



FAQs about the Klamath Hydropower Settlement Agreement

September 29, 2009

What was the involvement of American Rivers with the Klamath Hydropower Settlement Agreement (KHSA)?

American Rivers played a lead role in negotiating and drafting the KHSA over the past three years.

What does the KHSA do?

The settlement agreement:

- will result in the removal of the four mainstem Klamath dams by 2020, provided the Secretary of the Interior confirms the current view of settlement parties that dam removal is in the public interest, and permits and funding are secured;
- commits PacifiCorp to modify project operations to reduce adverse impacts of their dams until they are removed in 2020;
- commits PacifiCorp to fund river restoration actions in the Klamath, Scott and Shasta rivers;
- limits PacifiCorp customer to contributions to no more than \$200 million for dam removal costs – much less than the cost to keep the dams in place.

What does the KHSA not do?

The agreement does not:

- affect any municipal or agricultural water supply;
- provide liability protection to PacifiCorp for past operation of the dams;
- require any federal funds be devoted to dam removal costs;
- waive any requirements of environmental laws.

Does American Rivers support the KHSA?

American Rivers supports the KHSA, but we must acknowledge it is not a perfect agreement from our perspective – it is a compromise. We would have preferred several key provisions to be different, including:

- earlier date for dam removal (we believe that the sooner these dams are removed, the sooner the process of restoration and recovery will begin, for the river and the people of the basin)
- more modifications to dam operations to protect river resources;
- more funding provided by PacifiCorp.

Does the KHSA guarantee dam removal?

No. The agreement will initiate a 2-year period of additional scientific and technical investigation to fill data gaps in the base of information the Secretary of the Interior will use to develop his Determination of whether dam removal is in the public interest. Given our detailed knowledge of the extensive record of existing information, we are confident additional studies will confirm the benefits of removal far outweigh the costs.

How much will dam removal cost?

Current estimates of the cost of removing the four mainstem dams and restoring the reservoir areas range from \$75 million to \$200 million. The KHSA requires PacifiCorp customers to contribute between \$150-\$200 million for dam removal costs, and the State of California to provide up to \$250 million, if necessary, after the PacifiCorp customer contribution is exhausted.

This is far cheaper than the cost of relicensing the dams to keep them in place. Estimates of the cost of relicensing range from \$400 - \$550 million. The dams are old and outmoded and would require numerous safety and environmental upgrades to provide fish passage, eliminate toxic algae from the reservoirs and address other water quality issues.

A study by the California Energy Commission and the Department of the Interior found that removing the dams and replacing their power would save PacifiCorp customers up to \$285 million over 30 years.

The dams won't come out until 2020? Isn't that a long time to wait?

2020 might seem like a long way off, but the scale and complexity of this river restoration project will take many years to fully design and permit. American Rivers would have preferred an earlier date. The agreement attempts to balance the need to restore the river with PacifiCorp's need to replace the generation capacity in an orderly fashion. In addition, the alternative path to seeking dam removal through a contested proceeding would likely be much longer – up to 20 years – because the company would likely litigate a number of decisions made by FERC, federal resource agencies and state water quality agencies in Oregon and California. Such judicial review would likely go through several levels of state and federal courts, and ultimately reach the Supreme Court – with an uncertain outcome. The KHSA results in a much earlier removal date with much greater certainty.

Can we remove dams and fight global warming at the same time?

Yes. PacifiCorp's four dams produce a nominal amount of power, which can be replaced using renewables and efficiency measures, without contributing to global warming. A California Energy Commission analysis concluded that generation from the Klamath hydro project could be fully replaced by renewable, carbon free sources of energy, such as solar and wind, for less than it would cost to relicense the dams and keep them in place.

What is the role of American Rivers in dam removal and river restoration nationwide?

For more than ten years, American Rivers has led a national effort to restore rivers through removing dams that no longer make sense. This effort has created a shift in society's view of dams, and has increased consideration of dam removal as a reasonable option for restoring rivers. American Rivers supports the continued operation of most hydropower projects. We have a long history of working with dam owners to improve the operations of projects, achieving successes for ratepayers, the economy, and the environment.

Has American Rivers worked w/ PacifiCorp on other projects?

We look forward to eventually signing our third dam removal settlement agreement with PacifiCorp. American Rivers was a signatory to agreements with PacifiCorp to remove their

Condit Dam on the White Salmon River in Washington, and their Powerdale Dam on the Hood River in Oregon.

###

American Rivers is the leading national organization standing up for healthy rivers so communities can thrive. American Rivers protects and restores America's rivers for the benefit of people, wildlife and nature. Founded in 1973, American Rivers has more than 65,000 members and supporters nationwide, with offices in Washington, DC and the Mid-Atlantic, Northeast, Midwest, Southeast, California and Northwest regions. Visit www.AmericanRivers.org