



EMBARGOED UNTIL 1 PM PST on February 2, 2016

Contacts:

Interior Department: Interior_Press@ios.doi.gov

NOAA: Jim Milbury, (562) 980-4006

Oregon: Chris Pair, (503) 559-5938, Chris.Pair@oregon.gov

California: Nancy Vogel, (916) 653-9402, Nancy.Vogel@resources.ca.gov

PacifiCorp: Bob Gravely, (503) 813-7282, bob.gravely@pacificorp.com

Parties Agree to New Path to Advance Klamath Agreement

Agreement-in-Principle Explores Process through Federal Energy Regulatory Commission

Salem, Ore. – Today, the States of Oregon and California, PacifiCorp and the federal government – through the U.S. Departments of the Interior and Commerce – announced an agreement-in-principle to move forward with amending the Klamath Hydroelectric Settlement Agreement (KHSAs).

Under the agreement, the parties to the KHSAs will pursue its implementation through the administrative process governed by the Federal Energy Regulatory Commission (FERC), using existing funding and on the same timeline. Members of the California and Oregon delegations introduced legislation in the past two Congresses to advance the hard-fought KHSAs and two related Klamath agreements; however, the U.S. Congress adjourned last year without acting on legislation to authorize them.

Though the agreement-in-principle focuses primarily on the dam removal portion of the broader pact, it states that the move is an important and necessary first step toward maintaining the broader Klamath settlements. The states and the U.S. are actively working with all Klamath Basin stakeholders – Members of Congress, tribes, farmers and others – on a comprehensive resolution to restore the basin, advance the recovery of its fisheries, uphold trust responsibilities to the Tribes, and sustain the region’s farming and ranching heritage.

The agreement-in-principle states the four parties intend to work with each other and the more than 40 signatories to the KHSAs in the coming weeks to develop terms of an amendment to the KHSAs to implement its key provisions, including providing for facilities removal. The target date for signing an amended KHSAs is February 29.

The KHSAs as amended would then be submitted for consideration through FERC’s established processes, which involve public comment. If approved, PacifiCorp would transfer title of the

Klamath River dams to a non-federal entity that would assume liability and take the appropriate steps to decommission and remove the dams in 2020.

“The Klamath agreements were the culmination of years of hard work and collaboration across a diverse and committed coalition of parties – and we can’t let that local vision go unfulfilled,” said Secretary of the Interior Sally Jewell. “This agreement-in-principle is an important initial step as we work toward a comprehensive set of actions to advance the long term progress and sustainability for tribes, fisheries and water users across the Klamath Basin.”

"The Agreement in Principle continues the momentum built by those who crafted the original Klamath Agreements," said Kathryn Sullivan, Ph.D., assistant secretary of commerce for oceans and atmosphere and NOAA administrator. "NOAA considers this the first step along a new path to secure the future of irrigated agriculture and tribal communities, and the fishery. We'll continue to work in close coordination with all the KBRA parties on a comprehensive plan. Too many people have worked too long to let this historical opportunity slip away."

“Oregon is moving forward in the Klamath Basin. We can’t afford to sit back and wait for another crisis to batter these communities,” said Oregon Governor Kate Brown. "Congressman Walden took a step forward by drafting legislation late last year, and today's action is part of a broader movement to work with him and others to get the Klamath Basin agreements back on track.”

“This agreement marks an unprecedented coming together of parties to seek solutions to difficult problems,” said California Secretary for Natural Resources John Laird. “California is committed to the implementation of the Klamath Hydroelectric Settlement Agreement and to continued efforts to achieve a broad settlement of the issues that have plagued the Klamath Basin. This is an important first step toward both of those goals.”

“The certainty and protections provided by the Klamath settlement offer a fair way forward for our customers in Oregon, California and beyond,” said Stefan Bird, president and CEO of Pacific Power, a division of PacifiCorp. “PacifiCorp is committed to continuing to work with our partners in the coming weeks and months to advance this important agreement.”

The four PacifiCorp dams on the Klamath River are authorized for hydroelectric power generation. Regulations require that the dams need to be retrofitted to provide fish passage for salmon, steelhead and other fish. The Oregon and California public utility commissions found that the original KHSA was a prudent alternative for PacifiCorp’s customers.

The agreement-in -principle is available [here](#).

###



AGREEMENT IN PRINCIPLE

The signatories to this Agreement in Principle intend to work with the parties to the Klamath Hydroelectric Settlement Agreement (KHSA) to develop amendments to the KHSA that would facilitate the removal of four main-stem Klamath River hydroelectric facilities—Copco No. 1, Copco No. 2, J.C. Boyle, and Iron Gate—through the existing authority of the Federal Energy Regulatory Commission (FERC) under the Federal Power Act.

The KHSA and two related agreements—the Klamath Basin Restoration Agreement (KBRA) and the Upper Klamath Basin Comprehensive Agreement (UKBCA)—were developed to resolve long-standing, complex, and intractable conflicts over natural resources in the Klamath Basin. These agreements, however, require congressional authorization to be fully implemented as contemplated. To date, Congress has not enacted authorizing legislation. As a result, the KBRA expired on December 31, 2015. The KHSA and UKBCA did not expire and remain in effect.

