solely responsible for all Operating Expenses, including costs of repairs, replacements, restoration, operations, maintenance, engineering, administrative, accounting and general expenses, in each instance arising in connection with the operation or maintenance of the Lower Klamath Project.

6.2 “Operating Expenses” include:

(a) The cost of all PacifiCorp activities, functions and services arising in connection with the operation or maintenance of the Lower Klamath Project.

(b) All employee costs, including related employee benefit costs such as Social Security taxes, unemployment insurance expense, group life insurance, group hospitalization and medical insurance, pension funding expense, workmen's compensation, long-term disability and other insurance and paid leave.

(c) Materials and supplies including related purchasing and handling costs.

(d) Royalties.

- (e) Fuel costs
- (f) Equipment rental or replacement.
- (g) Traveling expense including use of PacifiCorp transportation equipment.
- (h) All federal, state or local taxes and fees associated with operating and maintaining the Lower Klamath Project and payments in lieu of such taxes, and all real estate taxes, assessments or similar charges imposed upon the Lower Klamath Project.
- (i) Costs associated with implementation of the Interim Measures described in the KHSA.
- (j) Premiums for all insurance required to be obtained by PacifiCorp under this agreement
- (k) Costs associated with regulatory or permit requirements imposed after the Effective Date of this Agreement, including but not limited to alterations to or modifications of any Facility, environmental compliance, costs associated with dam safety, new infrastructure, changed operations, regulatory compliance actions, or mitigation requirements regardless of whether resulting from new, renewed, or extended permits, authorizations, or license terms or changes in applicable requirements.
- (l) Other miscellaneous costs

6.3 Notwithstanding Section 6.2, Operating Expenses do not include:

(a) Costs incurred by KRRC in connection with its Facilities Removal activities.

(b) Costs relating to the Facilities that would not have been incurred but for KRRC's Facilities Removal activities, other than immaterial costs such as costs relating to administrative functions or assistance in connection with KRRC's Facilities Removal planning activities.

6.4 PacifiCorp will keep and maintain the Lower Klamath Project free from all liens or other encumbrances except for real estate taxes not yet due or encumbrances arising as a direct result of KRRC's Facilities Removal activities.

6.5 KRRC shall not be responsible for any fee or other compensation to PacifiCorp in respect of its operation and maintenance activities.

7. ACCESS; SECURITY:

7.1 KRRC will grant PacifiCorp, and PacifiCorp's contractors and subcontractors, such access to the Lower Klamath Project as is necessary for PacifiCorp to operate and maintain the Facilities in accordance with this Agreement.

7.2 PacifiCorp shall secure, and shall have the right to grant third party access to, the Lower Klamath Project consistent with applicable regulatory requirements and procedures, including the procedures PacifiCorp used before the Effective Date. Such procedures will provide for any necessary access by federal, state, or local regulatory agencies or entities

involved in the necessary regulation, supervision, permitting, or oversight of activities related to operation and maintenance of the Lower Klamath Project.

7.3 PacifiCorp will keep KRRC apprised of requests for access by third parties and will seek KRRC approval of any requested third party access that is not legally required or directly related to the operation or maintenance of the applicable Facility.

7.4 KRRC retains the right to: (i) enter upon the Lower Klamath Project from time to time, with persons and equipment, to ensure compliance with the FERC license and regulations and orders of FERC and to take such steps with respect to the Lower Klamath Project as KRRC deems reasonably necessary in order to maintain its status as a FERC licensee under the FERC license; (ii) perform, or to obtain PacifiCorp's timely performance of, any and all acts required by an order of FERC or its successor regarding the Lower Klamath Project without the prior approval of PacifiCorp or any other person; and (iii) enter upon the Lower Klamath Project to conduct studies or other activities related to Facilities Removal or other purposes. KRRC will endeavor to provide reasonable prior notice to PacifiCorp of any intended access by KRRC or its contractors or consultants that could reasonably be expected to have any material impact on the operation of any Facilities. The Parties will cooperate and coordinate in order to minimize any interference with each others' activities on or about the Lower Klamath Project.

8. OPERATION, SCHEDULING, HYDROELECTRIC OUTPUT:

8.1 PacifiCorp will operate the Lower Klamath Project for the benefit of its customers consistent with applicable license requirements, biological opinions, permits, and federal, state, and local law. Subject to the requirements of this Agreement, PacifiCorp will have the right and

discretion to schedule and direct river flows, reservoir elevations, and electric output from the Lower Klamath Project's facilities. Unless required to comply with applicable license requirements, biological opinions, permits, and federal, state, and local law, in no event will PacifiCorp take any such actions in a manner that could reasonably be expected to materially adversely affect KRRC's Facilities Removal activities, including the planning, study or permitting aspects of such activities.

8.2 PacifiCorp will exclusively own all electric output, renewable energy credits, and other energy and environmental attributes associated with generation produced by each Facility as provided for in the KHSa.

9. OPERATIONS AND MAINTENANCE, REPLACEMENTS, REPAIR PROJECTS:

9.1 PacifiCorp will perform all of the operation and maintenance functions with respect to the Lower Klamath Project that it would have performed, in its sole discretion, if it were the owner of the Lower Klamath Project and the holder of the FERC license. Operations and maintenance functions include making all replacements, repairs and refurbishments necessary to operate and maintain the Facilities in a safe and orderly condition and to maintain the existing capabilities of Lower Klamath Project developments, during operations prior to the commencement of Facilities Removal activities, in order to: (1) pass flows through and/or over dams and spillways and comply with applicable flow and ramp rate limitations; (2) provide for the monitoring of flows and flowrates through existing measurement devices on penstocks, spillgates, canals, and in the Klamath River; (3) comply with dam safety monitoring requirements; (4) comply with applicable environmental or water quality monitoring

requirements, (5) comply with FERC directives related to the operation and maintenance of the Lower Klamath Project, and (6) generate hydroelectricity for the benefit of PacifiCorp's customers.

9.2 PacifiCorp shall keep KRRC reasonably apprised of its operations and maintenance activities, including any alterations or other construction activities. PacifiCorp shall notify KRRC prior to undertaking any material modification or alteration to the Facilities and, unless required by FERC or other governmental authority with jurisdiction, shall not undertake any alteration or modification that will materially adversely affect KRRC's Facilities Removal activities.

9.3 Except as may arise under Section 6.3, KRRC shall not be responsible for the cost of any capital improvements or alterations to the Facilities unless it has agreed in writing, in its sole discretion, to be so responsible prior to the commencement of such improvement or alteration.

10. FACILITIES TURNOVER:

10.1 Upon receipt of a notice from KRRC setting forth a Facilities Termination Date, PacifiCorp will, before the proposed Facilities Termination Date, commence and complete Decommissioning of such Facility and, except as may be otherwise directed by KRRC, terminate any and all agreements with third parties relating to such Facility and pay all amounts due in respect of any such agreement.

10.2 Upon the Facilities Termination Date of a particular Facility, PacifiCorp will withdraw all of its employees from the applicable Facility and deliver it to KRRC in a safe

condition free of all liens and encumbrances not permitted under this Agreement and otherwise in the condition required by this Agreement, including any applicable requirements or conditions of the FERC license or FERC's approval of the license surrender. In addition, to the extent requested by KRRC, PacifiCorp will turn over copies of applicable records. The parties will confirm the occurrence of a Facilities Termination Date in a written instrument.

10.3 The Parties shall, in all events, reasonably coordinate and cooperate with each other in connection with Decommissioning and the turnover of each Facility.

11. RECORDS:

In addition to delivering FERC license documents to KRRC as required by FERC regulations, consistent with its current document retention policies, PacifiCorp will maintain copies of all records and reports related to the Lower Klamath Project that were created before this Agreement's Effective Date, including records and reports required by the FERC License, and continue its record keeping and reporting activities related to the Lower Klamath Project that existed before this Agreement's Effective Date. Records maintained by PacifiCorp will include, but not be limited to, records necessary to reflect the efficiency of Lower Klamath Project operation and maintenance programs, records of generation of power, dam safety, and other records as required by regulatory authorities. Further, PacifiCorp will maintain current versions of all drawings, specifications, and other materials related to the Lower Klamath Project as it would have done had it remained the Licensee of the Lower Klamath Project. Upon request, PacifiCorp will provide the KRRC with copies of any relevant records, drawings, specifications, and other materials related to the Lower Klamath Project that were created before the Effective

Date. KRRC shall have access to all such records, reports, drawings, specifications and other materials relating to the Lower Klamath Project at any time.

12. INSURANCE:

12.1 PacifiCorp will maintain in effect at all times during the term of this Agreement, insurance for the operation and maintenance of the Lower Klamath Project in such amounts as is commercially reasonable for utility industry projects of similar size and nature. Such insurance will be maintained with responsible insurers and will name KRRC as an additional insured and with losses payable to the respective parties for their benefit as their respective interests may appear to protect and insure against: (i) Workmen's Compensation and Employer's Liability, (ii) public liability for bodily injury and property damage, (iii) all risks of physical damage to property or equipment, including transportation and installation perils, and (iv) such other insurance as the parties deem necessary, with reasonable limits and subject to appropriate exclusions and deductibles. Upon request, PacifiCorp will provide KRRC with copies of the applicable policies, insurance binders or other evidence reasonably acceptable to KRRC that such insurance is in effect at all times.

12.2 The premium costs for such insurance coverages will be an Operating Expense of the Lower Klamath Project.

13. LICENSES AND PERMITS:

13.1 Upon the expiration of any licenses or permits required for the Operation and Maintenance of the Lower Klamath Project, or should any additional or further licenses or permits for operations and maintenance activities be required, the Parties will cooperate to cause

timely applications for a new or further license or permit to be filed. PacifiCorp's cost of preparation and submission of such applications will be an Operating Expense of the Lower Klamath Project.

13.2 In the event that compliance with any federal or state license or permit necessary for the operation of the Lower Klamath Project, or with any order or directive issued pursuant to or in connection with any such license or permit, requires the submission of materials to a state or federal regulatory agency, PacifiCorp will prepare and submit such materials on behalf of the KRRC, provided that PacifiCorp shall furnish the foregoing to KRRC for its review and approval reasonably prior to submission thereof. The preparation and submission of the materials will be an Operating Expense of the Lower Klamath Project.

13.3 Notwithstanding the prior Section 13.2, the KRRC, with technical support from PacifiCorp, will be solely responsible for the preparation and submission of any materials necessary to obtain state or federal regulatory agency approval of Facilities Removal.

14. INDEMNIFICATION:

PacifiCorp will indemnify, hold harmless, and defend KRRC for, from, and against any loss, expense, cost, liability, damage, claim, fine or penalty resulting from or otherwise related to the operation, maintenance, replacement, restoration or repair of the Lower Klamath Project or any failure by PacifiCorp to observe and comply with the terms and conditions of this Agreement. This Section 15 will survive termination of this Agreement.

15. UNCONTROLLABLE FORCES:

No Party will be considered to be in default in the performance of any of the obligations hereunder, other than obligations of the parties to pay costs and expenses, if failure of performance will be due to uncontrollable forces. The term “uncontrollable forces” will mean any cause beyond the control of the Party affected and which, by the exercise of reasonable diligence, the Party is unable to overcome, and will include, but not be limited to an act of God, fire, flood, explosion, strike, sabotage, an act of the public enemy, civil or military authority, including court orders, injunctions, and orders of government agencies with proper jurisdiction prohibiting acts necessary to performance hereunder or permitting any such act only subject to unreasonable conditions, insurrection or riot, an act of the elements, or inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers. Nothing contained herein will be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. A Party rendered unable to fulfill any obligation by reason of uncontrollable forces will promptly notify the other party of the occurrence and nature of the uncontrollable forces and shall exercise due diligence to remove such inability with all reasonable dispatch.

16. TRANSFER AND ASSIGNMENTS; SECURED INTERESTS:

16.1 Subject to the prior written consent of the other Party, which may be granted or withheld in the sole discretion of such party, a Party may assign its obligations under this Agreement as follows but not otherwise:

(a) To any corporation or other entity acquiring all or substantially all the property of the Party making the transfer.

(b) To any corporation or entity into which or with which the Party making the transfer may be merged or consolidated.

(c) To any corporation or entity, the stock or ownership of which is wholly owned by the Party making the transfer.

(d) To any other person.

16.2 No assignment or transfer of this Agreement or any obligations hereunder shall be effective until the assignee or transferee shall expressly assume the obligations of the assigning Party's obligations under this Agreement, provided that no transfers or assignment will relieve a Party of any obligation hereunder, notwithstanding the other party's consent except to the extent expressly agreed in writing by the other Party.

17. OBLIGATIONS ARE SEVERAL:

The duties, obligations and liabilities of the Parties hereunder are intended to be several and not joint or collective and neither of the Parties will be jointly or severally liable for the acts, omissions or obligations of the other. Nothing herein contained will be construed to create an association, joint venture, partnership, or impose a partnership duty, fiduciary relationship, obligation or liability, on or with regard to either of the Parties. No Party will have the right or power to bind the other Party without its express, written consent, except as expressly provided in this Agreement.

18. SUCCESSORS AND ASSIGNS:

Subject to the restrictions on transfer and assignment herein provided, all of the respective covenants and obligations of each of the Parties will be and become the respective obligations of the successors and assigns of each such Party and will be obligations running with the respective party's rights, titles and interests in the Lower Klamath Project. It is the specific intention of this provision that all such covenants and obligations will be binding upon any party which acquires any of the right, title and interest of either of the Parties in the Lower Klamath Project or under this Agreement.

19. REPRESENTATIONS AND WARRANTIES:

19.1 KRRC represents and warrants to PacifiCorp as of the date hereof and as of the Effective Date that:

- (a) it is a validly existing California not-for-profit corporation;
- (b) it has the legal power and authority to enter into and perform this Agreement;
- (c) all necessary corporate action has been taken to authorize the execution, delivery and performance of this Agreement by KRRC;
- (d) this Agreement constitutes a legal, valid, and binding obligation of KRRC, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency or similar laws respecting the rights of creditors or the application of general principles of equity;

(e) the individual signing this Agreement on behalf of KRRC is authorized and empowered to execute and deliver this Agreement on behalf of KRRC and to thereby bind KRRC.

19.2 PacifiCorp represents and warrants to KRRC as of the date hereof and as of the Effective Date that:

- (a) it is a validly existing Oregon corporation;
- (b) it has the legal power and authority to enter into and perform this Agreement;
- (c) all necessary corporate action has been taken to authorize the execution, delivery and performance of this Agreement by PacifiCorp;
- (d) this Agreement constitutes a legal, valid, and binding obligation of PacifiCorp, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency or similar laws respecting the rights of creditors or the application of general principles of equity;
- (e) the individual signing this Agreement on behalf of PacifiCorp is authorized and empowered to execute and deliver this Agreement on behalf of PacifiCorp and to thereby bind PacifiCorp.

20. JURY WAIVER:

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.

21. APPLICABLE LAWS AND REGULATIONS:

The Parties in their performance of their obligations hereunder will conform to all applicable laws, rules and regulations and, to the extent that their operations may be subject to the jurisdiction of state or federal regulatory agencies, subject to the terms of valid and applicable orders of any such agencies. This Agreement will be subject to the laws of the State of Oregon.

22. INTERPRETATION:

22.1 The Parties have participated jointly in the negotiation and drafting of this Agreement with the assistance of counsel and other advisors. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as jointly drafted by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

22.2 In the event of any conflict between this Agreement and the KHSA (or any portion thereof), the terms of this Agreement will prevail.

23. NOTICES:

Any notice, demand, or request provided for in this Agreement served, given, or made in connection therewith will be deemed properly served, given, or made if sent by registered or certified mail, postage prepaid, addressed to the Party at its principal place of business as set out below:

PacifiCorp

President or Chief Executive Officer
825 Northeast Multnomah Street
Suite 2000
Portland, OR 97232

Klamath River Renewal Corporation

President or Executive Director
423 Washington Street, 3rd Floor
San Francisco, CA 94111

A party may at any time, and from time to time, change its designation of the person to whom notice will be given by written notice to the other Party as hereinabove provided.

24. ADDITIONAL DOCUMENTS:

Each party, upon request by the other Party, will make, execute and deliver any and all documents reasonably required to implement the terms of this Agreement, provided that such documents are in a form reasonably acceptable to such Party and does not increase such Party's obligations or reduce its rights or benefits under this Agreement.

25. EFFECTIVENESS OF THIS AGREEMENT:

The Parties' respective executory rights and obligations hereunder will become effective, if at all, on the Effective Date. For the avoidance of doubt, no aspect of this Agreement, other than this Section 25, will have any effect unless and until the Effective Date occurs, provided that the foregoing is not intended to impair the binding contractual nature of this Agreement prior to the Effective Date. If the KHSA is terminated before the Effective Date then this Agreement, including this Section 25, will terminate ninety (90) days after the termination of the KHSA unless the Parties have agreed otherwise in writing..

26. MODIFICATION; WAIVERS:

This Agreement may be supplemented, amended, or modified only by a written instrument signed by the Parties. No failure or delay by either Party in asserting or enforcing any provision of this Agreement will constitute a waiver thereof unless such waiver is expressly set forth in a written instrument signed by such Party. No waiver of any provision of this Agreement by either Party in any particular instance shall impair such Party's right to thereafter enforce such provision in any other instance.

27. ENTIRE AGREEMENT:

This Agreement is entered into pursuant to the KHSA and is intended to supplement and facilitate implementation of the KHSA. This Agreement, together with Exhibits hereto, along with the KHSA embody the entire agreement and understanding of the Parties in respect to the subject matter hereof. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof.

28. DEFAULTS AND REMEDIES:

28.1 In the event either party breaches its obligations under this Agreement and such breach persists more than thirty (30) days after written notice, the non-breaching party shall have such rights and remedies as may be available at law or in equity, including a right to damages, injunction or specific performance, subject to Section 29. In addition, subject to Section 29, the non-defaulting party shall thereafter have the right to terminate this Agreement on not less than thirty (30) days' notice.

28.2 In addition to the remedies provided for in Section 28.1, in the event of a default beyond notice and cure on the part of PacifiCorp KRRC shall have the right, where practical, to cause the default to be cured at PacifiCorp's cost and expense using such qualified personnel or contractors as KRRC may select.

28.3 Notwithstanding the foregoing, in no event shall either party be entitled to consequential, indirect, punitive or special damages, and each party waives and covenants not to assert any claim for such damages.

29. DISPUTES:

The dispute resolution provisions in Section 8.6.4 of the KHSA will govern any dispute arising under or relating to this Agreement. In the event of a dispute under or relating to this Agreement, either Party may initiate dispute resolution consistent with Section 8.6.4 of the KHSA.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in several counterparts.

Klamath River Renewal Corporation

By: Michael Carrier

Date: 9-20-17

Name: Michael Carrier

Title: President

PacifiCorp

By: Sarah K. Link

Date: 9-20-17

Name: Sarah K. Link

Title: VP + General Counsel

**Lower Klamath Project
Operations and Maintenance Agreement**

**Exhibit A
Amended KHSA**

KLAMATH HYDROELECTRIC SETTLEMENT AGREEMENT

**February 18, 2010
as amended April 6, 2016
& November 30, 2016**

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- 2. Sequence of Performance Chart—KHSA
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The KLAMATH HYDROELECTRIC SETTLEMENT AGREEMENT was made and entered into by and among the following entities:

Ady District Improvement Company;
American Rivers;
Bradley S. Luscombe;
California Department of Fish and Game (“CDFG”);
California Natural Resources Agency (“CNRA”);
California Trout;
Collins Products, LLC;
Don Johnston & Son;
Enterprise Irrigation District;
Humboldt County, California;
Institute for Fisheries Resources;
Inter-County Properties Co., which acquired title as Inter-County Title Co.;
Karuk Tribe;
Klamath Basin Improvement District;
Klamath County, Oregon;
Klamath Drainage District;
Klamath Irrigation District;
Klamath Tribes;
Klamath Water and Power Agency (“KWAPA”);
Klamath Water Users Association (“KWUA”);
Malin Irrigation District;
Midland District Improvement Company;
Northern California Council, Federation of Fly Fishers;
Oregon Department of Environmental Quality (“ODEQ”);
Oregon Department of Fish and Wildlife (“ODFW”);
Oregon Water Resources Department (“OWRD”);
Pacific Coast Federation of Fishermen’s Associations;
PacifiCorp;
Pioneer District Improvement Company;
Plevna District Improvement Company;
Randolph Walthall and Jane Walthall as trustees under declaration of trust dated November 28, 1995 (the “Randolph and Jane Walthall 1995 trust”);
Reames Golf and Country Club;
Salmon River Restoration Council;
Shasta View Irrigation District;
Sunnyside Irrigation District;
Trout Unlimited;
Tulelake Irrigation District;
United States Department of Commerce’s National Marine Fisheries Service (“NMFS”);
United States Department of the Interior (“Interior”);
Upper Klamath Water Users Association (“UKWUA”);
Van Brimmer Ditch Company;
Westside Improvement District #4;

Winema Hunting Lodge, Inc.; and
Yurok Tribe;

This Klamath Hydroelectric Settlement Agreement, as amended, is entered into by and among the entities who sign the Settlement.

1. **Introduction**

1.1 Recitals

WHEREAS, the States, the United States and PacifiCorp entered into the 2008 Agreement in Principle that addressed issues pertaining to the resolution of certain litigation and other controversies in the Klamath Basin, including a path forward for possible Facilities Removal; and

WHEREAS, the 2008 AIP provided that the parties to the 2008 AIP would continue good-faith negotiations to reach a final settlement agreement in order to minimize adverse impacts of dam removal on affected communities, local property values and businesses and to specify substantive rights, obligations, procedures, timetables, agency and legislative actions, and other steps for Facilities Removal; and

WHEREAS, the other Parties to this Settlement desired to participate in the negotiations of a final settlement agreement in order to ensure that the interests of Indian tribes, environmental organizations, fishermen, water users, and local communities were addressed; and

WHEREAS, the Parties view this Settlement as an important part of the resolution of long-standing, complex, and intractable conflicts over resources in the Klamath Basin; and

WHEREAS, the 2008 AIP established a “commitment to negotiate” a settlement “based on existing information and the preliminary view of the governmental Parties (the United States, Oregon, and California) that the potential benefits for fisheries, water and other resources of removing the Facilities outweigh the potential costs, risks, liabilities or other adverse consequences of such removal”; and

WHEREAS, certain Parties believe that decommissioning and removal of the Facilities will help restore Basin natural resources, including anadromous fish, fisheries and water quality; and

WHEREAS, the Parties understand that the Project dams are currently the property of PacifiCorp, and that they are currently operated subject to applicable state and federal law and regulations. The other Parties understand that the decision before PacifiCorp is whether the decommissioning and removal of certain Facilities is appropriate and in the best interests of PacifiCorp and its customers. PacifiCorp asserts that prudent and reasonable long-term utility rates and protection from any liability for damages caused by Facilities Removal are central to its willingness to voluntarily transfer the dams and the low-carbon renewable energy they produce and to concur in the removal of the dams by the DRE; and

WHEREAS, the United States has devoted considerable funds and resources to resource enhancements, management actions, and compensation in the Klamath Basin, and various Parties believe that a broader and integrated approach is appropriate to realize Basin-wide objectives; and

WHEREAS, this Settlement contemplates a substantial non-federal contribution in support of said approach; and

WHEREAS, the Tribes and the Federal Parties agree that this Settlement advances the trust obligation of the United States to protect Basin Tribes' federally reserved fishing and water rights in the Klamath and Trinity River Basins; and

WHEREAS, in 2016, PacifiCorp, the United States, and the States signed the 2016 Agreement in Principle to signify their intent to negotiate an amended KHSA that would facilitate Facilities Removal through the existing authority of FERC under the Federal Power Act; and

WHEREAS, all of the Parties agree that this Settlement is in the public interest.

NOW, THEREFORE, the Parties agree as follows:

1.2 Purpose of Settlement

The Parties have entered into this Settlement for the purpose of resolving among them the pending FERC relicensing proceeding by establishing a process for potential Facilities Removal and operation of the Project until that time.

1.3 Parties Bound by Settlement

The Parties shall be bound by this Settlement for the term stated in Section 8.1 herein, unless terminated pursuant to Section 8.11.

1.4 Definitions

“2008 Agreement in Principle” or **“2008 AIP”** refers to the Agreement in Principle executed on November 13, 2008, by the states of Oregon and California, Interior, and PacifiCorp setting forth a framework for potential Facilities Removal.

“2016 Agreement in Principle” or **“2016 AIP”** refers to the Agreement in Principle executed on February 2, 2016, by the states of Oregon and California, Interior, the U.S. Department of Commerce, and PacifiCorp signifying their intent to negotiate an amended KHSA that would achieve Facilities Removal through the existing authority of FERC under the Federal Power Act.

“Amendment Effective Date” is defined in Section 8.2.

“Applicable Law” means general law that (1) exists outside of this Settlement, including, but not limited to a Constitution, statute, regulation, court decision, or common law, and (2) applies to obligations or activities of Parties contemplated by this Settlement. The use of this term is not intended to create a contractual obligation to comply with any law that would not otherwise apply.

“Authorizing Legislation” refers to the statutes enacted by the Oregon and California Legislatures, respectively, to authorize and implement certain aspects of this Settlement, if necessary.

“CEQA” refers to the California Environmental Quality Act, Cal. Pub. Res. Code § 21000 *et seq.*

“CWA” refers to the Clean Water Act, 33 U.S.C. § 1251 *et seq.*

“Coordination Process” for the Studies Supporting the Secretarial Determination means the process contained in Appendix A by which the United States will obtain input and assistance from the Parties to this Settlement, as governed by Applicable Law, regarding the studies and environmental compliance actions needed to inform and support the Secretarial Determination.

“Counties” refers to the counties that sign this Settlement.

“Dam Removal Entity” or **“DRE”** is the Klamath River Renewal Corporation, which will be the entity responsible for Facilities Removal under this Settlement.

“Decommissioning” means PacifiCorp’s physical removal from a facility of any equipment and personal property that PacifiCorp determines has salvage value, and physical disconnection of the facility from PacifiCorp’s transmission grid.

“Definite Plan” means a plan and timetable for Facilities Removal submitted by the DRE or any of its contractors or assigns under Section 7.2.1.

“Detailed Plan” means the plan dated July 2012 that includes elements described in Section 7.2.2.

“Dispute Resolution Procedures” means the procedures established by Section 8.6.

“Due Diligence” means a Party’s taking all reasonable steps to implement its obligations under this Settlement.

“Effective Date” is defined in Section 8.2.

“EPAct” refers to the Energy Policy Act of 2005, Section 241, codified at 16 U.S.C. § 823d and amendments to 16 U.S.C. §§ 797(e) and 811.

“ESA” refers to the federal Endangered Species Act, 16 U.S.C. §§ 1531 *et seq.*

“Facilities” or **“Facility”** means the following specific hydropower facilities within the jurisdictional boundary of FERC Project No. 2082: Iron Gate Dam, Copco No. 1 Dam, Copco No. 2 Dam, J.C. Boyle Dam, and appurtenant works currently licensed to PacifiCorp.

“Facilities Removal” means physical removal of all or part of each of the Facilities to achieve at a minimum a free-flowing condition and volitional fish passage, site remediation and restoration, including previously inundated lands, measures to avoid or minimize adverse downstream impacts, and all associated permitting for such actions.

“Federal Parties” refers to Interior, including the component agencies and bureaus of Interior, and the NMFS.

“FERC” refers to the Federal Energy Regulatory Commission.

“Interim Conservation Plan” or **“ICP”** refers to the plan developed by PacifiCorp through technical discussions with NMFS and the U.S. Fish and Wildlife Service (“USFWS”) regarding voluntary interim measures for the enhancement of coho salmon and suckers listed under the ESA, filed with FERC on November 25, 2008, or such plan as subsequently modified.

“Interim Measures” refers to those measures described in Appendices C and D to this Settlement.

“Interim Period” refers to the period between the Effective Date and Decommissioning.

“Keno facility” means Keno Dam, lands underlying Keno Dam, appurtenant works and PacifiCorp-owned property described as Klamath County Map Tax Lot R-3907-03600-00200-000 located in Klamath County, Oregon.

“Klamath Hydroelectric Settlement Agreement” or **“KHSA”** means the Klamath Hydroelectric Settlement Agreement executed February 18, 2010.

“Meet and Confer” procedures mean the procedures established by Section 8.7 of this Settlement.

“NEPA” refers to the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq.*

“Nominal dollars” means dollars that are not adjusted for inflation at the time they are collected.

“Non-bypassable surcharge” means a monetary surcharge authorized by the appropriate state utility commission through a tariff schedule that applies to all retail customers who rely on PacifiCorp’s transmission and distribution system for the delivery of electricity.

“Notice” means written notice pursuant to the requirements and procedures of Section 8.5.

“Oregon Surcharge Act” is defined in Section 2.2.

“PacifiCorp’s Economic Analysis” means the primary economic analysis prepared by PacifiCorp and relied upon by PacifiCorp to compare the present value revenue requirement impact of the KHSA against the present value revenue requirement of relicensing of the Facilities under defined prescriptions generally based on the FERC Final Environmental Impact Statement dated November 2007, which analysis PacifiCorp filed with the Public Utility Commission of Oregon (“Oregon PUC”) pursuant to Section 4(1) of the Oregon Surcharge Act and with the California Public Utilities Commission (“California PUC”) in accordance with Section 4 of the KHSA. This analysis was used to compare the relative cost of relicensing with the relative cost of the KHSA.

“Parties” or **“Party”** means the signatories to this Amended KHSA collectively or a signatory individually.

“Project” refers to the Klamath Hydroelectric Project as licensed by FERC under Project No. 2082.

“Public Agency Party” means each Tribe, the Federal Parties, the agencies of each of the States, the Counties, and each other Party that is a public agency established under Applicable Law.

“Regulatory Approval” means each permit or other approval under a statute or regulation necessary or appropriate to implement any of the obligations or activities of Parties contemplated under this Settlement.

“Regulatory Obligation” means each of those obligations or activities of Parties contemplated by this Settlement that are subject to Regulatory Approval and, upon such approval, are enforceable under regulatory authority.

“Secretarial Determination” means the determination contemplated in Section 3.3 of the KHSA.

“Secretary” refers to the Secretary of the Interior.

“Services” means the National Marine Fisheries Service and the U.S. Fish and Wildlife Service.

“Settlement” means the entirety of the KHSA and Appendices A through L, as amended and applicable. “Settlement” does not include Exhibits 1 through 4, which are related documents attached for informational purposes.

“States” refers to the State of Oregon by and through the Oregon Department of Fish and Wildlife, Oregon Department of Environmental Quality, and Oregon Water Resources

Department, and the State of California by and through the California Department of Fish and Wildlife (“CDFW”) and the California Natural Resources Agency.

“**State Cost Cap**” means the collective maximum monetary contribution from the states of California and Oregon as described in Section 4.1.3 of this Settlement.

“**Timely**” or “**Timeliness**” means performance of an obligation by the deadline established in the applicable provision of this Settlement or otherwise in a manner reasonably calculated to achieve the bargained-for benefits of this Settlement.

“**Tribes**” means the Yurok Tribe, the Karuk Tribe, the Hoopa Valley Tribe, and the Klamath Tribes, so long as such tribe is a signatory to the Settlement.

“**Value to Customers**” means potential cost reductions described in Section 7.3.8. These cost reductions would (1) decrease the Customer Contribution defined in Section 4.1.1.C, (2) decrease the costs of ongoing operations, or (3) decrease the costs of replacement power, as compared against the assumptions contained in PacifiCorp’s Economic Analysis.

1.5 Compliance with Legal Responsibilities

In the implementation of this Settlement, Public Agency Parties shall comply with Applicable Law, including but not limited to the Authorizing Legislation, NEPA, ESA, CWA, the Wild and Scenic Rivers Act, and CEQA.

1.6 Reservations

1.6.1 Generally

Nothing in this Settlement is intended or shall be construed to affect or limit the authority or obligation of any Party to fulfill its constitutional, statutory, and regulatory responsibilities or comply with any judicial decision. Nothing in this Settlement shall be interpreted to require the Federal Parties, the States, or any other Party to implement any action which is not authorized by Applicable Law or where sufficient funds have not been appropriated for that purpose by Congress or the States. The Parties expressly reserve all rights not granted, recognized, or relinquished in this Settlement.

1.6.2 Reservations Regarding Federal Appropriations

All actions required of the Federal Parties in implementing this Settlement are subject to appropriations for that purpose by Congress. Nothing in this Settlement shall be interpreted as or constitute a commitment or requirement that any Federal agency obligate or pay funds in violation of the Anti-Deficiency Act, 31 U.S.C. § 1341, or other Applicable Law. Nothing in this Settlement is intended or shall be construed to commit a federal official to expend federal funds not appropriated

for that purpose by Congress. Nothing in this Settlement is intended to or shall be construed to require any official of the executive branch to seek or request appropriations from Congress to implement any provision of this Settlement.

1.6.3 Availability of Public Funds

Funding by any Public Agency Party under this Settlement is subject to the requirements of Applicable Law. Nothing in this Settlement is intended or shall be construed to require the obligation, appropriation, or expenditure of any funds by the States or a Public Agency Party except as otherwise permitted by Applicable Law.

1.6.4 Reservations Regarding Legislative Proposals

Nothing in this Settlement shall be deemed to limit the authority of the executive branch of the United States government to make recommendations to Congress on any particular proposed legislation.

1.6.5 Reservations Regarding Regulations

Nothing in this Settlement is intended or shall be construed to deprive any public official of the authority to revise, amend, or promulgate regulations.

1.6.6 No Pre-Decisional Commitment

Nothing in this Settlement is intended or shall be construed to be a pre-decisional commitment of funds or resources by a Public Agency Party. Nothing in this Settlement is intended or shall be construed to predetermine the outcome of any Regulatory Approval or other action by a Public Agency Party necessary under Applicable Law in order to implement this Settlement.

1.6.7 No Waiver of Sovereign Immunity

Nothing in this Settlement is intended or shall be construed as a waiver of sovereign immunity by the United States, the State of Oregon, the State of California, any other Public Agency Party, or the Tribes. This Settlement does not obligate the United States or any Federal Party to affirmatively support this Settlement regarding any state or local legislative, administrative, or judicial action before a state administrative agency or court.

1.6.8 No Argument, Admission, or Precedent

This Settlement shall not be offered for or against a Party as argument, admission, or precedent regarding any issue of fact or law in any mediation, arbitration, litigation, or other administrative or legal proceeding, except that this Settlement may be used in any future proceeding to interpret or enforce the terms of this

Settlement, consistent with Applicable Law. This Settlement may also be used by any Party in litigation by or against non-Parties to implement or defend this Settlement. This section shall survive any termination of this Settlement.

1.6.9 Protection of Interests

Each Party may, in a manner consistent with this Settlement, protect, defend, and discharge its interests and duties in any administrative, regulatory, legislative or judicial proceeding, including but not limited to the Secretarial Determination, FERC relicensing process, CWA 401 proceedings, or other proceedings related to potential Project relicensing, surrender, or Facilities Removal.

1.7 Trinity River

The Parties intend that this Settlement shall not adversely affect the Trinity River Restoration Program.

To reach that conclusion, the Tribes reaffirm and rely upon their view of the existing fishery restoration goals and principles for the Trinity River Fishery Restoration Program, as follows:

- A. Restoration of the Trinity River fish populations to pre-Trinity Dam construction levels;
- B. Fishery restoration shall be measured not only by returning anadromous fish spawners but also by the ability of dependent tribal and non-tribal fishers to participate fully in the benefits of restoration through meaningful subsistence and commercial harvest opportunities;
- C. An appropriate balance between stocks of natural and hatchery origins shall be maintained to minimize negative interactions upon naturally produced fish by hatchery mitigation releases;
- D. A collaborative working relationship between federal agencies and the above mentioned Tribes;
- E. Portions of federal activities that are associated with fishery restoration programs are Indian Programs for the purposes of the Indian Self-Determination Act; and
- F. The Tribes support full funding implementation of the Trinity River Record of Decision from funding sources outside of this Settlement.

Nothing in this section binds any Party to any particular interpretation of the law or requires any Party to take particular actions, including performance of Interim Measures, or excuses any action otherwise required by Applicable Law or this Settlement.

1.8 Tribal Water Rights

This Settlement does not waive or in any way limit any treaty right, federally reserved right, or other right of the Tribes, or any federally recognized tribe, including any water or fishing right.

1.9 Klamath Basin Agreement

The States, the Federal Parties, and other entities are concurrently entering into the 2016 Klamath Power and Facilities Agreement. Each Party, other than PacifiCorp, shall support and defend the 2016 Klamath Power and Facilities Agreement, in its current form as of April 6, 2016, and its objectives in each applicable venue or forum in which it participates, including any administrative or judicial action. For purposes of this Section 1.9 only, the terms “support and defend” mean that the Party will advocate for the 2016 Klamath Power and Facilities Agreement or refrain from taking any action or making any statement in opposition to the 2016 Klamath Power and Facilities Agreement. More broadly, the Parties are committed to engage in good faith efforts to develop and enter into a subsequent agreement or agreements pertaining to other water, fisheries, land, agriculture, refuge and economic sustainability issues in the Klamath Basin with the goal to complete such agreement or agreements within the next year.

2. **Implementation of Settlement**

2.1 General Duty to Support Implementation

The Parties shall fully support this Settlement and its implementation. The form, manner, and timing of each Party’s support are reserved to the discretion of each Party. Each Party agrees to refrain from any action that does not support or further cooperative efforts in support of the goals of this Settlement and its effective implementation.

2.1.1 Legislation

- A. The Parties understand and agree that federal legislation is not necessary to carry out this Settlement.
- B. Within 60 days of the Amendment Effective Date, the CDFW will provide draft California legislation to the Parties regarding a limited authorization for incidental take of Lost River Suckers, Shortnose Sucker, Golden Eagles, southern Bald Eagles, Greater Sandhill Cranes, or American Peregrine Falcon contingent upon the fulfillment of certain conditions, if such authorization is necessary for implementation of this Settlement. After reasonable opportunity for Parties to provide comments on the draft legislation, the State of California shall Timely recommend the legislation.

2.1.2 Regulatory Approvals

Subject to Sections 1.6.1, 2.1, and 7.1.5, each Party shall support the application for and granting of Regulatory Approvals consistent with this Settlement. The preceding sentence shall not apply to the Public Agency Party exercising the regulatory approval or to a Public Agency Party not participating in the proceeding.

2.1.3 Defense of Settlement

If an administrative or judicial action is brought against any Party to challenge the validity of this Settlement or its implementation consistent with the Settlement, each other Party shall endeavor to intervene or otherwise participate in such action, subject to its discretion, necessary funding, and Section 1.6. Any such participating Party will defend the Settlement. The form of such defense, including what litigation positions to support or recommend in such action, shall be left to the discretion of each participating Party in the action.

Each Party may comment on the consistency of any plan, other document, or data arising during the implementation of this Settlement and not otherwise set forth in an Appendix or Exhibit to this Settlement. The Parties acknowledge that their comments may conflict due to differing good-faith interpretations of the applicable obligations under this Settlement.

2.1.4 Obligation to Implement

A. General

Each Party shall implement each of its obligations under this Settlement in good faith and with Due Diligence. Any obligation identified as an obligation of all of the Parties does not obligate any individual Party to take any action itself or itself make any specific commitment other than to participate in the applicable procedures.

B. Cooperation Among the Parties

Each Party shall cooperate in the implementation of this Settlement. A Party shall not act in a manner that results in an action or requirement that is inconsistent with the Settlement unless necessary to comply with statutory, regulatory, or other legal responsibility.

C. Covenant Not to Sue with Respect to Permitting and Performance of Definite Plan

- (1) No Party shall directly or indirectly through other entities oppose the DRE's securing all permits and entering all contracts necessary

for Facilities Removal consistent with the Definite Plan or any Regulatory Approval, provided this clause does not apply to a Public Agency Party exercising a Regulatory Approval;

- (2) After transfer of the Facilities to the DRE, each Party covenants not to sue any other Party for monetary or non-monetary relief for harm arising from removal of any of the Facilities, provided this covenant does not apply to claims against the DRE arising from the negligence, recklessness, or willful misconduct of the DRE or any of its contractors, subcontractors, or assigns, or from the actions or omissions of the DRE or any of its contractors, subcontractors, or assigns inconsistent with the Definite Plan or in violation of a Regulatory Approval. This provision does not apply to rights under the indemnifications established in Section 7.1.3 or the States' agreements with the DRE required in Section 4.12.

2.1.5 Timeliness

Exhibit 4 describes the sequence of performance of specific obligations necessary to achieve the bargained-for benefits of this Settlement. Exhibit 4 is subject to change and modification as needed and is provided for guidance only. The Parties shall undertake to implement this Settlement in a manner consistent with this sequence. If any Party requires more time than permitted by this Settlement to perform an obligation, that Party shall provide Notice to other Parties 30 days before the applicable deadline, unless the applicable provision in this Settlement establishes a different period. The Notice shall explain: (1) the obligation that the Party is attempting to perform; (2) the reason that performance is or may be delayed; and (3) the steps the Party has taken or proposes to take to Timely complete performance.

2.1.6 Force Majeure

A. Definition of Force Majeure

The term "Force Majeure" means any event reasonably beyond a Party's control that prevents or materially interferes with the performance of an obligation of that Party, that could not be avoided with the exercise of due care, and that occurs without the fault or negligence of that Party. Force Majeure events may be unforeseen, foreseen, foreseeable, or unforeseeable, including without limitation: natural events; labor or civil disruption; breakdown or failure of Project works not caused by failure to properly design, construct, operate, or maintain; or new regulations or laws that are applicable to the Project (other than the Authorizing Legislation). Force Majeure is presumed not to include normal inclement weather, which presumption can be overcome by a preponderance of the evidence provided by the non-performing Party.

B. Suspension of Obligation

During a Force Majeure event, and except as otherwise provided in this Settlement, a Party shall be relieved of any specific obligation directly precluded by the event, as well as those other obligations performance of which is materially impaired, but only for the duration of such event. The non-performing Party bears the burden of proving by a preponderance of the evidence the existence of Force Majeure, including the absence of negligence and fault.

C. Remedies

If a Force Majeure event occurs, and except as otherwise provided in this Settlement:

- (1) A Party that believes it is excused from performance pursuant to Section 2.1.6.B shall provide Notice within 10 days of the onset of the event. Such Notice shall describe the occurrence, nature, and expected duration of such event and describe the steps the Party has taken or proposes to be taken to prevent or minimize the interference with the performance of any affected obligation under this Settlement;
- (2) A Party shall thereafter provide periodic Notice to the other Parties of the efforts to address and resolve a Force Majeure event; and
- (3) If any other Party disputes the Party's claim of a Force Majeure event, or the adequacy of the efforts to address and resolve such event, such Party shall initiate the Dispute Resolution Procedures stated in Section 8.6.

