

June 13, 2013

Felicia Marcus, Chair
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

**Re: Schedule and Work Plan for Updating Klamath Hydroelectric Project
Water Quality Certification Application**

PacifiCorp submits this letter to provide the State Water Resources Control Board (SWRCB or Board) with an update on implementation of the Klamath Hydroelectric Settlement Agreement (KHSA) through the attached *2013 KHSA Annual Implementation Report (Annual Report)*. In addition, this letter outlines PacifiCorp's plan and schedule to update its water quality certification (WQC) application for the Klamath Hydroelectric Project (KHP) to incorporate relevant information developed over the past several years. PacifiCorp first submitted a WQC application pursuant to Clean Water Act section 401 for the relicensing of the KHP to the Board in March 2006. The WQC application was last substantively revised in September 2008.

Since 2008, PacifiCorp and other Klamath basin stakeholders have been focused on the development of the Klamath Basin Restoration Agreement (January 2008) and on the development and implementation of the KHSA, which was executed in February 2010. The KHSA provides a framework for decision-making regarding potential removal of four KHP dams on the Klamath River mainstem. The KHSA also includes a number of interim measures that are being implemented prior to potential dam removal to improve water quality and fish habitat. PacifiCorp continues to support the KHSA as a fair and balanced outcome for the KHP relicensing proceeding.

PacifiCorp, representatives of the states of California and Oregon, the federal government, and other involved stakeholders will be participating in a hearing on Klamath Basin water resource issues before the Senate Committee on Energy and Natural Resources in Washington, D.C. on June 20, 2013. During this hearing, PacifiCorp, other settlement parties and other stakeholders will be presenting testimony about the Klamath settlements to inform Congress in its deliberations regarding the enactment of legislation that would approve the settlements. PacifiCorp and other settlement parties believe hearings such as the one that will occur later this month will be helpful to bring attention to the Klamath settlement process and the need for Congressional action to further the settlement process.

Since shortly after the execution of the KHSA, the Board has held its review of the WQC application in abeyance and PacifiCorp has withdrawn and resubmitted its application each year to keep its WQC application active and to preserve the authority of the Board under the Clean Water Act should dam removal pursuant to the KHSA not proceed. The most recent abeyance period established by Resolution 2012-0039 will expire on June 30, 2013.

Since submitting its original WQC application in 2006, PacifiCorp has conducted and sponsored a broad spectrum of technical studies and monitoring to develop a better understanding of water quality dynamics in the Klamath River basin. This study and monitoring effort has included the development of a comprehensive Klamath River water quality model, ongoing watershed monitoring, and several pilot projects and other assessments of potential technologies for water quality improvement. PacifiCorp is continuing to sponsor and conduct water quality research and monitoring efforts in 2013-2014 under Interim Measure 11 of the KHSA. The studies and monitoring conducted since 2006 represent a substantial amount of new information that is relevant to the Board's assessment of water quality conditions in the Klamath River and the effects of the Klamath Hydroelectric Project on water quality.

Interim Measure 11 Activities

Through the KHSA, PacifiCorp continues to work with settlement stakeholders, including representatives of the Board and the North Coast Regional Water Quality Control Board, to implement studies and pilot projects under KHSA Interim Measure 11 (IM 11) to address water quality in the Klamath River during the interim period prior to potential dam removal. IM 11 calls for PacifiCorp to spend up to \$250,000 per year for studies or pilot projects to address four categories: (1) Development of a Water Quality Accounting Framework; (2) Constructed Treatment Wetlands Pilot Evaluation; (3) Assessment of In-Reservoir Water Quality Control Techniques; and (4) Improvement of J.C. Boyle Reservoir Dissolved Oxygen. The attached Annual Report provides an update on the water quality studies and pilot projects that have been underway pursuant to IM11. PacifiCorp continues to consult with the Interim Measures Implementation Committee (IMIC) on the review of draft study reports for previously implemented projects and the development of a proposed work plan for additional pilot projects and studies to be implemented in 2013-2014. The recently-released draft report from the Klamath River Pollution Reduction Workshop, to which PacifiCorp provided funding pursuant to Interim Measure 10, will inform the development of additional work to be completed under IM11.

Proposed Study Plan to Update the WQC Record

PacifiCorp understands that an update of its WQC application is necessary given the passage of time since the prior revision. Additionally, maintaining an active WQC application before the Board is consistent with the intent of the KHSA, which is to preserve the authority of the Board under the Clean Water Act while the settlement parties focus on successful implementation of the KHSA, which would render processing of PacifiCorp's pending KHP WQC application unnecessary.

Because PacifiCorp's focus has been on the implementation of the KHSA, including its various water quality interim measures, PacifiCorp has not focused on updating its pending 401 application before the Board to bring it up to date with this substantial amount of new information on the water quality dynamics in the Klamath River. PacifiCorp proposes to engage with Board staff in completing the following work tasks to develop necessary updates to the

WQC application, including incorporation of new scientific information and the results of recently completed and ongoing studies being completed under the KHSA and other ongoing processes. This work is necessary to develop a current and useful WQC application that is ready for analysis by the Board should dam removal under the KHSA not proceed. Involvement of Board staff in these work tasks would also assist the Board in regaining familiarity with PacifiCorp's WQC application.

#	Activity	Completion Date
1.	Update 401 Application Section 2.0 (General Project Information) and Section 3.1 (Existing and Proposed Project Facilities and Operations)	December 13, 2013
2.	Update Section 4.1 (An Overview of Historical Water Quality Conditions in the Basin)	February 14, 2014
3.	Update Section 4.2 (Current Conditions and Processes Affecting Water Quality)	March 14, 2014
4.	Update Section 4.3 (Project Contributions to Water Quality)	May 16, 2014
5.	Complete IM 11 Water Quality Studies/Pilot Projects	June 6, 2014
6.	Update 401 Application Section 3.2 (Proposed Project)	June 27, 2014
7.	Complete Updates to Section 5 (Water Quality Standards Evaluation)	July 25, 2014
8.	Incorporate results of Interim Measure 11 studies into update of Appendix B: Reservoir Management Plans	July 25, 2014
9.	Submittal of Updated WQC Application to Board	August 15, 2014

PacifiCorp looks forward to working with you and your staff as it updates its WQC application for the KHP. Thank you for your attention to this matter.

Sincerely,



Tim Hemstreet, P.E.
Klamath Licensing Manager

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