

September 10, 2008

Dorothy Rice
Executive Director
State Water Resources Control Board
1001 I Street, 15th Floor
Sacramento, CA 95814

Re: State Water Resources Control Board's Request for Resubmission of Water Quality Certification Application for the Klamath Hydroelectric Project, FERC No. 2082

Dear Ms. Rice:

This letter acknowledges receipt of your August 22, 2008, letter requesting PacifiCorp resubmit to the State Water Resources Control Board (SWRCB) an application for water quality certification associated with PacifiCorp's relicensing of the Klamath Hydroelectric Project (FERC No. 2082). Your letter specifically requests that PacifiCorp resubmit the certification application by September 30, 2008, if settlement has not been reached by that date. PacifiCorp appreciates the SWRCB's recognition of the importance and sensitivity of ongoing negotiations among PacifiCorp and federal and state agencies (including representatives of the SWRCB). At the same time, PacifiCorp also is mindful of our mutual obligations to continue the traditional FERC licensing process, including the water quality certification process, in the event that settlement is not achieved. PacifiCorp and other settlement parties do not intend to unreasonably delay the relicensing process, and PacifiCorp plans to resubmit the certification application soon and in a manner consistent with settlement discussions and state and federal regulations.

PacifiCorp is troubled by certain statements contained in your August 22 letter about the affect of the Project on water quality and fisheries. Your letter seems to pre-judge Project-related impacts that are yet to be thoroughly evaluated and ultimately determined through the water quality certification process. For example, your letter states that "the State Water Board is ... concerned about ... ongoing water quality impacts that the project as it currently operates has on the beneficial uses of the Klamath River." The letter continues:

It is imperative to move ahead with the water quality certification process, including preparation of environmental documentation meeting the requirements of the California Environmental Quality Act (CEQA), as soon as reasonably possible, so that water quality can be satisfactorily addressed and the relicensing process can move ahead. This need is underscored by indications that the river's water quality and ability to support healthy fisheries is declining: there is substantial evidence to indicate an increase in fish disease in the river, an increase in the toxic blue-green algae *Microcystis aeruginosa*, and an overall decline in fish populations.

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These statements suggest an oversimplification of the role and effect of the Project on otherwise complex water quality and fisheries conditions and issues in the Klamath River, which have been and are caused by many factors in the Basin. If the SWRCB already has reached conclusions about the specific effects of the Project on beneficial uses in the Klamath River, as distinguished from the effects from other causal factors on water quality and fisheries conditions in the Basin, please provide us with additional information about the specific beneficial uses that are impacted by the Project, the extent to which the Project contributes to such impacts, and the data that support those conclusions.

Additionally, I would like to highlight the extensive ongoing monitoring and study program that PacifiCorp is carrying out to better understand and address water quality and fisheries issues in the Basin. PacifiCorp's monitoring and study programs are continuing even during this period when the water quality certification application is withdrawn. Given the complexity of factors affecting water quality conditions in the Klamath River, the monitoring and studies are absolutely essential to make meaningful and informed management decisions to improve water quality and fisheries in the Klamath River.

In conclusion, PacifiCorp intends to resubmit its water quality certification application soon. Upon resubmittal of its application for water certification, PacifiCorp would like to meet with SWRCB staff and management to discuss the process for moving forward with the water quality certification process, including CEQA. We suggest that this meeting occur before any additional time or expense is invested in the CEQA process, including public scoping meetings. We look forward to continued cooperation with the SWRCB towards the development of a fully informed, factually supported and pragmatic water quality certification decision.

Please contact me at (503) 813-6011 or by e-mail (cory.scott@pacificorp.com) if you have any questions or comments.

Sincerely,



Cory Scott
Klamath Licensing Manager

cc: Marianna Aue, SWRCB
Jennifer Watts, SWRCB
Rob Donlan, Ellison, Schneider & Harris
Linda Prendergast, PacifiCorp Energy