2.2 Ratemaking Legislation and Proceedings

Each Party shall support implementation of the Oregon Surcharge Act enacted as Senate Bill 76, 2009 Or. Session Laws Chapter 690 in 2009 and authorizing the collection of a customer surcharge for the costs of Facilities Removal, which was codified as ORS 757.732 through 757.744. The Oregon Surcharge Act as codified is attached to this Settlement as Appendix F.

The Parties understand and agree that the costs of Facilities Removal shall be funded as specified in Section 4 of this Settlement. The Parties further understand and agree that funds allocated for Facilities Removal shall be managed and disbursed as specified in Section 4 of this Settlement. In the event that (1) the California Legislature does not adopt legislation by the time of the Secretarial Determination to place a ballot measure before California voters that contains a provision to fund up to \$250,000,000 (in nominal dollars) of the costs of Facilities Removal, or (2) the California voters do not adopt such

ballot measure by the time of the Secretarial Determination, or (3) the California PUC does not adopt a California Klamath Surcharge, as defined herein and specified in Section 4, or (4) the Oregon PUC does not adopt an Oregon Klamath Surcharge, as defined in the Oregon Surcharge Act and specified herein, the Parties shall Meet and Confer to attempt, in good faith, to identify substitute funding and/or other alternatives to cover the costs of Facilities Removal.

2.3 Project Water Rights; Klamath Basin Adjudication

2.3.1 Project Water Rights

PacifiCorp's Oregon water rights will be processed and adjusted in accordance with the principles of Oregon law and the *Water Rights Agreement between PacifiCorp and the State of Oregon* attached to this Settlement as Exhibit 1.

2.3.2 Klamath Basin Adjudication

The Parties support the efforts by PacifiCorp, the Klamath Tribes, Bureau of Indian Affairs, and OWRD to develop a Klamath Basin Adjudication ("KBA") Settlement Agreement of cases 282 and 286 in the KBA.

2.4 Lease of State-Owned Beds and Banks

Within 60 days of the Effective Date, PacifiCorp shall apply to the Oregon Department of State Lands in accordance with state law for leases authorizing occupancy of submerged and submersible lands by the J.C. Boyle Dam, J.C. Boyle Powerhouse, and Keno Dam. No Party shall be deemed to have admitted, adjudicated, or otherwise agreed to the State of Oregon's claim to ownership of submerged and submersible lands by virtue of this Settlement.

3. **Secretarial Designation and Statement of Support**

3.1 Statement of Support

In cooperation with the Secretary of Commerce and other federal agencies as appropriate, the Secretary may make an affirmative statement of support for Facilities Removal if, in the Secretary's judgment, Facilities Removal (1) will advance restoration of the salmonid fisheries of the Klamath Basin, and (2) is in the public interest, which includes but is not limited to consideration of potential impacts on affected local communities and Tribes.

3.2 Secretarial Designation

The Secretary, through execution of Amendment No. 1, agrees that the DRE will act as the entity with authority under ORS 757.738(3) to request transfer of funds held in the appropriate trust account established under ORS 757.738. The DRE, its assigns, or successors, shall expend funds in the amounts necessary and as consistent with the Settlement to pay "the costs of removing the Klamath River dams" as that phrase is used in ORS 757.736(11).

successor, in accordance with a funding agreement as specified in Section 4.12.2, in the amounts necessary to pay “the costs of removing the Klamath River dams” as that phrase is used in ORS 757.736(11).

4. Costs

4.1 Funds for the Purpose of Facilities Removal

The Parties agree to pursue arrangements for the creation of the funding sources described below for the purpose of Facilities Removal.

4.1.1 The Customer Contribution

- A. Within 30 days of the Effective Date, PacifiCorp shall request that the Oregon PUC, pursuant to the Oregon Surcharge Act, establish two non-bypassable customer surcharges, the Oregon J.C. Boyle Dam Surcharge and the Oregon Copco I and II/Iron Gate Dams Surcharge (together, the “Oregon Klamath Surcharges”), for PacifiCorp’s Oregon customers to generate funds for the purpose of Facilities Removal. PacifiCorp shall request that the Oregon PUC set the Oregon Klamath Surcharges so that to the extent practicable the total annual collections of the surcharges remain approximately the same during the collection period.
- B. Within 30 days of the Effective Date, PacifiCorp shall request that the California PUC establish a non-bypassable customer surcharge (the “California Klamath Surcharge”) for PacifiCorp’s California customers to generate funds for the purpose of Facilities Removal. PacifiCorp shall request that the California PUC establish the California Klamath Surcharge so that it will collect an approximately equal amount each year that it is to be collected. PacifiCorp shall request that such surcharge assigns responsibility among the customer classes in an equitable manner. PacifiCorp shall also request that the California PUC set the California Klamath Surcharge so that it at no time exceeds two percent of the revenue requirements set by the California PUC for PacifiCorp as of January 1, 2010.
- C. The Parties agree that the total amount of funds to be collected pursuant to the Oregon Klamath Surcharges and the California Klamath Surcharge shall not exceed \$200,000,000 (in nominal dollars); these funds shall be referred to as the “Customer Contribution.”
- D. PacifiCorp shall request that the Oregon PUC establish a surcharge so that the amount collected under the Oregon Klamath Surcharges is 92% (a maximum of approximately \$184,000,000) of the total

Customer Contribution, and with 75% of the total Oregon Klamath Surcharges amount collected through the Oregon Copco I and II/Iron Gate Dams Surcharge and 25% collected through the Oregon J.C. Boyle Dam Surcharge.

- E. PacifiCorp shall request that the California PUC establish a surcharge so that the amount collected under the California Klamath Surcharge is 8% (a maximum of approximately \$16,000,000) of the Total Customer Contribution. The trustee of the California Klamath Surcharge shall apply 75% of the total California Klamath Surcharge amount collected to the California Copco I and II/Iron Gate Dams Trust Account and 25% of the total California Klamath Surcharge amount collected to the California J.C. Boyle Dam Trust Account.
- F. PacifiCorp shall collect and remit the surcharges collected pursuant to this section to the trustee(s) described in Section 4.2, below, to be deposited into the appropriate California Klamath Trust Accounts and Oregon Klamath Trust Accounts.
- G. Consistent with Section 2.1 of this Settlement, each non-Federal Party shall support the California Klamath Surcharge and the Oregon Klamath Surcharges in the proceedings conducted by the California PUC and the Oregon PUC, respectively, to the extent the proposed Surcharges are consistent with this Settlement.

4.1.2 The California Bond Funding

- A. The California Legislature has approved a general obligation bond (“Bond Measure”) containing a provision authorizing the issuance of bonds for the amount necessary to fund the difference between the Customer Contribution and the actual cost to complete Facilities Removal, which bond funding in any event shall not exceed \$250,000,000 (in nominal dollars). The bond language is set forth in Appendix G-1. At its sole discretion, the State of California may also consider other appropriate financing mechanisms to assist in funding the difference between the Customer Contribution and the actual cost of complete Facilities Removal, not to exceed \$250,000,000 (in nominal dollars).
- B. Consistent with Applicable Law and Section 2.1, each non-federal Party shall support the Klamath bond language in Appendix G-1; provided that nothing in this Settlement is intended or shall be construed to require a Party to support a Bond Measure that includes authorizations unrelated to the implementation of this Settlement.

4.1.3 State Cost Cap

The Customer Contribution and the California Bond Funding shall be the total state contribution and shall be referred to together as the “State Cost Cap.”

4.2 Establishment and Management of Trust Accounts and California Bond Funding

4.2.1 The Oregon Klamath Trust Accounts

- A. In accordance with the Oregon Surcharge Act, the Oregon PUC will establish two interest-bearing accounts where funds collected by PacifiCorp pursuant to the Oregon Klamath Surcharges shall be deposited until needed for Facilities Removal purposes. The Oregon J.C. Boyle Dam Account shall be established to hold funds collected pursuant to the Oregon J.C. Boyle Dam Surcharge. The Oregon Copco I and II/Iron Gate Dams Account shall be established to hold funds collected pursuant to the Oregon Copco I and II/Iron Gate Dams Surcharge. The Oregon J.C. Boyle Dam Account and the Oregon Copco I and II/Iron Gate Dams Account may be referred to together as the “Oregon Klamath Trust Accounts.”
- B. In accordance with the Oregon Surcharge Act, the Oregon PUC will select a trustee to manage the Oregon Klamath Trust Accounts. The Parties may recommend a trustee for consideration by the Oregon PUC.

4.2.2 The California Klamath Trust Accounts

- A. Upon execution of this Settlement, California shall request, and each non-Federal Party shall support the request, that the California PUC establish two interest-bearing trust accounts where funds collected by PacifiCorp pursuant to the California Klamath Surcharge for the purpose of Facilities Removal shall be deposited until needed for Facilities Removal purposes. The non-Federal Parties shall also request that California and the California PUC establish the trust accounts in a manner that ensures that the surcharge funds will not be taxable revenues to PacifiCorp. The California J.C. Boyle Dam Trust Account shall be established to hold 25% of the funds collected pursuant to the California Klamath Surcharge. The California Copco I and II/Iron Gate Dams Trust Account shall be established to hold 75% of the funds collected pursuant to the California Klamath Surcharge. The California J.C. Boyle Dam Trust Account and the California Copco I and II/Iron Gate Dams Trust Account may be referred to together as the “California Klamath Trust Accounts.”
- B. California shall request, and each non-Federal Party shall support the request, that the California PUC select a trustee to accept surcharge

funds from PacifiCorp and manage the California Klamath Trust Accounts. The Parties may recommend a trustee for consideration by the California PUC.

4.2.3 The California Bond Funding

In the event that the Bond Measure is placed on the ballot and approved by voters, bond funds available from the Bond Measure shall be managed pursuant to California bond law; however, the State of California agrees that, to the extent permitted by law, the California Bond Funding shall be managed and disbursed in a manner consistent with and complementary to the management and disbursement of the Customer Contribution.

4.2.4 Management of the Trust Accounts

- A. Within six months of the Effective Date, the States in consultation with the Federal Parties shall prepare draft trustee instructions for submission to the respective PUCs. The States shall then request that the California PUC or another designated agency of the State of California, and the Oregon PUC work cooperatively to prepare joint instructions to the trustee(s) of the Oregon Klamath Trust Accounts and California Klamath Trust Accounts, consistent with the draft instructions, as to the following:
 - (1) Whether and when to disburse funds from the Oregon Klamath Trust Accounts and California Klamath Trust Accounts to the DRE;
 - (2) The methodology to be used by the trustee(s) to determine which account or accounts to draw funds from for the purpose of disbursing funds to the DRE;
 - (3) A protocol for the trustee(s) to use to ensure that the management of the Customer Contribution is consistent with and complementary to the management of the California Bond Funding;
 - (4) Disbursement of funds under the circumstances described in Section 4.4 below;
 - (5) A protocol for reallocating between Trust Accounts monies that have already been deposited into the Trust Accounts, to be used by the trustees, at the request of the States, for removal of specific facilities; and

(6) If the trustee is a federal agency, provisions ensuring that Trust Account monies are not used for any other purpose than Facilities Removal consistent with the trustee instructions and do not become part of any federal agency's or bureau's budget.

B. As necessary, the States, in consultation with PacifiCorp and the DRE, will prepare draft trustee instructions revised as appropriate and request that the California PUC or another designated agency of the state of California, and the Oregon PUC work cooperatively to prepare revised joint instructions to the trustee(s) of the Oregon Klamath Trust Accounts and California Klamath Trust Accounts consistent with the draft revised instructions. The States and PacifiCorp will take such other actions as may be reasonably necessary to facilitate the distribution of the Customer Contribution.

4.3 Adjustment to Surcharges

As appropriate, the States shall consult with each other, PacifiCorp, and the Federal Parties regarding adjustments to the California Klamath Surcharge or Oregon Klamath Surcharges necessitated by or appropriate considering the circumstances. Following such consultation, PacifiCorp will request that the California PUC and Oregon PUC adjust the Klamath Surcharges to be consistent with the recommendations developed through the consultation. Any adjustment shall not alter the maximum level of the Customer Contribution or State Cost Cap.

4.4 Disposition of Unnecessary or Unused Funds from the Oregon and/or California Klamath Trust Accounts

- 4.4.1 If, as described in Section 4(5) of the Oregon Surcharge Act, the Oregon Klamath Surcharges are finally determined to result in rates that are not fair, just, and reasonable, the surcharges shall be refunded to customers in accordance with the Oregon Surcharge Act and the trustee instructions.
- 4.4.2 In the event that the Oregon PUC finds that the Oregon Klamath Trust Accounts contain funds in excess of actual costs necessary for Facilities Removal, those excess amounts shall be refunded to customers or otherwise used for the benefit of customers as set forth in Section 4(9) of the Oregon Surcharge Act and the trustee instructions.
- 4.4.3 In the event that, following Facilities Removal, the trustee of the California Klamath Trust Account determines that the California Klamath Trust Account contains funds in excess of actual costs necessary for Facilities Removal, the non-Federal Parties shall request that the California PUC order those excess amounts to be refunded to customers or otherwise used for the benefit of customers.

- 4.4.4 If, as a result of the termination of this Settlement, or other cause, one or more Project dams will not be removed:
- A. All or part of the Oregon Klamath Surcharges shall be terminated and the Oregon Klamath Trust Accounts disposed as set forth in Section 4(10) of the Oregon Surcharge Act and the trustee instructions; and
 - B. PacifiCorp shall request that the California PUC direct PacifiCorp to terminate all or part of the surcharge, that the California PUC direct the trustee to apply any excess balances in the California Klamath Trust Account to California's allocated share of prudently incurred costs to implement FERC relicensing requirements, and that, if any excess amount remains in the trust accounts after that application, that the California PUC order that the excess amounts be refunded to customers or otherwise be used for the benefit of customers.

4.5 Recovery of Net Investment in Facilities

- 4.5.1 Consistent with Section 3 of the Oregon Surcharge Act, PacifiCorp shall request, and each non-Federal Party shall support the request, that the Oregon PUC allow recovery of PacifiCorp's net investment in the Facilities.
- 4.5.2 PacifiCorp shall request, and each non-Federal Party shall support the request, that the California PUC conduct one or more proceedings to implement the following:
- A. That the California PUC determine a depreciation schedule for each Facility based on the assumption that the Facility will be removed in 2020, and change that depreciation schedule at any time if removal of the Facility will occur in a year other than 2020; and
 - B. That the California PUC use the depreciation schedules adopted consistent with Section 4.5.2.A above to establish rates and tariffs for the recovery of California's allocated share of undepreciated amounts prudently invested by PacifiCorp in the Facilities, with amounts recoverable including but not limited to:
 - (1) Return on investment and return of investment;
 - (2) Capital improvements required by the Federal Parties or any agency of the United States or any agency of the States for the continued operation of the Facility until Facility removal;

(3) Amounts spent by PacifiCorp in seeking relicensing of the Project before the Effective Date of this Settlement;

(4) Amounts spent by PacifiCorp for settlement of issues relating to relicensing or removal of the Facilities; and

(5) Amounts spent by PacifiCorp for the Decommissioning of the Facilities in anticipation of Facilities Removal.

C. If any amount has not been recovered by PacifiCorp before a Facility is removed, PacifiCorp shall request, and each non-Federal Party shall support the request, that the California PUC allow recovery of that amount by PacifiCorp in PacifiCorp's rates and tariffs.

4.5.3 Rates and tariffs proposed pursuant to this Section 4.5 shall be separate from, and shall not diminish the funds collected by, the Oregon and California Klamath Surcharges.

4.6 Recovery of Costs of Ongoing Operations and Replacement Power

4.6.1 Consistent with Section 6 of the Oregon Surcharge Act, PacifiCorp shall request, and each non-Federal Party shall support the request, that the Oregon PUC allow recovery of other costs incurred by PacifiCorp.

4.6.2 Subject to Section 2.1.2, each non-Federal Party shall support PacifiCorp's request to the California PUC for PacifiCorp to include in rates and tariffs California's allocated share of any costs that are prudently incurred by PacifiCorp from changes in operation of Facilities, including reductions to generation from the Facilities before removal of the Facilities and for replacement power after the dams are removed.

4.6.3 Rates and tariffs proposed pursuant to this Section 4.6 shall be separate from, and shall not diminish the funds collected by, the Oregon and California Klamath Surcharges.

4.7 Treatment of Costs Related to Future Portfolio Standards and Climate Change Legislation

The Parties agree to Meet and Confer at PacifiCorp's request regarding provisions to address potential customer impacts from renewable portfolio standards and climate change emissions requirements.

4.8 Acknowledgment of Independence of Oregon PUC and California PUC

The Parties acknowledge that the Oregon PUC and California PUC each is a separate state agency that is not bound by this Settlement. Nothing in this Settlement expands,

limits, or otherwise affects any authority of the respective commissions regarding the customer surcharges and trust accounts, recovery of net investment, or recovery of costs of ongoing operations or replacement power. Because the Parties cannot provide assurance that either commission will decide to or be allowed to implement any of the provisions for funding Facilities Removal, failure of a commission to do so is not a breach of this Settlement by any Party.

4.9 Consultation

Before filing the requests to the California PUC and Oregon PUC described in Sections 4.5 and 4.6, above, PacifiCorp shall undertake to consult with the Parties, pursuant to a confidentiality agreement among the Parties or a protective order issued by the relevant PUC, so that the requested rates can be explained and the basis for such rates can be provided. Further, before any request to the California PUC or the Oregon PUC to reduce or increase a surcharge in the event the amount needed for Customer Contribution is determined to be less or more than the level of Customer Contribution specified in Section 7.3.2.A, the States and PacifiCorp shall undertake to consult with all Parties.

4.10 United States Not Responsible for Costs of Facilities Removal

The United States shall not be liable or responsible for costs of Facilities Removal.

4.11 Parties' Costs Related to Facilities Removal

Subject to Section 4.4, the funds accumulated pursuant to Section 4 are solely for use in accomplishing Facilities Removal, including but not limited to development of the Definite Plan, all necessary permitting and environmental compliance actions, and construction/project management for Facilities Removal. Nothing in this section shall be interpreted as a limitation on the State of California's use of California Bond Funding, or funds collected pursuant to the California Klamath Surcharge and deposited into the California Copco 1 and 2 and Iron Gate Dams Trust Account, for environmental review; provided the use of any funds from California Copco 1 and 2 and Iron Gate Dams Trust Account may be offset by California Bond Funds to achieve the target dates set forth in Section 7.3.

4.12 Funding and Grant Agreements

4.12.1 On or around June 15, 2016, CNRA will enter into an agreement with the DRE pertaining to the use of funds from the Customer Contribution and California Bond Funding.

4.12.2 On or around June 15, 2016, and as is necessary at any time thereafter, the DRE will enter into an agreement with the Oregon PUC pertaining to the use of funds from the Customer Contribution in a manner not inconsistent with the Settlement and ORS 757.738(3).

- 4.12.3 On or around June 15, 2016, CNRA will enter into a funding agreement with the DRE and any other entity as appropriate. The funding agreement will include conditions not inconsistent with the Settlement pertaining to the use of the California Klamath Trust Accounts.
- 4.12.4 Following appropriation by the California legislature and consistent with the agreement in Section 4.12.1, CNRA will enter into a grant agreement(s) with the DRE. The grant agreement(s) shall include conditions not inconsistent with the Settlement pertaining to the use of the California Bond Funding.

5. Local Community Power

5.1 Power Development

- 5.1.1 PacifiCorp and the irrigation-related Parties will in good faith cooperate in the investigation or consideration of joint development and ownership of renewable generation resources and the purchase by PacifiCorp of power from renewable energy projects developed by KWAPA or other parties related to the Klamath Reclamation Project or off-project irrigators. PacifiCorp and interested Public Agency Parties will in good faith cooperate in the investigation or consideration of joint development and ownership of potential renewable generation resources and the purchase by PacifiCorp of power from renewable energy projects developed by interested Public Agency Parties. Nothing in this Settlement requires any Party to enter into a specific transaction related to such development, ownership or purchase, but PacifiCorp, interested Public Agency Parties and the irrigation-related Parties desire to take actions in their mutual beneficial interest where opportunities arise.
- 5.1.2 Pursuant to that certain Memorandum of Understanding dated October 15, 2001 among the Western Governors Association and various federal agencies, the Secretary and the State of California shall seek to designate Siskiyou County as a Western Renewable Energy Zone and the Secretary and the State of Oregon shall seek to designate Klamath County as a Western Renewable Energy Zone. The Federal Parties will work with the Counties and other Parties to explore and identify potential ways to expand transmission capacity for renewable resources within the Counties.

5.2 [Section deleted]

5.3 Transmission and Distribution of Energy

Interior, KWAPA, KWUA and UKWUA agree that federal power can contribute to meeting power cost targets for irrigation in the Upper Klamath Basin. To that end, and consistent with applicable standards of service and the Pacific Northwest Power Planning and Conservation Act, 16 U.S.C. § 839 *et seq.*, Interior will acquire power from the Bonneville Power Administration (“Bonneville”) to serve all “eligible loads” located within Bonneville’s authorized geographic area. Interior and Bonneville will engage in an open and transparent process that will provide for public review and comment on any proposed agreement. For purposes of the acquisition of federal power, Interior defines Klamath eligible loads to include both on and off-project loads. Such acquisitions are subject to Bonneville’s then effective marketing policies, contracts, and applicable priority firm power rate.

For an additional, standard transmission charge, Bonneville will deliver power to PacifiCorp at the Captain Jack or Malin substations or other points as may be mutually agreed to by Bonneville and PacifiCorp (“Points of Delivery”) and PacifiCorp will deliver the energy to eligible loads under applicable tariffs.

Interior, KWAPA, KWUA, UKWUA and PacifiCorp agree to continue to work in good faith to identify and implement a mutually agreeable approach for delivering acquired federal power to eligible loads. PacifiCorp agrees to receive any federal power at the Points of Delivery and to deliver such power to the eligible loads pursuant and subject to the following terms and conditions:

- 5.3.1 The terms and conditions related to accessing PacifiCorp’s transmission system, to the extent that it is necessary, will be consistent with PacifiCorp’s Open Access Transmission Tariff (“OATT”).
- 5.3.2 The terms and conditions related to accessing PacifiCorp’s distribution system will remain subject to the jurisdiction of the California Public Utilities Commission for distribution facilities located in California and the Oregon Public Utility Commission for distribution facilities located in Oregon. In California and Oregon, the respective PUCs have approved unbundled delivery service tariffs for PacifiCorp to implement direct access legislation. The Parties agree that these unbundled delivery service tariffs can enable the delivery of federal power. For power acquired by Interior from Bonneville, PacifiCorp will charge an unbundled distribution rate that is based on the Oregon Commission-approved tariff applicable to the delivery of Bonneville power to eligible loads in Oregon.

To the extent that PacifiCorp’s existing tariffs require revision in order to allow PacifiCorp to implement the mutually agreeable approach, PacifiCorp shall request such revision by the Commission having jurisdiction.

The Parties understand and agree that PacifiCorp shall recover its costs incurred in providing the delivery services required under the mutually agreeable approach and that such services will not be subsidized by PacifiCorp's other retail customers. PacifiCorp, Interior, KWUA, KWAPA, and UKWUA agree to work cooperatively to identify and analyze, as necessary, PacifiCorp's costs for delivery services as part of identification of any such mutually agreeable approach. The Parties further agree that the costs of providing delivery services will be recovered pursuant to a tariff or tariffs established by the respective PUC based on cost-of-service principles and a finding by the PUC that the rates charged under the tariff[s] are fair, just, reasonable and sufficient.

- 5.3.3 PacifiCorp agrees to work in good faith to develop mutually agreeable revisions to existing provisions of state or federal law, if necessary to implement the mutually agreeable approach.
- 5.3.4 PacifiCorp agrees to work in good faith with Bonneville, Interior, KWAPA, KWUA and UKWUA and other Parties as the case may be, to resolve, on a mutually agreeable basis, any technical and administrative issues (such as billing and metering) that may arise with respect to PacifiCorp's delivery of power to the eligible loads.
- 5.3.5 It is the Parties' intent that this Agreement will not require PacifiCorp to modify its existing transmission or distribution facilities. PacifiCorp may elect to do so at the sole cost and expense of the Party or entity requesting such modification.
- 5.3.6 At such time as the eligible loads are prepared to and technically able to receive federal power, PacifiCorp, Interior, KWAPA, KWUA and UKWUA agree to work cooperatively with each other to transition the eligible loads from full retail service on a mutually agreeable basis. The Parties acknowledge that for any eligible load that has received federal power pursuant to this section, PacifiCorp will no longer have the obligation to plan for or meet the generation requirements for these loads in the future, provided, however, that PacifiCorp agrees to work cooperatively to provide generation services to eligible loads in a manner that is cost-neutral to other PacifiCorp customers in the event that a contract for federal power is no longer available. Interior, KWAPA, KWUA and UKWUA agree to provide notice to PacifiCorp as soon as practicable after becoming aware that federal power will no longer be available to serve any eligible loads.
- 5.3.7 Interior, in consultation with KWAPA, KWUA and UKWUA, shall Timely develop a preliminary identification of the eligible loads for purposes of Section 5.3. Interior, in consultation with KWAPA, KWUA and UKWUA, shall provide notification to PacifiCorp identifying the final

eligible loads for purposes of Section 5.3, not later than 120 days before delivery of federal power to any such eligible loads is to begin. The mutually agreeable approach will address the manner by which Interior provides notification to PacifiCorp of any changes to eligible loads.

- 5.3.8 Interior agrees to work cooperatively to assign or delegate or transition functions of Interior to KWAPA or another appropriate entity subject to the terms of this Section.
- 5.3.9 If Interior or KWAPA or UKWUA are able to acquire power from any entity other than Bonneville for eligible loads in either Oregon or California, PacifiCorp, KWAPA, UKWUA, Interior, and KWUA, as applicable, will work cooperatively to agree on a method for transmission and delivery.
- 5.3.10 Upon termination of this Settlement, PacifiCorp agrees to provide service under the terms of its approved delivery tariff until or unless the respective PUC determines that the applicable tariff should no longer be in place. It is the intention of PacifiCorp, Interior, KWUA, KWAPA, and UKWUA that the general principles of cooperation expressed in Section 5 continue beyond the term of this Settlement.

5.4 Irrigator Rates

In consultation with Klamath Basin irrigators, PacifiCorp will continue to explore alternative rate structures and programs, such as time-of-use rates or demand control programs.

6. **Interim Operations**

6.1 General

Interim Measures under this Settlement consist of: (1) Interim Measures included as part of PacifiCorp's Interim Conservation Plan ("ICP Interim Measures") (Appendix C); and (2) Interim Measures not included in the Interim Conservation Plan ("Non-ICP Measures") (Appendix D). In addition, PacifiCorp's Interim Conservation Plan includes certain measures for protection of listed sucker species not included as part of this Settlement.

6.1.1 PacifiCorp Performance

PacifiCorp shall perform the Interim Measures in accordance with the terms and schedule set forth in Appendices C and D as long as this Settlement is in effect during the Interim Period. However, if this Settlement terminates, PacifiCorp shall continue performance of the Iron Gate Turbine Venting until the time FERC issues an order in the relicensing proceeding. PacifiCorp shall have no obligation

under this Settlement to perform any other of the Interim Measures if this Settlement terminates, but may implement certain ICP and Non-ICP Interim Measures for ESA or CWA purposes or for any other reason. PacifiCorp reserves its right to initiate termination pursuant to Section 8.11.1.C, if the Services fail to provide incidental take authorization in a Timely way.

6.1.2 Duty to Support

Subject to the reservations in Sections 1.6, 6.2, and 6.3.4, each Party shall support the Interim Measures set forth in Appendices C and D, and will not advocate additional or alternative measures for the protection of environmental resources affected by the Project during the Interim Period.

6.1.3 Permitting

A. PacifiCorp or the DRE (as applicable) shall comply with all federal, state, and local laws and obtain all federal, state, and local permits related to Interim Measures, to the extent such laws and permits are applicable.

B. FERC Enforcement and Jurisdiction

(1) The Parties agree that enforcement of the terms of the current license, as extended through annual licenses, shall be exclusively through FERC. If the annual license is amended to incorporate any of the Interim Measures, a Party may seek compliance pursuant to any remedies it may have under Applicable Law.

(2) Subject to the reservations in Section 6.3.4, PacifiCorp will implement Interim Measures and the Klamath River TMDLs, subject to any necessary FERC or other Regulatory Approvals.

6.1.4 Interim Power Operations

Consistent with the operation and maintenance agreement contemplated in Section 7.1.6, PacifiCorp shall continue to operate the Facilities for the benefit of customers and retain all rights to the power from the Facilities until each Facility is transferred and Decommissioned, including all rights to any power generated during the time between transfer of the Facility to the DRE and Decommissioning of the Facility by PacifiCorp.

6.1.5 Adjustment for Inflation

For any funding obligation under a Non-ICP Interim Measure in Appendix D expressly made subject to adjustment for inflation, the following formula shall be applied at the time of payment:

$$AD = D \times (CPI-U_t) / (CPI-U_o)$$

WHERE:

AD = Adjusted dollar amount payable.

D = Dollar amount prescribed in the Interim Measure.

CPI-U_t = the value of the published version of the Consumer Price Index-Urban for the month of September in the year prior to the date a dollar amount is payable. (The CPI-U is published monthly by the Bureau of Labor Statistics of the federal Department of Labor. If that index ceases to be published, any reasonably equivalent index published by the Bureau of Economic Analysis may be substituted by written agreement of the Parties.)

CPI-U_o = the value of the Consumer Price Index-Urban for the month and year corresponding to the Effective Date of this Settlement.

6.2 Interim Conservation Plan

6.2.1 Application by PacifiCorp

PacifiCorp shall apply to the Services pursuant to ESA Section 10 and applicable implementing regulations to incorporate the Interim Conservation Plan measures, including both Appendix C (ICP Interim Measures) and the Interim Conservation Plan measures for protection of listed sucker species not included in Appendix C, into an incidental take permit. PacifiCorp also may apply in the future to FERC to incorporate some or all of the Interim Conservation Plan measures as an amendment to the current annual license for the Project.

6.2.2 Applicable Actions by the Services under the ESA

The Services shall review PacifiCorp's application to incorporate the Interim Conservation Plan measures into an incidental take permit pursuant to ESA Section 10 and applicable implementing regulations. Subject to Section 2.1.2, each Party shall support PacifiCorp's request for a license amendment or incidental take permit to incorporate the Interim Conservation Plan measures. Provided, however, the Services reserve their right to reassess these interim measures, as applicable, in: (1) developing a biological opinion pursuant to ESA Section 7 or reviewing an application for an incidental take permit pursuant to ESA Section 10 and applicable implementing regulations; (2) reinitiating consultation on any final biological opinion pursuant to applicable implementing regulations; or (3) revoking any final incidental take permit pursuant to the ESA, applicable implementing regulations, or the terms of the permit. Provided further, other Parties reserve any applicable right to oppose any such actions by the Services.

6.2.3 Potential Modifications of Measures

The Services shall provide the Parties Notice upon issuance of any final biological opinion or incidental take permit issued by the Services pursuant to the ESA regarding the ICP Interim Measures (Appendix C). If the terms of any such final biological opinion or incidental take permit include revisions to the ICP Interim Measures, those measures in the Settlement shall be deemed modified to conform to the provisions of the biological opinion or incidental take permit if PacifiCorp agrees to such modifications. If PacifiCorp does not agree to such modifications, PacifiCorp reserves the right to withdraw its application for license amendment or refuse to accept an incidental take permit regarding the ICP Interim Measures.

6.3 TMDLs

6.3.1 PacifiCorp Implementation

Subject to the provisions of this Section 6.3.1, PacifiCorp agrees to implement load allocations and targets assigned the Project under the States' respective Klamath River TMDLs, in accordance with OAR chapter 340, Division 42, and California Water Code Division 7, Chapter 4, Article 3. It is the expectation of the Parties that the implementation of the commitments in this Settlement, coupled with Facilities Removal by the DRE, will meet each State's applicable TMDL requirements. PacifiCorp's commitment to develop and carry out TMDL implementation plans in accordance with this Settlement is not an endorsement by any Party of the TMDLs or load allocations therein.

6.3.2 TMDL Implementation Plans

- A. No later than 60 days after ODEQ's and the North Coast Regional Water Quality Control Board's (NCRWQCB's) approval, respectively, of a TMDL for the Klamath River, PacifiCorp shall submit to ODEQ and NCRWQCB, as applicable, proposed TMDL implementation plans for agency approval. The TMDL implementation plans shall be developed in consultation with ODEQ and NCRWQCB.
- B. To the extent consistent with this Settlement, PacifiCorp shall prepare the TMDL implementation plans in accordance with OAR 340-042-0080(3) and California Water Code section 13242, respectively. The plans shall include a timeline for implementing management strategies and shall incorporate water quality-related measures in the Non-ICP Interim Measures set forth in Appendix D. Facilities Removal by the DRE shall be the final measure in the timeline. At PacifiCorp's discretion, the proposed plans may further include other planned activities and management strategies developed individually or cooperatively with other sources or designated management agencies. ODEQ and NCRWQCB may authorize PacifiCorp's use of offsite

pollutant reduction measures, subject to an iterative evaluation and approval process; provided, any ODEQ authorization of such offsite measures conducted in Oregon solely to facilitate attainment of load allocations in California waters shall not create an ODEQ obligation to administer or enforce the measures.

6.3.3 Keno Load Allocation

Subject to Section 6.3.4, in addition to other Project facilities and affected waters, PacifiCorp's TMDL implementation plan under Section 6.3.2 shall include water quality-related measures in the Non-ICP Interim Measures set forth in Appendix D that are relevant to the Keno facility and affected waters for which the Project is assigned a load allocation. PacifiCorp shall implement Keno load allocations in accordance with the approved TMDL implementation plan under Section 6.3 up until the time of transfer of title to the Keno facility to Interior. Upon transfer of title to the Keno facility as set forth in Section 7.5 of this Settlement, the load allocations shall no longer be PacifiCorp's responsibility. Funding, if necessary, for post-transfer Keno load allocation implementation requirements will be provided by other non-PacifiCorp sources.

6.3.4 TMDL Reservations

- A. PacifiCorp's TMDL implementation obligations under this Settlement are limited to the water quality-related measures in the Interim Measures set forth in Appendices C and D and any additional or different measures agreed to by PacifiCorp and incorporated into an approved TMDL implementation plan. If a TMDL implementation plan for PacifiCorp as finally approved, or a final discharge permit or other regulatory decision intended to implement a TMDL or water quality standard or regulation, requires measures that have not been agreed to by PacifiCorp and that are materially inconsistent with the Interim Measures, PacifiCorp may initiate termination under Section 8.11.1.C.
- B. PacifiCorp reserves the right to seek modification of a TMDL implementation plan in the event this Settlement terminates. The States reserve their authorities under the CWA and state law to revise or require submission of new TMDL implementation plans in the event this Settlement terminates or an implementation plan measure or Facilities Removal does not occur in accordance with the timeline in the approved implementation plans. Other Parties reserve whatever rights they may have under existing law to challenge the TMDLs or TMDL implementation plans in the event this Settlement terminates.
- C. To the extent it possesses rights outside of this Settlement, no Party waives any right to contest: a Klamath River TMDL; specific TMDL

load allocation; decision on a PacifiCorp TMDL implementation plan; or final discharge permit or other regulatory decision intended to implement a TMDL or water quality standard or regulation, if materially inconsistent with this Settlement.

6.4 Other Project Works

6.4.1 East Side/West Side Facilities

- A. PacifiCorp will apply to FERC for an order approving partial surrender of the Project license for the purpose of decommissioning the East Side/West Side generating facilities unless PacifiCorp, in consultation with the state of Oregon, the Federal Parties, and the Tribes, agrees to an alternative disposition of these facilities. PacifiCorp will file the application consistent with applicable FERC regulations, and after consultation with the Parties. Notwithstanding Section 2.1.2, the Parties reserve their rights to submit comments and otherwise participate in the FERC proceeding regarding the conditions under which decommissioning should occur. PacifiCorp reserves the right to withdraw its surrender application for these facilities if any FERC order or other Regulatory Approval in connection with the surrender application would impose unreasonable conditions on that surrender.
- B. Upon FERC approval, and in coordination with Reclamation and pursuant to Section 7.5.2, PacifiCorp shall decommission the East Side/West Side facilities in accordance with the FERC order approving the decommissioning, with the costs of such decommissioning to be recovered by PacifiCorp through standard ratemaking proceedings.
- C. Upon completion of decommissioning and subject to FERC's and state requirements, PacifiCorp and Interior shall discuss possible transfer of the following lands to Interior: Klamath County Map Tax Lots R-3809-00000-05800-000, R-3809-00000-05900-000, and R-3809-00000-05700-000, or any other mutually-agreeable lands associated with the East Side and West Side Facilities on terms and conditions acceptable to PacifiCorp and Interior.

6.4.2 Fall Creek Hydroelectric Facility

PacifiCorp will continue to operate the Fall Creek hydroelectric facility under FERC's jurisdiction unless and until such time as it transfers the facility to another entity or the facility is otherwise disposed of in compliance with Applicable Law.

6.5 Abeyance of Relicensing Proceeding

- 6.5.1 Within 30 days of the Amendment Effective Date, PacifiCorp will file the Settlement with FERC and an expedited motion asking FERC to hold PacifiCorp's Project relicensing proceeding in abeyance. Each Party agrees to refrain from any action that does not support PacifiCorp's request to abate the FERC relicensing docket for the Project. The motion will specify that the abeyance should remain in effect while the DRE's surrender application is pending and until after FERC takes action on the DRE's surrender application as provided in Section 7.1.7.A.
- 6.5.2 Within 15 days after FERC issues an abeyance order for the Project relicensing proceeding, PacifiCorp will withdraw its CWA Section 401 certification applications currently pending before the California State Water Resources Control Board and ODEQ.
- 6.5.3 If FERC denies PacifiCorp's motion to abate or fails to rule on the motion before July 1, 2016, PacifiCorp will ask the California State Water Resources Control Board and the ODEQ to abate permitting and environmental review for PacifiCorp's FERC Project No. 2082 licensing activities, including but not limited to water quality certifications under Section 401 of the CWA and review under CEQA, during the Interim Period. If FERC does not hold the Project relicensing proceeding in abeyance, PacifiCorp will withdraw and re-file its relicensing applications for Section 401 certifications as necessary to avoid the certifications being deemed waived under the CWA during the Interim Period.
- 6.5.4 If no abeyance of relicensing proceedings is approved by FERC or, as applicable, the California State Water Resources Control Board or the ODEQ, or an abeyance is ordered then later lifted, then the Parties are excused from their duty to support this Settlement to the extent necessary to maintain their rights and arguments in the Project relicensing proceedings, and any Party may initiate the Meet and Confer procedures described in Section 8.7.

7. **DRE, Transfer, Surrender, and Facilities Removal**

This section describes the measures, schedule, and regulatory compliance during transfer, surrender, and removal of Facilities under this Settlement.

7.1 DRE

7.1.1 Execution of Settlement

The Parties expect that the DRE will become a Party by executing the Settlement on or around July 1, 2016, as provided in Section 9.4.

7.1.2 Capabilities

- A. The Parties agree that the DRE must possess the legal, technical, and financial capacity to:
- (1) Accept and expend non-federal funds consistent with Section 4.2.4;
 - (2) Accept transfer of the FERC license and title for the Facilities from PacifiCorp;
 - (3) Seek and obtain necessary permits and other authorizations to implement Facilities Removal;
 - (4) Enter into appropriate contracts and grant agreements for effectuating Facilities Removal;
 - (5) Perform, directly or by oversight, Facilities Removal;
 - (6) Prevent, mitigate, and respond to damages the DRE or any of its contractors, subcontractors, or assigns cause during the course of Facilities Removal, and, consistent with Applicable Law, respond to and defend associated liability claims against the DRE or any of its contractors, subcontractors, or assigns, including costs thereof and any judgments or awards resulting therefrom;
 - (7) Carry the required insurance and bonding set forth in Appendix L to respond to liability and damages claims associated with Facilities Removal against the DRE or any of its contractors, subcontractors, or assigns;
 - (8) Meet the deadlines set forth in Exhibit 4; and
 - (9) Perform such other tasks as are reasonable and necessary for Facilities Removal.
- B. Before the DRE and PacifiCorp file the joint application to transfer the license for the Facilities, the DRE will Timely demonstrate to the reasonable satisfaction of the States and PacifiCorp that it possesses the legal, technical, and financial capacity to accomplish the tasks in Sections 7.1.2.A(1) through (5), (8), and (9). PacifiCorp and the States will consult if the DRE fails to make the demonstration required in this subsection.
- C. Within six months of the DRE's execution of the Settlement, the DRE will include in an informational filing in the FERC license transfer

proceeding proof that it possesses the legal, technical, and financial capacity to accomplish the tasks in Sections 7.1.2.A(6) and (7). This filing will include documentation that the DRE meets the requirements of Parts II, III, and IV of Appendix L and is capable of fulfilling its obligations under Section 7.1.3. The DRE will not provide the filing if either of the States or PacifiCorp objects to the filing after a reasonable opportunity to review before submission to FERC. The six-month deadline may be changed by agreement of the DRE, the States, and PacifiCorp. The Parties will Meet and Confer if the DRE fails to provide the informational filing to FERC.

7.1.3 Liability Protection

- A. By executing this Settlement, the DRE agrees, on its behalf and on behalf of the DRE's employees, contractors, subcontractors, and authorized agents or assigns to indemnify, hold harmless, and defend PacifiCorp, the state of California, and the state of Oregon for, from, and against any and all claims, actions, proceedings, damages, liabilities, monetary or non-monetary harms or expense arising from, relating to, or triggered by Facilities Removal, including but not limited to:
 - (1) Harm, injury, or damage to persons, real property, tangible property, natural resources, biota, or the environment;
 - (2) Harm, injury, or damage caused by the release, migration, movement, or exacerbation of any material, object, or substance, including without limitation hazardous substances; and
 - (3) Breaches or violations of any Applicable Law, Regulatory Approval, authorization, agreement, license, permit, or other legal requirement of any kind.
- B. If the DRE partially assigns its responsibilities under this Settlement, the DRE and its assign will be jointly and severally obligated under this section.

7.1.4 License Transfer Conditions and Timing

Before the FERC license transfer to the DRE will become effective, the DRE must demonstrate to PacifiCorp's and the States' reasonable satisfaction that the DRE has met the obligations in Appendix L and the following conditions:

- A. The DRE has provided Notices required under Section 7.2.1.B;
- B. The DRE has met the requirements of Section 7.1.3 and Appendix L;

- C. PacifiCorp and the States agree that the DRE has made sufficient and Timely progress in obtaining necessary permits and approvals to effectuate Facilities Removal;
- D. The DRE, the States, and PacifiCorp are assured that sufficient funding is available to carry out Facilities Removal;
- E. The DRE, the States, and PacifiCorp are each assured that their respective risks associated with Facilities Removal have been sufficiently mitigated consistent with Appendix L;
- F. The DRE, the States, and PacifiCorp agree that no order of a court or FERC is in effect that would prevent Facilities Removal;
- G. The DRE and PacifiCorp have executed documents conveying the property and rights necessary to carry out Facilities Removal; and
- H. The DRE accepts license transfer under the conditions specified by FERC in its order approving transfer.

7.1.5 FERC Application for Transfer

- A. On or around July 1, 2016, PacifiCorp and the DRE will jointly file an application to remove the Facilities from the Project license, redesignate the Facilities with a new project number, and transfer the redesignated FERC license for the Facilities to the DRE.
- B. The application for transfer may include proposals to decommission the East Side and West Side facilities, subject to Section 6.4.1 of this Settlement; remove the Keno facilities from the Project license under Section 7.5 of this Settlement; and transfer the Fall Creek development to a third party for purposes of relicensing.
- C. PacifiCorp and the DRE will file the joint application for transfer at FERC concurrent with the DRE's application for surrender and removal of the Facilities, retaining the 2020 target date for Facilities Removal.
- D. The joint application for transfer will request that FERC incorporate the conditions in Section 7.1.4 into the transfer order and require that transfer will not become effective until the DRE, or PacifiCorp and the DRE jointly (as appropriate), file notice with FERC when those conditions have been satisfied.

7.1.6 Operation and Maintenance Agreement

On or around July 1, 2016, the DRE and PacifiCorp will enter into an operation and maintenance agreement allowing PacifiCorp to continue operating the Facilities for the benefit of its customers following transfer of the FERC Facilities license to the DRE. The conditions of operation under this agreement will be consistent with interim operations described in Section 6 and Appendices B, C, and D, and will include requirements that PacifiCorp pay all costs associated with operating the Facilities and indemnify, defend, and hold harmless the DRE with respect to those operations. The DRE and PacifiCorp will obtain the concurrence of the States for any such agreement.

7.1.7 FERC Application for Surrender

- A. Concurrently with the joint application for license transfer, the DRE will file an application with FERC to surrender the FERC license for the Facilities for the purpose of Facilities Removal, which will include a copy of this Settlement and the Detailed Plan. The DRE will request that FERC defer acting on the application until the conditions in Section 7.1.4 are satisfied. The DRE will take any action necessary to obtain necessary FERC authorization to carry out Facilities Removal in accordance with this Settlement. PacifiCorp will provide technical support to the DRE and to FERC in processing the surrender application, but will not be a co-applicant or co-licensee on the surrender application unless otherwise mutually agreed upon with the DRE.
- B. Concurrently with the joint application for license transfer and the DRE's application to FERC for surrender, the DRE will file applications seeking state water quality 401 certifications for Facilities Removal with the California State Water Resources Control Board and the ODEQ.

7.1.8 Performance of Facilities Removal

The DRE will perform Facilities Removal in accordance with the Definite Plan, as approved and as may be modified by the FERC surrender order and other applicable Regulatory Approvals. The DRE will complete final design and cost estimates before initiating Facilities Removal.

7.1.9 Other Regulatory Approvals for Facilities Removal

The DRE will take any action necessary to obtain other Regulatory Approvals necessary to effectuate Facilities Removal in accordance with this Settlement, except that PacifiCorp will file and support applications to obtain the necessary

state commission approvals for the transfer of assets to the DRE in accordance with this Settlement.

7.1.10 Assignment

The DRE may assign to another entity any of its responsibilities under this Settlement, including the DRE responsibilities described in this section. This assignment is subject to any necessary Regulatory Approvals. The DRE may not assign its responsibilities under this Settlement without the prior written consent of the States and PacifiCorp.

7.2 Definite Plan and Detailed Plan

7.2.1 Development and Use of Definite Plan

The DRE will develop a Definite Plan for Facilities Removal that, once completed, may be included as a part of any applications for permits or other authorizations. The Definite Plan must be consistent with this Settlement.

A. Elements of Definite Plan

The Definite Plan may be based on all elements of the Detailed Plan described in Section 7.2.2 and will be consistent with FERC requirements for surrender. Such elements shall be in the form required for physical performance, such as engineering specifications for a construction activity, and shall also include consideration of prudent cost overrun management tools such as performance bonds. The Definite Plan shall also include:

- (1) A detailed estimate of the actual or foreseeable costs associated with: the physical performance of Facilities Removal consistent with the Detailed Plan; each of the tasks associated with the performance of the DRE's obligations as stated in Section 7.1; seeking and securing permits and other authorizations; and insurance, performance bond, or similar measures, as set forth in Appendix L to this Settlement;
- (2) The DRE's analysis demonstrating that the total cost of Facilities Removal is likely to be less than the State Cost Cap, which is the total of Customer Contribution and California Bond Funding as specified in Section 4;
- (3) Appropriate procedures consistent with state law to provide for cost-effective expenditures within the cost estimates stated in (1);
- (4) Accounting procedures that will result in the earliest practicable disclosure of any actual or foreseeable overrun of cost of any task relative to the detailed estimate stated in (1); and

- (5) Appropriate mechanisms to modify or suspend performance of any task subject to such overrun. Upon receipt of Notice from the DRE of any actual or foreseeable cost overrun pursuant to (2), the Parties shall use the Meet and Confer procedures to modify the task (to the extent permitted by the FERC surrender order, an applicable permit, or other authorization) or to modify this Settlement as appropriate to permit Facilities Removal to proceed.

B. Notice of Completion

The DRE shall provide Notice to the Parties upon completion of the Definite Plan.

C. Use of Definite Plan

The DRE must incorporate the Definite Plan, once completed, into any FERC application to surrender the Facilities license. After FERC issues an order on the FERC Facilities license surrender application, the Parties will review the consistency of the Definite Plan, FERC's surrender order, and this Settlement. If either of the States or the DRE finds that the FERC surrender order is materially inconsistent (as defined in Section 8.11.2) with the Definite Plan or this Settlement, either the DRE or the States may initiate Meet and Confer proceedings.

7.2.2 Detailed Plan for Facilities Removal

The Secretary developed the Detailed Plan, which may serve as a basis for the Definite Plan described in Section 7.2.1.A. The Detailed Plan includes A through F below; G is addressed in Appendix L and will be fully developed in the Definite Plan; H will be addressed during solicitation and selection of engineering and construction contract(s) for development of a Definite Plan and for Facilities Removal.

- A. The physical methods to be undertaken to effect Facilities Removal, including but not limited to a timetable for Facilities Removal, which is removal of all or part of each Facility as necessary to effect a free-flowing condition and volitional fish passage as defined in Section 1.4;
- B. As necessary and appropriate, plans for management, removal, and/or disposal of sediment, debris, and other materials;
- C. A plan for site remediation and restoration;
- D. A plan for measures to avoid or minimize adverse downstream impacts;

- E. A plan for compliance with all Applicable Laws, including anticipated permits and permit conditions;
- F. A detailed statement of the estimated costs of Facilities Removal;
- G. A statement of measures to reduce risks of cost overruns, delays, or other impediments to Facilities Removal; and
- H. The qualifications, management, and oversight of a non-federal DRE.

7.2.3 Assessment and Mitigation of Potential Impacts to the City of Yreka

The Parties understand that actions related to this Settlement may affect the City of Yreka. In recognition of this potential, the Parties agree to the following provisions, which shall remain in effect so long as this Settlement remains in effect.

- A. The Parties collectively and each Party individually shall agree not to oppose the City of Yreka's continued use of California State Water Right Permit 15379, which provides for the diversion of up to 15 cfs for municipal uses by the City of Yreka.
- B. As part of implementation of this Settlement, an engineering assessment to study the potential risks to the City of Yreka's water supply facilities as a result of implementation of Facilities Removal shall be funded and conducted by the Secretary. Actions identified in the engineering assessment necessary to assure continued use of the existing, or equivalent replacement, water supply facilities by the City of Yreka shall be funded from the California Bond Measure and implemented. Actions that may be required as a result of the engineering assessment and in consultation with the City of Yreka include, but are not limited to:
 - (1) Relocation, replacement, and/or burial of the existing 24-inch diameter water line and transmission facilities from the City of Yreka's Fall Creek diversion;
 - (2) Assessment, mitigation, and/or funding to address potential damage to the City of Yreka's facilities located along the Klamath River, including mitigation of potential impacts that may occur as a result of a dam breach. Such assessment, mitigation, and/or funding shall include consideration of the cathodic protection field located near the north bank of the Iron Gate crossing and the facilities that house the City's diversion and pump station; and

(3) Assessment, mitigation, and/or funding to address any impacts resulting from implementation of the Settlement, on the ability of the City to divert water consistent with its Water Right Permit 15379.

C. As part of implementation of this Settlement, an assessment of the potential need for fish screens on the City of Yreka's Fall Creek diversion facilities was completed in the Detailed Plan and it identified the need for fish screens on Dam A and Dam B. As a result of implementation of this Settlement, in order to meet regulatory requirements and screening criteria, construction of the required fish screens, including, but not limited to, necessary costs to preserve City facilities with additional species protection, shall be funded through the California Bond Measure pursuant to Section 4.2.3, or through other appropriate sources.

7.3 Schedule for Facilities Removal

7.3.1 The Parties agree that the target date to begin Facilities Removal is January 1, 2020. The Parties agree that preparatory work for Facilities Removal may be undertaken by the DRE before January 1, 2020, consistent with the Definite Plan, applicable permits, and Section 6 of this Settlement; provided such preparatory work shall not have any negative impact on PacifiCorp's generation operations at the Facilities. The Parties further agree to a target date of December 31, 2020 for completion of Facilities Removal at least to a degree sufficient to enable a free-flowing Klamath River allowing volitional fish passage.

7.3.2 The Parties acknowledge and agree that the schedule to accomplish Facilities Removal will be determined by the DRE in accordance with Section 7.3.4. The Parties intend to implement this Settlement based on the following approach to achieve the target dates for Decommissioning and Facilities Removal set forth in Section 7.3.1:

- A. Collect \$172 million of the total Customer Contribution by December 31, 2019, consistent with Section 4;
- B. Earn approximately \$28 million in interest on the Klamath Trust Accounts to provide Value to Customers, which results in a total of \$200 million in the accounts available for Facilities Removal costs as illustrated in Appendix H to this Settlement;
- C. Implement Decommissioning and Facilities Removal in a manner that permits PacifiCorp to generate sufficient electricity at the Facilities to achieve the economic results included in PacifiCorp's Economic Analysis; and

D. Implement the ICP and Non-ICP Interim Measures set forth in Appendices C and D to this Settlement.

- 7.3.3 The Parties agree that PacifiCorp may continuously operate the Facilities subject to the ICP and Non-ICP Interim Measures identified in Appendices C and D to this Settlement and generate electricity at the Facilities through December 31, 2019. Based upon PacifiCorp's representation of its Economic Analysis, the Parties agree that the following additional Value to Customers, in addition to the \$28 million in interest described in Section 7.3.2.B, is necessary to achieve the corresponding date for commencement of Facility Decommissioning:

Date of Facilities Decommissioning	Required Additional Value to Customers
January 1, 2020	\$27 million
July 1, 2020	\$13 million
December 31, 2020	\$0

If Decommissioning begins on December 31, 2020, no additional funding is required. The Parties acknowledge that, in order to complete Facilities Removal to the degree described in the last sentence of Section 7.3.1 by December 31, 2020, Decommissioning will need to begin prior to that date. As described in the table above, Decommissioning may begin on July 1, 2020 if \$13 million in additional Value to Customers is identified, or on January 1, 2020, if \$27 million in additional Value to Customers is identified.

- 7.3.4 Within 90 days of the DRE's execution of the Settlement, or at such additional time as may be necessary, the Parties shall Meet and Confer to: (1) review progress in implementing the Settlement based upon the approach described in Section 7.3.2; (2) review the DRE's schedule to procure contractor(s) to prepare a Definite Plan based on the Detailed Plan and to provide required liability protection and risk mitigation in accordance with Appendix L; and (3) identify the Value to Customers necessary to implement the schedule, the mechanisms as described in Section 7.3.8 that will be used, and the estimated cost reduction from each mechanism through December 2019. The Parties will subsequently Meet and Confer if the estimated additional Value to Customers has not been timely secured, a Regulatory Approval is inconsistent with that schedule, or the Definite Plan or final designs are inconsistent with the schedule.

If the Parties determine that the identified Value to Customers is less than the amount required to achieve the schedule, then the Parties at that time will consider additional actions to address the funding deficiency, including but not limited to extending the schedule and securing additional funding to protect PacifiCorp customers. The Parties may thereafter Meet

and Confer if additional Value to Customers is secured in excess of what was previously estimated.

- 7.3.5 PacifiCorp, in its sole and absolute discretion, may determine that Facilities Removal may begin earlier than January 1, 2020.
- 7.3.6 If the Parties determine that the schedule for Facilities Removal must extend beyond December 31, 2020, then the Parties shall also consider whether (1) modification of Interim Measures is necessary to appropriately balance costs to customers and protection of natural resources, and (2) continuation of the collection of the customer surcharges up to the maximum Customer Contribution is warranted.
- 7.3.7 The Parties agree that if Decommissioning and Facilities Removal occurs in a staged manner, J.C. Boyle is intended to be the last Facility decommissioned. If, however, the Definite Plan or FERC's surrender order directs a different sequence for Decommissioning and Facilities Removal, then the Parties shall Meet and Confer to identify adjustments necessary to implement Facilities Removal in a manner that is consistent with PacifiCorp's Economic Analysis.
- 7.3.8 The Parties have identified the following potential mechanisms for creating Value to Customers:

A. Interest on the Klamath Trust Accounts

The Parties acknowledge above that the surcharges from the Customer Contributions will be placed in interest-bearing accounts and that the interest that accrues in the accounts may be used to reduce the amount collected through the surcharges so that the total Customer Contribution, including accrued interest through December 31, 2019, totals \$200,000,000. The Parties further acknowledge that it is not possible to precisely estimate the amount of interest that will accrue in the Klamath Trust Accounts. To the extent the interest in the accounts exceeds \$28,000,000, the additional earnings may be used as a Value to Customers unless the funds are required for Facilities Removal. Nothing in this paragraph will limit the Customer Contribution to less than \$200,000,000.

B. Third-Party Funding

The Parties agree to work jointly to identify potential partnerships to supplement funds generated pursuant to this Settlement. Such third-party funds may be employed to acquire generation facilities that can be used to replace the output of the Facilities, to fund aspects of Facilities Removal, or for other purposes to achieve the benefits of this Settlement.

C. Other

The Parties acknowledge that other mechanisms for Value to Customers may be identified, provided that they create sufficiently quantifiable benefits for customers.

7.3.9 PacifiCorp's Economic Analysis that will be used to implement this section was filed by PacifiCorp with the Oregon PUC pursuant to Section 4(1) of the Oregon Surcharge Act and with the California PUC in accordance with Section 4 of this Settlement. The Parties may seek to intervene in these state proceedings before the Commissions, and may request to view PacifiCorp's Economic Analysis consistent with the limitations imposed by Section 4(6) of the Oregon Surcharge Act, applicable PUC protective orders, and general PUC discovery practices and legal requirements. PacifiCorp shall not oppose either request. PacifiCorp reserves the right to request that the PUCs restrict Parties' access to commercially sensitive material, other than PacifiCorp's Economic Analysis, consistent with Section 4(6) of the Oregon Surcharge Act, applicable PUC protective orders, and general PUC discovery practices and legal requirements.

7.4 Transfer, Decommissioning, and Facilities Removal

7.4.1 DRE Notice

The DRE will notify the Parties and FERC when the necessary permits and approvals have been obtained for removal of a Facility or Facilities, all contracts necessary for removal have been finalized, and Facility Removal is ready to commence.

7.4.2 Decommissioning and Transfer

PacifiCorp will transfer ownership of each Facility, including the underlying land for each Facility in accordance with Section 7.6.4 (except for the Keno Development, which shall be disposed in accordance with Section 7.5). Once the DRE fulfills all of the conditions and obligations in Section 7.1.4, Appendix L, and the FERC license transfer order, and PacifiCorp concurs, PacifiCorp will transfer ownership of the Facilities to the DRE. PacifiCorp will continue to operate and maintain the Facilities in accordance with Section 7.1.6 until the DRE is ready to begin removal of a Facility and requests that PacifiCorp discontinue operation of that Facility.

7.5 Keno Facility

7.5.1 Study

Resolution of issues surrounding Keno facility are an important part of achieving the overall goals of this Settlement. Accordingly, the Secretary, in consultation with affected Parties, shall study issues specific to the Keno facility, with specific focus on addressing water quality, fish passage, transfer of title to the Keno facility from PacifiCorp to Interior, future operations and maintenance, and landowner agreements. The study of the Keno facility will be designed with the goals of addressing these issues and maintaining the benefits the dam currently provides.

7.5.2 Keno Facility Determination

In 2012, the Bureau of Reclamation and PacifiCorp entered into an agreement in principle for transfer of title to the Keno facility from PacifiCorp to Interior. Within 60 days of the Amendment Effective Date, Interior and PacifiCorp shall commence negotiations on Keno transfer informed by the analyses described in Section 7.5.1. Every six months or as necessary after the Amendment Effective Date, and subject to Section 8.17, Interior and PacifiCorp shall report to the Parties on the status of Keno negotiations, including as appropriate, drafts of a proposed Keno transfer agreement, a summary of negotiations and issues in dispute, and supporting documents. Interior and PacifiCorp shall use their best efforts to complete a final Keno transfer agreement within 180 days of the Amendment Effective Date. The Secretary will accept transfer of title to the Keno facility when the DRE notifies the Parties and FERC pursuant to Section 7.4.1 that J.C. Boyle Facility Removal is ready to commence.

The transfer of title to the Keno facility shall be subject to completion of any necessary improvements to the Keno facility to meet Department of the Interior Directives and Standards criteria for dam safety identified by Interior through its Safety of Dams inspection of the Keno facility. To facilitate this inspection, PacifiCorp agrees to grant access to the federal government and its contractors for study and assessment of the Keno facility. The terms and conditions of the transfer of title to the Keno facility, including coordination of operations between Link River dam, Keno dam, and any remaining facilities operated by PacifiCorp, ingress and egress agreements and easements required for operation and maintenance of the Klamath Reclamation Project, including but not necessarily limited to Lake Ewauna, Link River Dam, and Keno Dam will be negotiated between Interior and PacifiCorp prior to transfer. Costs associated with any improvements necessary to meet Department of Interior's Directives and Standards criteria for dam safety shall be funded by other non-PacifiCorp sources.

7.5.3 PacifiCorp Operations Prior to Transfer

Prior to and until transfer of title to the Keno Facility, PacifiCorp shall operate Keno in compliance with Contract #14-06-200-3579A, subject to any Applicable Law including the CWA and the provisions of Section 6.3 of this Settlement.

7.5.4 Operations After Transfer

Following transfer of title to the Keno facility from PacifiCorp to Interior, Interior shall operate Keno in compliance with Applicable Law and to provide water levels upstream of Keno Dam for diversion and canal maintenance consistent with Contract #14-06-200-3579A executed on January 4, 1968, between Reclamation and PacifiCorp (then COPCO) and historic practice.

7.5.5 Landowner Agreements

Based on the analysis under Section 7.5.1, the Secretary, upon acquisition of the Keno facility, will execute new agreements with landowners who currently have agreements in the Lake Ewauna to Keno reach, as the Secretary determines are necessary to avoid adverse impacts to the landowners resulting from the transfer, consistent with Applicable Law, operational requirements, and hydrologic conditions.

7.6 Dispositions of PacifiCorp Interests in Lands and other Rights

7.6.1 Lands Owned by PacifiCorp

PacifiCorp is the fee owner of approximately 11,000 acres of real property located in Klamath County, Oregon and Siskiyou County, California that are not directly associated with the Klamath Hydroelectric Project, and generally not included within the existing FERC project boundary. This property is more particularly described on Page 3 of the PacifiCorp Land Maps, attached as Exhibit 3, and referenced as Parcel A. This Settlement shall have no effect as to disposition of Parcel A lands, which shall continue to be subject to applicable taxes unless and until disposed of by PacifiCorp subject to applicable PUC approval requirements.

PacifiCorp is the fee owner of approximately 8,000 acres of real property located in Klamath County, Oregon and Siskiyou County, California that is associated with the Klamath Hydroelectric Project and/or included within the FERC project boundary. This property is more particularly described on Page 3 of the PacifiCorp Land Maps, Exhibit 3, and referenced as Parcel B. It is the intent of the Parties that Parcel B property be disposed in accordance with Section 7.6.4, except for the Keno Development which shall be disposed in accordance with Section 7.5. In addition to Exhibit 3, PacifiCorp owns significant electric transmission and distribution facilities which will remain under its ownership and subject to applicable taxes.

7.6.2 Potential Non-Project Land Exchanges

Interior and PacifiCorp have identified in Parcel A the potential for the exchange of certain non-Project PacifiCorp-owned lands in the Klamath Basin. Should an exchange of these lands to a state or Federal entity take place, the terms of the exchange agreement shall be revenue-neutral to County governments.

7.6.3 BLM Easements and Rights of Way

The Parties agree that before Facilities Removal, the FERC license for the Facilities shall control the ingress and egress to the Facilities within the FERC project boundary. Access by PacifiCorp outside of the project boundary to BLM-administered lands may require a separate Right Of Way agreement.

The Parties agree that the DRE's obligations for operation, maintenance, remediation and restoration costs of BLM-administered, transportation-related structures affected by Facilities Removal will be addressed as part of the Definite Plan.

A proposed disposition of PacifiCorp's easements and right-of-ways across BLM-administered lands within the FERC Project boundary will be included as a part of the DRE's Definite Plan for Facility Removal. To the extent necessary, reciprocal Right Of Way agreements may be executed across PacifiCorp-owned lands and BLM-administered lands to provide continued access for public and BLM administration needs. During the implementation of the Definite Plan, the DRE will be required to obtain authorization for any access across PacifiCorp and BLM-administered lands necessary for every phase of action.

7.6.4 PacifiCorp Klamath Hydroelectric Project Lands

- A. It is the intent of the Parties that ownership of PacifiCorp lands associated with the Klamath Hydroelectric Project and/or included within the FERC Project boundary, identified as Parcel B in Exhibit 3, shall be transferred to the DRE before Facilities Removal begins. It is the intent of the Parties that, once the DRE has completed Facilities Removal and all surrender conditions have been satisfied, ownership of these lands will be transferred to the respective States, as applicable, or to a designated third-party transferee, upon Notice by the relevant State that it has completed to its satisfaction a final property (land and facilities) inspection in accordance with Applicable Law and in accordance with the indemnification(s) provided in Section 7.1.3 and Appendix L. It is also the intent of the Parties that transferred lands shall thereafter be managed for public interest purposes such as fish and wildlife habitat restoration and enhancement, public education, and public recreational access.

- B. Each State shall undertake inspection and preliminary due diligence regarding the nature and condition of Parcel B lands located within its state boundaries, in anticipation of transfer of those lands from the DRE to the relevant State. PacifiCorp and the DRE shall provide each State all cooperation and access to the lands and pertinent records necessary to the inspection and due diligence. The DRE, each State, and PacifiCorp shall identify and provide to the Parties, for each specific property in Parcel B: (1) the proposed transferee for the property; and (2) the proposed terms of transfer for the property. The States, the DRE, and PacifiCorp shall consult with the Parties and other stakeholders before identifying the proposed transfer of a specific Parcel B property. Following such evaluation, the State of Oregon and the State of California may, each in its sole and absolute discretion, elect not to accept the transfer of all or any portion of Parcel B lands; provided, if a State, the DRE, or PacifiCorp believes that the proposed transfer for a property (or lack thereof) will not achieve the intent set forth in Section 7.6.4.A, those Parties shall Meet and Confer in accordance with Section 8.7.
- C. Without predetermining the final terms of transfer for a specific property, proposed terms of transfer may include but are not limited to: (1) final property inspection; (2) specification of structures and improvements to remain on the property after Decommissioning and Facilities Removal; (3) liability protection for the State, or designated third party transferee, and the DRE, for any harm arising from post-transfer Decommissioning or power operations at the property; (4) liability protection for the State, or designated third party transferee, for any harm arising from post-transfer Facilities Removal by the DRE at the property; (5) easements or other property interests necessary for access to and continued operation of PacifiCorp transmission and distribution system assets that will remain on the property; and (6) notice or acknowledgement of the State's claim of ownership to beds and banks of the Klamath River. The DRE shall be a party to the transfer document as necessary and appropriate. The consideration required for transfer of a property to a State or third party transferee under this section shall be limited to the liability protections and other benefits conferred upon PacifiCorp and the DRE under this Settlement. Transfer of Parcel B lands shall be subject to applicable regulatory approvals and the reservations set forth in Section 1.6.
- D. PacifiCorp shall convey Parcel B lands to the DRE, after the DRE provides Notice to the Parties and FERC that all necessary permits and approvals have been obtained for Facility Removal, and all contracts necessary for Facility Removal have been finalized. PacifiCorp shall convey all right, title, and interest in a subset of the Parcel B lands

designated on Exhibit 3 as lands associated with each Facility to the State or third party transferee subject to the DRE's possessory interest, consistent with the terms of this Settlement, including the Facilities, underlying lands, and appurtenances as further described through surveys and land descriptions. The DRE shall hold the underlying land for each Facility in trust for the benefit of the State or third party transferee. This public trust possessory interest in the DRE shall be controlled by the terms of the Settlement, the Definite Plan, and the transfer document. At the conclusion of Facilities Removal, the DRE will release the underlying land to the State or third party transferee. Upon transfer of ownership of all Facilities, PacifiCorp shall convey to the State or third party transferee all right, title, and interest in all Parcel B lands not already transferred to the DRE in trust, as further described through surveys and land descriptions, without restriction of possessory interest for the DRE. If transfer of a specific property for any reason is not consummated in a manner achieving the intent set forth in Section 7.6.4.A, PacifiCorp, the applicable State, and the DRE shall Meet and Confer in accordance with Section 8.7.

- E. Notwithstanding any provision hereof, in the event either State accepts title to any portion of Parcel B lands, the State of Oregon and the State of California retain the right to transfer their ownership to any third party for any purpose.

7.6.5 PacifiCorp Water Rights

- A. PacifiCorp shall assign its revised hydroelectric water rights to the OWRD for conversion to an instream water right pursuant to ORS 543A.305, and OWRD shall take actions to effect such conversion, in accordance with the process and conditions set forth in *Water Right Agreement between PacifiCorp and Oregon* (Exhibit 1). Nothing in this Section 7.6.5 or Exhibit 1 is intended in any way to affect, diminish, impair, or determine any federally-reserved or state law-based water right that the United States or any other person or entity may have in the Klamath River.
- B. Except as provided in this paragraph, within 90 days of completion of Facilities Removal at the Copco No. 1, Copco No. 2 and Iron Gate Facilities, respectively, PacifiCorp shall submit a Revocation Request to the California State Water Resources Control Board for License No. 9457 (Application No. 17527), and shall notify the State Water Resources Control Board of its intent to abandon its hydroelectric appropriative water rights at the Copco No. 1 and Copco No. 2 Facilities, as applicable, as identified in Statement of Water Diversion and Use Nos. 15374, 15375, and 15376. Should ongoing operations of the Iron Gate Hatchery or other hatchery facilities necessitate

continued use of water under License No. 9457 (Application No. 17527) beyond 90 days after completion of Facilities Removal, PacifiCorp shall consult with the Department of Fish and Wildlife and the State Water Resources Control Board and shall take actions directed by such Department and Board as are necessary to ensure a sufficient water supply to the Iron Gate Hatchery or other hatchery facilities under License No. 9457.

7.6.6 PacifiCorp Hatchery Facilities

The PacifiCorp Hatchery Facilities within the State of California shall be transferred to the State of California at the time of transfer to the DRE of the Iron Gate Hydro Development or such other time agreed by the Parties, and thereafter operated by the California Department of Fish and Wildlife with funding from PacifiCorp as follows:

A. Hatchery Funding

PacifiCorp will fund 100 percent of hatchery operations and maintenance necessary to fulfill annual mitigation objectives developed by the California Department of Fish and Wildlife in consultation with the National Marine Fisheries Service. This includes funding the Iron Gate Hatchery facility as well as funding of other hatcheries necessary to meet ongoing mitigation objectives following Facilities Removal. Hatchery operations include development and implementation of a Hatchery Genetics Management Plan as well as a 25% constant fractional marking program. Funding will be provided for hatchery operations to meet mitigation requirements and will continue for eight years following the Decommissioning of Iron Gate Dam. PacifiCorp's eight-year funding obligation assumes that dam removal will occur within one year of cessation of power generation at Iron Gate Dam. If Facilities Removal occurs after one year of cessation of power generation at Iron Gate Dam, then the Parties will Meet and Confer to determine appropriate hatchery funding beyond the eight years.

B. Hatchery Production Continuity

PacifiCorp will fund a study to evaluate hatchery production options that do not rely on the current Iron Gate Hatchery water supply. The study will assess groundwater and surface water supply options and water reuse technologies that could support hatchery production in the absence of Iron Gate Dam. The study may include examination of local well records and increasing production potential at existing or new facilities in the Klamath Basin as well as development of a test well or groundwater supply well. Based on the study results and with the approval of the California Department of Fish and Wildlife and the National Marine Fisheries

Service, PacifiCorp will provide one-time funding to construct and implement the measures identified as necessary to continue to meet current mitigation production objectives for a period of eight years following the Decommissioning of Iron Gate Dam. PacifiCorp's eight-year funding obligation assumes that Facilities Removal will occur within one year of cessation of power generation at Iron Gate Dam. If dam removal occurs after one year of cessation of power generation at Iron Gate Dam, then the Parties will Meet and Confer to determine appropriate hatchery funding beyond the eight years. Production facilities capable of meeting current hatchery mitigation goals must be in place and operational upon removal of Iron Gate Dam. PacifiCorp shall not be responsible for funding hatchery programs, if any, necessary to reintroduce anadromous fish in the Klamath basin.

8. General Provisions

8.1 Term of Settlement

The term of this Settlement shall commence on the Effective Date and shall continue until Facilities Removal has been fully achieved and all conditions of this Settlement have been satisfied, unless terminated earlier pursuant to Section 8.11.

8.2 Effectiveness

The KHSA was effective upon execution on February 18, 2010 ("Effective Date"). The KHSA as amended will take effect when it is executed by the signatories to the 2016 AIP ("Amendment Effective Date").

8.3 Successors and Assigns

This Settlement shall apply to, be binding on, and inure to the benefit of the Parties and their successors and assigns, unless otherwise specified in this Settlement. Except as provided by Section 7.1.10, no assignment may take effect without the express written approval of the other Parties, which approval will not be unreasonably withheld.

8.4 Amendment

Except as otherwise expressly provided in Section 8.11.3, this Settlement may only be amended in writing by all Parties still in existence, including any successors or assigns. The Public Agency Parties may also obtain public input on any such modifications as required by Applicable Law. A Party may provide Notice of a proposed amendment at any time. The Parties agree to meet in person or by teleconference within 20 days of receipt of Notice to discuss the proposed amendment.

8.5 Notices

Any Notice required by this Settlement shall be written. Notice shall be provided by electronic mail, unless the sending Party determines that first-class mail or an alternative form of delivery is more appropriate in a given circumstance. A Notice shall be effective upon receipt, but if provided by U.S. Mail, seven days after the date on which it is mailed. For the purpose of Notice, the list of authorized representatives of the Parties as of the Effective Date is attached as Appendix K. The Parties shall provide Notice of any change in the authorized representatives designated in Appendix K, and PacifiCorp shall maintain the current distribution list of such representatives. The Parties agree that failure to provide PacifiCorp with current contact information will result in a waiver of that Party's right to Notice under this Settlement. The Party who has waived Notice may prospectively reinstate its right to Notice by providing current contact information to PacifiCorp.

8.6 Dispute Resolution

All disputes between Parties arising under this Settlement shall be subject to the Dispute Resolution Procedures stated herein. The Parties agree that each such dispute shall be brought and resolved in a Timely manner.

8.6.1 Cooperation

Disputing Parties shall devote such resources as are needed and as can be reasonably provided to resolve the dispute expeditiously. Disputing Parties shall cooperate in good faith to promptly schedule, attend, and participate in the dispute resolution.

8.6.2 Costs

Unless otherwise agreed among the Disputing Parties, each Disputing Party shall bear its own costs for its participation in these Dispute Resolution Procedures.

8.6.3 Non-Exclusive Remedy

These Dispute Resolution Procedures do not preclude any Party from Timely filing and pursuing an action to enforce an obligation under this Settlement, or to appeal a Regulatory Approval inconsistent with the Settlement, or to enforce a Regulatory Approval or Applicable Law; provided that such Party shall provide a Dispute Initiation Notice and, to the extent practicable, undertake and conclude these procedures, before such action.

8.6.4 Dispute Resolution Procedures

A. Dispute Initiation Notice

A Party claiming a dispute shall give Notice of the dispute within seven days of becoming aware of the dispute. Such Notice shall describe: (1) the matter(s) in dispute; (2) the identity of any other Party alleged to have not performed an obligation arising under this Settlement or Regulatory Obligation; and (3) the specific relief sought. Collectively, the Party initiating the procedure, the Party complained against, and any other Party which provides Notice of its intent to participate in these procedures, are “Disputing Parties.”

B. Informal Meetings

Disputing Parties shall hold at least two informal meetings to resolve the dispute, commencing within 20 days after the Dispute Initiation Notice, and concluding within 45 days of the Dispute Initiation Notice unless extended upon mutual agreement of the Disputing Parties. If the Disputing Parties are unable to resolve the dispute, at least one meeting will be held within the 45 days at the management level to seek resolution.

C. Mediation

If the dispute is not resolved in the informal meetings, the Disputing Parties shall decide whether to use a neutral mediator. The decision whether to pursue mediation, and if affirmative the identity and allocation of costs for the mediator, shall be made within 75 days after the Dispute Initiation Notice. Mediation shall not occur if the Disputing Parties do not unanimously agree on use of a mediator, choice of mediator, and allocation of costs. The mediation process shall be concluded not later than 135 days after the Dispute Initiation Notice. The above time periods may be shortened or lengthened upon mutual agreement of the Disputing Parties.

D. Dispute Resolution Notice

The Disputing Parties shall provide Notice of the results of the Dispute Resolution Procedures. The Notice shall: (1) restate the disputed matter, as initially described in the Dispute Initiation Notice; (2) describe the alternatives which the Disputing Parties considered for resolution; and (3) state whether resolution was achieved, in whole or part, and state the specific relief, including timeline, agreed to as part of the resolution. Each Disputing Party shall promptly implement any agreed resolution of the dispute.

8.7 Meet and Confer

8.7.1 Applicability

The Meet and Confer procedures in this Section 8.7 shall apply upon the occurrence of certain events or failure to occur of certain events as specifically required in this Settlement.

8.7.2 Meet and Confer Procedures

- A. Any Party may initiate the Meet and Confer procedures by sending Notice: (1) describing the event that requires the Parties to confer, and (2) scheduling a meeting or conference call.
- B. The Parties will meet to discuss the problem and identify alternative solutions. The Parties agree to dedicate a reasonable amount of time sufficient to resolve the problem.
- C. The Meet and Confer procedures will result in: (1) amendment pursuant to Section 8.4; (2) termination or other resolution pursuant to the procedures of Section 8.11; or (3) such other resolution as is appropriate under the applicable section.

8.8 Remedies

This Settlement does not create a cause of action in contract for monetary damages for any alleged breach by any Party of this Settlement. Neither does this Settlement create a cause of action in contract for monetary damages or other remedies for failure to perform a Regulatory Obligation. The Parties reserve all other existing remedies for material breach of the Settlement; provided that Section 8.11 shall constitute the exclusive procedures and means by which this Settlement can be terminated.

8.9 Entire Agreement

This Settlement contains the complete and exclusive agreement among all of the Parties with respect to the subject matter thereof, and supersedes all discussions, negotiations, representations, warranties, commitments, offers, agreements in principle, and other writings among the Parties, including the 2008 AIP and 2016 AIP, before the Amendment Effective Date of this Settlement, with respect to its subject matter. Appendices B, C, D, F, H, K, and L are hereby incorporated by reference into this Settlement as if fully restated herein. Exhibits 1 through 4 are attached to this Settlement for informational purposes only and are not incorporated by reference except as otherwise noted herein.

8.10 Severability

This Settlement is made on the understanding that each provision is a necessary part of the entire Settlement. However, if any provision of this Settlement is held by a Regulatory Agency or a court of competent jurisdiction to be invalid, illegal, or unenforceable: (1) the validity, legality, and enforceability of the remaining provisions of this Settlement are not affected or impaired in any way; and (2) the Parties shall negotiate in good faith in an attempt to agree to another provision (instead of the provision held to be invalid, illegal, or unenforceable) that is valid, legal, and enforceable and carries out the Parties' intention to the greatest lawful extent under this Settlement.

8.11 Termination

8.11.1 Potential Termination Events

This Settlement shall be terminable if one of the following events occurs and a cure for that event is not achieved pursuant to Section 8.11.3:

- A. A condition precedent to license transfer set forth in Section 7.1.4 is not met;
- B. The Oregon PUC or California PUC do not implement the funding provisions set forth in Sections 4.1 through 4.6;
- C. Conditions of any Regulatory Approval of Interim Measures, denial of Regulatory Approval of Interim Measures including the failure Timely to approve ESA incidental take authorization, or results of any litigation related to this Settlement are materially inconsistent with the provisions of Section 6.1 through 6.3 and Appendices C and D;
- D. Conditions or denial of any Regulatory Approval of Facilities Removal or the results of any litigation about such removal, are materially inconsistent with the Settlement;
- E. The DRE notifies the Parties that it cannot proceed with Facilities Removal because it cannot obtain all permits and contracts necessary for Facilities Removal despite its good faith efforts; or
- F. California, Oregon, the Federal Parties, or PacifiCorp is materially adversely affected by another Party's breach of this Settlement.

8.11.2 Definitions for Section 8.11

- A. For purposes of this section and Section 7.2.1.C, "materially inconsistent" means diverging from the Settlement or part thereof in a manner that: (1) fundamentally changes the economics or

liability protection such that a Party no longer receives the benefit of the bargain provided by this Settlement; or (2) frustrates the fundamental purpose of this Settlement such that Facilities Removal or the underlying purposes of Interim Measures cannot be accomplished. Events occurring independent of this Settlement, other than those identified in Section 8.11.1, shall not be construed to create a material inconsistency or materially adverse effect.

- B. For purposes of this section, “materially adversely affected” means that a Party no longer receives the benefit of the bargain due to: (1) fundamental changes in the economics or liability protection; or (2) frustration of the fundamental purpose of this Settlement such that Facilities Removal or the underlying purposes of Interim Measures cannot be accomplished.
- C. For purposes of this section, a “result of any litigation” is materially inconsistent with this Settlement or a part thereof if a Party is materially adversely affected by: (1) costs to defend the litigation; or (2) a final order or judgment.

8.11.3 Cure for Potential Termination Event

- A. A Party that believes that a potential termination event specified in Section 8.11.1 has occurred shall provide Notice.
 - (1) The Parties shall use the Meet and Confer Procedures specified in Section 8.7 to consider whether to deem the event to conform to the Settlement, or adopt a mutually agreeable amendment to this Settlement. These procedures shall conclude within 90 days of Notice.
 - (2) If these procedures do not resolve the potential termination event, the Federal Parties, the States, the DRE if a Party, and PacifiCorp may, within 90 days thereafter, agree to an amendment, or deem the event to conform to the Settlement; otherwise, this Settlement shall terminate. In no event shall any amendment under this subsection provide for Facilities Removal with respect to fewer than four Facilities.
- B. If the Federal Parties, the States, the DRE if a Party, and PacifiCorp disagree whether a potential termination event specified in Section 8.11.1 has occurred, these Parties shall follow the Dispute Resolution Procedures in Section 8.6 to attempt to resolve that dispute. If such a Notice of Dispute is filed while the Meet and Confer Procedures referenced in 8.11.3.A are ongoing, those Meet and Confer Procedures are deemed concluded, subject to being recommenced in accordance

with the remainder of this subsection. Upon conclusion of the Dispute Resolution Procedures in Section 8.6, the Federal Parties, the States, the DRE if a Party, and PacifiCorp shall issue a Notice of Dispute Resolution.

(1) If, in the Notice of Dispute Resolution, the Federal Parties, the States, and PacifiCorp agree that a potential termination event has occurred, or agree to consider whether a cure could be achieved, the further procedures stated in Section 8.11.3.A(1) and (2) above shall apply.

(2) If, in the Notice of Dispute Resolution, the Federal Parties, the States, the DRE if a Party, and PacifiCorp disagree whether a potential termination event has occurred, this Settlement shall terminate unless a Party seeks and obtains a remedy preserving the Settlement under Applicable Law.

C. A Party may reasonably suspend performance of its otherwise applicable obligations under this Settlement, upon receipt of Notice and pending a resolution of the potential termination event as provided in Section 8.11.3.A or B.

D. If the Federal Parties, the States, the DRE if a Party, and PacifiCorp, pursuant to the procedures in Section 8.11.3.A, agree to an amendment or other cure to resolve a potential termination event absent agreement by all other Parties pursuant to Section 8.4, any other Party may accept the amendment by Notice. If it objects, such other Party: (1) may seek a remedy regarding the potential termination event that resulted in the disputed amendment, to the extent provided by Section 8.8; (2) may continue to suspend performance of its obligations under this Settlement; and (3) in either event shall not be liable in any manner as a result of its objection or the suspension of its performance of its obligations under this Settlement.

E. The Parties shall undertake to complete the applicable procedures under this section within six months of a potential termination event.

8.11.4 Obligations Surviving Termination

A. Upon termination, all documents and communications related to the development, execution, or submittal of this Settlement to any agency, court, or other entity, shall not be used as evidence, admission, or argument in any forum or proceeding for any purpose to the fullest extent allowed by Applicable Law, including 18 C.F.R. § 385.606. This provision does not apply to the results of studies or other technical information developed for use by a Public Agency Party.

This provision does not apply to any information that was in the public domain prior to the development of this Settlement or that became part of the public domain at some later time through no unauthorized act or omission by any Party. Notwithstanding the termination of this Settlement, all Parties shall continue to maintain the confidentiality of all settlement communications.

This provision does not prohibit the disclosure of: (1) any information held by a federal agency that is not protected from disclosure pursuant to the Freedom of Information Act or other applicable law; (2) any information held by a state or local agency that is not protected from disclosure pursuant to the California Public Records Act, the Oregon Public Records Law, or other applicable state or federal law; or (3) disclosure pursuant to Section 1.6.8.

- B. The prohibitions in Section 1.6.8 survive termination of this Settlement.

8.12 No Third-Party Beneficiaries

This Settlement is not intended to and shall not confer any right or interest in the public, or any member thereof, or on any persons or entities that are not Parties hereto, as intended or expected third-party beneficiaries hereof, and shall not authorize any non-Party to maintain a suit at law or equity based on a cause of action deriving from this Settlement. The duties, obligations, and responsibilities of the Parties with respect to third parties shall remain as imposed under Applicable Law.

8.13 Elected Officials Not to Benefit

No Member of or Delegate to Congress, Resident Commissioner, or elected official shall personally benefit from this Settlement or from any benefit that may arise from it.

8.14 No Partnership

Except as otherwise expressly set forth herein, nothing contained in this Settlement is intended or shall be construed to create an association, trust, partnership, or joint venture, or impose any trust or partnership duty, obligation, or liability on any Party, or create an agency relationship between or among the Parties or between any Party and any employee of any other Party.

8.15 Governing Law

8.15.1 Contractual Obligation

A Party's performance of an obligation arising under this Settlement shall be governed by (1) applicable provisions of this Settlement, and (2) Applicable Law for obligations of that type.

8.15.2 Regulatory Obligation

A Party's performance of a Regulatory Obligation, once approved as proposed by this Settlement, shall be governed by Applicable Law for obligations of that type.

8.15.3 Reference to Applicable Law

Any reference in this Settlement to an Applicable Law shall be deemed to be a reference to such law in existence as of the date of the action in question.

8.16 Federal Appropriations

To the extent that the expenditure or advance of any money or the performance of any obligation of the Federal Parties under this Settlement is to be funded by appropriations of funds by Congress, the expenditure, advance, or performance shall be contingent upon the appropriation of funds by Congress that are available for this purpose and the apportionment of such funds by the Office of Management and Budget. No breach of this Settlement shall result and no liability shall accrue to the United States in the event such funds are not appropriated or apportioned.

8.17 Confidentiality

The confidentiality provisions of the *Agreement for Confidentiality of Settlement Communications and Negotiations Protocol Related to the Klamath Hydroelectric Project*, as it may be amended, shall continue as long as this Settlement is in effect.

9. **Execution of Settlement**

9.1 Signatory Authority

Each signatory to this Settlement certifies that he or she is authorized to execute this Settlement and to legally bind the entity he or she represents, and that such entity shall be fully bound by the terms hereof upon such signature without any further act, approval, or authorization by such entity.

9.2 Signing in Counterparts

This Settlement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as if all signatory Parties had signed the same instrument. The signature pages of counterparts of this Settlement may be compiled without impairing the legal effect of any signatures thereon.

9.3 New Parties

Except as provided in Section 9.4 any entity listed on pages 1 through 2 of this Settlement that signs this Settlement on or before December 31, 2016, will become a Party to this Settlement. After December 31, 2016, any entity listed on pages 1 through 2 of this Settlement may become a Party through an amendment of this Settlement in accordance with Section 8.4. After 90 days from the Amendment Effective Date, an entity not listed on pages 1 through 2 of this Settlement may become a Party through an amendment of this Settlement in accordance with Section 8.4.

9.4 DRE and Liability Transfer Corp. as Parties

The Parties expect that the DRE will become a Party by executing this Settlement within 90 days of the Amendment Effective Date. No action by any other Party is necessary for the DRE to become a Party. If the DRE assigns any of its responsibilities to a Liability Transfer Corp. as described in Section 7.1.10 and Appendix L, the Liability Transfer Corp. shall become a Party by executing this Settlement. No action by any other Party is necessary for the Liability Transfer Corp. to become a Party.

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FOLLOWING PAGE]

IN WITNESS THEREOF,

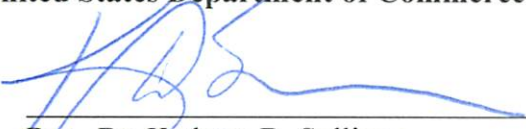
the Parties, through their duly authorized representatives, have caused this Settlement to be executed as of the date set forth in this Settlement.

United States Department of the Interior


By: Sally Jewell, Secretary of the Interior

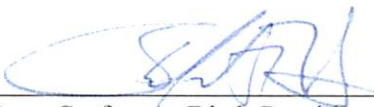
Date: April 6, 2016

United States Department of Commerce's National Marine Fisheries Service


By: Dr. Kathryn D. Sullivan
Under Secretary of Commerce for
Oceans and Atmosphere

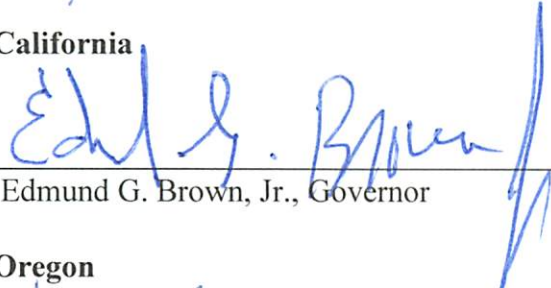
Date: April 6, 2016

PacifiCorp d/b/a Pacific Power


By: Stefan A. Bird, President and CEO

Date: 4/6/16

State of California


By: Edmund G. Brown, Jr., Governor

Date: 4/6/2016

State of Oregon


By: Kate Brown, Governor

Date: 4/6/16

California Department of Fish and Wildlife


By: Chuck Bonham, Director

Date: 4/6/16

California Natural Resources Agency

By: John Laird, Secretary

Date: 4/6/16

Oregon Department of Environmental Quality

By: Peter Shepherd, Director

Date: _____

Oregon Department of Fish and Wildlife

By: Curt Melcher, Director

Date: _____

Oregon Water Resources Department

By: Thomas Byler, Director

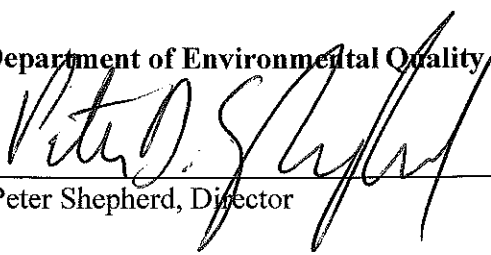
Date: _____

California Natural Resources Agency

By: John Laird, Secretary

Date: _____

Oregon Department of Environmental Quality



By: Peter Shepherd, Director

Date: 4-26-2016

Oregon Department of Fish and Wildlife

By: Curt Melcher, Director

Date: _____

Oregon Water Resources Department

By: Thomas Byler, Director

Date: _____

California Natural Resources Agency

By: John Laird, Secretary

Date: _____

Oregon Department of Environmental Quality

By: Peter Shepherd, Director

Date: _____

Oregon Department of Fish and Wildlife



By: Curt Melcher, Director

Date: 4/27/16

Oregon Water Resources Department

By: Thomas Byler, Director

Date: _____

California Natural Resources Agency

By: John Laird, Secretary

Date: _____

Oregon Department of Environmental Quality

By: Peter Shepherd, Director

Date: _____

Oregon Department of Fish and Wildlife

By: Curt Melcher, Director

Date: _____

Oregon Water Resources Department



By: Thomas Byler, Director

Date: 4/27/16

Klamath River Renewal Corporation



Date: August 30, 2016

By: Lester Snow

Title: Vice President

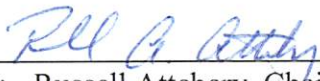
Yurok Tribe

A handwritten signature in blue ink, appearing to read "T. P. O'Rourke, Sr.", written over a horizontal line.

By: Thomas P. O'Rourke, Sr.,
Chairperson

Date: 4-6-16

Karuk Tribe


By: Russell Attebery, Chairman

Date: 4-6-16

Klamath Tribes

By: Chairman

Date: _____

Humboldt County, California



By: Mark Lovelace
Chairman, Board of Supervisors

Date: 5-31-16

Ady District Improvement Company

By: Jason Flowers

Date: _____

Collins Products, LLC

By: Eric Schooler
President and Chief Executive Officer

Date: _____

Enterprise Irrigation District

By: Michael Beeson, President

Date: _____

Don Johnston & Son

By: Donald Scott Johnston, Owner

Date: _____

Inter-County Properties Co., which acquired title as Inter-County Title Co.

By: Darrel E. Pierce

Date: _____

Klamath Irrigation District

By: Brent Cheyne, President

Date: _____

Klamath Drainage District

By: Tim O'Connor, President

Date: _____

Klamath Basin Improvement District

By: George Rajnus, Chairman

Date: _____

Klamath Water Users Association

By: Brad Kirby, President

Date: _____

Bradley S. Luscombe

By: Bradley S. Luscombe

Date: _____

Malin Irrigation District

By: Ed Stastny, President

Date: _____

Midland District Improvement Company

By: Frank Anderson, President

Date: _____

Pioneer District Improvement Company

By: Lyle Logan, President

Date: _____

Plevna District Improvement Company

By: Steve Metz, President

Date: _____

Reames Golf and Country Club

By: L.H. Woodward, President

Date: _____

Shasta View Irrigation District

By: Claude Hagerty, President

Date: _____

Sunnyside Irrigation District

By: Pat Patterson, President

Date: _____

Tulelake Irrigation District

By: Brad Kirby, President

Date: _____

Upper Klamath Water Users Association

By: Matthew Walter, President

Date: _____

Van Brimmer Ditch Company

By: Gary Orem, President

Date: _____

**Randolph Walthall and Jane Walthall as trustees under declaration of trust dated
November 28, 1995**

By: Jane Walthall

Date: _____

Westside Improvement District #4

By: Steven L. Kandra, President

Date: _____

Winema Hunting Lodge, Inc.

By: R. David Bolls, III

Date: _____

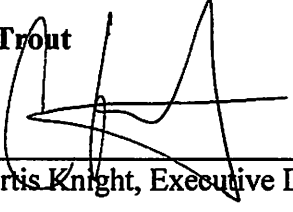
American Rivers



By: W. Robert Irvin, President

Date: 4/14/16

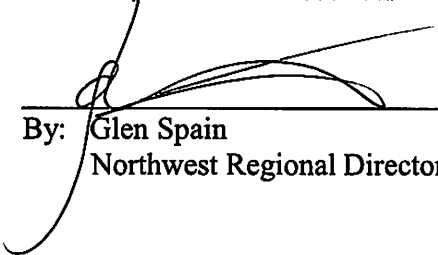
California Trout


By: ~~Curtis Knight~~, Executive Director

Date: _____

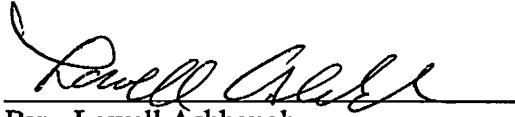
4/13/2016

Institute for Fisheries Resources

By: 
Glen Spain
Northwest Regional Director

Date: 5/25/16

Northern California Council, Federation of Fly Fishers



By: Lowell Ashbaugh
Vice-President, Conservation

Date: 5/3/2016

Pacific Coast Federation of Fishermen's Associations


By: Glen Spain
Northwest Regional Director

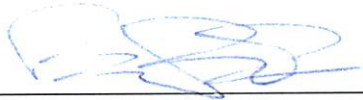
Date: 5/25/14

Salmon River Restoration Council

By: Petey Brucker

Date: _____

Trout Unlimited



By: Chris Wood
Chief Executive Officer

Date: 7/6/16

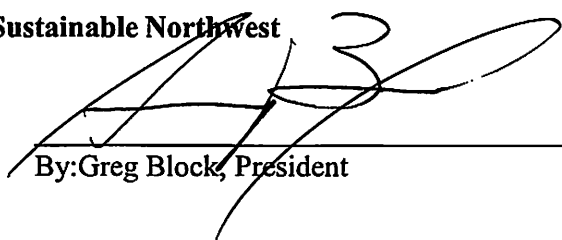
Sam Johnson
California Director

Klamath Riverkeeper

By: Konrad Fisher, Exective Officer

Date: _____

Sustainable Northwest

A large, stylized handwritten signature in black ink, appearing to be 'G. Block', is written over a horizontal line.

By: Greg Block, President

Date: 4/25/10

Arthur G. Baggett, Jr.¹

By: Arthur G. Baggett, Jr.

Date: _____

¹ Mr. Baggett is signing this Agreement as a recommendation to the California State Water Resources Control Board, and not as a Party.

APPENDICES

**ACTIONS IN APPENDIX A HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

APPENDIX A

Coordination Process for the Studies Supporting the Secretarial Determination

1. Introduction

While the proposed Secretarial Determination is an inherently governmental function that may not be delegated to others, the Federal Parties understand and recognize the unique nature of this task and are committed to participating in the development of the basis for the Secretarial Determination in a Timely, open, transparent manner and employing the highest standards of scientific integrity. As part of that process and as appropriate and governed by Applicable Law, the Secretary will:

- A. seek the input from the other Parties and the public, on:
 - i. identification of data and analysis necessary to make the Secretarial Determination;
 - ii. identification of existing data and analysis and the protocols needed to assess its sufficiency;
 - iii. work plans to obtain and study new information necessary to fill material data gaps that may exist, which may include sediment contamination studies (including but not limited to dioxin); and
 - iv. any other process to gather, develop, and assess any additional data, existing data, or analysis determined necessary by the United States to support the Secretarial Determination,
- B. utilize the expertise each of the Parties may have with regard to data and analysis that is necessary to support the Secretarial Determination; and
- C. create the means by which the Parties can ensure Timely performance of the studies.

Further, the Federal Parties have expressed their commitment to ensuring that the studies, reports, and analyses utilized to inform the Secretarial Determination are supported by a complete and scientifically-sound record.

2. Purpose of the Coordination Process

The purpose of the Coordination Process is to seek, discuss, and consider the views of the Parties regarding the basis of the Secretarial Determination in a Timely manner in support of the Secretary's decision-making process. As described in Section 3 below, the Secretary will foster communication between the Federal agencies engaged in the Determination and the Parties to

**ACTIONS IN APPENDIX A HAVE BEEN COMPLETED
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this Settlement. This includes providing Timely notice to allow the Parties and the public to provide meaningful input to the items identified in Section 1 above.

3. The Process

- A. To provide an opportunity for the non-federal Parties to provide input to the Secretary on the categories of data outlined in Section 1 above, there is established under the terms of this Settlement a Technical Coordination Committee (TCC) consisting of membership from all of the non-Federal Parties to this Settlement. The TCC will meet or hold conference calls on a monthly basis, at a minimum, and more often as deemed necessary. The TCC will also form sub-teams and hold separate workshops/meetings as necessary to address specific technical and scientific issues. The principal objective of the TCC will be to exchange information and data, as appropriate, among the non-federal Parties on technical aspects of the Secretarial Determination that may affect the resources of the non-federal Parties and provide input to the Federal Parties. The Federal Parties will hold public workshops or otherwise provide Timely information to the TCC and the public concerning the status of the Determination, the studies in support of the Determination and the environmental compliance actions. To the extent practicable and in accordance with Applicable Law, the Federal Parties will provide the information necessary for the non-federal Parties to have Timely and meaningful input consistent with the schedule for completing the Secretarial Determination. The TCC will provide its input in writing to the Federal Parties for their consideration, consistent with the Coordination Process.
- B. The Parties may participate in the NEPA process as cooperating agencies, if eligible under the applicable Federal regulations and guidance, or as members of the public.
- C. Nothing in this Settlement shall restrict the Department of the Interior or other Federal agency from providing funding through other agreements or memoranda of understanding.

4. Meet and Confer

This Coordination Process is intended to provide the Parties with the opportunity to provide Timely and meaningful input to the Federal Parties' actions in carrying out the terms of this Settlement. If the Parties find that their needs are not being met by this Coordination Process, then the Parties may engage in Meet and Confer Procedures to try to address the Parties' concerns.

5. Limitations

This Process is not intended to, nor does it, create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by any person or party against the United

**ACTIONS IN APPENDIX A HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

States, its agencies, its officers, or any other person. The provisions of this Process are not intended to direct or bind any person.

6. Government-to-Government Relationship

In accordance with Applicable Law, nothing in this Coordination Process is intended to waive or supersede any obligation of the United States to fulfill its government-to-government relationship with any Indian Tribe, state, county, or local government concerning the Secretarial Determination or this Settlement.

APPENDIX B

Interim Measures Implementation Committee (Interim Measure 1)

1. **Purpose and Goal of Committee**

The purpose of the Interim Measures Implementation Committee (IMIC or Committee) is to collaborate with PacifiCorp on ecological and other issues related to the implementation of the Interim Measures set forth in Appendix D of the Settlement. The primary goals of the IMIC are: (a) to achieve consensus where possible; and (b) timely implementation of the matters within the scope of the IMIC's responsibilities under the Settlement.

2. **Committee Functions and Responsibilities**

2.1 The IMIC shall meet, discuss, and seek to reach consensus on implementation of the following Non-ICP Interim Measures as detailed in each Interim Measure:

2.1.1 *Interim Measure 7*. The IMIC will consult with PacifiCorp to approve gravel placement projects and approve third parties to implement the projects.

2.1.2 *Interim Measure 8*. The IMIC will consult with PacifiCorp on a plan to remove the sidecast rock barrier located upstream of the J.C. Boyle Powerhouse, and approve a schedule for the removal.

2.1.3 *Interim Measure 11*. The IMIC will consult with PacifiCorp to identify studies or pilot projects and to develop a priority list of projects to be carried out following the DRE's acceptance of the FERC surrender order, as approved by the agencies specified in Interim Measure 11.

2.1.4 *Interim Measure 13*. The IMIC will identify species specific habitat needs on which to base J.C. Boyle Dam instream flow releases in the event dam removal occurs in a staged manner and anadromous fish are naturally and volitionally present in the J.C. Boyle Bypass Reach.

2.1.5 *Interim Measure 15*. The IMIC will resolve significant disputes that may arise regarding the water quality monitoring plan content or funding.

2.2 The IMIC shall advise the Settlement Parties concerning any proposed amendments to the Interim Measures based on monitoring conducted under the Interim Measures and any other adaptive management considerations.

2.3 PacifiCorp will prepare and provide to the IMIC periodic reports, no less frequently than annually, on the status of implementation of the Interim Conservation Plan measures set forth in Appendix C of the Settlement.

3. Committee Membership and Meeting Participation

- 3.1 The IMIC shall be comprised of PacifiCorp and the following members, subject to their signing the Settlement:
- A. State and Federal Members: One representative each from: U.S. Department of the Interior, National Marine Fisheries Service, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Water Resources Department, and the California Department of Fish and Wildlife.
 - B. Tribal Members: One representative each from the Tribes.
 - C. Other Members: One representative each from: conservation group Parties, fishing group Parties, signatory counties, and irrigation group Parties.
- 3.2 The California State Water Resources Control Board and the North Coast Regional Board may also be members of the IMIC even though they have not signed the Settlement.
- 3.3 Each member or category of members may designate a primary representative to the IMIC within 30 days after the Effective Date of the Settlement, or at any time thereafter with five days' notice. Designation shall be by Notice to the Parties in accordance with Section 8.5 of the Settlement. Each member or category of members may name alternative representatives to the IMIC. Failure to designate a representative shall not prevent the IMIC from convening or conducting its functions in accordance with the time schedules established in the Settlement.
- 3.4 The IMIC, by unanimous agreement not subject to Dispute Resolution, may grant any other Party to the Settlement membership status on the IMIC, provided that the entity seeking membership submits a proposal to the IMIC that requests membership and demonstrates: (1) reasons why its interests are not adequately represented by present IMIC membership; and (2) appropriate qualifications of the entity to participate in the IMIC.
- 3.5 Each member should select a representative who has relevant training or experience with natural resource management.
- 3.6 Participation by identified state and federal resource agencies complements their statutory responsibility and does not otherwise affect their authority. Issues involving the exercise of specific agency authority can be discussed, but decisions are not delegated to the Committee.
- 3.7 The IMIC may establish technical working groups to facilitate implementation of individual Interim Measures or categories of Interim Measures, such as a

Fisheries Technical Working Group and a Water Quality Technical Working Group. The role of the technical working groups would be to make recommendations to the IMIC.

4. Meeting Provisions

- 4.1 PacifiCorp shall convene the IMIC not later than three months after the Effective Date of the Settlement.
- 4.2 PacifiCorp will arrange, administer, and chair all meetings. A meeting facilitator may be used if necessary. PacifiCorp will provide no fewer than 10 days' prior notice of any meeting to the IMIC members, other Settlement Parties and agencies with jurisdictional authority, unless otherwise agreed to by the IMIC or required in order to meet a Settlement deadline or other emergency circumstance.
- 4.3 PacifiCorp, or the facilitator, will provide draft meeting summaries for concurrence by the IMIC prior to final distribution. Meeting summaries will note member concerns.
- 4.4 The IMIC will establish protocols for meetings such as agenda development, location and scheduling. Meetings will be fairly distributed between Portland, the Medford area, and Sacramento with teleconferencing provided between sites.
- 4.5 The meeting agenda will list specific Interim Measures and all other topics for action or discussion.
- 4.6 Meetings will be scheduled as required by the actions contained within specific Interim Measure provisions, but no less frequently than annually.
- 4.7 PacifiCorp will bear all costs associated with conducting meetings. Each member will bear its own cost of attendance.
- 4.8 PacifiCorp will circulate final meeting summaries and any other written comments.
- 4.9 The role of the IMIC will be evaluated at the end of five years after the Effective Date of the Settlement. The members will review the IMIC and determine if it should remain the same, be modified or discontinued.

5. Committee Deliberations

- 5.1 During meetings, prior to Committee deliberations, other Settlement Parties and agencies with jurisdictional authority may address the Committee and provide comments on each agenda topic being discussed.

- 5.2 Following Committee deliberation, the Committee shall seek to reach consensus of all members present. Committee decisions shall be based on a two-thirds majority vote of those participating.
- 5.2.1 PacifiCorp or the facilitator will provide the results of the vote to all IMIC members within three working days.
- 5.2.2 Decisions of the Committee will stand unless a Party provides Notice within seven working days that it will seek Dispute Resolution pursuant to Section 8.6 of the Settlement on the ground of inconsistency with the Settlement.
- 5.2.3 In the event that PacifiCorp believes a proposed action or failure Timely to propose an action: (1) is inconsistent with this Settlement or any other contract to which it is a party; (2) violates the terms of the FERC license or other regulatory requirement; (3) interferes with operations; or (4) subjects PacifiCorp to undue risk of litigation, cost overruns, or liability, PacifiCorp will consult with the IMIC to identify a modified or alternative action. In the event the IMIC does not approve PacifiCorp's modified or alternative action, PacifiCorp may implement its proposed action after obtaining approval by any agency specifically assigned that decision under the particular Interim Measure, and after obtaining any necessary regulatory approvals. An IMIC member who disagrees with the elements of PacifiCorp's proposed actions that are not specified in the Interim Measures may dispute those elements in applicable regulatory processes. The Parties agree that such disputes are beyond the scope of Settlement Section 2.1.
- 5.3 Any requirements for PacifiCorp to consult with a resource agency or other member under an Interim Measure that specifically references that agency or other member shall be deemed satisfied by consultation with that agency or other member through the IMIC, provided that the IMIC is in existence and that agency or other member has participated through the IMIC in consultation on the requisite items. To the extent agency consultation is not provided through Committee participation, PacifiCorp shall comply with all applicable regulatory consultation requirements including plan submission to appropriate agencies, including agencies specified in the Interim Measure. However, consultation with an agency representative participating in the Committee shall not be deemed to satisfy or predetermine any Regulatory Approval required under Applicable Law.
- 5.4 PacifiCorp will seek to resolve concerns expressed by the federal and state fish and wildlife agencies and the state water quality agencies on matters in which they have expertise prior to seeking consensus of the IMIC.
- 5.5 These provisions for Committee deliberations do not supersede a decision by an agency specifically assigned that responsibility under an Interim Measure.

6. Support for Committee Decisions

- 6.1 Committee members shall first use the Dispute Resolution process of Settlement Section 8.6 to resolve disputes arising from Committee deliberations.
- 6.2 If Dispute Resolution is unsuccessful and time allows, the IMIC may convene an independent science advisory panel. The IMIC may consider the recommendations of the independent science advisory panel to resolve the dispute.
- 6.3 All Committee members participating in a consensus decision will support PacifiCorp's defense of such decision in any forum where the decision is challenged and the member is participating, to the extent permitted by Applicable Law and consistent with Section 2.1.3 of the Settlement. For this purpose, participating means non-opposition and does not include absence.

APPENDIX C
Interim Conservation Plan (ICP) Interim Measures²

Interim Measure 2: California Klamath Restoration Fund / Coho Enhancement Fund

PacifiCorp shall establish a fund to be administered in consultation with the California Department of Fish and Wildlife (after providing notice and opportunity for comment to the State Water Resources Control Board and North Coast Regional Water Quality Control Board) and NMFS to fund actions within the Klamath Basin designed to enhance the survival and recovery of coho salmon, including, but not limited to, habitat restoration and acquisition. PacifiCorp has provided \$510,000 to this fund in 2009 and shall continue to provide this amount of funding annually by January 31 of each subsequent year in which this funding obligation remains in effect. Subject to Section 6.1.1, this funding obligation shall remain in effect until the time of decommissioning of all of the Facilities in California.

Interim Measure 3: Iron Gate Turbine Venting

PacifiCorp shall implement turbine venting on an ongoing basis beginning in 2009 to improve dissolved oxygen concentrations downstream of Iron Gate dam. PacifiCorp shall monitor dissolved oxygen levels downstream of Iron Gate dam in 2009 and develop a standard operating procedure in consultation with NMFS for turbine venting operations and monitoring following turbine venting operations in 2009.

Interim Measure 4: Hatchery and Genetics Management Plan

Beginning in 2009, PacifiCorp shall fund the development and implementation of a Hatchery and Genetics Management Plan (HGMP) for the Iron Gate Hatchery. PacifiCorp, in consultation with the National Marine Fisheries Service and the California Department of Fish and Wildlife, will develop an HGMP for approval by NMFS in accordance with the applicable criteria and requirements of 50 C.F.R. § 223.203(b)(5). To implement the HGMP, PacifiCorp, in consultation with NMFS and CDFW, will develop and agree to fund an adequate budget. When completed, CDFW shall implement the terms of the HGMP at Iron Gate Hatchery in consultation with PacifiCorp and NMFS. Funding of this measure is in addition to the 100 percent funding described in Non-ICP Interim Measure 18.

Interim Measure 5: Iron Gate Flow Variability

In coordination with NMFS, USFWS, States and Tribes, PacifiCorp and Reclamation shall annually evaluate the feasibility of enhancing fall and early winter flow variability to benefit

²The complete ICP was filed at FERC on November 25, 2008 and includes some additional measures not reflected in this Appendix that are not part of this Settlement.

salmonids downstream of Iron Gate Dam, subject to both PacifiCorp's and Reclamation's legal and contractual obligations. In the event that fall and early winter flow variability can feasibly be accomplished, PacifiCorp, in coordination with NMFS, USFWS, and Reclamation will, upon a final Incidental Take Permit issued to PacifiCorp by NMFS becoming effective, annually develop fall and early winter flow variability plans and implement those plans. Any such plans shall have no adverse effect on the volume of water that would otherwise be available for the Klamath Reclamation Project or wildlife refuges.

Interim Measure 6: Fish Disease Relationship and Control Studies

PacifiCorp has established a fund in the amount of \$500,000 in total funding to study fish disease relationships downstream of Iron Gate Dam. Research proposals will be solicited and agreed upon by PacifiCorp and NMFS for the purpose of determining that the projects are consistent with the criteria and requirements developed by PacifiCorp and NMFS in the ESA review process applicable under Settlement Section 6.2. PacifiCorp will consult with the Klamath River Fish Health Workgroup regarding selection, prioritization, and implementation of such studies, and such studies shall be consistent with the standards and guidelines contained in the Klamath River Fish Disease Research Plan and any applicable recovery plans.

APPENDIX D
Non-ICP Interim Measures³

Interim Measure 7: J.C. Boyle Gravel Placement and/or Habitat Enhancement

Beginning on the Effective Date and continuing through decommissioning of the J.C. Boyle Facility, PacifiCorp shall provide funding of \$150,000 per year, subject to adjustment for inflation as set forth in Section 6.1.5 of the Settlement, for the planning, permitting, and implementation of gravel placement or habitat enhancement projects, including related monitoring, in the Klamath River above Copco Reservoir.

Within 90 days of the Effective Date, PacifiCorp, in consultation with the IMIC, shall establish and initiate a process for identifying such projects to the Committee, and, upon approval of a project by the Committee, issuing a contract or providing funding to a third party approved by the Committee for implementation of the project.

The objective of this Interim Measure is to place suitable gravels in the J.C. Boyle bypass and peaking reach using a passive approach before high flow periods, or to provide for other habitat enhancement providing equivalent fishery benefits in the Klamath River above Copco Reservoir.

Interim Measure 8: J.C. Boyle Bypass Barrier Removal

Within 90 days of the Effective Date, PacifiCorp, in consultation with the Committee, shall commence scoping and planning for the removal of the sidecast rock barrier located approximately three miles upstream of the J.C. Boyle Powerhouse in the J.C. Boyle bypass reach. In accordance with a schedule approved by the Committee, PacifiCorp shall obtain any permits required for the project under Applicable Law and implement removal of the barrier. If blasting will be used, PacifiCorp shall coordinate with ODFW to ensure the work occurs during the appropriate in-water work period. The objective of this Interim Measure is to provide for the safe, timely, and effective upstream passage of Chinook and coho salmon, steelhead trout, Pacific lamprey, and redband trout.

Interim Measure 9: J.C. Boyle Powerhouse Gage

Upon the Effective Date, PacifiCorp shall provide the U.S. Geological Survey (USGS) with continued funding for the operation of the existing gage below the J.C. Boyle Powerhouse (USGS Gage No. 11510700). Funding will provide for continued real-time reporting capability for half-hour interval readings of flow and gage height, accessible via the USGS website.

³ The Parties agree that PacifiCorp will implement the interim measures as provided in this Appendix. Pursuant to Section 7.3.6 of the Settlement, if the Parties determine that the schedule for Facilities Removal must extend beyond December 31, 2020, then the Parties shall consider whether modification of Interim Measures is necessary to appropriately balance costs to customers and protection of natural resources based on circumstances at that time.

PacifiCorp shall continue to provide funding for this gage until the time of decommissioning of the J.C. Boyle Facility.

Interim Measure 10: Water Quality Conference

PacifiCorp shall provide one-time funding of \$100,000 to convene a basin-wide technical conference on water quality within one year from the Effective Date of this Settlement. The conference will inform participants on water quality conditions in the Klamath River basin and will inform decision-making for Interim Measure No. 11, with a focus on nutrient reduction in the basin including constructed wetlands and other treatment technologies and water quality accounting. PacifiCorp, the North Coast Regional Water Quality Control Board, and the Oregon Department of Environmental Quality, will convene a steering committee to develop the agenda and panels.

Interim Measure 11: Interim Water Quality Improvements

The purpose of this measure is to improve water quality in the Klamath River during the Interim Period leading up to dam removal. The emphasis of this measure shall be nutrient reduction projects in the watershed to provide water quality improvements in the mainstem Klamath River, while also addressing water quality, algal and public health issues in Project reservoirs and dissolved oxygen in J.C. Boyle Reservoir. Upon the Effective Date of the Settlement until the date of the DRE's acceptance of the FERC surrender order, PacifiCorp shall spend up to \$250,000 per year to be used for studies or pilot projects developed in consultation with the Implementation Committee regarding the following:

- Development of a Water Quality Accounting Framework
- Constructed Treatment Wetlands Pilot Evaluation
- Assessment of In-Reservoir Water Quality Control Techniques
- Improvement of J.C. Boyle Reservoir Dissolved Oxygen

Within 60 days of the DRE's acceptance of the FERC surrender order, PacifiCorp shall develop a priority list of projects in consultation with the Implementation Committee. The priority list will be informed by, among other things, the information gained from the specific studies conducted before the DRE's acceptance of the FERC surrender order and the information generated at the water quality conference specified in Interim Measure 10. Following the DRE's acceptance of the FERC surrender order, PacifiCorp shall provide funding of up to \$5.4 million for implementation of projects approved by the Oregon Department of Environmental Quality (ODEQ) and the State and Regional Water Boards, and up to \$560,000 per year to cover project operation and maintenance expenses related to those projects, these amounts subject to adjustment for inflation as set forth in Section 6.1.5 of this Settlement. Recognizing the emphasis on nutrient reduction projects in the watershed while also seeking to improve water

quality conditions in and downstream of the Project during the Interim Period, the Parties agree that up to 25 percent of the funding in this measure for pre-surrender-order-acceptance studies and post-surrender-order-acceptance implementation may be directed towards in-reservoir water quality improvement measures, including but not limited to J.C. Boyle.

Interim Measure 12: J.C. Boyle Bypass Reach and Spencer Creek Gaging

PacifiCorp shall install and operate stream gages at the J.C. Boyle Bypass Reach and at Spencer Creek. The J.C. Boyle Bypass Reach gaging station will be located below the dam and fish ladder and fish bypass outflow, but above the springs in order to record flow releases from J.C. Boyle Dam. The Spencer Creek gage will utilize an existing Oregon Water Resources Department gaging location. It is assumed that the required measurement accuracy will be provided using stage gaging at existing channel cross-sections with no need for constructed weirs. The installed stream gages shall provide for real-time reporting capability for half-hour interval readings of flow and gage height, accessible via an agreed-upon website, until such time as it is accessible on the USGS website. The Spencer Creek gage shall be installed in time to provide flow indication for Iron Gate Flow Variability (ICP Interim Measure 5). Both gages shall be installed and functional prior to September 1, 2010. Installation of the bypass gage, and measurement and maintenance shall conform to USGS standards. The Spencer Creek gage will be maintained according to USGS standards, as applicable.

Interim Measure 13: Flow Releases and Ramp Rates

PacifiCorp will maintain current operations including instream flow releases of 100 cubic feet per second (cfs) from J.C. Boyle Dam to the J.C. Boyle bypass reach and a 9-inch per hour ramp rate below the J.C. Boyle powerhouse prior to transfer of the J.C. Boyle facility.

Provided that if anadromous fish have volitional passage⁴ to the J.C. Boyle bypass reach after removal or partial removal of the lower dams and before J.C. Boyle is transferred, PacifiCorp will operate J.C. Boyle as a run of river facility with a targeted ramp rate not to exceed two inches per hour, and flows will be provided in the J.C. Boyle bypass reach to provide for the appropriate habitat needs of the anadromous fish species. The operation will also avoid and minimize take of any listed species present. Daily flows through the J.C. Boyle powerhouse will be informed by reservoir inflow gages below Keno Dam and at Spencer Creek. Provided further that if anadromous fish have volitional passage upstream of Iron Gate Dam before the Copco Facilities are transferred, PacifiCorp will operate the remaining Copco Facility that is furthest downstream as a run of the river facility with a targeted ramp rate not to exceed two inches per hour and coordinate with NMFS and FWS to determine if any other flow measures are necessary

⁴ Volitional passage shall not be deemed to have occurred if presence of anadromous fish is the result of anthropogenic placement of such fish above, within or below the J.C. Boyle Bypass Reach, including as a result of scientific studies, experiments or investigations, prior to removal of Facilities downstream of the J.C. Boyle Bypass Reach to the extent sufficient to provide fish passage past those Facilities.

to avoid or minimize take of any listed species present. In either event, flows in the respective bypass reaches will be based on species-specific habitat needs identified by the IMIC.

The Parties agree that if dam removal occurs in a staged manner, J.C. Boyle is intended to be the last dam decommissioned. If, however, the FERC surrender order or Definite Plan directs a different sequence for Decommissioning and Facilities Removal, then the Parties shall Meet and Confer to identify adjustments necessary to implement Facilities Removal in a manner that is consistent with PacifiCorp's Economic Analysis.

Interim Measure 14: 3,000 cfs Power Generation

Upon approval by OWRD in accordance with Exhibit 1, PacifiCorp may divert a maximum of 3,000 cfs from the Klamath River at J.C. Boyle dam for purposes of power generation at the J.C. Boyle Facility prior to decommissioning of the facility. Such diversions shall not reduce the minimum flow releases from J.C. Boyle dam required of PacifiCorp under Interim Measure 13. The implementation of this interim measure shall not: reduce or adversely affect the rights or claims of the Klamath Tribes or the Bureau of Indian Affairs for instream flows; affect the operation of Link River dam or Keno Dam or any facility of the Klamath Reclamation Project; or otherwise adversely affect lake levels at Upper Klamath Lake, flows in Link River, or Keno reservoir elevations.

Interim Measure 15: Water Quality Monitoring

PacifiCorp shall fund long-term baseline water quality monitoring to support dam removal, nutrient removal, and permitting studies, and also will fund blue-green algae (BGA) and BGA toxin monitoring as necessary to protect public health. Funding of \$500,000 shall be provided per year. The funding shall be made available beginning on April 1, 2010 and annually on April 1 until the time the dams are removed. Annual coordination and planning of the monitoring program with stakeholders will be performed through the Klamath Basin Water Quality Group or an entity or entities agreed upon by the Parties and in coordination with the appropriate water quality agencies. The Regional Board and ODEQ will take responsibility for ensuring that the planning documents will be completed by April 1 of each year. Monitoring will be performed by the Parties within their areas of regulatory compliance or Tribal responsibility or, alternatively, by an entity or entities agreed upon by the Parties. Monitoring activities will be coordinated with appropriate water quality agencies and shall be conducted in an open and transparent manner, allowing for participation, as desired, among the Parties and water quality agencies.

Significant disputes that may arise between the Parties, or with the Regional Board, regarding the monitoring plan content or funding will be resolved by the Implementation Committee, acting on input and advice, as necessary, from the water quality agencies. Notwithstanding the forgoing, the Oregon Department of Environmental Quality and the California State Water Resources Control Board shall make final decisions regarding spending of up to \$50,000 dedicated to BGA and BGA toxin monitoring as necessary to protect public health.

Interim Measure 16: Water Diversions

PacifiCorp shall seek to eliminate three screened diversions (the Lower Shovel Creek Diversion – 7.5 cfs, Claim # S015379; Upper Shovel Creek Diversion – 2.5 cfs, Claim # S015381; and Negro Creek Diversion – 5 cfs, Claim # S015380) from Shovel and Negro Creeks and shall seek to modify its water rights as listed above to move the points of diversion from Shovel and Negro Creeks to the mainstem Klamath River. Should modification of the water rights be feasible, and then successful, PacifiCorp shall remove the screened diversions from Shovel and Negro creeks associated with PacifiCorp's water rights prior to the time that anadromous fish are likely to be present upstream of Copco reservoir following the breach of Iron Gate and Copco dams. To continue use of the modified water rights, PacifiCorp will install screened irrigation pump intakes, as necessary, in the Klamath River. The intent of this measure is to provide additional water to Shovel and Negro creeks while not significantly diminishing the water rights or the value of ranch property owned by PacifiCorp. Should costs for elimination of the screened diversions and installation of a pumping system to provide continued use of the water rights exceed \$75,000 then the Parties will Meet and Confer to resolve the inconsistency.

Interim Measure 17: Fall Creek Flow Releases

Within 90 days of the Effective Date and during the Interim Period for the duration of its ownership while this Settlement is in effect, PacifiCorp shall provide a continuous flow release to the Fall Creek bypass reach targeted at 5 cfs. Flow releases shall be provided by stoplog adjustment at the diversion dam and shall not require new facility construction or the installation of monitoring equipment for automated flow adjustment or flow telemetry.

Additionally, if anadromous fish have passage to the Fall Creek following removal of the California dams, flows will be provided in the Fall Creek bypass reach to provide for the appropriate habitat needs of the anadromous fish species of any kind that are naturally and volitionally present in the Fall Creek bypass reach. Flows will be based on species specific habitat needs identified by the IMIC. The operation will also avoid and minimize take of any listed species present.

Interim Measure 18: Hatchery Funding

Beginning in 2010, PacifiCorp shall fund 100 percent of Iron Gate Hatchery operations and maintenance necessary to fulfill annual mitigation objectives developed by the California Department of Fish and Wildlife in consultation with the National Marine Fisheries Service and consistent with existing FERC license requirements. PacifiCorp shall provide funding of up to \$1.25 million dollars per year for operations and maintenance costs, subject to adjustment for inflation as set forth in Section 6.1.5 of the Settlement. These operations and maintenance costs shall include a program for 25 percent fractional marking of chinook at the Iron Gate Hatchery facilities as well as the current 100 percent marking program for coho and steelhead. Labor and materials costs associated with the 25 percent fractional marking program (fish marking, tags, tag recovery, processing, and data entry) shall be included within these operations and

maintenance costs. This operations and maintenance funding will continue until the removal of Iron Gate Dam.

PacifiCorp will provide one-time capital funding of \$1.35 million for the 25 percent fractional marking program. This funding will include the purchase of necessary equipment (e.g. electrical upgrades, automatic fish marking trailer, tags and a wet lab modular building for processing fish heads). PacifiCorp will ensure the automatic fish marking trailer is available for use by April 2011. PacifiCorp is not responsible for funding the possible transition to a 100 percent Chinook marking program in the future.

Interim Measure 19: Hatchery Production Continuity

Within six months of the Effective Date of the Settlement, PacifiCorp will begin a study to evaluate hatchery production options that do not rely on the current Iron Gate Hatchery water supply. The study will assess groundwater and surface water supply options, water reuse technologies or operational changes that could support hatchery production in the absence of Iron Gate Dam. The study may include examination of local well records and the feasibility of increasing the production potential at existing or new hatchery facilities in the basin.

Based on the study results, and within six months following the DRE's acceptance of the FERC surrender order, PacifiCorp will propose a post-Iron Gate Dam Mitigation Hatchery Plan (Plan) to provide continued hatchery production for eight years after the removal of Iron Gate Dam. PacifiCorp's eight- year funding obligation assumes that dam removal will occur within one year of cessation of power generation at Iron Gate Dam. If dam removal occurs after one year of cessation of power generation at Iron Gate Dam, then the Parties will Meet and Confer to determine appropriate hatchery funding beyond the eight years. PacifiCorp's Plan shall propose the most cost effective means of meeting hatchery mitigation objectives for eight years following removal of Iron Gate Dam. Upon approval of the Plan by the California Department of Fish and Wildlife or Oregon Department of Fish and Wildlife (as appropriate) and the National Marine Fisheries Service, PacifiCorp will begin implementation of the Plan. Plan implementation may include PacifiCorp contracting with the owners or administrators of other identified hatchery facilities and/or funding the planning, design, permitting, and construction of measures identified in the Plan as necessary to continue to meet mitigation production objectives. Five years after the start of Plan implementation, or as otherwise agreed by PacifiCorp, the California Department of Fish and Wildlife or Oregon Department of Fish and Wildlife (as appropriate) and the National Marine Fisheries Service, the CDFW or ODFW (as appropriate) and the NMFS shall meet to review the progress of Plan implementation. The five-year status review will also provide for consideration of any new information relevant to Plan implementation. Plan implementation shall ultimately result in production capacity sufficient to meet hatchery mitigation goals for the eight-year period being in place and operational upon removal of Iron Gate Dam.

Interim Measure 20: Hatchery Funding After Removal of Iron Gate Dam

After removal of Iron Gate Dam and for a period of eight years, PacifiCorp shall fund 100 percent of hatchery operations and maintenance costs necessary to fulfill annual mitigation objectives developed by the California Department of Fish and Wildlife in consultation with the National Marine Fisheries Service. The hatchery mitigation goals will focus on chinook production, with consideration for steelhead and coho, and may be adjusted downward from current mitigation requirements by the California Department of Fish and Wildlife and National Marine Fisheries Service, in consultation with the other Klamath River fish managers, in response to monitoring trends.

Interim Measure 21: BLM Land Management Provisions

Beginning in 2010 and continuing until Decommissioning of the J.C. Boyle facility, PacifiCorp shall fund land management activities by the Bureau of Land Management as specified in this interim measure. BLM will provide PacifiCorp an annual Work Plan for the management measures described below for road maintenance, invasive weed management, cultural resource management, and recreation. The Work Plan will include the status of Work Plan tasks from the prior year, a description of the prioritized tasks for the upcoming year, and their estimated costs. PacifiCorp or BLM will mutually establish the annual delivery date of the Work Plan taking into consideration fiscal and maintenance calendars and may request a meeting to coordinate the content of the plan. PacifiCorp will provide funding within 60 days of concurring with the Work Plan. Administrative services, environmental review or permitting efforts, if necessary, to implement actions under the funds shall not require additional PacifiCorp funding beyond the amounts specified below.

- A. PacifiCorp shall provide up to \$15,000 per year to BLM towards projects identified through the coordination process described above for the purpose of road maintenance in the Klamath Canyon. This funding will be used to annually maintain the access road from State Highway 66 to the J.C. Boyle Powerhouse and terminate at the BLM Spring Island Boat Launch. Remaining funds will be used to do non-recurring road maintenance work on roads within the Canyon as mutually agreed upon in writing by BLM and PacifiCorp.
- B. PacifiCorp shall provide up to \$10,000 per year to BLM for use by the Oregon Department of Agriculture (ODA) towards projects identified through the coordination process described above for the purpose of integrated weed management of invasive weed species along the road system and river corridor within the Klamath Canyon. Noxious weed control projects will be coordinated with Siskiyou County to ensure that weeds are controlled along the river corridor from the Oregon-California boundary to the top of Copco Reservoir.
- C. PacifiCorp shall provide up to \$10,000 per year to BLM towards projects identified through the coordination process described above for the management of the following 5 BLM cultural sites which are within, or partially within, the T1

terrace of the J.C. Boyle full flow reach: 35KL21/786, 35KL22, 35KL24, 35KL558, and 35KL577. Management of additional sites with these funds can occur with mutual written agreement between PacifiCorp and BLM.

- D. PacifiCorp shall provide up to, but no more than, \$130,000 in funding for the development and implementation of a Road Management Plan to be implemented during the Interim Period. The Road Management Plan shall be developed by BLM and PacifiCorp and will determine priorities for operation and maintenance, including remediation or restoration of redundant or unnecessary facilities, of the shared BLM/PacifiCorp road system within the Klamath River Canyon from J.C. Boyle Dam to the slack water of Copco Reservoir.

**ACTIONS IN APPENDIX E HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

APPENDIX E

Elements for the Proposed Federal Legislation

Elements Related to the Klamath Basin Restoration Agreement

- A. Confirm, ratify or approve as necessary to ensure the effectiveness of the Klamath Basin Restoration Agreement (KBRA), including any amendments approved by the Parties prior to enactment. Authorize and direct the Secretary of the Interior, Secretary of Commerce, and the Secretary of Agriculture or their designees to execute and implement the KBRA.
- B. Confirm that execution of the KBRA by the Secretary of the Interior, Secretary of Commerce, and the Secretary of Agriculture or their designees is not a major federal action for purposes of the National Environmental Policy Act, 42 U.S.C. § 4321, and direct all Federal Agency Parties to comply with all applicable environmental laws in consideration and approval of actions in implementation of the KBRA following its execution.
- C. Authorize Federal Agency Parties to enter into contracts, cooperative agreements, and other agreements in implementation of the KBRA; and authorize the acceptance and expenditure of non-federal funds or in-kind services for KBRA implementation.
- D. Notwithstanding any other provision of law, enactment of the KBRA title of this legislation and implementation of KBRA will not restrict the Tribes' or other Parties' eligibility for or receipt of funds, or be construed as an offset against any obligations or existing funds, under any federal or state laws.
- E. Establish in the Treasury the type and number of funds necessary for the deposit of appropriations and other monies, including donated funds, for implementation of the KBRA. Management of funds shall be in accordance with the KBRA. Monies donated by non-federal entities for specific purposes to implement the KBRA shall be expended for those purposes only and shall not be subject to appropriation.
- F. Authorize appropriation of such sums as are necessary to carry out the programs, projects, and plans of the KBRA. Costs associated with any actions taken pursuant to this Agreement shall be non-reimbursable to Reclamation Project contractors.
- G. Provide that the purposes of the Klamath Reclamation Project include irrigation, reclamation, domestic, flood control, municipal, industrial, power (as necessary to implement the KBRA), National Wildlife Refuge, and fish and wildlife. Nothing in the project purposes section of the legislation shall be deemed to create a water right or affect existing water rights or water right claims. The fish and wildlife and National Wildlife Refuge purposes of the Klamath Reclamation Project shall

**ACTIONS IN APPENDIX E HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

not adversely affect the irrigation purpose of the Project, *provided* that the provisions regarding water allocations and delivery to the National Wildlife Refuges agreed upon in Section 15.1.2, including any additional water made available under Sections 15.1.2.E.ii and 18.3.2.B.v, of the Klamath River Basin Restoration Agreement are hereby deemed not to constitute an adverse effect upon the Klamath Reclamation Project's irrigation purpose. For purposes of the determination of water rights in the KBA, the purpose or purposes of the Klamath Reclamation Project shall be as existed prior to the enactment of this legislation; this provision shall be inapplicable upon the filing of Appendix E-1 to the KBRA.

- H. Provide that: notwithstanding any other provision of law, the disposition of net revenues from the leasing of refuge lands within the Tule Lake National Wildlife Refuge and Lower Klamath National Wildlife Refuge, under section 4 of Public Law 88-567, 78 Stat. 850 (Sept. 2, 1964) (Kuchel Act) shall hereafter be:
1. Ten percent of said net revenues to Tule Lake Irrigation District, as provided in article 4 of Contract No. 14-06-200-5954 and section 2(a) of the Act of August 1, 1956;
 2. Payment to Counties in lieu of taxes as provided in section 3 of Public Law 88-567;
 3. Twenty percent of said net revenues directly, without further authorization, to the U.S. Fish and Wildlife Service, Klamath Basin Refuges, for wildlife management purposes on the Tule Lake National Wildlife Refuge and Lower Klamath National Wildlife Refuge;
 4. Ten percent of said net revenues directly, without further authorization to Klamath Drainage District for operation and maintenance responsibility for the Reclamation water delivery and drainage facilities within the boundaries of both Klamath Drainage District and Lower Klamath National Wildlife Refuge exclusive of the Klamath Straits Drain, subject to Klamath Drainage District's assuming the U.S. Bureau of Reclamation's Operation and Maintenance duties for Klamath Drainage District (Area K) lease lands; and
 5. The remainder shall be covered to the Reclamation fund to be applied as follows:
 - (a) to operation and maintenance costs of Link River and Keno Dams; and
 - (b) in any year where the remainder exceeds the actual costs in (a), for the Renewable Power Program in Section 17.7 of the KBRA or future capital costs of the Klamath Reclamation Project, pursuant to an expenditure plan submitted to and approved by the Secretary.

**ACTIONS IN APPENDIX E HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

- I. As applicable for the United States and the signatory Tribes:
 - 1. Confirm the commitments made in the KBRA, including the Assurances in Section 15.3 of the KBRA, and that such commitments are effective and binding according to their terms.
 - 2. Authorize the Tribes to issue the voluntary relinquishment and release of claims against the United States as provided in Section 15.3 of the KBRA.
 - 3. Establish terms limiting the effect of the commitments of the United States and Tribes to only those provided in the KBRA.
 - 4. Authorize and direct the Secretary to publish the notice identified in KBRA Sections 15.3.4.A or 15.3.4.C as applicable.
- J. Provide for judicial review of a decision by the Secretary affecting rights or obligations created in Sections 15.3.5.C, 15.3.6.B.iii, 15.3.7.B.iii, 15.3.8.B, and 15.3.9 under the Administrative Procedure Act, 5 U.S.C. §§ 701-706.
- K. Authorize the United States and the Klamath Tribes to enter into agreements consistent with Section 16.2 of the KBRA.
- L. Provide that nothing in the KBRA title of the legislation shall: determine existing water rights, affect existing water rights beyond what is stated in the KBRA, create any private cause of action, expand the jurisdiction of state courts to review federal agency actions or determine federal rights, provide any benefit to a federal official or member of Congress, amend or affect application or implementation of the Clean Water Act, Endangered Species Act, Federal Land Management Policy Act, Kuchel Act (Public Law 88-567), National Wildlife Refuge System Improvement Act of 1997 (Public Law 105-57), or supersede otherwise applicable federal law, except as expressly provided in the federal legislation.
- M. The KBRA title of the legislation shall provide that the provisions of the KBRA are deemed consistent with 43 U.S.C. § 666.
- N. Require that if the KBRA terminates, any federal funds provided to Parties that are unexpended must be returned to the United States, and any federal funds expended for the benefit of a Party shall be treated as an offset against any claim for damages by such Party arising from the Agreement.

**ACTIONS IN APPENDIX E HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

Elements Related to the Klamath Hydroelectric Settlement Agreement

- A. Authorize and direct the Secretary of the Interior (Secretary), Secretary of Commerce, and Federal Energy Regulatory Commission (FERC) to implement the Klamath Hydroelectric Settlement Agreement (KHSA).
- B. Authorize and direct the Secretary to make the determination by March 31, 2012 as set forth in Section 3 of the KHSA: whether facilities removal will advance restoration of the salmonid fisheries of the Klamath Basin and is in the public interest, which includes but is not limited to consideration of potential impacts on affected local communities and Tribes.
- C. Prohibit the Secretary from making the determination set forth in Section 3 of the KHSA if the conditions specified in Section 3.3.4 of the KHSA have not been satisfied.
- D. Authorize and direct the Secretary, if the Secretarial determination provides for facilities removal, to designate as part of that determination a dam removal entity (DRE) with the capabilities and responsibilities set forth in Section 7 of the KHSA; the Secretary may designate either the Department of the Interior or a non-federal entity as the DRE, consistent with the requirements of Section 3.3.4.E of the KHSA.
- E. Direct the Secretary to publish notification of the Secretarial Determination in the Federal Register.
- F. Provide jurisdiction for judicial review of the Secretarial determination in the U.S. Court of Appeals for the 9th Circuit or the D.C. Circuit.
- G. Authorize the DRE: to accept, expend and manage non-federal funds for facilities removal; to enter into appropriate agreements with the States of California and Oregon, Tribes, other public agencies, or others to assist in implementation of the KHSA; to develop a definite plan for facilities removal; to accept from PacifiCorp all rights, title, and other interests in the facilities upon providing notice that it is ready to commence with facilities removal; and to perform such removal, all as provided in Sections 4 and 7 of the KHSA.
- H. Authorize and direct the DRE to seek and obtain necessary permits, certifications, and other authorizations to implement facilities removal, including but not limited to a permit under 33 U.S.C. § 1344.
- I. Provide that Facilities Removal shall be subject to applicable requirements of State and local laws respecting permits, certifications and other authorizations, to the extent such requirements are consistent with the Secretarial determination and the Definite Plan, including the schedules for Facilities Removal.

**ACTIONS IN APPENDIX E HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

- J. Direct the Department of the Interior or the Non-Federal DRE to enter into a contract with PacifiCorp that provides that: upon transfer of title to the facilities, and until notified by the DRE to cease generation of electric power, PacifiCorp shall continue such generation, retain title to any and all power so generated by the facilities, and continue to use the output for the benefit of its retail customers under the jurisdiction of relevant state public utility commissions.
- K. Authorize and direct the Secretary of the Interior, upon notice that the DRE is ready to perform removal of the J.C. Boyle development, to accept transfer of the Keno Dam from PacifiCorp, to be managed as a part of the Klamath Reclamation Project, as provided in Section 3.3.4.B and Section 7.5 of the KHSA.
- L. Provide PacifiCorp with protection from liability as follows: “Notwithstanding any other federal, state, local law or common law, PacifiCorp shall not be liable for any harm to persons, property, or the environment, or damages resulting from either Facilities Removal or Facility operation arising from, relating to, or triggered by actions associated with Facilities removal, including but not limited to any damage caused by the release of any material or substance, including but not limited to hazardous substances.”
- M. Further provide: “Notwithstanding any other federal, state, local law or common law, no person or entity contributing funds for facilities removal pursuant to the KHSA shall be held liable, solely by virtue of that funding, for any harm to persons, property, or the environment, or damages arising from either facilities removal or facility operation arising from, relating to, or triggered by actions associated with facilities removal, including any damage caused by the release of any material or substance, including hazardous substances.”
- N. Further provide that: “Notwithstanding Section 10(c) of the Federal Power Act, this protection from liability preempts the laws of any State to the extent such laws are inconsistent with this Act, except that this Act shall not be construed to limit any otherwise available immunity, privilege, or defense under any other provision of law.”
- O. Further provide that the liability protections in Paragraphs L through N, above, shall take effect as they relate to any particular facility only upon transfer of title to that facility from PacifiCorp to the DRE.
- P. Direct FERC to issue annual licenses authorizing PacifiCorp to continue to operate Project No. 2082 until PacifiCorp transfers title to the DRE, and provide that FERC’s jurisdiction under the Federal Power Act shall terminate with respect to a given facility upon PacifiCorp’s transfer of title for such facility to the DRE; if the facilities are removed in a staged manner, annual FERC license conditions applying to the facility being removed shall no longer be in effect, and PacifiCorp shall continue to comply with license conditions pertaining to any facility still in

**ACTIONS IN APPENDIX E HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

place to the extent such compliance is not prevented by the removal of any other facility.

- Q. Direct FERC to stay its proceeding on PacifiCorp's pending license application for Project No. 2082 as long as the KHSA remains in effect, and resume such proceeding, and take final action on the license application, only if the KHSA terminates; except that FERC will resume timely consideration of the pending FERC license application for the Fall Creek development within 60 days of the transfer of the Iron Gate Facility to the DRE.
- R. Provide that if the KHSA terminates, the Secretarial Determination and findings of fact shall not be admissible or otherwise relied upon in FERC's proceedings on the license application.
- S. Provide that on PacifiCorp's filing of an application for surrender of the Eastside and Westside developments of Project No. 2082 pursuant to Section 6.4.1 of the KHSA, FERC shall issue an appropriate order regarding partial surrender of the license specific to the Eastside and Westside developments, including any reasonable and appropriate conditions.
- T. Provide that nothing in the KHSA title of the legislation shall: modify existing water rights; affect the rights of any Tribe; or supersede otherwise applicable federal law, except as expressly provided in the legislation.

APPENDIX F
Oregon Surcharge Act (as codified)

757.732 Definitions for ORS 757.732 to 757.744.

As used in ORS 757.732 to 757.744:

- (1) “Agreement in principle” means the agreement signed November 13, 2008, by the states of Oregon and California, by the United States Department of the Interior and by PacifiCorp.
- (2) “Allocated share” means the portion of PacifiCorp’s costs assigned to this state under the interjurisdictional cost allocation methodology used by the Public Utility Commission for the purpose of establishing rates for PacifiCorp.
- (3) “Customers” means the Oregon retail electricity customers of PacifiCorp.
- (4) “Final agreement” means a successor agreement to the agreement in principle.
- (5) “Klamath River dam” means the J.C. Boyle Dam located in Oregon, the Copco 1 Dam located in California, the Copco 2 Dam located in California or the Iron Gate Dam located in California. [2009 c.690 §2]

757.734 Recovery of investment in Klamath River dams.

- (1) Not more than six months after the execution of a final agreement, the Public Utility Commission shall determine a depreciation schedule under ORS 757.140 for each Klamath River dam based on the assumption that the dam will be removed in 2020. The commission may change a depreciation schedule determined under this section at any time if removal of a dam will occur during a year other than 2020.
- (2) The commission shall use the depreciation schedules prepared under this section to establish rates and tariffs for the recovery of Oregon’s allocated share of undepreciated amounts prudently invested by PacifiCorp in a Klamath River dam. Amounts recoverable under this section include, but are not limited to:
 - (a) Return of investment and return on investment;
 - (b) Capital improvements required by the United States or any state for continued operation of the dam until dam removal;
 - (c) Amounts spent by PacifiCorp in seeking relicensing of the dam before July 14, 2009;
 - (d) Amounts spent by PacifiCorp for settlement of the issues of relicensing or removal of the dam; and
 - (e) Amounts spent by PacifiCorp for the decommissioning of the dam in anticipation of the dam’s removal.
- (3) If any amount specified under subsection (2) of this section has not been recovered by PacifiCorp before a dam is removed, the Public Utility Commission shall allow recovery of that amount by PacifiCorp in PacifiCorp’s rates and tariffs. The commission shall allow the recovery without an amortization schedule if the impact of the recovery does not exceed one-half of one percent of PacifiCorp’s annual revenue requirement. If the impact exceeds one-half of one percent of PacifiCorp’s annual revenue requirement, the commission may establish an amortization schedule that limits the annual impact to one-half of one percent of PacifiCorp’s annual revenue requirement. [2009 c.690 §3]

757.736 Surcharges for funding costs of removing Klamath River dams; judicial review.

(1) Not more than 30 days after the execution of a final agreement, PacifiCorp must file a copy of the final agreement with the Public Utility Commission along with full and complete copies of all analyses or studies that relate to the rate-related costs, benefits and risks for customers of removing or relicensing Klamath River dams and that were reviewed by PacifiCorp during the decision-making process that led to PacifiCorp's entering into the final agreement.

(2) PacifiCorp must include with the filing made under subsection (1) of this section tariffs for the collection of two nonbypassable surcharges from its customers for the purpose of paying the costs of removing Klamath River dams as described in subsection (11) of this section.

Notwithstanding the commission's findings and conclusions under subsection (4) of this section, the commission shall require PacifiCorp to begin collecting the surcharges on the date that the filing is made under subsection (1) of this section, or on January 1, 2010, whichever is later, and PacifiCorp shall continue to collect the surcharges pending a final decision on the commission's order under subsection (4) of this section. The surcharges imposed under this section shall be:

- (a) A surcharge for the costs of removing the J.C. Boyle Dam; and
- (b) A surcharge for the costs of removing the Copco 1 Dam, the Copco 2 Dam and the Iron Gate Dam.

(3) The surcharges imposed under this section may not exceed the amounts necessary to fund Oregon's share of the customer contribution of \$200 million identified in the agreement in principle. In addition, the total amount collected in a calendar year under both surcharges may not exceed more than two percent of PacifiCorp's annual revenue requirement as determined in PacifiCorp's last case under ORS 757.210 decided by the commission before January 1, 2010.

(4) Not more than six months after a filing is made under subsection (1) of this section, the commission shall conduct a hearing under ORS 757.210 on the surcharges imposed under this section, and shall enter an order setting forth findings and conclusions as to whether the imposition of surcharges under the terms of the final agreement results in rates that are fair, just and reasonable.

(5) Notwithstanding ORS 183.482 (1), jurisdiction for judicial review of any appeal of an order entered under subsection (4) of this section is conferred on the Supreme Court, and a person seeking judicial review of the order must file a petition for review with the Supreme Court in the manner provided by ORS 183.482. ORS 183.482 (3) does not apply to an order entered under subsection (4) of this section. If a petition for review is filed, the surcharges imposed under the terms of the final agreement shall remain in effect pending a final decision on the petition, but shall be refunded if the rates resulting from the surcharges are finally determined not to be fair, just and reasonable. A petition filed under this subsection must indicate on its face that the petition is filed pursuant to this subsection.

(6) The commission may not use any commercially sensitive information provided to the commission in a filing made under subsection (1) of this section for any purpose other than determining whether the imposition of surcharges under the terms of the final agreement results in rates that are fair, just and reasonable. Notwithstanding ORS 192.410 to 192.505, the commission may not release commercially sensitive information provided to the commission under this section, and shall require any person participating in a proceeding relating to the

surcharge to sign a protective order prepared by the commission before allowing the participant to obtain and use the information.

(7) The surcharges imposed under this section must be of a specified amount per kilowatt hour billed to retail customers, as determined by the commission. The amount of each surcharge shall be calculated based on a collection schedule that will fund, by December 31, 2019, Oregon's share of the customer contribution of \$200 million identified in the agreement in principle. To the extent practicable, the commission shall set the surcharges so that total annual collections of the surcharges remain approximately the same during the collection period, and, when setting the rate for the surcharges, the commission shall account for the actual and expected changes in energy usage over the collection period and account for the actual and expected changes in interest rates on the collected funds over the collection period. The commission may change the collection schedule if a Klamath River dam will be removed during a year other than 2020.

(8) Except as provided in ORS 757.738 (2), all amounts collected under the surcharges imposed under this section shall be paid into the appropriate trust account established under ORS 757.738.

(9) If the commission determines at any time that amounts have been collected under this section in excess of those needed, or in excess of those allowed, the commission must:

(a) Direct the trustee of the appropriate trust account under ORS 757.738 to refund these excess amounts to customers or to otherwise use these amounts for the benefit of customers;

or

(b) Adjust future surcharge amounts as necessary to offset the excess amounts.

(10) If one or more Klamath River dams will not be removed, the commission shall direct PacifiCorp to terminate collection of all or part of the surcharges imposed under this section. In addition, the commission shall direct the trustee of the appropriate trust account under ORS 757.738 to apply any excess balances in the accounts to Oregon's allocated share of prudently incurred costs to implement Federal Energy Regulatory Commission relicensing requirements. If any excess amounts remain in the trust accounts after that application, the Public Utility Commission shall order that the excess amounts be refunded to customers or otherwise be used for the benefit of customers in accordance with Public Utility Commission rules and policies.

(11) For the purposes of subsection (2) of this section, "the costs of removing Klamath River dams" includes costs of:

(a) Physical removal of the dams;

(b) Site remediation and restoration;

(c) Avoiding downstream impacts of dam removal;

(d) Downstream impacts of dam removal;

(e) Permits that are required for the removal;

(f) Removal and disposal of sediment, debris and other materials, if necessary; and

(g) Compliance with environmental laws. [2009 c.690 §4; 2011 c.394 §1]

757.738 Surcharge trust accounts related to removal of Klamath River dams.

(1)(a) The Public Utility Commission shall establish a separate trust account for amounts generated by each of the two surcharges imposed under ORS 757.736. The commission shall establish the trust accounts as interest-bearing accounts:

(A) With an agency of the United States identified in the final agreement;

(B) In a depository that is qualified under ORS 295.001 to 295.108 to receive public funds; or

(C) With the State Treasurer, to be invested as provided in ORS 293.701 to 293.857.

(b) The commission may establish each of the two trust accounts with a different trustee among those listed in paragraph (a) of this subsection.

(c) The commission may authorize transfer of funds from one trust account to another as necessary to fund removal of the Klamath River dams.

(2) If an agreement is entered into under ORS 757.742 (2), the parties to the agreement may agree that a portion of the amounts collected under one surcharge may be deposited in the trust account established for amounts collected under the other surcharge.

(3) Upon request of an agency of the United States, or upon request of the designee of an agency of the United States, the commission shall require the trustee of the appropriate trust account established under this section to transfer to the agency or designee the amounts that are necessary to pay the costs of removing the Klamath River dams as described in ORS 757.736 (11).

(4) If any amounts remain in a trust account established under this section after the trustee makes all payments necessary for the costs of removing the Klamath River dams as described in ORS 757.736 (11), the commission shall direct the trustee of the account to refund those amounts to customers or to otherwise use the excess amounts for the benefit of customers. [2009 c.690 §5; 2011 c.394 §2]

757.740 Recovery of other costs incurred as result of changes in operation to or removal of Klamath River dams.

Pursuant to ORS 757.210, the Public Utility Commission shall allow PacifiCorp to include in its rates and tariffs this state's allocated share of any costs that are prudently incurred by PacifiCorp from changes in operation of Klamath River dams before removal of the dams, or that are prudently incurred for replacement power after the dams are removed, that are not otherwise recovered under ORS 757.734 and 757.736. [2009 c.690 §6]

757.742 Public Utility Commission authorization to enter agreement with California related to cost apportionment and trust fund.

(1) The State of Oregon may enter into an agreement with representatives of the State of California, either as part of a final agreement or by separate agreement, that establishes each state's share of the customer contribution of \$200 million identified in the agreement in principle.

(2) The Public Utility Commission may enter into an agreement with representatives of the State of California to establish and administer the trust accounts authorized under ORS 757.738 and to ensure that trust account moneys are disbursed for dam removal costs that are necessary and appropriate. [2009 c.690 §7]

757.744 Disclaimers.

(1) ORS 757.732 to 757.744 do not authorize the expenditure of any public moneys for removal of Klamath River dams.

(2) ORS 757.732 to 757.744 do not create a cause of action against the State of Oregon or against any of the officers, employees or agents of the state and may not be used as the basis for an assertion of liability on the part of the State of Oregon or of any officers, employees or agents of the state. [2009 c.690 §8]

APPENDIX G-1
Water Bond Language (California)

CALIFORNIA BOND FUNDING APPROVED THROUGH VOTER APPROVAL OF THE WATER QUALITY, SUPPLY, AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014 (PROPOSITION 1) IN NOVEMBER 2014.

**ACTIONS IN APPENDIX G-2 HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

**APPENDIX G-2
CEQA Legislation Language (California)**

Uncodified Statute

Application of Division 13 of the Public Resources Code to activities and approvals related to the Klamath Basin, as more particularly described in two agreements between the United States, the State of California, the State of Oregon and other Klamath Basin Stakeholders, shall be limited as follows:

(a) The following activities related to restoration of the Klamath Basin are not a “project” as defined in Public Resources Code section 21065:

- (1) Execution of the Klamath Hydroelectric Settlement Agreement;
- (2) Execution of the Klamath Basin Restoration Agreement;
- (3) A request to the California Public Utilities Commission to establish a surcharge to fund dam removal activities pursuant to the Klamath Hydroelectric Settlement Agreement, or the California Public Utilities Commission's action on such request.

(b) Division 13 of the Public Resources Code shall apply to the decision of whether to concur with the determination by the United States to remove any or all of the dams described in the Klamath Hydroelectric Settlement Agreement, whether to approve any projects that are proposed for approval pursuant to such determination and whether to approve any projects that are proposed pursuant to the Klamath Basin Restoration Agreement after its execution.

Environmental review prepared pursuant to this subdivision shall focus on the issues that are ripe for decision at the time of the concurrence and/or proposal, and from which later environmental review may tier. The Department of Fish and Game may be the lead agency for the environmental review of the decision of whether to concur in the determination by the United States described in this subdivision.

APPENDIX H

Calculation of Initial Customer Surcharge Target

APPENDIX H

Monthly Interest Estimator

Assumptions:

Green shaded cells drive table assumptions for Annual interest rate and Annual Spend Rate
After setting assumptions, adjust Total Target Collection to achieve \$200M in cell G137

	Annual Collection	Total Target Collection
Annual Surcharge Collected Jan10 - Jun12	\$ 17,200	\$ 172,000
Annual Surcharge Collected Jul12 - Dec20	\$ 17,200	
Annual Interest Rate	3.50%	
	Monthly Spend	Annual Spend
Cash Outflow10-12	0.00%	0.00%
Cash Outflow13-16	0.42%	5.00%
Cash Outflow17-19	0.83%	10.00%

Year	Beginning Balance	Cash Inflow	Cash Outflow	Interest Earned	Ending Balance	Collection Check	Interest Check
J-10	\$ -	\$ 1,433	\$ -	\$ 2	\$ 1,435		
F-10	\$ 1,435	\$ 1,433	\$ -	\$ 6	\$ 2,875		
M-10	\$ 2,875	\$ 1,433	\$ -	\$ 10	\$ 4,319		
A-10	\$ 4,319	\$ 1,433	\$ -	\$ 15	\$ 5,767		
M-10	\$ 5,767	\$ 1,433	\$ -	\$ 19	\$ 7,219		
J-10	\$ 7,219	\$ 1,433	\$ -	\$ 23	\$ 8,676		
J-10	\$ 8,676	\$ 1,433	\$ -	\$ 27	\$ 10,136		
A-10	\$ 10,136	\$ 1,433	\$ -	\$ 32	\$ 11,601		
S-10	\$ 11,601	\$ 1,433	\$ -	\$ 36	\$ 13,071		
O-10	\$ 13,071	\$ 1,433	\$ -	\$ 40	\$ 14,544		
N-10	\$ 14,544	\$ 1,433	\$ -	\$ 45	\$ 16,022		
D-10	\$ 16,022	\$ 1,433	\$ -	\$ 49	\$ 17,504	\$ 17,200	\$ 304
J-11	\$ 17,504	\$ 1,433	\$ -	\$ 53	\$ 18,991		
F-11	\$ 18,991	\$ 1,433	\$ -	\$ 57	\$ 20,481		
M-11	\$ 20,481	\$ 1,433	\$ -	\$ 62	\$ 21,977		
A-11	\$ 21,977	\$ 1,433	\$ -	\$ 66	\$ 23,476		
M-11	\$ 23,476	\$ 1,433	\$ -	\$ 71	\$ 24,980		
J-11	\$ 24,980	\$ 1,433	\$ -	\$ 75	\$ 26,488		
J-11	\$ 26,488	\$ 1,433	\$ -	\$ 79	\$ 28,001		
A-11	\$ 28,001	\$ 1,433	\$ -	\$ 84	\$ 29,518		
S-11	\$ 29,518	\$ 1,433	\$ -	\$ 88	\$ 31,040		
O-11	\$ 31,040	\$ 1,433	\$ -	\$ 93	\$ 32,566		
N-11	\$ 32,566	\$ 1,433	\$ -	\$ 97	\$ 34,096		
D-11	\$ 34,096	\$ 1,433	\$ -	\$ 102	\$ 35,631	\$ 17,200	\$ 927
J-12	\$ 35,631	\$ 1,433	\$ -	\$ 106	\$ 37,170		
F-12	\$ 37,170	\$ 1,433	\$ -	\$ 111	\$ 38,714		
M-12	\$ 38,714	\$ 1,433	\$ -	\$ 115	\$ 40,262		
A-12	\$ 40,262	\$ 1,433	\$ -	\$ 120	\$ 41,815		
M-12	\$ 41,815	\$ 1,433	\$ -	\$ 124	\$ 43,373		
J-12	\$ 43,373	\$ 1,433	\$ -	\$ 129	\$ 44,934		
J-12	\$ 44,934	\$ 1,433	\$ 187	\$ 133	\$ 46,313		
A-12	\$ 46,313	\$ 1,433	\$ 193	\$ 137	\$ 47,691		
S-12	\$ 47,691	\$ 1,433	\$ 199	\$ 141	\$ 49,066		
O-12	\$ 49,066	\$ 1,433	\$ 204	\$ 145	\$ 50,440		
N-12	\$ 50,440	\$ 1,433	\$ 210	\$ 149	\$ 51,812		
D-12	\$ 51,812	\$ 1,433	\$ 216	\$ 153	\$ 53,182	\$ 17,200	\$ 1,561
J-13	\$ 53,182	\$ 1,433	\$ 222	\$ 157	\$ 54,551		
F-13	\$ 54,551	\$ 1,433	\$ 227	\$ 161	\$ 55,918		
M-13	\$ 55,918	\$ 1,433	\$ 233	\$ 165	\$ 57,283		
A-13	\$ 57,283	\$ 1,433	\$ 239	\$ 169	\$ 58,647		
M-13	\$ 58,647	\$ 1,433	\$ 244	\$ 173	\$ 60,008		
J-13	\$ 60,008	\$ 1,433	\$ 250	\$ 177	\$ 61,368		
J-13	\$ 61,368	\$ 1,433	\$ 256	\$ 181	\$ 62,727		
A-13	\$ 62,727	\$ 1,433	\$ 261	\$ 185	\$ 64,083		
S-13	\$ 64,083	\$ 1,433	\$ 267	\$ 189	\$ 65,438		
O-13	\$ 65,438	\$ 1,433	\$ 273	\$ 193	\$ 66,792		
N-13	\$ 66,792	\$ 1,433	\$ 278	\$ 196	\$ 68,143		
D-13	\$ 68,143	\$ 1,433	\$ 284	\$ 200	\$ 69,493		
J-14	\$ 69,493	\$ 1,433	\$ 290	\$ 204	\$ 70,841	\$ 17,200	\$ 2,192
F-14	\$ 70,841	\$ 1,433	\$ 295	\$ 208	\$ 72,187		
M-14	\$ 72,187	\$ 1,433	\$ 301	\$ 212	\$ 73,532		
A-14	\$ 73,532	\$ 1,433	\$ 306	\$ 216	\$ 74,875		
M-14	\$ 74,875	\$ 1,433	\$ 312	\$ 220	\$ 76,217		
J-14	\$ 76,217	\$ 1,433	\$ 318	\$ 224	\$ 77,556		
J-14	\$ 77,556	\$ 1,433	\$ 323	\$ 228	\$ 78,894		
A-14	\$ 78,894	\$ 1,433	\$ 329	\$ 232	\$ 80,231		
S-14	\$ 80,231	\$ 1,433	\$ 334	\$ 236	\$ 81,565		
O-14	\$ 81,565	\$ 1,433	\$ 340	\$ 239	\$ 82,898		
N-14	\$ 82,898	\$ 1,433	\$ 345	\$ 243	\$ 84,230		
D-14	\$ 84,230	\$ 1,433	\$ 351	\$ 247	\$ 85,559	\$ 17,200	\$ 2,710
J-15	\$ 85,559	\$ 1,433	\$ 356	\$ 251	\$ 86,887		
F-15	\$ 86,887	\$ 1,433	\$ 362	\$ 255	\$ 88,213		
M-15	\$ 88,213	\$ 1,433	\$ 368	\$ 259	\$ 89,538		
A-15	\$ 89,538	\$ 1,433	\$ 373	\$ 263	\$ 90,861		
M-15	\$ 90,861	\$ 1,433	\$ 379	\$ 267	\$ 92,182		
J-15	\$ 92,182	\$ 1,433	\$ 384	\$ 270	\$ 93,502		
J-15	\$ 93,502	\$ 1,433	\$ 390	\$ 274	\$ 94,820		
A-15	\$ 94,820	\$ 1,433	\$ 395	\$ 278	\$ 96,136		
S-15	\$ 96,136	\$ 1,433	\$ 401	\$ 282	\$ 97,451		
O-15	\$ 97,451	\$ 1,433	\$ 406	\$ 286	\$ 98,764		
N-15	\$ 98,764	\$ 1,433	\$ 412	\$ 290	\$ 100,075		

APPENDIX H

Year	Beginning Balance	Cash Inflow	Cash Outflow	Interest Earned	Ending Balance	Collection Check	Interest Check
D-15 \$	100,075 \$	1,433 \$	417 \$	293 \$	101,385 \$	\$ 17,200	\$ 3,267
J-16 \$	101,385 \$	1,433 \$	422 \$	297 \$	102,693		
F-16 \$	102,693 \$	1,433 \$	428 \$	301 \$	104,000		
M-16 \$	104,000 \$	1,433 \$	433 \$	305 \$	105,304		
A-16 \$	105,304 \$	1,433 \$	439 \$	309 \$	106,608		
M-16 \$	106,608 \$	1,433 \$	444 \$	312 \$	107,909		
J-16 \$	107,909 \$	1,433 \$	450 \$	316 \$	109,209		
J-16 \$	109,209 \$	1,433 \$	455 \$	320 \$	110,507		
A-16 \$	110,507 \$	1,433 \$	460 \$	324 \$	111,804		
S-16 \$	111,804 \$	1,433 \$	466 \$	328 \$	113,099		
O-16 \$	113,099 \$	1,433 \$	471 \$	331 \$	114,392		
N-16 \$	114,392 \$	1,433 \$	477 \$	335 \$	115,684		
D-16 \$	115,684 \$	1,433 \$	482 \$	339 \$	116,974	\$ 17,200	\$ 3,816
J-17 \$	116,974 \$	1,433 \$	975 \$	342 \$	117,774		
F-17 \$	117,774 \$	1,433 \$	981 \$	344 \$	118,570		
M-17 \$	118,570 \$	1,433 \$	988 \$	346 \$	119,362		
A-17 \$	119,362 \$	1,433 \$	995 \$	349 \$	120,150		
M-17 \$	120,150 \$	1,433 \$	1,001 \$	351 \$	120,933		
J-17 \$	120,933 \$	1,433 \$	1,008 \$	353 \$	121,712		
J-17 \$	121,712 \$	1,433 \$	1,014 \$	356 \$	122,486		
A-17 \$	122,486 \$	1,433 \$	1,021 \$	358 \$	123,257		
S-17 \$	123,257 \$	1,433 \$	1,027 \$	360 \$	124,023		
O-17 \$	124,023 \$	1,433 \$	1,034 \$	362 \$	124,785		
N-17 \$	124,785 \$	1,433 \$	1,040 \$	365 \$	125,543		
D-17 \$	125,543 \$	1,433 \$	1,046 \$	367 \$	126,297	\$ 17,200	\$ 4,253
J-18 \$	126,297 \$	1,433 \$	1,052 \$	369 \$	127,047		
F-18 \$	127,047 \$	1,433 \$	1,059 \$	371 \$	127,793		
M-18 \$	127,793 \$	1,433 \$	1,065 \$	373 \$	128,534		
A-18 \$	128,534 \$	1,433 \$	1,071 \$	375 \$	129,272		
M-18 \$	129,272 \$	1,433 \$	1,077 \$	378 \$	130,005		
J-18 \$	130,005 \$	1,433 \$	1,083 \$	380 \$	130,735		
J-18 \$	130,735 \$	1,433 \$	1,089 \$	382 \$	131,461		
A-18 \$	131,461 \$	1,433 \$	1,096 \$	384 \$	132,183		
S-18 \$	132,183 \$	1,433 \$	1,102 \$	386 \$	132,900		
O-18 \$	132,900 \$	1,433 \$	1,108 \$	388 \$	133,614		
N-18 \$	133,614 \$	1,433 \$	1,113 \$	390 \$	134,324		
D-18 \$	134,324 \$	1,433 \$	1,119 \$	392 \$	135,031	\$ 17,200	\$ 4,568
J-19 \$	135,031 \$	1,433 \$	1,125 \$	394 \$	135,733		
F-19 \$	135,733 \$	1,433 \$	1,131 \$	396 \$	136,431		
M-19 \$	136,431 \$	1,433 \$	1,137 \$	398 \$	137,126		
A-19 \$	137,126 \$	1,433 \$	1,143 \$	400 \$	137,817		
M-19 \$	137,817 \$	1,433 \$	1,148 \$	402 \$	138,504		
J-19 \$	138,504 \$	1,433 \$	1,154 \$	404 \$	139,188		
J-19 \$	139,188 \$	1,433 \$	1,160 \$	406 \$	139,868		
A-19 \$	139,868 \$	1,433 \$	1,166 \$	408 \$	140,544		
S-19 \$	140,544 \$	1,433 \$	1,171 \$	410 \$	141,216		
O-19 \$	141,216 \$	1,433 \$	1,177 \$	412 \$	141,885		
N-19 \$	141,885 \$	1,433 \$	1,182 \$	414 \$	142,550		
D-19 \$	142,550 \$	1,433 \$	1,188 \$	416 \$	143,212	\$ 17,200	\$ 4,864
Ten-Year Totals		\$ 172,000	\$ 57,203	\$ 28,415	\$200,415	Total Surcharge Fund Collection	

**ACTIONS IN APPENDIX I HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

APPENDIX I
Study Process Guidelines

In providing the information to support the Secretarial Determination as set forth fully in Section 3 of the Settlement, the federal team will address three decisions to be made by the Secretary:

- Whether Facilities Removal can be completed within the State Cost Cap or an amount otherwise agreed to by the Parties,
- The “Secretarial Determination” of whether Facilities Removal will benefit the fisheries and will otherwise be in the public interest, and
- Whether Interior will be the Dam Removal Entity in the event of an Affirmative Determination.

Overall, the supporting analyses will, at a minimum, address the following:

- A cost estimate of Facilities Removal;
- Identification and management of risks and of foreseeable liabilities associated with Facilities Removal;
- The environmental effects of Facilities Removal;
- The impacts on local and Tribal communities; and
- An economic analysis.

This Appendix outlines the approach to complete the analyses needed to support the Secretarial Determination. The key discipline areas that need study and analysis for the Secretarial Determination fall into six categories, including:

- Engineering
- Sediment Composition, Fate and Transport
- Water Quality
- Fisheries
- Economics
- Liability and Risk Management

The study efforts will concentrate on these areas. However, if other key disciplines are identified in the process, they will be included. The Parties recognize that other studies and analyses are established in the existing record. The non-federal Parties agree to collaborate and provide recommendations for prioritized activities related to the Secretarial Determination for each of the six categories and shall communicate through the Technical Coordination Committee (TCC). See Appendix A. Such recommendations will include developing key questions or

**ACTIONS IN APPENDIX I HAVE BEEN COMPLETED OR ARE NO LONGER
APPLICABLE**

objectives for the Secretarial Determination in order to provide context for the near-term priority studies and analyses. However, final decisions on studies and analyses remain at the Secretary's discretion.

**ACTIONS IN APPENDIX J HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

APPENDIX J
Science Process

1. Introduction

The federal team agrees to an open and transparent science process for the 2012 Secretarial Determination and continuing through the subsequent phases, if there are any, leading up to Facilities Removal in the event of an Affirmative Determination. The goal of this science process is to provide for transparency and integrity in the preparation, identification, and use of scientific and technological information that supports the actions and decisions arising from the Settlement.

2. Description of Science in Settlement

For purposes of the Settlement,

Science Process means the essential technical studies undertaken that will support the Secretarial Determination and that will continue through subsequent phases up to Facilities Removal. Consistent with well-established scientific standards, the process shall seek to make reasonable, objective, accurate, technically appropriate use of data and analyses, including existing work, and not advocate or otherwise limit the analyses and conclusions of the studies to fit a predetermined outcome. The studies developed or used or the process used to review existing studies will be conducted in accordance with Memorandum on Scientific Integrity attached herein.

Sufficiency of Science means that all new studies and analyses undertaken, or any existing data sets or studies relied upon in whole or in part, shall be of high technical quality, scientifically defensible, and of sufficient depth and scope to support fully informed decision-making by the Secretary.

3. Application

The Secretary of the Interior will determine whether Facilities Removal should proceed.

Elements of the science process to be established to support the Secretarial Determination are described in the *Coordination Process for the Studies Supporting the Secretarial Determination (Appendix A)* and the peer review process outlined below. The Secretary and the federal team will also seek public input during the Secretarial Determination process.

For the Secretarial Determination there may be opportunities to include findings and raw data from previous studies conducted in the Klamath Basin that could reduce, minimize, or even eliminate the need for new data collection and studies. The federal team will coordinate with the Parties, through the TCC, to identify those important previous studies, current data gaps, and work plans as outlined in Section 1.A of Appendix A.

**ACTIONS IN APPENDIX J HAVE BEEN COMPLETED
OR ARE NO LONGER APPLICABLE**

4. Peer Review Process

The federal parties will consider input from the Parties, through the TCC, and from the public regarding which studies should be peer reviewed. At the discretion of the Secretary, reports and data sets with the potential of having a major effect on the Secretarial Determination will be peer reviewed by subject-matter experts.

APPENDIX K
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APPENDIX L
DRE and Contractor Qualifications, Insurance, Bonding, and Risk Mitigation Requirements

Part I: Contractor Qualifications

The DRE agrees to conduct a competitive procurement process, including price and qualifications, to select a contractor(s) to perform Facilities Removal and to provide risk mitigation as described below. The DRE further agrees that a contractor(s) must meet the following minimum qualifications:

1. Past performance in performing similar projects in scope, magnitude (complexity and size, such as but not limited to performance of work at multiple locations at the same time), and type (water way work; environmentally regulated);
2. Sufficient financial strength, including basic financial metrics such as corporate net worth and profitability;
3. Experience with federally-regulated permitting processes; and
4. Longevity in industry.

Part II: Insurance

The DRE agrees to follow, or to contract with a contractor(s) that will follow, the consolidated insurance program (“CIP”) approach so the DRE, or the contractor(s) that it contracts with, will purchase the General Liability insurance and Worker’s Compensation insurance for all the contractors involved in Facilities Removal. The DRE further agrees that it will obtain the support of a nationally established insurance advisor to assist with the design and implementation of the insurance program, and that as part of its best value evaluation and procurement of a contractor(s) that will perform Facilities Removal or provide liability protection or both, it will consider savings and other benefits obtained by selecting a contractor(s) that already has CIP infrastructure in place.

Unless the States and PacifiCorp agree otherwise, the DRE will obtain the following project-specific types of insurance policies, if applicable. The policy types and coverage limits ultimately obtained by the DRE to provide risk mitigation to the States and PacifiCorp are subject to the approval of the States and PacifiCorp in consultation with the Federal Parties:

1. Commercial General Liability (“CGL”) policy to cover third-party property damage and third-party bodily injury that occurs from activity performed at the dam deconstruction site;
2. Workers Compensation / Employer’s Liability / USL&H policy to provide coverage for injuries that occur on the dam deconstruction site to individual workers;

3. Builder's Risk / Inland Marine or Commercial Property policy to provide property coverage for damage to any equipment or components of the dam that will be restored or salvaged;
4. Automobile Liability policy to provide coverage for third-party property damage and third-party bodily injury for the auto fleet used related to the construction activities;
5. Umbrella Liability policy to provide excess coverage for General Liability and Automobile Liability;
6. Professional Liability policy to provide coverage to protect an insured if their client is financially harmed from the rendering of their professional services or advice (including lack thereof) and for which the insured is held legally liable;
7. Contractors Pollution Liability ("CPL") policy to provide third-party coverage for clean-up and remediation costs, bodily injury, property damage (including natural resource damages, loss of use and diminution in value) and legal defense expenses, as a result of pollution conditions arising from operations performed by or on behalf of the contractor; and
8. Fixed Site Pollution Liability ("PLL") policy to provide coverage for on-site & off-site clean-up/remediation costs, third-party claims for bodily injury and property damage (including natural resource damages, loss of use and diminution in value) and defense expenses and legal costs not otherwise addressed by the CPL (i.e. Pollution Conditions not caused or exacerbated by the contractors) and arising from Pollution Conditions on, at, under, migrating to and migrating from property owned or leased by the Insured.

The DRE further agrees that the insurance required above will include PacifiCorp, the State of Oregon, the State of California, and their respective officers, agents, employees, and members as additional insureds. As evidence of this required insurance coverage, the DRE will furnish a certificate or certificates of insurance including all of the foregoing coverage(s) to PacifiCorp and the States before any contract for Facilities Removal is effective and before Facilities Removal work begins. The following language shall be used for naming additional insureds:

ADDITIONAL INSURED: PacifiCorp, the State of Oregon, the State of California, and their respective officers, employees and agents are Additional Insureds for the CONTRACTOR's activities to be performed under this Contract. Coverage is primary and non-contributory with any other insurance and self-insurance.

Part III: Bonding

The DRE agrees to provide, or to contract with entities that will provide, conventional performance and payment bonding, unless otherwise agreed to by the States, DRE, and

PacifiCorp, from a financially sound surety company to assure that Facilities Removal will be performed as required:

1. Bid Bond;
2. Performance Bond (in an amount equivalent to original contract value); and
3. Payment Bond (in an amount equivalent to original contract value).

The DRE agrees to include PacifiCorp and the States as Third Party Beneficiaries in any contract with a contractor(s) that will perform Facilities Removal or any activities associated with Facilities Removal.

Part IV: Risk Mitigation

A. Contractual Indemnification

The DRE agrees to contract with a specialty corporate indemnitor (“Liability Transfer Corp.”) to protect the States and PacifiCorp against any harm to persons, property, or the environment, or damages resulting from either Facilities Removal or Facility operation arising from, relating to, or triggered by actions associated with Facilities Removal, including but not limited to any damage caused by the release of any material or substance, including but not limited to hazardous substances that is not covered contractually or by insurance. Without limiting the generality of the foregoing, this liability protection must include protection from third-party diminution in value land or property claims to the extent not already covered by contractor(s) insurance or mitigation funding.

The Parties agree that the approval of a Liability Transfer Corp. is not subject to the provisions of Section 8.3 of this Settlement; *provided, however*, that the Parties further agree that the selection of a Liability Transfer Corp. will be subject to the approval of the States and PacifiCorp, in consultation with the Federal Parties, whose approval may not be unreasonably withheld.

PacifiCorp and the States agree that, in the selection of a Liability Transfer Corp., the following parameters constitute the minimum indicia of sufficiency:

1. Appropriate corporate capitalization as agreed to by the States and PacifiCorp;
2. Past performance in performing similar projects in scope, magnitude (complexity and size, such as but not limited to performance of work at multiple locations at the same time), and type (water way work; environmentally regulated);
3. Experience with federally regulated permitting processes; and
4. Longevity in industry.

The Parties agree that the DRE may contract with a Liability Transfer Corp. to provide contractual indemnification for the above-described risks, and further agree that the DRE may also transfer its ownership of the Facilities and Parcel B Lands, in whole or in part, to that entity.

The Parties further agree that the Liability Transfer Corp. will become a party to this Settlement before ownership of the Facilities, in whole or in part, is transferred to the Liability Transfer Corp.

EXHIBITS

EXHIBIT 1
Water Rights Agreement between PacifiCorp and the State of Oregon

The purpose of this Water Rights Agreement (Agreement) is to establish a process for the reauthorization and resolution of water rights and claims related to the Klamath Hydroelectric Project and for participation of state agencies in such process, in a manner consistent with the Klamath Hydroelectric Settlement Agreement dated February 18, 2010 (Settlement). Parties to this Agreement are PacifiCorp (the Company), and the State of Oregon by and through the following agencies: Oregon Water Resources Department (WRD), Oregon Department of Environmental Quality (DEQ), Oregon Department of Fish and Wildlife (ODFW), and the Hydroelectric Application Review Team (HART).

This Agreement between PacifiCorp and the State of Oregon will be included as an exhibit to the Klamath Hydroelectric Settlement Agreement; however, this Agreement has force and effect independent of the viability of the Klamath Hydroelectric Settlement Agreement.

I. Reauthorization and Expansion of Use under HE 180

The Company has filed an application with WRD to reauthorize its right to use 2500 cfs of water under HE No. 180 at J.C. Boyle powerhouse. Pursuant to Section 6.1.1 of the Settlement, the Company will perform certain interim measures and may, subject to the terms described below, divert a maximum of 3,000 cubic feet per second (“cfs”) of water, for purposes of power generation at J.C. Boyle hydroelectric plant prior to the decommissioning and removal of the J.C. Boyle facility. This section addresses agreements between the Company and WRD related to this request.

- A. Reauthorization of HE No. 180: The Company seeks to enlarge its water right by an amount up to 500 cfs more than the 2,500 cfs currently authorized under HE No. 180, pursuant to ORS 543A.145. The Company will provide written notice to WRD expressing its intent to enlarge its water right. If a reauthorized water right is issued by WRD, the priority date for the additional 500 cfs, if approved, shall be the date the Company filed the notice of intent to reauthorize HE No. 180, as provided in ORS 543A.145(3). Any reauthorized water right shall provide that use of any amount additional to the currently authorized 2,500 cfs may not occur following termination of the Settlement as provided in Section 8 of the Settlement, unless extended by mutual agreement of the Company and WRD. WRD will extend the expiration date of HE No. 180 as necessary to allow for completion of the reauthorization process, pursuant to ORS 543A.150(2).

The Parties agree that any reauthorized water right issued by WRD shall have an expiration date of December 31, 2020. The expiration date may be extended in accordance with applicable law.

The Parties agree that any reauthorized water right issued by WRD shall incorporate and require compliance with protocols developed pursuant to the

Settlement for: quantifying any additional flows in the Klamath River made available through implementation of the Klamath River Basin Restoration Agreement dated February 18, 2010; and for coordinating with the Company on the timing and manner of release of such flows.

- B. Limited License: The Company may apply for a limited license for use of 500 cfs for hydroelectric purposes in addition to uses currently permitted by HE No. 180. The purpose of the application for a limited license is to obtain permission for use of water that the Company intends to request as part of its reauthorization application while the reauthorization application is pending before WRD. The Company's application for a limited license, WRD's review of and determination on the Company's application, and the terms of use of any limited license issued are subject to ORS 537.143 and applicable administrative rules. In addition, any limited license issued as a result of the Company's application is subject to the limitations described herein.

The Parties agree that use of water under this limited license will not have priority over any other water right exercised according to a permit, certificate, or adjudicated right subject to regulation by the watermaster, and shall be subordinate to all other authorized uses that rely upon the same source. The Parties agree that any limited license issued by WRD shall incorporate protocols developed pursuant to the Settlement for: quantifying any additional flows in the Klamath River made available through implementation of the Klamath River Basin Restoration Agreement dated February 18, 2010; and for coordinating with the Company on the timing and manner of release of such flows. If OWRD determines to issue a limited license pursuant to the Agreement, and the protocols developed pursuant to the Settlement have not been completed, OWRD will include in the limited license a condition that the protocols will be incorporated by reference upon their completion. Any limited license subsequently issued pursuant to the Agreement shall incorporate the protocols. In addition, any limited license issued by OWRD shall provide that use under the limited license may not occur following termination of the Settlement as provided in Section 8 of the Settlement, unless such use is mutually agreed to by the Company and WRD.

The Parties further agree that WRD may reconsider or revoke the limited license if the use is determined by WRD in a legal or administrative proceeding to be inconsistent with applicable law or policy. WRD will revoke the limited license upon issuance of a final order on the application for reauthorization if the reauthorization order contains an enlargement of HE No. 180 in the amount of 500 cfs, or if the reauthorization order contains an enlargement of HE No. 180 by an amount less than 500 cfs, WRD will revoke the limited license to the extent of the enlargement. The limited license will have a duration of not more than one year. Prior to the expiration of any limited license term, the Company may request the issuance of a new license for the same use, but the total duration of licenses issued for this use may not exceed five years. The Company agrees to

pay fees and expenses provided for in Oregon law and associated with a request for a limited license, pursuant to ORS 537.143 and OAR 690-340-0030.

II. Assignment of the Company's Water Rights and Claims; Conversion to Instream Water Rights

- A. Background: The Company holds rights for the use of water for hydroelectric purposes as provided by HE 180 and Certificate 24508. In addition, the Company maintains Claim Nos. 167, 168 and 218 for use for hydroelectric purposes in the ongoing Klamath Basin Water Rights Adjudication. ORS 543A.305 provides for the "conversion" of a hydroelectric water right to an instream water right when use of the water ceases for the hydroelectric project.
- B. HE 180: Within 365 days of December 31, 2020, or, if the J.C. Boyle power plant is still operating on that date, within 365 days after use of water under HE No. 180 ceases, or as otherwise provided by ORS 543A.305, the Company shall assign HE 180, or any right resulting from reauthorization of HE 180, to WRD for conversion to an instream water right pursuant to ORS 543A.305. WRD shall accept HE 180 "AS IS"; the Company expressly disclaims any representation or warranty concerning HE 180 or its convertibility to an instream water right. Prior to the assignment, the Company shall use reasonable efforts to avoid allowing HE 180 to become subject to forfeiture for non-use, and shall not otherwise intentionally jeopardize the validity of HE 180, and in times of water shortage the Company and WRD may agree with other existing water users to prorate water shortages notwithstanding relative priority dates. If the Company's historic use of water under HE 180 becomes a matter of dispute in a legal proceeding the Company shall cooperate with WRD in defending the validity of HE 180 by making reasonable efforts to provide documentation regarding the history of the use of water pursuant to HE 180.
- C. Certificate 24508: Within 120 days after use of water under Certificate 24508 ceases, or as otherwise provided by ORS 543A.305, the Company shall assign Certificate 24508 to WRD for conversion to an instream water right pursuant to ORS 543A.305. WRD shall accept Certificate 24508 "AS IS"; the Company expressly disclaims any representation or warranty concerning Certificate 24508 or its convertibility to an instream water right. Prior to the assignment, the Company shall use reasonable efforts to avoid allowing Certificate 24508 to be forfeited for non-use, and shall not otherwise intentionally jeopardize the validity of Certificate 24508, and in times of water shortage the Company and WRD may agree with other existing water users to prorate water shortages notwithstanding relative priority dates. If the Company's historic use of water under Certificate 24508 becomes a matter of dispute in a legal proceeding the Company shall cooperate with WRD in defending the validity of Certificate 24508 by making reasonable efforts to provide documentation regarding the history of the use of water pursuant to Certificate 24508.

- D. Klamath Basin Water Right Adjudication Claims 167 and 168: Within 120 days after use of water under Claims 167 and 168 ceases, pursuant to a final FERC order amending the license for Project No. 2082 to remove the Eastside and Westside power plants and appurtenant facilities on the Link River from the license, or a final FERC order accepting surrender of the license for Project No. 2082 as it pertains to the Eastside and Westside power plants, or as otherwise provided by ORS 543A.305, the Company shall assign Claims 167 and 168 as described herein. If rights based on either Claim 167 or 168 are determined to exist, and all appeals pertaining to either claim have been exhausted, the Company shall assign such right(s) to WRD. If the Findings of Fact and Order of Determination (“FFOD”) for Claims 167 and 168 has not yet been issued in the Adjudication pursuant to ORS 539.130, or if the portion of the FFOD pertaining to either of these claims is still subject to appeal, the Company shall assign such claim(s) to ODFW. If assignment is made to ODFW, WRD will proceed with conversion as appropriate pursuant to ORS 543A.305, but ODFW will be responsible for further prosecution of Claims 167 and 168 in the Adjudication, unless WRD and ODFW agree to another course of action.

Prior to the assignment of Claims 167 or 168, or any rights recognized under Claims 167 or 168, the Company shall use reasonable efforts to avoid allowing Claims 167 or 168 to be deemed abandoned for non-use prior to adjudication; or for any rights recognized under Claims 167 and 168 in the FFOD, to avoid becoming subject to forfeiture for non-use, and shall not otherwise intentionally jeopardize the validity of Claims 167 or 168, except to the extent that the FERC annual license or Settlement requires flow regimes inconsistent with Claims 167 or 168, and in times of water shortage the Company and ODFW may agree with other existing water users to prorate water shortages notwithstanding relative priority dates. If the Company’s historic use of water under Claims 167 or 168 becomes a matter of dispute in a legal proceeding, the Company shall cooperate with ODFW in defending the validity of Claims 167 or 168 by making reasonable efforts to provide documentation regarding the history of the use of water pursuant to Claims 167 or 168 prior to assignment. If conversion occurs, at the time of conversion the right(s) will be held by WRD as provided by ORS 543A.305. The Company shall cooperate with WRD by making reasonable efforts to provide historic documentation in aid of the conversion.

- E. Klamath Basin Water Right Adjudication Claim 218: In the event the Company decides to permanently cease power generation at Fall Creek hydroelectric power plant in California, or decides not to exercise Claim 218 for power generation, within 365 days of permanent cessation of power generation or water diversion, or as otherwise provided by ORS 543A.305, the Company shall assign Claim 218 as described herein.

If rights based on Claim 218 are determined to exist, and all appeals pertaining to the claim have been exhausted, the Company shall assign such right(s) to WRD. If the Findings of Fact and Order of Determination (“FFOD”) for Claim 218 has

not yet been issued in the Adjudication pursuant to ORS 539.130, or if the portion of the FFOD pertaining to Claim 218 is still subject to appeal, the Company shall assign Claim 218 to ODFW. If assignment is made to ODFW, WRD will proceed with conversion as appropriate pursuant to ORS 543A.305, but ODFW will be responsible for further prosecution of Claim 218 in the Adjudication, unless WRD and ODFW agree to another course of action. For the purposes of this Agreement, transfer of the Fall Creek hydroelectric power plant, along with Claim 218, to another entity shall not constitute permanent cessation of power generation; provided, that any transfer of the Fall Creek hydroelectric power plant will be governed by applicable law.

Prior to the assignment of Claim 218, or any rights recognized under Claim 218, the Company shall use reasonable efforts to avoid allowing Claim 218 to be deemed abandoned for non-use prior to adjudication; or for any rights recognized under Claim 218 in the FFOD, to avoid becoming subject to forfeiture for non-use, and shall not otherwise intentionally jeopardize the validity of Claim 218, except to the extent that the FERC annual license or Settlement requires flow regimes inconsistent with Claim 218, and in times of water shortage the Company and ODFW may agree with other existing water users to prorate water shortages notwithstanding relative priority dates. If the Company's historic use of water under Claim 218 becomes a matter of dispute in a legal proceeding, the Company shall cooperate with ODFW in defending the validity of Claim 218 by making reasonable efforts to provide documentation regarding the history of the use of water pursuant to Claim 218 prior to assignment. If conversion occurs, at the time of conversion the right(s) will be held by WRD as provided by ORS 543A.305. The Company shall cooperate with WRD by making reasonable efforts to provide historic documentation in aid of the conversion.

WRD shall accept Claim 218 "AS IS"; the Company expressly disclaims any representation or warranty concerning Claim 218 or its convertibility to an instream water right.

Nothing in this Section E is intended in any way to limit the Company's use of water under Claim 218.

III. The Company's Protests to State Instream Water Right Applications

Within 90 days of the sooner of: (1) assignment of the water rights or claims pursuant to Sections II.B through II.D of this Agreement; or (2) issuance of a final order in the Klamath Basin Adjudication pursuant to ORS 539.140 and 539.150 and completion of all appeals pertaining to the Company's Claims 167 and 168, and the Company's contests in Cases 282 and 286 of the Klamath Basin Adjudication, the Company agrees to withdraw with prejudice its protests to Instream Water Right Application Numbers 70094, 70812 and 70813. The withdrawal must be in writing in a form subject to the approval, not to be unreasonably withheld, of OWRD.

IV. Agency Reauthorization Costs

Under ORS 543A.405, the Company, as applicant for reauthorization of a hydroelectric project, must pay all expenses related to the review and decision of the HART incurred by any state agency participating in the HART that are not otherwise covered by the reauthorization fee paid under ORS 543A.415. The Company's application is for water rights reauthorization for the Klamath Project (HE 180, J.C. Boyle), located near Klamath Falls, Oregon. WRD, ODFW and DEQ will incur costs in connection with review of the Company's reauthorization application and during participation in federal studies under the Settlement, which studies may also form a basis for the HART's decision whether reauthorization and enlargement of the Company's water rights are in the public interest.

Pursuant to ORS 543A.405, the Company has requested an estimate of the anticipated costs to be incurred in processing and reviewing these applications. The costs to be paid by the Company under this Agreement and their estimate are attached to and incorporated into this Agreement as Appendix 1. For the period of September 1, 2009, through September 1, 2012, the HART estimates the costs for these activities to be :

Estimated costs from September 1, 2009 through September 1, 2012: (See Appendix 1)	<u>\$ 216,371.00</u>
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25% payment due upon signing:	<u>\$ 54,093.00</u>
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Under terms of this Agreement, the Company will make four payments of 25% each of the estimated costs of review according to the following schedule: The initial payment of 25% is to be made within 45 days of the signing of this Agreement, with the remaining three payments of 25% each to be made on or before October 1, 2010, July 1, 2011, and January 30, 2012. Payment shall be made to: Oregon Water Resources Department, 725 Summer Street NE, Suite A, Salem, OR 97301.

During the course of this Agreement, the Company will receive from HART, coordinated by the WRD, a quarterly report indicating cost reimbursement funds received under this Agreement and expenses charged against the project. The reports will be provided to the Company according to the regular report generation schedule of the HART. The report will display the revenue and expenses for each agency receiving funds under the Agreement. In addition, participating agencies will provide a quarterly status report to the Company that includes a summary of work performed. The Company may, at its discretion, request additional revenue and expense information from any agency receiving funds under this Agreement. If requested by the Company, agency parties to this Agreement will work with the Company to provide additional information concerning revenues and activities associated with charged expenses. WRD will only provide additional information for project revenues and expenditures incurred by it and is not responsible, nor is it within its scope, to audit the expenditures of other agencies. If the HART quarterly reporting becomes more than six (6) months delinquent, the Company may withhold payments specified above until quarterly reporting is made current.

If the costs of evaluating the applications exceeds the estimate provided herein, the HART members receiving funds under this Agreement shall comply with the provisions of ORS 543A.405(5). Additionally, if the total amount paid by the Company exceeds costs actually incurred by the agencies, the excess payment shall be refunded to the Company according to ORS 543A.405(5).

Costs paid by the Company under this Agreement are in addition to any other fee required by applicable law, including but not limited to the annual fee established under ORS 543.088. The Company's payment of costs under this Agreement does not create an obligation to pay the project-specific fee required under ORS 543.080 for agency oversight of measures included in the reauthorized water right, which fee shall be established in and payable under the reauthorized water right.

V. Other Terms

- A. Reservations: Nothing in this Agreement is intended or shall be construed to affect or limit the authority or obligation of any Party to fulfill its constitutional, statutory, and regulatory responsibilities or comply with any judicial decision. Nothing in this Agreement shall be interpreted to require any Party to implement any action which is not authorized by applicable law or where sufficient funds have not been appropriated for that purpose. The Parties expressly reserve all rights not granted, recognized, or relinquished in this Agreement.
- B. No Argument, Admission, or Precedent: This Agreement shall not be offered for or against a Party as argument, admission, or precedent regarding any issue of fact or law in any mediation, arbitration, litigation, or other administrative or legal proceeding, except that this Agreement may be used in any future proceeding to interpret or enforce the terms of this Agreement, consistent with applicable law. This Agreement may also be used by any Party in litigation by or against non-Parties to implement or defend this Agreement. This section shall survive any termination of this Agreement.
- C. Successors and Assigns: This Agreement shall apply to, be binding on, and inure to the benefit of the Parties and their successors and assigns, unless otherwise specified in this Agreement. No assignment may take effect without the express written approval of the other Parties, which approval will not be unreasonably withheld.
- D. Amendment: This Agreement may be amended in writing by all Parties still in existence, including any successors or assigns.
- E. Dispute Resolution: The Parties agree to devote such resources as are needed and as can be reasonably provided to resolve any disputes arising under this Agreement expeditiously. Each Party shall bear its own costs for its participation in dispute resolution. If a dispute cannot be timely resolved informally, the Parties may elect to use a neutral mediator. Mediation shall not occur if the

Parties do not unanimously agree on use of a mediator, choice of mediator, and allocation of costs.

- F. Remedies: This Agreement does not create a cause of action in contract for monetary damages for any alleged breach by any Party of this Agreement. The Parties reserve all other existing remedies.
- G. Entire Agreement: This Agreement contains the complete and exclusive agreement among the Parties with respect to the subject matter thereof, and supersedes all prior discussions, negotiations, representations, warranties, commitments, offers, agreements in principle, and other writings among the Parties, with respect to its subject matter.
- H. Severability: This Agreement is made on the understanding that each provision is a necessary part of the entire Agreement. However, if any provision of this Agreement is held by a regulatory agency or a court of competent jurisdiction to be invalid, illegal, or unenforceable: (i) the validity, legality, and enforceability of the remaining provisions of this Agreement are not affected or impaired in any way; and (ii) the Parties shall negotiate in good faith in an attempt to agree to another provision (instead of the provision held to be invalid, illegal, or unenforceable) that is valid, legal, and enforceable and carries out the Parties' intention to the greatest lawful extent under this Agreement.
- I. Confidentiality: Disclosure of settlement communications pertaining to this Agreement shall be governed by the "Agreement for Confidentiality of Settlement Communications and Negotiations Protocol Related to the Klamath Hydroelectric Project" dated December 3, 2008.
- J. Termination: This Agreement may be terminated at the sole discretion either of: (i) PacifiCorp, or (ii) WRD, DEQ, ODFW, and the HART collectively, in the event of termination of the Settlement.
- K. No Third Party Beneficiaries: This Agreement is not intended to and shall not confer any right or interest in the public, or any member thereof, or on any persons or entities that are not Parties hereto, as intended or expected third party beneficiaries hereof, and shall not authorize any non-Party to maintain a suit at law or equity based on a cause of action deriving from this Agreement. The duties, obligations, and responsibilities of the Parties with respect to third parties shall remain as imposed under applicable law.
- L. Elected Officials Not to Benefit: No Member of or Delegate to Congress, Resident Commissioner, or elected official shall personally benefit from this Agreement or from any benefit that may arise from it.
- M. No Partnership: Except as otherwise expressly set forth herein, nothing contained in this Agreement is intended or shall be construed to create an association, trust,

partnership, or joint venture, or impose any trust or partnership duty, obligation, or liability on any Party, or create an agency relationship between or among the Parties or between any Party and any employee of any other Party.

N. Governing Law: This Agreement shall be governed by the laws of the State of Oregon. Any reference in this Agreement to any applicable law shall be deemed to be a reference to a statute or regulation, or successor, in existence as of the date of the action in question.

VI. Signatures

PacifiCorp

_____ Date: _____

by: _____

Oregon Water Resources Department

_____ Date: _____

by: _____

Oregon Department of Environmental Quality

_____ Date: _____

by: _____

Oregon Department of Fish and Wildlife

_____ Date: _____

by: _____

Approved As To Legal Sufficiency in Accordance With ORS 291.047

By: _____ Date: _____

Jesse D. Ratcliffe
Assistant Attorney General
Oregon Department of Justice

Appendix 1
Tasks and Cost Estimate

PacifiCorp Klamath Hydroelectric Project
Oregon Water Resources Department

September 1, 2009 through September 1, 2012

PROJECT/NUMBER: Klamath HE 180, PC 34, PC 35, PC667Klamath/FERC #2082

OWRD PROJECT PERSONNEL: Cost reimbursement primarily for a Natural Resource Specialist 4 (NRS-4) Limited oversight supervision provided by a Division Administrator. Administrative support provided by an Office Specialist 2 position.

Facility Engineer- FE-3		
Salary	Includes salary for 20% of an NRS-4 for first year and 10% for second and third years at \$5985/mo	\$28,728.00
Benefits (at 34% of base salary)	Includes benefits for NRS-4 position at 34%	\$9,767.52
Services & Supplies	Includes training, facility rentals, telecommunications, printing & copying, and office supplies.	\$4,309.20
Travel	Includes hotel, meals, private vehicle mileage, and state motor pool rental vehicle fees	\$4,000.00
Subtotal	Sum of Salary, Benefits, Services, Supplies and Travel	\$46,804.72
Agency Indirect (at 15% of Subtotal)	Includes administrative support such as budget, personnel, accounting, and payroll services; data services; and management oversight.	\$7,020.71
Attorney General's Fees		\$15,036.00
	Subtotal plus Overhead	\$68,861.43

ODEQ Cost Estimate for Klamath Hydroelectric Project Activities: September 2009 - September 2012

1.1 Salaries

Period	3	Years
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Total

1.2 NRS 4

FTE Estimate:	0.125
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COMPONENT	Monthly (1.0 FTE)	Per Project
Salary	\$ 5,985	\$ 26,933
Benefits	\$ 2,644	\$ 11,899
Services & Supplies	\$ 1,162	\$ 5,230
Agency Indirect	\$ 1,674	\$ 7,533
Program Indirect (LQ only)	\$ -	\$ -
		=====
Total	\$ 11,466	\$ 51,595

1.2 Principle Executive Manager E (Step 9)

FTE Estimate:	0.025
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COMPONENT	Monthly (1.0 FTE)	Per Project
Salary	\$ 7,585	\$ 6,827
Benefits	\$ 3,351	\$ 3,016
Services & Supplies	\$ 1,473	\$ 1,326
Agency Indirect	\$ 2,122	\$ 1,909
Program Indirect (LQ only)	\$ -	\$ -
		=====
Total	\$ 14,531	\$ 13,078

1.3 Office Specialist 2 (Step 9)

FTE Estimate:	0.025
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COMPONENT	Monthly (1.0 FTE)	Per Project
Salary	\$ 3,018	\$ 2,716
Benefits	\$ 1,333	\$ 1,200
Services & Supplies	\$ 586	\$ 527
Agency Indirect	\$ 844	\$ 760
Program Indirect (LQ only)	\$ -	\$ -
		=====
Total	\$ 5,782	\$ 5,203

Subtotal SALARY:	\$69,875.82	\$69,875.82
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2.0 Travel

Destination	Trips/Yr	Mileage & Per Diem		
PDX	1	\$300.75	\$902.25	
Southern Oregon	1	\$274.13	\$822.38	
Northern California	1	\$658.00	\$1,974.00	
			=====	
Subtotal TRAVEL:			\$3,698.63	3,698.63

3.0 Attorney General

DOJ Costs	Per Year	Per Project		
			10,000.00	
			=====	
Subtotal DOJ:			\$10,000.00	\$10,000.00
			=====	
			=====	
Grand TOTAL:				83,574.44

Lodging	Meals	Nights per trip	Mileage per Trip
87	44	1	350
116	49	1	225
114	59	2	500

Total Costs
\$300.75
\$274.13
\$658.00

Destination
 Southern Oregon
 Portland
 Northern California (2 nights
 per)

=====
 Total: \$1,232.88

0.485	Mileage Rate	
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Salary & Benefit Schedule

Salaries		
NRS4 Step 9		\$5,985
PEME Step 9		\$7,585
OS2 Step 9		\$3,018
Indirect Costs		
Benefits		0.4418
S&S		0.1942
Agency Indirect		0.2797

Appendix 1
Tasks and Cost Estimate

OREGON DEPARTMENT OF FISH AND WILDLIFE
COST ESTIMATE

PROJECT/NUMBER: Klamath, FERC#2082

ODFW PROJECT PERSONNEL: Cost reimbursement for the following personnel costs: Engineer, Water Rights Coordinator, District Fish Biologist, consulting, and AG assistance. Personnel not included in cost reimbursement agreement: High Desert Region Hydropower Biologist, regional staff, and program leaders.

PERIOD OF AGREEMENT: September 1, 2009 through September 1, 2012

Facility Engineer- FE-3		
Salary	Includes salary for .5 months of a Facility Engineer	\$3,294
Benefits (at 39.9% of base salary)	Includes benefits for FE-3 position	\$1,315
Services & Supplies	Includes training, facility rentals, telecommunications, printing & copying, and office supplies.	\$494
Travel	Includes hotel, meals, private vehicle mileage, and vehicle rental fees	\$659
Subtotal	Sum of Salary, Benefits, Services, Supplies and Travel	\$5,762
Agency Indirect (at 22.74% of Subtotal)	Includes administrative support such as budget, personnel, accounting, and payroll services; data services; and management oversight.	1,310
Facility Engineer- FE-3 Total	Subtotal plus indirect	\$7,072
Water Rights Coordinator		
Salary	Includes salary for .5 months of a WR Coordinator	\$3,139
Benefits (at 40.84% of base salary)	Includes benefits for FE-3 position	\$1,282
Services & Supplies	Includes training, facility rentals, telecommunications, printing & copying, and office supplies.	\$471
Travel	Includes hotel, meals, private vehicle mileage, and vehicle rental fees	\$628
Subtotal	Sum of Salary, Benefits, Services, Supplies and Travel	\$5,520
Agency Indirect(at 22.74% of Subtotal)	Includes administrative support such as budget, personnel, accounting, and payroll services; data services; and management oversight.	1,255
Water Rights Coordinator- Total	Subtotal plus indirect	\$6,775

District Fish Biologist		
Salary	Includes salary for 1.5 months of a NRS 3 District Biologist or assistant position	\$8,936
Benefits (at 41.91% of base salary)	Includes benefits for position	\$3,745
Services & Supplies	Includes training, facility rentals, telecommunications, printing & copying, and office supplies.	\$1,340
Travel	Includes hotel, meals, private vehicle mileage, and vehicle rental fees	\$1,787
Subtotal	Sum of Salary, Benefits, Services, Supplies and Travel	\$15,809
Agency Indirect(at 22.74% of Subtotal)	Includes administrative support such as budget, personnel, accounting, and payroll services; data services; and management oversight.	\$3,595
District Fish Biologist Total	Subtotal plus indirect	\$19,403
Consulting Costs	Attorney General legal assistance regarding federal studies, NEPA, water rights, and HART reauthorization (1/3 of \$30,000)	\$10,000
	Private Consulting to review Study Results	\$15,000
	Consulting Costs Subtotal	\$25,000
Agency Indirect (at 22.74% of Subtotal)		\$5,685
Consulting Costs Total		\$30,685
Total Agency Specific Cost		\$63,935

EXHIBIT 2
Sequence of Performance Chart—KHSA

Action	Actor	Target Date	Section Reference
Enactment of Oregon Legislation (SB 76)	Oregon Legislature and Governor	Passed and signed.	2.3
Release of Public Review Draft	All Parties	September 30, 2009	N/A
Execution of Settlement	All Parties	February 18, 2010	8.2
Execution of Water Right Agreement between PacifiCorp and State of Oregon	PacifiCorp and OWRD	February 18, 2010	2.4.1
PacifiCorp implement ICP Interim Measures 2-6	PacifiCorp	Ongoing or upon Effective Date	Appendix C
PacifiCorp implement Non-ICP Measures 7 (funding), 9, 11 (studies), 13, 17, 21	PacifiCorp	Upon Effective Date	Appendix D
Parties designate representative for IMIC	Each party or category of parties	Within 30 days of Effective Date of Settlement	Appendix B Section 3.3
Parties, except ODEQ, request to the California SWRCB and the ODEQ that permitting and environmental review for PacifiCorp's licensing activities be held in abeyance during the Interim Period	All Parties except ODEQ	Within 30 days of the Effective Date	6.5
PacifiCorp applies for leases authorizing occupancy of submerged and submersible lands by the J.C. Boyle Dam, J.C. Boyle Powerhouse, and Keno Dam	PacifiCorp	Within 60 days of Effective Date of Settlement	2.5
PacifiCorp and the Secretary enter into contract to permit entry onto PacifiCorp lands	PacifiCorp and Interior	Within 3 months of Effective Date of Settlement	3.3.3

Action	Actor	Target Date	Section Reference
PacifiCorp convene IMIC	PacifiCorp	Within 3 months of Effective Date	Appendix B 4.1
PacifiCorp implement Non-ICP Interim Measures 7 (impl.), 8 (planning)	PacifiCorp	Within 90 days of Effective Date	Appendix D
PacifiCorp files Economic Analysis and requests the Oregon PUC to establish customer surcharges	PacifiCorp	Within 30 days of Effective Date	4.1.1.A, 7.3.9
PacifiCorp files Economic Analysis and requests the California PUC to establish customer surcharge	PacifiCorp	Within 30 days of Effective Date	4.1.1.B, 7.3.9
Parties except ODEQ request California SWRCB and ODEQ to hold permitting and environmental review in abeyance during Interim Period	Parties except ODEQ	Within 30 days of Effective Date	6.5
Enactment of Federal legislation	United States Congress	Legislation to be proposed within 90 days of Effective Date	2.1.1.A
Enactment of California Bond Measure	California Legislature and Voters	Passed in November 2009, to be voted on before March 31, 2012	4.1.2.A
Enactment of California CEQA Legislation	California Legislature; Governor	At the beginning of the next legislative session	2.1.1.C
States submit draft trustee instructions to PUCs	States in consultation with Federal Parties	Within 6 months of Effective Date	4.2.4.A
PacifiCorp implement Non-ICP Interim Measure 19 (study)	PacifiCorp	Within 6 months of Effective Date	Appendix D
PacifiCorp and IMIC develop protocol regarding KBRA flows	PacifiCorp and IMIC	Within 9 months of Effective Date	Appendix D Interim Measure 14

Action	Actor	Target Date	Section Reference
PacifiCorp implement Non-ICP Interim Measure 14	PacifiCorp	Upon OWRD approval	Appendix D
PacifiCorp submit TMDL Implementation Plans	PacifiCorp	Within 60 days of TMDL approval	6.3.2.A
PacifiCorp implement Non-ICP Interim Measure 18	PacifiCorp	Beginning in 2010	Appendix D
PacifiCorp implement Non-ICP Interim Measure 12	PacifiCorp	Before Sept.1, 2010	Appendix D
PacifiCorp implement Non-ICP Interim Measure 10	PacifiCorp	Within 1 year of Effective Date	Appendix D
PacifiCorp implement Non-ICP Interim Measure 15	PacifiCorp	Beginning Feb.1, 2010	Appendix D
PacifiCorp files Application for Partial Surrender of license to decommission East Side/West Side facilities	PacifiCorp	Within 6 months of enactment of federal legislation	6.4.1.A
Identify proposed transfer of Parcel B Lands	PacifiCorp and States	Before January 31, 2012	7.6.4.B
Identification of non-federal DRE, if applicable	Secretary of the Interior	Prior to issuance of the Secretarial Determination and DRE designation	3.3.4.E
California and Oregon Concurrence with non-federal DRE-designate, if any	California and Oregon	Prior to Secretarial Determination	3.3.5.A.iii
Secretarial Determination and DRE designation	Secretary of the Interior	March 31, 2012	3.2.5.A and 3.3.5.A
Release of Detailed Plan	Secretary of the Interior	On or before March 31, 2012	3.3.2
Oregon Concurrence with Affirmative Determination	State of Oregon	Within 60 days of publication of an Affirmative Determination in the Federal Register	3.3.5.A

Action	Actor	Target Date	Section Reference
California Concurrence with Affirmative Determination	State of California	Within 60 days of publication of an Affirmative Determination in the Federal Register	3.3.5.A
States submit draft revised trustee instructions to PUCs	States in consultation with Federal Parties and DRE	Within 3 months of States' Concurrence on Affirmative Determination	4.2.4.B
PacifiCorp implement Non-ICP Interim Measure 8, 11	PacifiCorp	Upon Affirmative Determination	Appendix D
PacifiCorp implement Non-ICP Interim Measure 19	PacifiCorp	Within 6 months of Affirmative Determination	Appendix D
Parties Meet and Confer to establish schedule to implement Affirmative Determination and Detailed Plan and identify Value to Customers necessary to implement schedule	All Parties	Within 90 days of Affirmative Determination	7.3.4
DRE becomes Party to Settlement	DRE	Within 30 days of Notice from both States of their respective Concurrence with an Affirmative Determination	7.1.3
DRE and PacifiCorp enter into contract and permit of entry	DRE and PacifiCorp	After designation of a DRE	Legislation
DRE releases Definite Plan	DRE	Prior to applying for permits and authorizations for Facilities removal	7.2
Parties review the Definite Plan	All Parties	Within 60 days after the DRE provides Notice to the Parties of the completion of the Definite Plan	7.2.1.B and 2.1.4.C

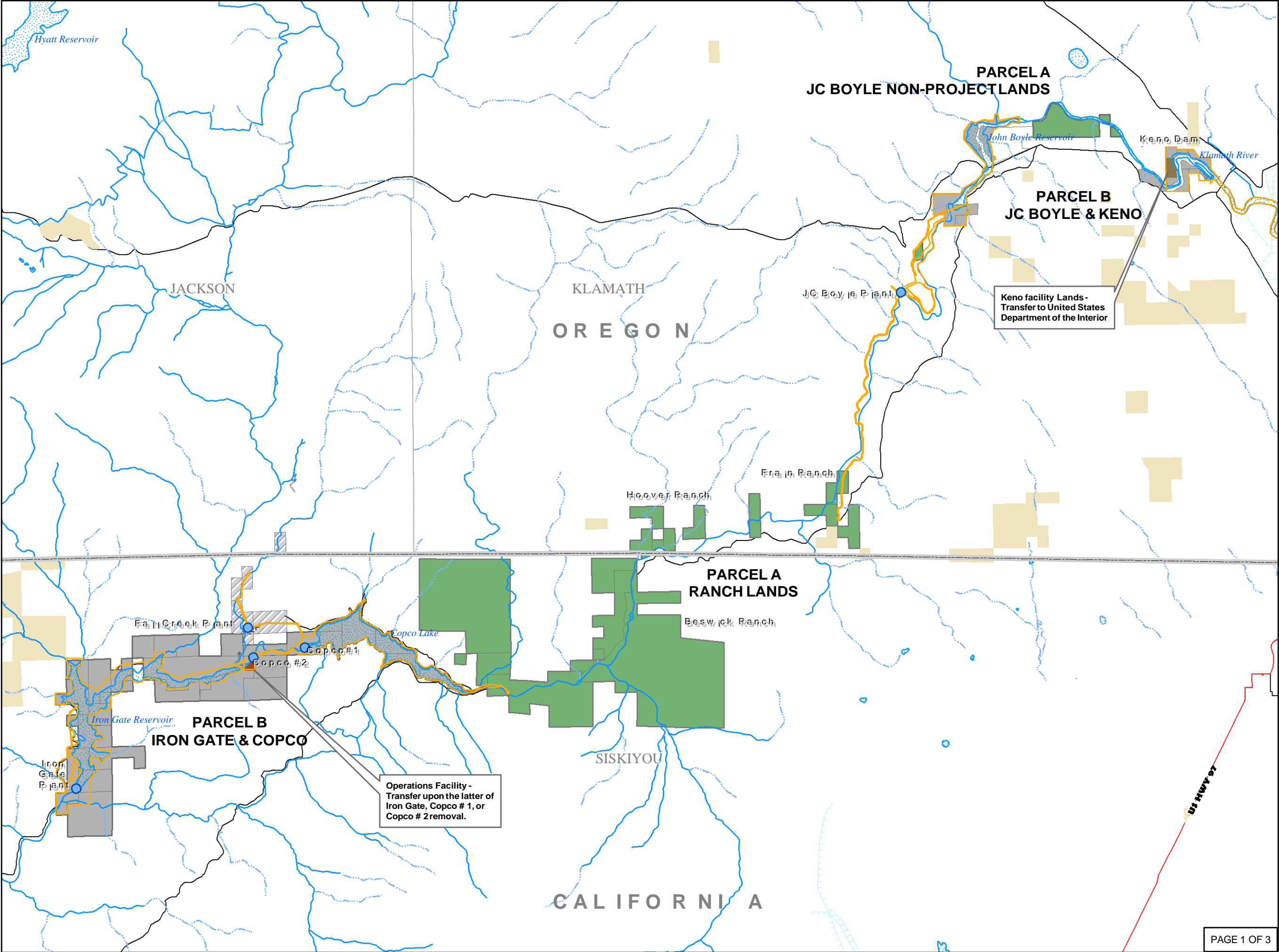
Action	Actor	Target Date	Section Reference
DRE provides Notice to Parties and FERC that Facilities Removal is ready to commence	DRE		7.4.1
PacifiCorp conveys Parcel B Lands	PacifiCorp	After DRE Notice that Facilities Removal is ready to commence	7.6.4.D
FERC issues Order approving transfer of the Iron Gate hatchery from PacifiCorp to CDFG	FERC	Within 60 days of transfer of Iron Gate Dam to DRE	Legislation
FERC resumes timely consideration of pending FERC licensing application for Fall Creek Development	FERC	Within 60 days of transfer of the Iron Gate Hatchery from PacifiCorp to CDFG	Legislation
PacifiCorp transfers title in the Facilities to the DRE	PacifiCorp	Per facility, upon receipt of DRE Notice that all permits and approvals have been obtained	7.4.2
Complete AIP for Keno transfer; complete Keno transfer agreement	Interior and PacifiCorp	June 11, 2011; March 31, 2012	7.5.2
PacifiCorp transfer Keno Development to the United States	PacifiCorp	At the time of transfer of J.C. Boyle	7.5.2
Commencement of Decommissioning	PacifiCorp	January 1, 2020	7.3.1
Completion of Facilities Removal	DRE	December 31, 2020	7.3.1
PacifiCorp assigns its hydroelectric water rights to OWRD for conversion to an instream water right	PacifiCorp	Per Exhibit 1	7.6.5.A
PacifiCorp submits a Revocation Request to California SWRCB and notification of intent to abandon its water rights	PacifiCorp	Within 90 days of completion of Facilities Removal at Copco No. 1, Copco No. 2 and Iron Gate Facilities	7.6.5.B
PacifiCorp implement Non-ICP Interim Measure 20	PacifiCorp	After removal of Iron Gate	Appendix D
PacifiCorp ceases hatchery funding	PacifiCorp	8 years following Decommissioning of Iron Gate Dam	7.6.6.A

Action	Actor	Target Date	Section Reference
PacifiCorp, KWAPA, and UKWUA enter into Billing Services Offset Agreement(s)	PacifiCorp, KWAPA, and UKWUA	Timely	5.2
Notify PacifiCorp of desire to commence billing credits	KWAPA / UKWUA	120 days before desired commencement	5.2.4
Provide PacifiCorp with names and other pertinent information re eligible customers	KWAPA / UKWUA	90 days before commencement of bill crediting system	5.2.4
File for any necessary regulatory approval of tariffs implementing bill crediting	PacifiCorp	Within 30 days of receiving names and eligible customers and other pertinent information	5.2.6
Enter agreements and provide notification re federal power	Interior, KWAPA, PacifiCorp	Timely	5.3

EXHIBIT 3
Maps

**PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition**

Project Overview



Klamath River Hydroelectric Project

Project Parcels

- Parcel A Lands
- Parcel B Lands
- Excluded - Fall Creek Plant
- Operations Facility
- Keno facility Lands

State Lands

- State
- County
- FERC Boundary

Generation Facilities

Generation Type

- Hydro

Major Roads

- PRIMARY, INTERSTATE HWY
- PRIMARY, U.S. & STATE HWY
- SECONDARY, CONNECTING, STATE & COUNTY HWY

Aquatic Features

- INTERMITTENT CANAL, DITCH, AQUADUCT
- INTERMITTENT WATER FEATURE, STREAM, RIVER, WASH
- PERENNIAL CANAL, DITCH, AQUADUCT
- PERENNIAL WATER FEATURE, STREAM, RIVER, WASH
- Regional Lakes

PACIFICORP
A MIDAMERICAN ENERGY HOLDINGS COMPANY

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PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition

Parcel B

Legend

- Project Parcels**
- Excluded - Fall Creek Plant
- Parcel B Lands**
- Iron Gate
 - Copco # 1
 - Copco # 2
 - Operations Facility
 - JC Boyle
 - Keno
 - Keno facility Lands
- State Lands**
- PLSS
 - Township/Range
- Administrative Boundaries**
- State
 - FERC Boundary
 - County
- Aquatic Features**
- INTERMITTENT CANAL, DITCH, AQUADUCT
 - INTERMITTENT STREAM, RIVER, WASH
 - PERENNIAL CANAL, DITCH, AQUADUCT
 - PERENNIAL STREAM, RIVER, WASH
 - Regional Lakes
- Generation Facilities**
- Generation Type**
- Hydro
- Major Roads**
- PRIMARY, INTERSTATE HWY
 - PRIMARY, U.S. & STATE HWY
 - SECONDARY, CONNECTING, STATE & COUNTY HWY

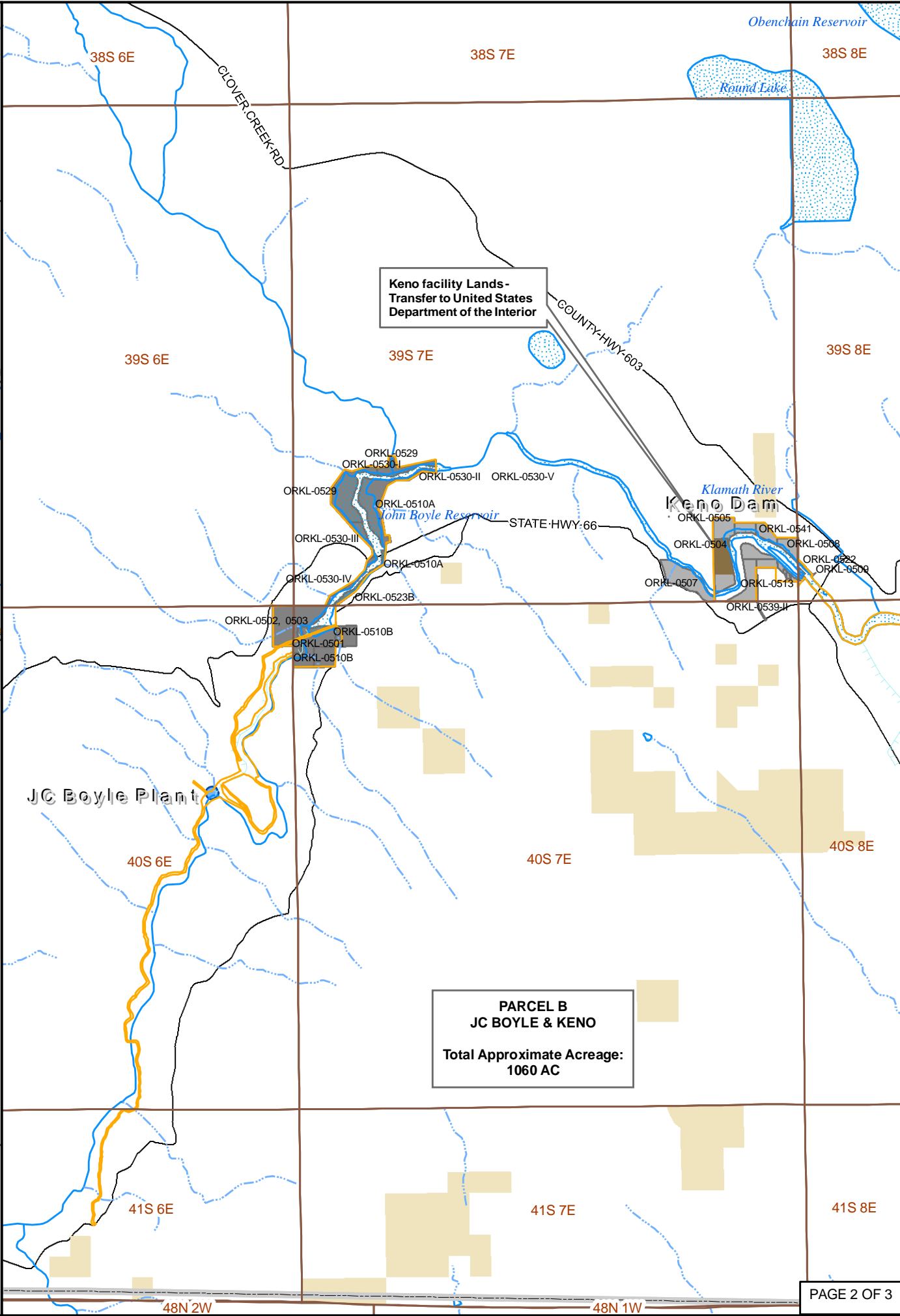
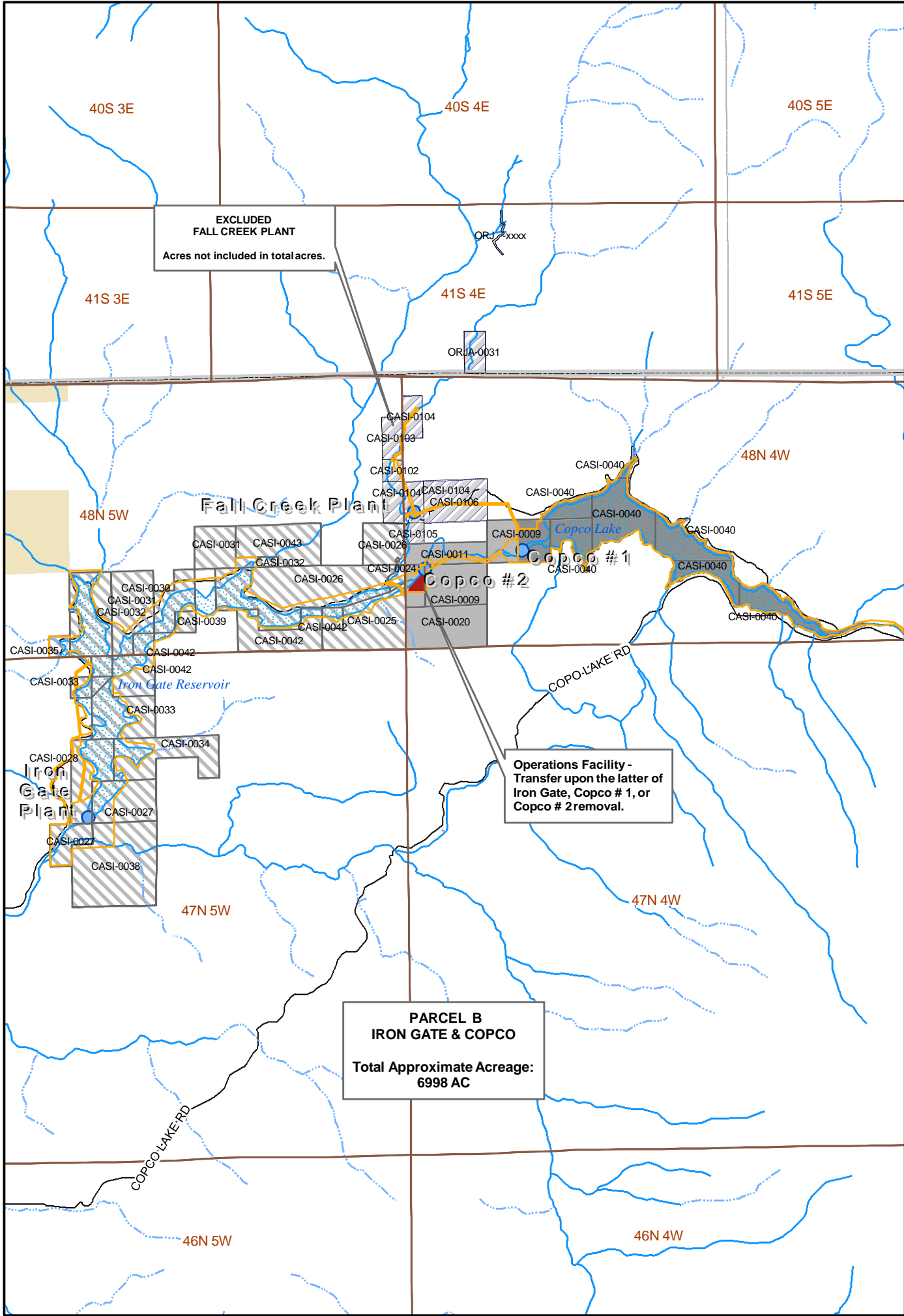
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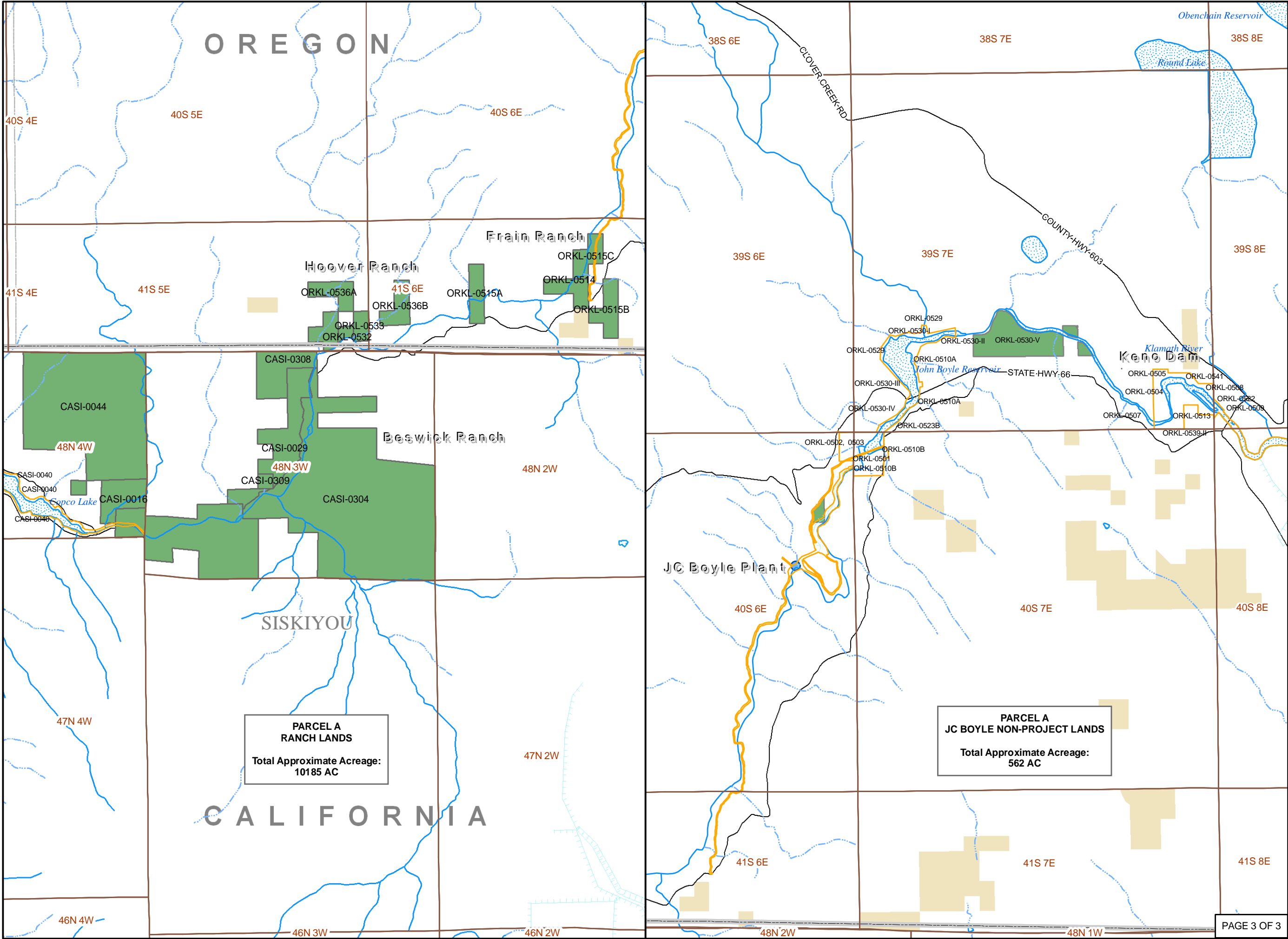
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PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition

Parcel A



Legend

KlamathExhibit_Properties

Group

- Parcel A Lands
- State Lands

PLSS

- Township/Range

Administrative Boundaries

- State
- FERC Boundary
- County

Aquatic Features

- INTERMITTENT CANAL, DITCH, AQUADUCT
- INTERMITTENT STREAM, RIVER, WASH
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- PERENNIAL STREAM, RIVER, WASH
- Regional Lakes

Generation Facilities

Generation Type

- Hydro

Major Roads

- PRIMARY, INTERSTATE HWY
- PRIMARY, U.S. & STATE HWY
- SECONDARY, CONNECTING, STATE & COUNTY HWY

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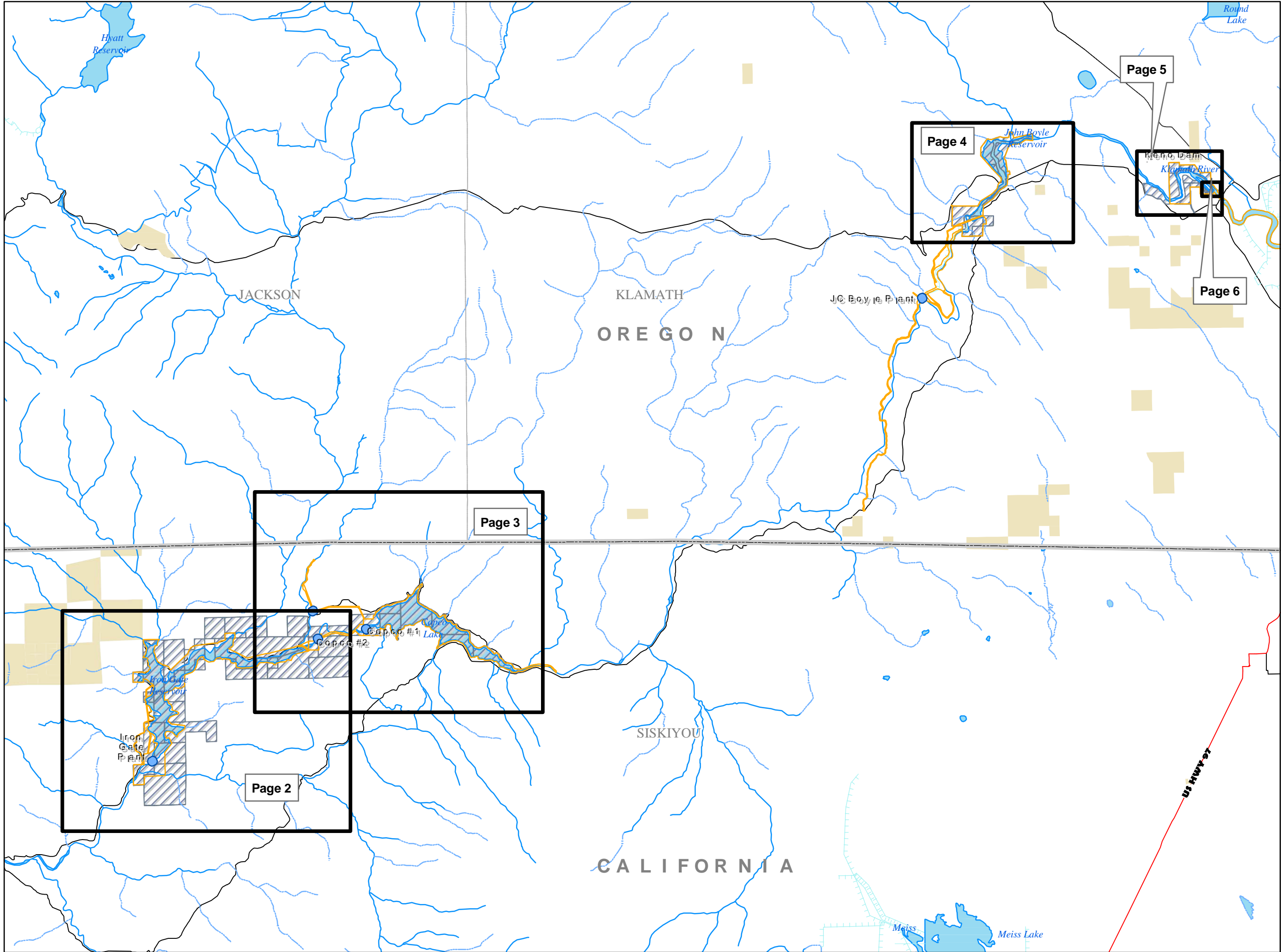
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**PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition**

*Parcel B
Project Overview*

PacifiCorp Parcels



- Parcel B Lands
- State Lands
- Administrative Boundaries
 - State
 - County
 - FERC Boundary
- Generation Facilities
 - Generation Type
 - Hydro
- Major Roads
 - PRIMARY, INTERSTATE HWY
 - PRIMARY, U.S. & STATE HWY
 - SECONDARY, CONNECTING, STATE & COUNTY HWY
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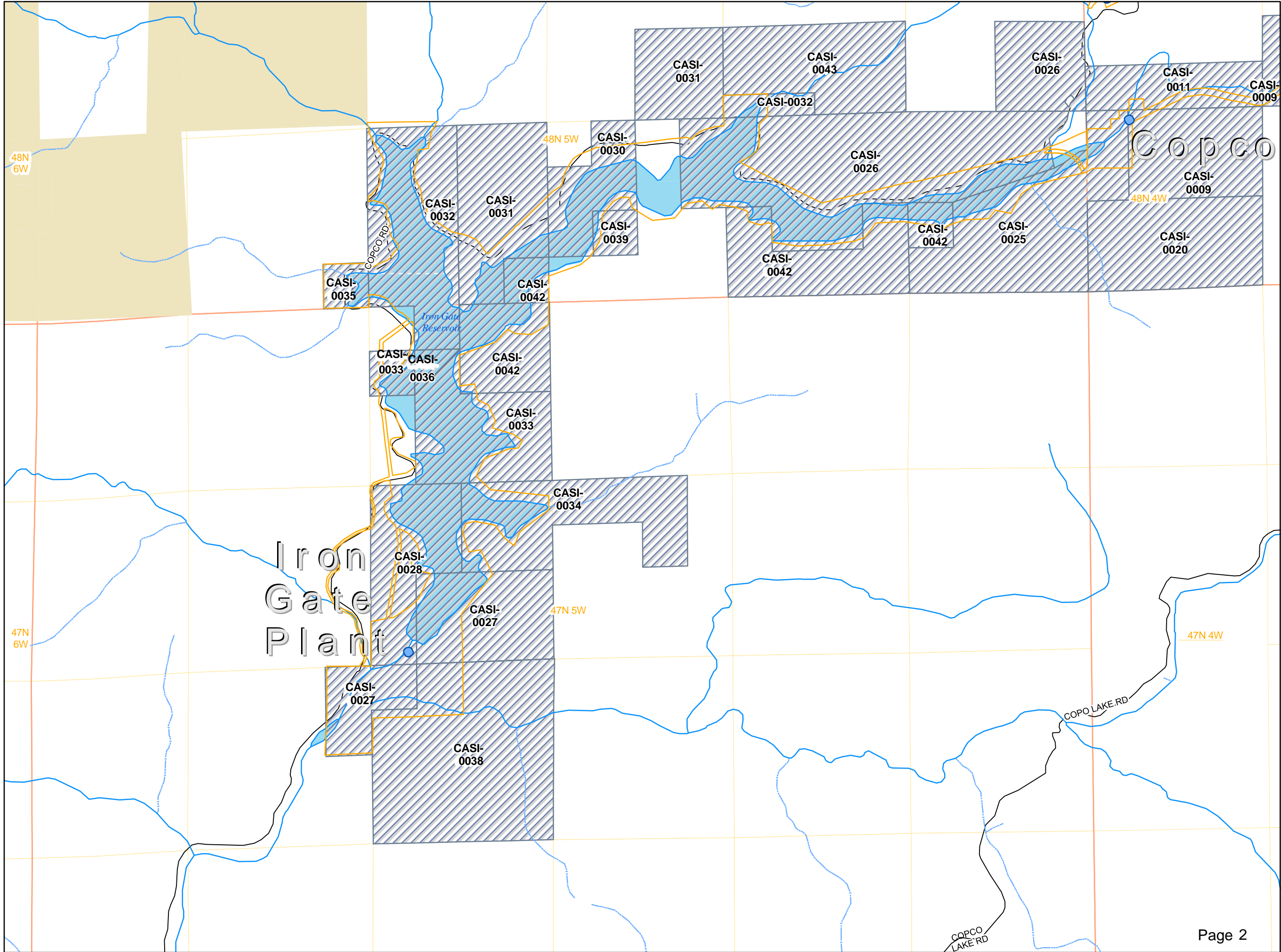
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PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition

Parcel B
Project Overview

PacifiCorp Parcels



- Parcel B Lands
- State Lands
- Administrative Boundaries
 - State
 - County
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- Generation Facilities
 - Generation Type
 - Hydro
- Major Roads
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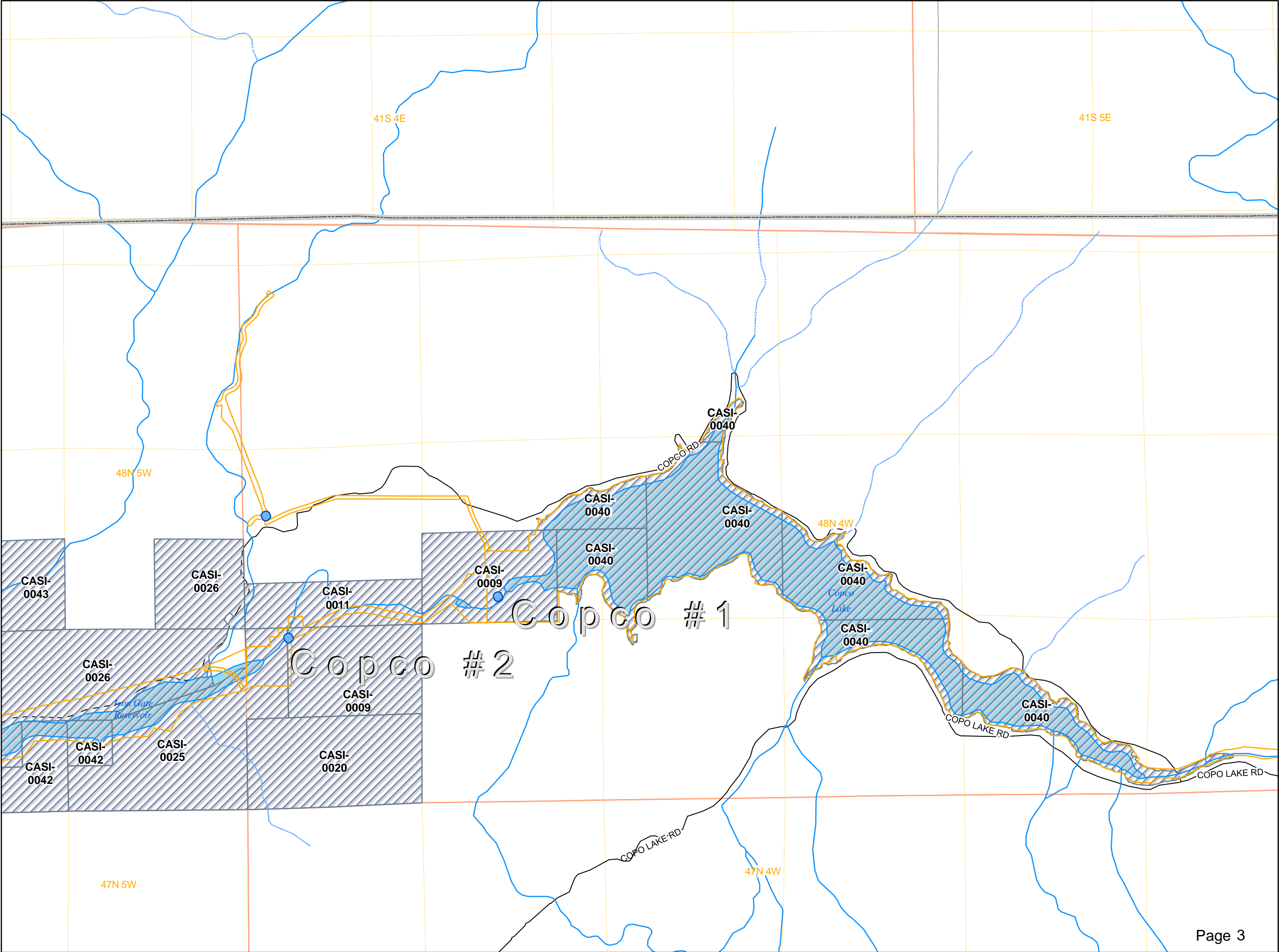
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PacifiCorp Klamath River Hydroelectric Project Lands Disposition

Parcel B
Project Overview

PacifiCorp Parcels



- Parcel B Lands
- State Lands
- Administrative Boundaries
 - State
 - County
 - FERC Boundary
- Generation Facilities
 - Generation Type
 - Hydro
- Major Roads
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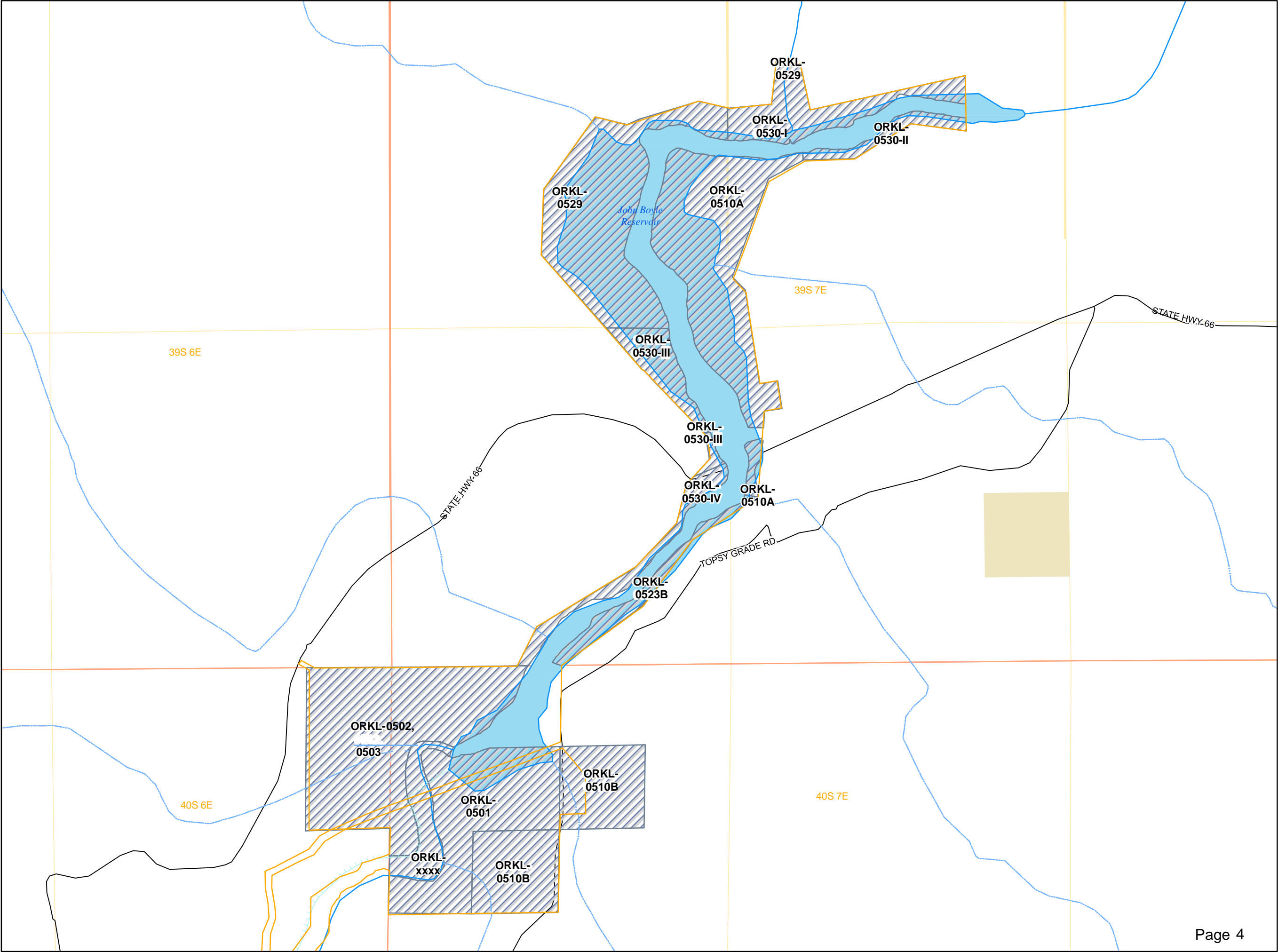
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PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition

Parcel B
Project Overview

PacifiCorp Parcels



Parcel B Lands

State Lands

State Lands

Administrative Boundaries

State

County

FERC Boundary

Generation Facilities

Generation Type

Hydro

Major Roads

PRIMARY, INTERSTATE HWY

PRIMARY, U.S. & STATE HWY

SECONDARY, CONNECTING, STATE & COUNTY HWY

Aquatic Features

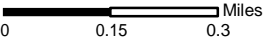
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INTERMITTENT WATER FEATURE, STREAM, RIVER, WASH

PERENNIAL CANAL, DITCH, AQUADUCT

PERENNIAL WATER FEATURE, STREAM, RIVER, WASH

Regional Lakes



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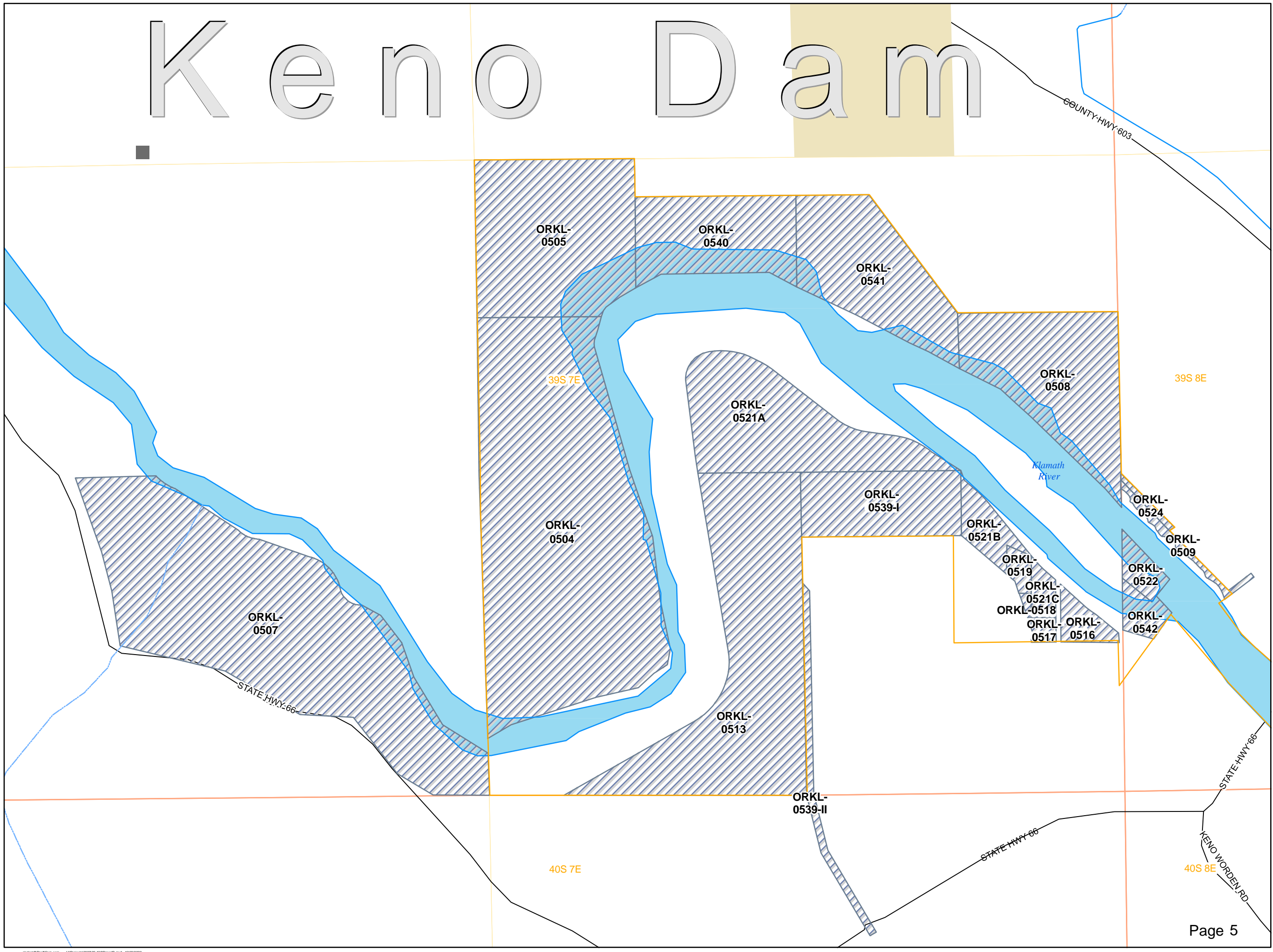
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Keno Dam

PacifiCorp Klamath River Hydroelectric Project Lands Disposition

Parcel B
Project Overview

PacifiCorp Parcels



- Parcel B Lands
- State Lands
- Administrative Boundaries
 - State
 - County
- FERC Boundary
- Generation Facilities
 - Generation Type
 - Hydro
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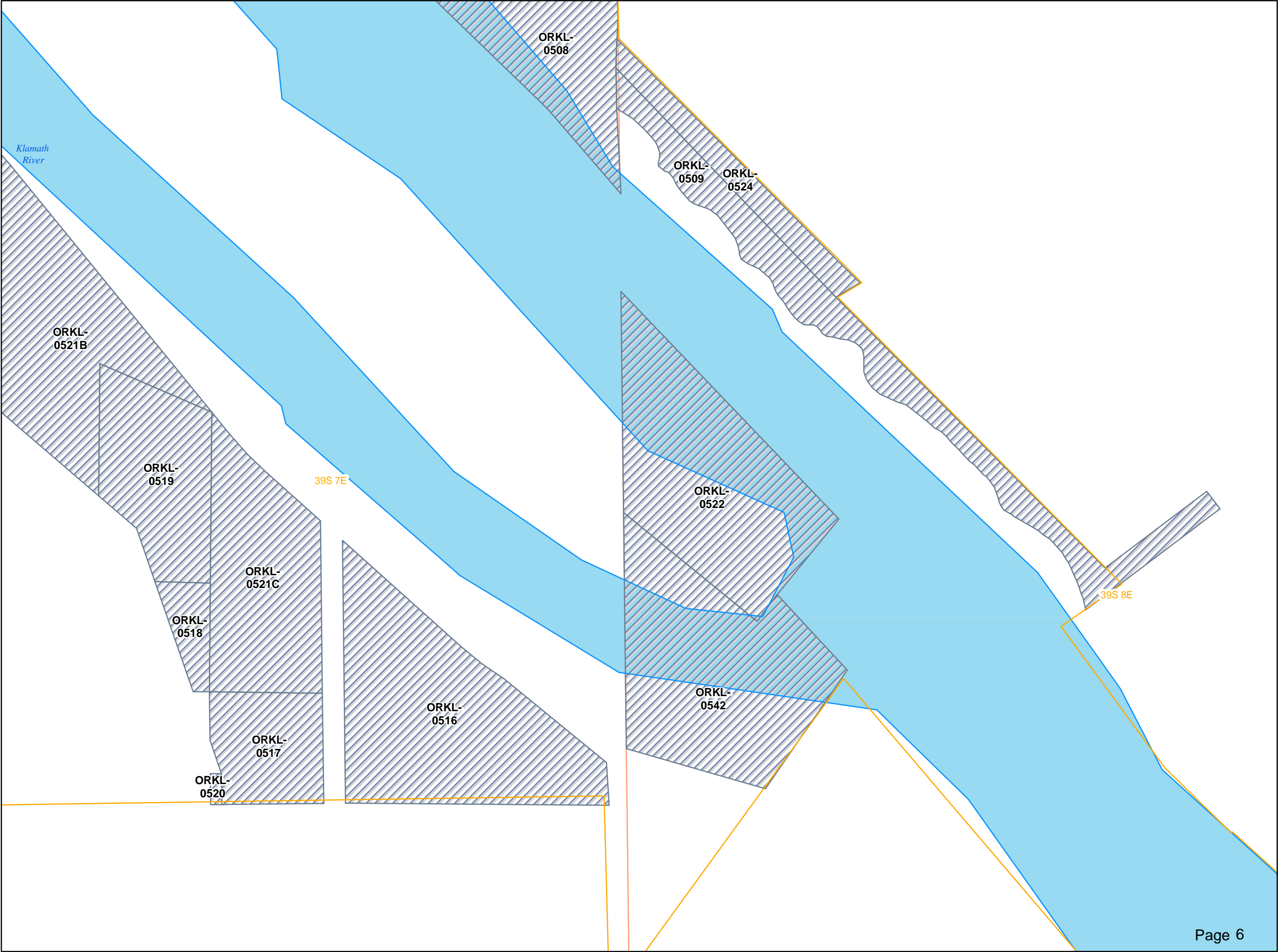
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PacifiCorp
Klamath River
Hydroelectric Project
Lands Disposition

Parcel B
Project Overview

PacifiCorp Parcels



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0 0.025 0.05 Miles



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LEGAL DESCRIPTIONS OF PACIFICORP PARCEL B PROPERTIES

OREGON PARCELS

ORKL-0501

Lots five (5), six (6) and eight (8) of Section Six (6) in Township forty (40) South, range seven (7) east of the Willamette Meridian, containing eighty-five and 96/100 (85.96) acres;

ORKL-0502 and 0503

Lot one (1) and the southeast quarter of the northeast quarter of section one (1) in township forty (40) south, range six (6); and lots one (1), two (2), three (3) and four (4) of section six (6) in township forty (40) south, range seven (7) east of Willamette Meridian; excepting and reserving that certain railroad right of way heretofore sold to the Southern Pacific Railway Company, and fully set out and described in that certain deed dated September 27, 1909, recorded on October 4, 1909, at page 464 of volume 26 of the deed records of Klamath County, Oregon;

Also, all of the right, title and interest of the party of the first part in and to that certain instrument dated March 22, 1920, from Leon W. Anderson and Nellie L. Anderson, husband and wife, of Klamath County, State of Oregon, to Mercantile Trust Company, of San Francisco, California, which said document was recorded on April 15, 1920, in the office of the County Clerk of said Klamath County in Volume 52 of Deeds, page 327.

ORKL-0504

Lots One (1), Two (2) and Three (3) of Section Thirty-six (36), Township Thirty-nine (39) South, Range Seven (7) East, Willamette Meridian;

ORKL-0505

Government Lot 4 in Section 36, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon.

ORKL-0507

The SE1/4 SW1/4 and the SW1/4 SE1/4 and Government Lots 3, 4 and 5 in Section 35, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon; EXCEPTING THEREFROM that portion thereof described as Parcel 3 in that certain Warranty Deed from the California Oregon Power Company, a corporation, to Weyerhaeuser Timber Company, a corporation, recorded July 15, 1959 in Deed Volume 314, page 179, Deed Records of Klamath County, Oregon.

ORKL-0508

Government Lot 7 in Section 36, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon.

(road easement granted to Klamath County, 1-26-68)

ORKL-0509

The following described land being in Section 31, Township 39 South, Range 8 East, Willamette Meridian, Klamath County, Oregon.

Beginning at a point on the section line which bears South 111.4 feet from the quarter corner on the West boundary of Section 31, Township 39 South, Range 8 East, Willamette Meridian, Klamath County, Oregon; thence South 44°01' East 1316.7 feet to a point on the Northerly boundary line of Riverside Addition to the Town of Keno, Oregon; thence South 53°30' West 78.5 feet more or less, along the Northerly boundary of said Riverside Addition to the low water line on the North bank of the Klamath River; thence Northwesterly along the low water line of the North bank of the Klamath River down stream to a point on the West boundary line of said Section 31; thence 82.0 feet, more or less, North along said Section line to the point of beginning.

Together with a strip of land 40 feet wide extending along the Westerly line of Riverside Addition to Keno, Oregon, from the Northerly line of Broyles Avenue to the Northerly line of the above described premises.

ORKL-0510-A

Lot Eight (8), and Southwest quarter ($SW\frac{1}{4}$) of section Twenty-nine (29), Township Thirty-nine (39) South, Range Seven (7) East of Willamette Meridian.

Lots Five (5) and Six (6) of section Thirty (30) Township Thirty-nine (39) South, Range Seven East of Willamette Meridian.

Lot Six (6) of section Thirty-one (31) Township Thirty-nine (39) South, Range Seven (7) East of Willamette Meridian.

Lots One (1) and Two (2), and Northeast quarter of Northwest quarter ($NE\frac{1}{4}NW\frac{1}{4}$), and North half of Northwest quarter ($N\frac{1}{2}NE\frac{1}{4}$) section Thirty-two (32) in Township Thirty-nine (39) South, Range Seven (7) East of Willamette Meridian, also the following described parcels of land, to-wit:

(1) Commencing at a point Twenty (20) chains South of the corner of sections 28, 29, 32 and 33 marked by a stake marked $\frac{1}{4}$; thence West 45 links; thence South 34 degrees 65 minutes West 12.12 chains; thence South 56 degrees 30 minutes East 8.75 chains intersecting the North and south section line between sections 32, and 33; thence North 14.78 chains to point of beginning, containing 5.44 acres more or less.

(2) Beginning at a point twenty (20) chains South and Forty-five (45) links West of the corner of sections 28, 29, 32 and 33, thence West 19.55 chains to the Northwest corner of the Southeast quarter of Northeast quarter of section 32; thence South seven (7) chains; thence East parallel to the North line of said Southeast

quarter of Northeast quarter of section 32, 14.81 chains; thence North 34, degrees 5, minutes East 8.45 chains to the place of beginning; all of said two parcels of land being in Township Thirty nine (39) South, Range Seven (7) East of Willamette Meridian.

Northwest quarter of Northwest quarter ($NW\frac{1}{4}NW\frac{1}{4}$) and South half of Northwest quarter ($S\frac{1}{2}NW\frac{1}{4}$) and North half of Southwest quarter ($N\frac{1}{2}SW\frac{1}{4}$) of section Thirty-three (33) in Township Thirty-nine (39) South, Range Seven (7) East of Willamette Meridian.

Southwest quarter of Northeast quarter ($SW\frac{1}{4}NE\frac{1}{4}$), West half of Southeast quarter ($W\frac{1}{2}SE\frac{1}{4}$), East half of Southwest quarter ($E\frac{1}{2}SW\frac{1}{4}$), and Southwest quarter of Southwest quarter ($SW\frac{1}{4}SW\frac{1}{4}$) of section 6, in Township Forty (40) South, Range Seven (7) East Willamette Meridian,

Lots Three (3) and Four (4), Southeast quarter of Southwest quarter ($SE\frac{1}{4}SW\frac{1}{4}$), and Southwest quarter of Southeast quarter ($SW\frac{1}{4}SE\frac{1}{4}$) of section Seven (7) Township Forty South, Range Seven (7) East Willamette Meridian.

less property sold to the International Paper Company (all or a portion of Lot 2, Section 32, T39S, R7E, W.M.

less property sold to Ernest and Judy Smith 9/4/87 (a portion located in the N1/2 of Section 32, T39S, R7E, W.M. lying south of State Highway 66)

less property sold in Section 33 T39S, R7E, W.M.

ORKL-0513

Government Lots 11, 12 and 13 in Section 36, Township 39 South, Range 7 East of the Willamette Meridian, Klamath County, Oregon. EXCEPTING therefrom those portions conveyed to the United States of America.

ORKL-0516

Beginning at a point 1282.2 feet north of a point 308.7 feet west of the corner to Townships 39 and 40 South Ranges 7 and 8 East Willamette Meridian, Oregon thence North 263 feet; thence N. 47°41' W. 282.2 feet; thence South 452 feet; thence East 208.7 feet to the place of beginning, containing 1.71 acres, more or less.

ALSO beginning at a point 1282.2 feet north of a point 100 feet west of the corner to Townships 39 and 40 South Ranges 7 and 8 East Willamette Meridian, Oregon; thence North 116 feet; thence N. 54°56' W. 255.5 feet; thence South 263 feet; thence East 208.7 feet to the place of beginning, all of said property being situate in Section 36, Township 39 South, Range 7 East Willamette Meridian.

ORKL-0518

PARCEL NO. 2. Beginning at a point 1490.9 feet north of a point 766.1 feet west of the corner to Townships 39 and 40 South, Ranges Seven (7) and Eight (8) East Willamette Meridian, Oregon; THENCE North 208.7 feet; THENCE West 208.7 feet; THENCE South 208.7 feet; THENCE East 208.7 feet to the place of beginning, containing one acre, more or less, all of said property being situate in Section 36, Township 39 S. R. 7 E. W. M. less that part conveyed to Leo J. Brennan et al by deed dated February 7, 1967.

ORKL-0519

Beginning at a point 1699.6 feet north of a point 766.1 feet west of the corner to Townships 39 and 40 South, Ranges Seven (7) and Eight (8) East Willamette Meridian, Oregon; THENCE North 273.5 feet; THENCE N. 74° 28' W. 216.6 feet; THENCE South 331.6 feet; THENCE East 208.7 feet to the place of beginning, containing 1.45 acres, more or less, and being situate in Section 36, Township 39 South Range 7 East Willamette Meridian

less that part conveyed to Leo J. Brennan et al by deed dated February 7, 1967.

ORKL-0520

Beginning at a point 1282.2 feet north of a point 766.1 feet west of the corner to Townships 39 and 40 South Ranges Seven (7) and Eight (8) East of the Willamette Meridian, Oregon;
THENCE North 208.7 feet;
THENCE West 208.7 feet;
THENCE South 208.7 feet;
THENCE East 208.7 feet to the place of beginning, excepting that part of the herein described land conveyed to Leo J. Brennan et al by deed dated February, 7, 1967 and recorded in Book M67 at Page 942 deed records of Klamath County, Oregon.

ORKL-0521
(A=Lots 9 and 10
B, C, D= Lot 8)

{ All of lots Eight (8), Nine (9) and Ten (10) of
Section Thirty-six (36), Township Thirty-nine (39) South,
Range Seven (7) East Willamette Meridian, EXCEPT the portions
thereof already conveyed by Thomas McCormick and wife, as
follows:-

- 1;- To the United States of America, by deed dated
November 14, 1906, and recorded in Volume 21 of
Deeds, page 466, records of Klamath County, Oregon.
- 2;- To the United States of America, by deed dated
August 5, 1909, and recorded in Volume 27 of
Deeds, page 294, records of said County.
- 3;- To Fred L. Rutledge, by deed dated _____ day of
August, 1927, and recorded in Volume 81 of Deeds,
Page 62, records of said County. K-519
- 4;- To George Crossen, by deed dated August 10, 1928,
and recorded in Volume 89 of Deeds, page 348,
Records of said County. K-518
- 5;- To Everett Hotchkiss, by deed dated December 6,
1928, and recorded in Volume 86 of Deeds, page
346, records of said County. K-520 (?)
- 6;- To Sam Harris and Ray Harris, by deed dated July
16, 1928, and recorded in Volume 86 of Deeds,
page 505, records of said County. K-517
- 7;- To A. W. Reents, by deed dated May 15, 1926 and
recorded in Volume 78 of Deeds, page 93, records
of said County. K-516

ORKL-0522

Beginning at a point on the Range line between Section Thirty-One (31), Township Thirty-Nine (39), South Range Eight (8) East of the Willamette Meridian and Section Thirty-Six (36), Township Thirty-Nine (39), South Range Seven (7) East of the Willamette Meridian, which is Eight Hundred Thirty-One and Six-Tenths (831.6) feet South of the quarter corner between said Section 31 and 36; thence South on Range line Seventy-Eight and Two-Tenths (78.2) feet; thence South 50°05' East Three Hundred Twenty-One and One-Tenths (321.1) feet; thence North 39°55' East to the center line of the Klamath River; thence down stream along the center line of said stream along the center line of said stream to said Range line; thence South along said Range line to the point of beginning.

ORKL-0523-B

Lots Seven (7), Eight (8), and Nine (9) of Section Thirty-one (31) and Lot Three (3) of Section Thirty-two (32), Township Thirty-nine (39) South, Range Seven (7) East of W. M.

ORKL-0524

Also, beginning at a point on the Range line between Section 31, Township 39 South, Range 8 East, Willamette Meridian and Section 36, Township 39 South, Range 7 East, Willamette Meridian, 40.6 feet South of the quarter corner between Sections 31 and 36 on said range line; thence South along said range line 71.6 feet to a point which is the most Northerly point of the tract of land conveyed by the grantors to the grantee by deed dated May 29, 1930 and recorded in Volume 90, page 340, of the deed records of Klamath County, Oregon; thence South $44^{\circ}00'$ East along the Northerly boundary of said tract 572.6 feet to a point; thence North $59^{\circ}59'$ East 51.5 feet to a point; thence North $44^{\circ}00'$ West 636.4 feet, more or less, to the point of beginning.

ORKL-0529

Beginning at the Northwest corner of said Section 29; thence South $0^{\circ}08'$ West along the West line of said Section for a distance of 1812.82 feet to a point marked by a copper nickel pipe, 5/8 inch in diameter and 40 inches in length, set in a rock mound; thence North $86^{\circ}17'$ East for a distance of 697.69 feet to a point marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated as LB 10, said iron pipe, as are all other iron pipes mentioned in this description, being referenced by a copper-nickel pipe, 5/8 inch in diameter and 40 inches in length, driven adjacent thereto until its top is 10 inches above the ground; thence North $7^{\circ}03'$ East on a line which passes through a point 693.53 feet distant, marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated LB 11, to its intersection with the South line of said NW1/4 NW1/4, said point of intersection being the true point of beginning of this description; thence continuing North $7^{\circ}03'$ East 250 feet, more or less, to said point designated LB 11; thence South $80^{\circ}43'$ East for a distance of 382.27 feet to a point marked by an iron pipe, 3/4 inch in diameter, designated LB 12; thence South $11^{\circ}24'$ East on a line which passes through a point 742.04 feet distant, marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated LB 13, for a distance of 193 feet, more or less, to its intersection with the South line of said NW1/4 NW1/4; thence Westerly along said South line to the true point of beginning of this description.

Also parts of Government Lots 2 and 1, the E1/2 SW1/4, Government Lots 3 and 4 of Section 30 and the NW1/4 NE1/4 of Section 31, Townsmp 39 South, Range 7 East, Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the Northeast corner of said Section 30; thence South 0°08' West along the East line of said Section for a distance of 1812.82 feet to a point marked by a copper-nickel pipe, 5/8 inch in diameter and 40 inches in length set in a rock mound, said point being the true point of beginning of tms description; thence South 86°17' West for a distance of 0.92 feet to a point marked by an iron pipe 3/4 inch in diameter, driven flush with the ground and designated WT 8, said iron pipe, as are all other iron pipes mentioned in tms description, being referenced by a copper-nickel pipe, 5/8 inch in diameter and 40 inches in length, driven adjacent thereto until its top is 10 inches above the ground; thence North 75°46' West for a distance of 460.81 feet to a point marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated as WT 7; thence South 72°24' West for a distance of 1183.71 feet to a point marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated WT 6; thence North 75°06' West for a distance of 516.19 feet to a point marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated as WT 5; thence South 36°06' West for a distance of 1396.82 feet to a point marked by an iron pipe, 3/4 inch in diameter, and driven flush with the ground and designated WT 4; thence South 2°46' West for a distance of 1031.45 feet to a point marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated as WT 3; thence South 41°00' East (at a distance of 1540.84 feet crossing the South line of said Section 30 at a point which is 767.05 feet distant South 88°34' East from the South 1/4 corner thereof) for a distance of 1542.89 feet to a point marked by an iron pipe, 3/4 inch in diameter, driven flush with the ground and designated WT 2; thence South 39°59' East for a distance of 660.00 feet to a point marked by a copper-nickel pipe, 5/8 inch in diameter and 40 inches in length, driven in the ground until its top is 10 inches above the ground; thence continuing South 39°59' East for a distance of 195 feet, more or less, to a point on the East line of the NW 1/4 NE 1/4 of said Section 31; thence North along said East line for a distance of 640 feet, more or less, to the Northeast corner of said NW 1/4 NE 1/4; thence East along the South line of said Section 30 to the Southeast corner of said Lot 4; thence Northerly along the Easterly line of said Lot 4, the Easterly line of said Lot 3 and the Southeasterly line of said Lot 2 to the Southwest corner of said Lot 1; thence Easterly along the South line of said Lot 1 to the Southeast corner thereof; thence North along the East line of said Section 30 to the true point of beginning.

Parcel I

Parts of Lots One (1), Two (2), and Three (3) of Section Twenty-nine (29), Township Thirty-nine (39) South, Range Seven (7) East, Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the section corner common to Sections 19, 20, 30, and 29, Township 39 South, Range 7 East, Willamette Meridian; thence South $0^{\circ} 02' 53''$ East, along the West line of Section 29, a distance of 1,805.49 feet to the TRUE POINT OF BEGINNING of this description; thence South $75^{\circ} 57' 45''$ East, a distance of 48.18 feet to a point; thence North $84^{\circ} 47' 58''$ East, a distance of 653.11 feet to a point; thence North $6^{\circ} 51' 53''$ East to the intersection with the 1/16 Section line between the Northwest Quarter of the Northwest Quarter and Lot 1, a distance of 443.51 feet to an iron pin; thence East along the said 1/16 section line, a distance of 446.09 feet to an iron pin; thence South $11^{\circ} 33' 51''$ East, a distance of 548.51 feet to an iron pin; thence North $78^{\circ} 04' 23''$ East, a distance of 2,490.78 feet to a point in Lot 3 from which point the Northeast corner of said Section 29 bears North $48^{\circ} 22' 12''$ East a distance of 2,082.39 feet; thence South $0^{\circ} 24' 58''$ East, to the intersection with the Meander Line, along the right bank of the Klamath River, a distance of 365 feet, more or less; thence Westerly along the Meander Line of said Lots 1, 2, and 3 to the intersection with the West line of said Section 29; thence North along the West line of said Section 29 a distance of 485 feet, more or less, to the true point of beginning;

containing 34.50 acres, more or less, of which 21.90 acres, more or less, are in said Lot 1, 7.60 acres, more or less, in said Lot 2, and 5.00 acres, more or less, in said Lot 3.

Parcel II

Parts of Lots Six (6) and Seven (7) of Section Twenty-nine (29), Township Thirty-nine (39) South, Range Seven (7) East, Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at the section corner common to Sections 20, 21, 29, and 28, Township 39 South, Range 7 East, Willamette Meridian; thence South $48^{\circ} 22' 12''$ West, a distance of 2,082.39 feet to a point marked by an iron pin and designated as "LB-14;" thence South $0^{\circ} 24' 58''$ East, a distance of 868.91 feet to a point marked by an iron pin in Lot 6, said point being the TRUE POINT OF BEGINNING of this description; thence North $82^{\circ} 03' 08''$ West, a distance of 876.03 feet to a point marked by an iron pin; thence South $58^{\circ} 29' 02''$ West to the intersection with the South line of said Lot 7, a distance of 1,015 feet, more or less; thence West along the South Line of said Lot 7, a distance of 700 feet, more or less; thence North along the West line of said Lot 7 to the intersection with the Meander Line along said Lot 7, a distance of 130 feet, more or less; thence Easterly along the Meander Lines of said Lots 7 and 6 to the intersection with the line bearing South $0^{\circ} 24' 58''$ East between said point "LB-14" and the true point of beginning; thence South $0^{\circ} 24' 58''$ East along said line, a distance of 188.91 feet, more or less, to the true point of beginning; containing 11.75 acres, more or less, of which 5.95 acres, more or less, are in said Lot 6, and 5.80 acres, more or less, in said Lot 7.

Parcel III

Parts of Lots Four (4) and Five (5) of Section Thirty-one (31), Township Thirty-nine (39) South, Range Seven (7) East, Willamette Meridian, more particularly described as follows:

Beginning at the 1/4 section corner common to Sections 30 and 31, Township 39 South, Range 7 East, Willamette Meridian; thence South $88^{\circ} 39' 29''$ East along the North line of Section 31 to the intersection with the West line of said Lot 5, a distance of 1,348.27 feet, more or less, to the TRUE POINT OF BEGINNING of this description; thence South along the West line of said Lot 5, a distance of 640.48 feet to a point; thence South $41^{\circ} 11' 19''$ East, a distance of 240.29 feet to a point marked by an iron pin; thence South $42^{\circ} 50' 07''$ East, a distance of 1,194.47 feet to a point marked by an iron pin; thence South $9^{\circ} 13' 28''$ East, a distance of 386.02 feet to a point marked by an iron pin; thence South $41^{\circ} 45' 43''$ West to the intersection with the North Boundary of the Right of Way of State Highway No. 21; thence Northeasterly along the said highway right of way to the intersection with the Meander Line along the East side of said Lot 4; thence Northerly along the Meander Line of said Lots 4 and 5 to the intersection with the North line of said Section 31; thence North $88^{\circ} 39' 29''$ West along the North line of said Section 31, a distance of 383.93 feet to the true point of beginning; containing 19.25 acres, more or less, of which 5.40 acres, more or less, are in said Lot 4, and 13.85 acres, more or less, in said Lot 5.

Parcel IV

Parts of Lots One (1), Two (2), Three (3), and Four (4) of Section Thirty-one (31), Township Thirty-nine (39) South, Range Seven (7) East, Willamette Meridian, more particularly described as follows:

Beginning at the corner common to Sections 36, 31, 1, and 6, Township 39 and 40 South, Range 6 and 7 East, Willamette Meridian; thence South $89^{\circ} 56' 42''$ East along the South line of said Section 31, a distance of 1,960.02 feet to a point marked by an iron pin and the TRUE POINT OF BEGINNING of this description thence North $27^{\circ} 31' 03''$ East, a distance of 688.07 feet to a point marked by an iron pin; thence North $59^{\circ} 46' 33''$ East, a distance of 1,781.22 feet to a point marked by an iron pin; thence North $44^{\circ} 16' 57''$ East, a distance of 969.68 feet to a point marked by an iron pin; thence North $14^{\circ} 50' 18''$ East, a distance of 629.93 feet to a point marked by an iron pin; thence North $41^{\circ} 45' 43''$ East to the intersection with the South Boundary of the Right of Way of State Highway No. 21; thence North-easterly along the said highway right of way to the intersection with the Meander Line along the East side of said Lot 4; thence Southwesterly along the Meander Lines of said Lots 4, 3, 2, and 1 to the intersection with the South line of said Section 31; thence North $89^{\circ} 56' 42''$ West along the South line of said Section 31, a distance of 165 feet, more or less, to the true point of beginning; containing 17.10 acres, more or less, of which 0.27 acres, more or less, are in said Lot 1, 1.33 acres, more or less, in said Lot 2, 3.57 acres, more or less, in said Lot 3, and 3.93 acres, more or less, in said Lot 4.

ORKL-0539 I and II

Parcel 1:

The North 550 feet of the West 1/2 of the Southeast 1/4 of Section 36, Township 39 South, Range 7 East, Willamette Meridian, Klamath County, Oregon.

EXCEPTING therefrom that portion conveyed to the United States of America by Deed recorded August 9, 1909 in Volume 27, page 294, Deed Records of Klamath County, Oregon.

Parcel 2:

A strip of land for road purposes 60 feet in width lying 30 feet on each side of the following described center line:

Commencing at a point on the Northerly right of way line of Oregon State Highway 66 at Station 1807+71; thence North 29°28'52" West, 800 feet; thence North 12°43'22" West, 498 feet to a point which is 30 feet East and 10 feet North of the South quarter corner of Section 36, Township 39 South, Range 7 East, Willamette Meridian, Klamath County, Oregon; thence Northerly along a line which is parallel to and 30 feet Easterly of the West line of the Southeast 1/4 of said Section 36, a distance of 1700 feet; thence North 40°48'41" West 50 feet, more or less, to a point on said West line of the Southeast 1/4.

ORKL-0540

All that portion of Lot 5, Section 36, Township 39 South, Range 7 East of the Willamette Meridian, EXCEPT the North 319 feet thereof and being more particularly described as follows:

Beginning at a point on the West line of Lot 5, Section 36, Township 39 South, Range 7 East of the Willamette Meridian from which the Northwest corner of said Lot 5 bears North 9°09'22" East 319.00 feet distant; thence along the said West line of said Lot 5, South 0°09'22" West 425.81 feet to the North bank of Klamath River; thence along Klamath River North 71°09'15" East 222.86 feet; thence South 76°39'45" East 380.77 feet; thence North 77°56'55" East 94.85 feet; thence South 82°02'05" East 203.00 feet; thence North 73°23'15" East 221.68 feet; thence South 62°13'45" East 198.60 feet; thence South 82°00'45" East 62.74 feet, more or less to the East line of said Lot 5, Section 36; thence along the said East line of said Lot 5, North 0°03'07" East 481.31 feet to a point from which the North quarter corner of said Section 36 bears North 0°03'07" East 319.00 feet distant; thence North 89°43'16" West 1342.12 feet more or less to the point of beginning.

ORKL-0541

Lot 6 except that portion thereof which lies northerly of the following described line: Commencing at a point located on the line between Govt. Lots 5 and 6, said point being located South $0^{\circ} 03' 07''$ West, 319.0 feet from the north quarter corner of Section 36; thence South $89^{\circ} 43' 16''$ East, 620.0 feet to a point; thence in a southeasterly direction to the northwest corner of Govt. Lot 7 of said Section 36.

subject to road easement granted to Klamath County 1-26-68

ORKL-0542

A tract of land in Lot 1, (SW1/4) of Section 31, Township 39 South, Range 8 East of the Willamette Meridian, described as follows:

Beginning at the intersection of the centerline of River Street and the Westerly boundary line of Brighton Avenue (Highway 66) in the town of Doten, (now Keno) Oregon, which point is marked with an iron pipe; thence North $57^{\circ}08'$ West along the centerline of said River Street, projected, a distance of 1,194.6 feet; thence North $32^{\circ}52'$ East 372.1 feet to the true point of beginning; thence continuing North $32^{\circ}52'$ East 259.8 feet, more or less to the mean water line of the Klamath River; thence North $40^{\circ}24'$ West 179.7 feet along said mean water line to the Easterly boundary of the tract of land described in Book 94 at page 36, Deed Records of Klamath County, Oregon; thence along the Easterly and Southerly boundaries of said parcel as follows: South $41^{\circ}47'$ West 58.9 feet and North $50^{\circ}05'$ West 321.1 feet to the Easterly boundary of the tract of land described in Volume 130 of page 412, Deed Records of Klamath County, Oregon; thence South $0^{\circ}06'$ East along said boundary a distance of 434.0 feet; thence South $72^{\circ}16'$ East 273.2 feet to the true point of beginning.

CALIFORNIA PARCELS

CASI-0009

*The North West quarter of South East quarter (NW $\frac{1}{4}$ of SE $\frac{1}{4}$)
South half of South East quarter (S $\frac{1}{2}$ of SE $\frac{1}{4}$) and South West
quarter (SW $\frac{1}{4}$) of Section Twentynine (29), East half of
North West quarter (E $\frac{1}{2}$ of NW $\frac{1}{4}$) and North East quarter (NE $\frac{1}{4}$)
of Section Thirtyone (31), in Township Forty-eight (48), North,
Range Four (4) West, Mount Diablo Meridian,
containing Five hundred and twenty (520)*

acres, according to the United States Surveys;
less property sold consisting of 31.85 acres of the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ lying south and east of the
present reservoir.

CASI-0011

Lot Four (4) and the South East quarter of the South
West quarter (SE $\frac{1}{4}$ of SW $\frac{1}{4}$) and the South half of the South East
quarter (S $\frac{1}{2}$ of SE $\frac{1}{4}$) of Section Thirty (30), Township Forty-eight
(48) North Range Four (4) West, Mount Diablo meridian;

CASI-0020

South Half (S $\frac{1}{2}$)

of Section Thirty-one (31), Township Forty-eight (48) North, Range Four (4) West
Mount Diablo Base and Meridian, containing Three Hundred Fifteen and 17/100 (315.17)
Acres, according to the United States Public Surveys;

CASI-0021

The northwest quarter of the south-
west quarter (NW $\frac{1}{4}$ of SW $\frac{1}{4}$) of Section
thirty-six (36), Township forty-eight (48)
North, Range five (5) West, Mount Diablo
Base and Meridian.

That certain fractional portion of the NE $\frac{1}{4}$ of Section thirty-six (36) TWP forty-eight (48) North of Range five (5) West M.D.M., bounded by a line described as beginning at the Northeast corner of said Section 36 and extending westerly four hundred sixty one and nine-tenths (461.9) feet along the section line between said Section 36 and Section 25 of the same Township and Range to the center line of Fall Creek; thence southwesterly along the center line of Fall Creek to the point of intersection of the center lines of Fall Creek and the Klamath River, thence northeasterly along the center line of the Klamath River to the east line of said Section 36, thence northerly along said east line of Section 36, ten hundred ninety (1090) feet to the point of beginning, said tract containing 25.93 acres, more or less: also, a right of way 60 feet wide for a railroad and wagon road across the remaining portion of the N.E. $\frac{1}{4}$ of Section 36, Township 48 North, Range 5 West, the center line of said right of way being more particularly described as follows

Beginning at a point on the quarter section line running north and south in Section 36 T. 48 N. Range 5 West, which is seventeen hundred two and seven-tenths (1702.7) feet south of the quarter section corner on the north line of said section 36, thence north fifty two degrees, eighteen and one half minutes ($52^{\circ} 18\frac{1}{2}'$) east twenty five and three-tenths (25.3) feet to the beginning of a curve whose total deflection angle is thirty degrees and thirty four minutes ($30^{\circ} 34'$) to the right tangent length is one hundred twenty and three-tenths (120.3) feet, radius is four hundred forty and eighty four hundredths (440.84) feet and length is two hundred thirty five and one-tenth (235.1) feet, thence north

eighty two degrees, fifty two and one-half minutes ($82^{\circ} 52\frac{1}{2}'$) east, two hundred twenty three and four-tenths (223.4) feet to the beginning of a curve whose total deflection angle is seventeen degrees eighteen minutes ($17^{\circ} 18'$) to the right, tangent length is forty three and six-tenths (43.6) feet, radius is two hundred eighty six and fifty seven hundredths (286.57) feet and length is eighty six and five-tenths (86.5) feet; thence south seventy nine degrees forty nine and one half minutes ($79^{\circ} 49\frac{1}{2}'$) east, one hundred ninety four and eight-tenths (194.8) feet to the beginning of a curve whose total deflection angle is four degrees and eight minutes ($4^{\circ} 8'$) to the left, tangent length is twenty and seven-tenths (20.7) feet, radius is five hundred seventy three and thirteen one hundredths (573.13) feet and length is forty one and three-tenths (41.3) feet, thence south eighty three degrees fifty seven and one half minutes ($83^{\circ} 57\frac{1}{2}'$) east, sixty seven and six tenths (67.6) feet to the beginning of a curve whose total deflection angle is fifteen degrees fifty three minutes ($15^{\circ} 53'$) to the left, tangent length is forty (40) feet, radius is two hundred eighty six and fifty seven one-hundredths (286.57) feet and length is seventy nine and four-tenths (79.4) feet, thence north eighty degrees nine and one-half minutes ($80^{\circ} 09\frac{1}{2}'$) east, fifty two and four-tenths (52.4) feet to the beginning of a curve whose total deflection is fourteen degrees, seventeen minutes ($14^{\circ} 17'$) to the left, tangent length is forty four and eight-tenths (44.8) feet, radius is three hundred fifty eight and seventeen one-hundredths (358.17) feet and length is eighty nine and three-tenths (89.3) feet, thence, north sixty five degrees fifty two and one half minutes ($65^{\circ} 52\frac{1}{2}'$) east, five hundred eighty four (584) feet to the center line of Fall Creek, said right of way containing two and thirty two hundredths (2.32) acres, more or less.

CASI-0025

(also described as Lots One and Two of the Northwest quarter)

The West Half of the Northwest quarter ($W\frac{1}{2}NW\frac{1}{4}$) of Section Thirty one (31) in Township Forty eight (48) North of Range Four (4) West, Mount Diablo Meridian; also all of that portion of Section Thirty Six (36) Township Forty Eight (48) North of Range Five (5) West, Mount Diablo Meridian, lying South of the Klamath River, saving and excepting the Northwest quarter of the Southwest quarter ($NW\frac{1}{4}SW\frac{1}{4}$) of said Section Thirty Six (36).

CAISI-0026

The Southeast quarter ($SE\frac{1}{4}$) of Section 25; the East half of the Northeast quarter ($E\frac{1}{2}NE\frac{1}{4}$) of Section 34; the Northeast quarter ($NE\frac{1}{4}$) and the Northwest quarter of the Southeast quarter ($NW\frac{1}{4}SE\frac{1}{4}$) and the Northeast quarter of the Southwest quarter ($NE\frac{1}{4}SW\frac{1}{4}$) and the Northwest quarter ($NW\frac{1}{4}$) of Section 35; the North half of the Northwest quarter ($N\frac{1}{2}NW\frac{1}{4}$) and the Northwest quarter of the Northeast quarter ($NW\frac{1}{4}NE\frac{1}{4}$) and the Northeast quarter of the Northeast quarter ($NE\frac{1}{4}NE\frac{1}{4}$) and that fractional portion of the Southehalf of the North half ($S\frac{1}{2}N\frac{1}{2}$), lying North of the Klamath River, of Section 36; all in Township Forty-eight (48) North of Range Five (5) West M.D.M.; together with the appurtenances thereunto belonging; save and excepting therefrom that certain fractional portion of the Northeast quarter ($NE\frac{1}{4}$) of Section Thirty-six (36), Township Forty-eight (48) North of Range Five (5) West M.D.M., bounded by a line described as beginning at the Northeast corner of said Section 36, thence extending westerly four hundred sixty one and nine tenths feet (461.9) along the section line between said Section 36 and Section 25 of the same Township

and range to a point on the Center line of Fall Creek; thence, Southwesterly along the Center line of Fall Creek, to the point of intersection of the Center line of Fall Creek and the Klamath River; thence Northeasterly along the Center line of the Klamath River to the East line of the said Section 36; thence northerly along said East line of said Section 36, 1190.0 feet to the point of beginning.

LESS THE FOLLOWING:

A fractional portion of the Southeast quarter of the Southeast quarter of Section 25, Township 48 North, Range 5 West, Mount Diablo Meridian, being more particularly described as follows:

Beginning at a point 30.00 feet southwesterly of the centerline of the Pacific Power & Light Company Transmission Line No. 19, from which point the southeast corner of said Section 25 bears South $40^{\circ} 51' 31''$ East, 506.61 feet; thence South $38^{\circ} 31' 10''$ West, 166.98 feet; thence South $28^{\circ} 14' 58''$ West, 132.47 feet; thence North $36^{\circ} 15' 00''$ West, 184.77 feet; thence North $30^{\circ} 54' 15''$ East, 141.54 feet; thence North $53^{\circ} 45' 00''$ East, 134.36 feet; thence South $42^{\circ} 46' 42''$ East, 139.73 feet parallel to said Transmission Line No. 19 to the point of beginning.

and subject to a telephone line easement to PT&T 9/28/81 and subject to a 30' pipeline easement to the City of Yreka 8/30/68.

CASI-0027

The East half of the Southwest quarter ($E\frac{1}{2}$ of $SW\frac{1}{4}$) and the Southeast quarter ($SE\frac{1}{4}$) of Section Nine (9); the Northwest quarter of the Northwest quarter ($NW\frac{1}{4}$ of $NW\frac{1}{4}$) of Section Sixteen (16), and the East half of the Northeast quarter ($E\frac{1}{2}$ of $NE\frac{1}{4}$) of Section Seventeen (17) in Township Forty-seven (47) North (N) of Range Five (5) West, Mount Diablo Base and Meridian; saving and excepting that portion thereof heretofore conveyed to the Klamath Lake Railroad Company;

and subject to a telephone line easement to PT&T 10/13/80 and a 20' road easement to James Liskey.

CASI-0028

The West Half of the East Half of the Northwest Quarter ($W\frac{1}{2} E\frac{1}{2} NW\frac{1}{4}$) and the West Half of the West Half ($W\frac{1}{2} W\frac{1}{2}$), and also that portion of the East Half of East Half of Northwest Quarter ($E\frac{1}{2} E\frac{1}{2} NW\frac{1}{4}$) of Section Nine (9) in Township Forty-seven (47) North of Range Five (5) West, Mount Diablo Meridian, which lies on the westerly side of the center line of the Klamath River, where said river flows through said sub-division; subject, however, to right of way one hundred (100) feet wide, across said section, heretofore conveyed to Klamath Lake Railroad Company by Central Pacific Railway Company and United States Trust Company of New York, by deed numbered 213-C, dated August 16, 1905.

CASI-0030

The East half of the Northwest quarter, the Southwest quarter of the Northwest quarter and the Northwest quarter of the Southwest quarter of Section 34, Township 48 North, range 5 West, M.D.M. California, less the Klamath Lake Railroad Company right of way.

subject to a 20 road easement to H.J. Rhodes 6/12/64

CASI-0031

All of Section Twenty-seven (27); Northeast Quarter ($NE\frac{1}{4}$), North Half of Southeast Quarter ($N\frac{1}{2}$ of $SE\frac{1}{4}$) and Southwest Quarter of Southeast Quarter ($SW\frac{1}{4}$ of $SE\frac{1}{4}$) of Section Thirty-three (33), Township Forty-eight (48) North, Range Five (5) West, Mount Diablo Base and Meridian, containing Nine Hundred Twenty and 00/100 (920.00) Acres, more or less; together with all rights, privileges and appurtenances thereunto belonging or in any wise appertaining; subject however, to any rights, liens or encumbrances created or permitted, by any other person than the said first party, since March 16, 1931; also subject to the condition that first party shall not be held liable for any encroachments on said premises by existing ditch and telephone line.

EXCEPTING from the foregoing conveyance a right of way of lawful width for any and all existing and lawfully established County Roads.

less the following sold to Rhodes and Roberts 4/13/64:
the N $\frac{1}{2}$ and the SW $\frac{1}{4}$ of Section 27, Township 48N, Range 5W, MDM.

CASI-0032

The South half of the South half of the South West Quarter of Section Twenty-six, and the West half of Section Thirty-three, Township Forty-eight, North, Range Five West, and the North East quarter of the North West quarter of Section Four, Township Forty-seven North, Range Five West, Mount Diablo Meridian, subject to the rights of the Lowood School District.

Together with all water rights, water ditches and water privileges thereunto belonging or in anywise appertaining.

CASI-0033

The Southeast quarter; the East half of the Southwest quarter and the South half of the Northwest quarter of Section Four, Township Forty-seven North, Range Five West, Mount Diablo Meridian, saving and excepting that portion of the Southeast quarter of the Northwest quarter of said Section Four lying northerly and westerly of the center line of the Klamath River containing 310 acres, more or less

CASI-0034

All that portion of the East half ($E\frac{1}{2}$) of the East half, ($E\frac{1}{2}$), of the North West quarter ($NW\frac{1}{4}$) of Section Nine (9), lying on the East side of the Klamath River where it flows through said land; The North East quarter ($NE\frac{1}{4}$) of Section Nine (9); the North half ($N\frac{1}{2}$) of the North West quarter ($NW\frac{1}{4}$) and the West half ($W\frac{1}{2}$) of the North East quarter ($NE\frac{1}{4}$) of Section Ten (10); all in Township Forty-seven (47), North of Range Five (5) West, Mt. Diablo Meridian, containing in all 340 acres, more or less; together with all water rights, water ditches and water privileges used or enjoyed on the above described property, or in connection therewith, particularly including all rights of said first party in the waters of Bogus Creek.

CASI-0035

The South East Quarter of the South East quarter of Section Thirty-two, Township Forty-eight North, Range Five West, Mount Diablo Meridian.

Together with all water rights, water ditches and water privileges thereunto belonging or in anywise appertaining.

CASI-0036

All that portion of the South East Quarter of the North West Quarter ($SE\frac{1}{4}$ of $NW\frac{1}{4}$) of Section Four (4) Township Forty-seven (47) North of Range Five (5) West, Mount Diablo Meridian, lying on the North and West side of the center of the Klamath River.

CASI-0038

The East half; the South West quarter, the East half of the North West Quarter and the South West Quarter of the North West Quarter of Section Sixteen in Township Forty-seven North, Range Five West, Mount Diablo Meridian,

CASI-0039

The Northeast quarter ($NE\frac{1}{4}$) of the Southwest quarter ($SW\frac{1}{4}$) of Section Thirty-four (34), Township Forty-eight (48) North of Range Five (5) West, Mount Diablo Meridian, containing forty acres of land.

CASI-0040

Those portions of the Southeast 1/4 of Section 29 and the Southwest 1/4 of Section 28, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004050390;

Those portions of the Northeast 1/4 of Section 29 and the Northwest 1/4 of Section 28, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004050380;

That portion of Section 28, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004050060;

That portion of the Northwest 1/4 of Section 33, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004040010;

That portion of the Southeast 1/4 of Section 21, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004360040;

That portion of the South 1/2 of Section 27, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004300020;

That portion of the North 1/2 of Section 34, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004040060;

Those portions of Section 35 and Section 36, Township 48 North Range 4 West, M.D.M., known as Siskiyou County, California Tax Lot 004030070;

CASI-0042

The southeast quarter of the southeast quarter of Section 33, Township 48 North, Range 5 West and the northeast quarter of Section 4, Township 47 North, Range 5 West, M.D.M., and northwest quarter of southwest quarter, south half of south half and northeast quarter of southeast quarter of Section 35, Township 48 North, Range 5 West, M.D.M.

CASI-0043

The South Half (S 1/2) except the south half of the south half of the southwest quarter (S 1/2 S 1/2 SW 1/4) of Section 26, Township 48 North, Range 5 West, Mount Diablo Meridian, Siskiyou County, California, containing 280 acres, more or less,

EXHIBIT 4
Estimated Timeline—KHSA as Amended

TARGET DATE	ACTION	ACTOR
4/6/2016	2016 AIP Signatories and others execute Amended KHSA (“Amendment Effective Date”).	2016 AIP Signatories
By 5/6/2016	PacifiCorp files Amended KHSA with FERC; files expedited motion asking FERC to hold in abeyance relicensing proceeding for Project No. 2082.	PacifiCorp
Within 15 days of FERC’s relicensing abeyance order	PacifiCorp withdraws pending 401 applications in Oregon and California.	PacifiCorp
By July 1, 2016	If FERC denies PacifiCorp’s motion to abate or fails to rule on the motion before July 1, 2016, PacifiCorp will ask the SWRCB and the ODEQ to abate 401 certification and other environmental reviews related to PacifiCorp’s relicensing activities	PacifiCorp
4/2016–6/2016	DRE conducts due diligence review of Amended KHSA, draft funding agreements, and draft FERC filings.	DRE
6/15/2016	Oregon-DRE and California-DRE funding agreements executed.	States, DRE
On or around 7/1/2016	DRE executes Amended KHSA.	DRE
On or around 7/1/2016	File FERC application for license transfer.	PacifiCorp, DRE
On or around 7/1/2016	DRE and PacifiCorp will enter into an operation and maintenance agreement	PacifiCorp, DRE
On or around 7/1/2016	File FERC application for surrender and decommissioning, retaining 2020 target date for removal.	DRE
On or around 7/1/2016	File applications for 401 certifications regarding decommissioning with California Water Resources Control Board and Oregon Department of Environmental Quality.	DRE

TARGET DATE	ACTION	ACTOR
7/2016–1/2017	DRE develops and files non-FERC regulatory permits, including: <ul style="list-style-type: none"> • 404 application for Facilities Removal with U.S. Army Corps, biological assessments for associated ESA Section 7 consultations, and associated Section 106 historic preservation reviews • 402 construction storm water permit applications • Oregon removal-fill permit with Oregon Department of State Lands • Other regulatory approvals as necessary 	DRE, with technical assistance from Federal Parties, States, and PacifiCorp
By 12/31/19	FERC approves license transfer.	FERC
By 12/31/2019	FERC approves decommissioning and surrender.	FERC
1/1/2020	DRE begins Facilities Removal in accordance with Definite Plan.	DRE