In light of the foregoing, the four principal parties to the KHSA—the United States through the Departments of the Interior (DOI) and Commerce, the States of California and Oregon, and PacifiCorp—have agreed to develop and pursue an administrative path at FERC for facilities removal that preserves the benefits of the KHSA without the need for congressional legislation. To achieve this result, limited amendments to the KHSA are necessary. This Agreement in Principle outlines the process contemplated by the signatories for developing these amendments.

Just as importantly, the States of California and Oregon and the Departments of the Interior and Commerce intend this Agreement in Principle to be the first step toward a comprehensive solution for resource conflicts throughout the Klamath Basin. To that end, the States of California and Oregon and the Departments of the Interior and Commerce will continue working with Klamath Basin stakeholders on a basin-wide approach to ensure a sustainable future for the Basin's tribes, agricultural communities, and communities reliant on the salmon fishery. The United States will proceed in these endeavors consistent with its trust responsibility to the tribes in the Klamath Basin.

Through this Agreement in Principle, the signatories agree:

- The KHSA has not terminated; however, concurrent with this Agreement in Principle, the four principal parties are issuing a statement concurring with the Klamath Water Users Association's notice of potential termination event given the failure of Congress to enact legislation and initiating a meet and confer process under Section 8.11.3 of the KHSA. To maintain the commitments of the

KHSA, all parties to the KHSA will benefit from a timely process to meet and confer regarding possible ways to resolve the potential termination event under Section 8.11.3.

- Through this process, the signatories intend to work collaboratively to negotiate amendments to the KHSA to provide for removal of the four facilities through the FERC process while maintaining the benefits of the KHSA, including but not limited to facilities removal by the 2020 target date; proceeding with the transfer of the Keno facility to DOI; maintaining existing state cost caps in the KHSA; continuation of the interim measures (KHSA Appendices B, C and D); and liability protections for PacifiCorp, its customers, and the States of California and Oregon that are comparable to the Federal legislation contemplated by the original KHSA.
- A key action necessary to move forward with facilities removal is involvement of a non-Federal entity that will accept the transfer of the FERC license for the J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate facilities from PacifiCorp for the purpose of decommissioning, and that will apply for FERC approval of the surrender of the license and decommissioning plan for those facilities. PacifiCorp will not effectuate the formation of this entity. The signatories anticipate that this entity will become a party to the amended KHSA.
- To maintain customer benefits as provided in the KHSA, PacifiCorp will continue operating and maintaining the facilities until facilities removal begins.
- The signatories will in good faith negotiate amendments to the KHSA consistent with this Agreement in Principle.
- This Agreement in Principle will not be construed as an admission against interest, or be used in any legal or regulatory proceeding, by or against a signatory.
- This Agreement in Principle is subject to the requirements of the Anti-Deficiency Act, 31 U.S.C. §§ 1341-1519, similar requirements of state law, the availability of appropriated funds, and any other governmental authorizations contemplated in the KHSA. Nothing in this Agreement in Principle is intended or will be construed to require the obligation, appropriation, or expenditure of any money from the U.S. Treasury or a state fund.
- This Agreement in Principle is non-binding and not otherwise legally enforceable. It imposes no enforceable obligations on the signatories and does not grant any rights.
- Nothing in this Agreement in Principle is intended or may be construed to predetermine the outcome of any regulatory approval or other action by an agency of the United States, the State of California, or the State of Oregon.

- This Agreement in Principle may be executed in counterparts, with separate signature pages, to be effective as of the latest signature date.
- The target date for signing an amended KHSa is February 29, 2016.

Signed this 2nd day of February 2016.

U.S. Department of the Interior



Sally Jewell
Secretary of the Interior

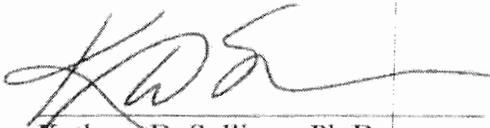
- This Agreement in Principle may be executed in counterparts, with separate signature pages, to be effective as of the latest signature date.
- The target date for signing an amended KHSA is February 29, 2016.

Signed this 2nd day of February, 2016.

U.S. Department of the Interior

By: _____
Sally Jewell
Secretary of the Interior

U.S. Department of Commerce

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

State of California

By: _____
John Laird
Secretary for Natural Resources

State of Oregon

By: _____
Governor Kate Brown

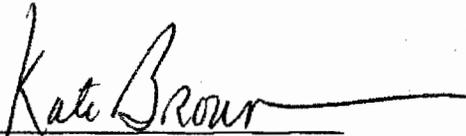
PacifiCorp d/b/a Pacific Power

By: _____
Stefan A. Bird
President & CEO

- This Agreement in Principle may be executed in counterparts, with separate signature pages, to be effective as of the latest signature date.
- The target date for signing an amended KHSA is February 29, 2016.

Signed this 2nd day of February 2016.

State of Oregon

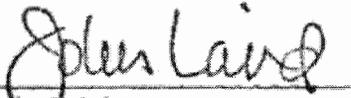
A handwritten signature in cursive script that reads "Kate Brown". The signature is written in black ink and extends to the right, ending in a long horizontal flourish.

Kate Brown
Governor

- This Agreement in Principle may be executed in counterparts, with separate signature pages, to be effective as of the latest signature date.
- The target date for signing an amended KHSA is February 29, 2016.

Signed this 2nd day of February 2016.

State of California

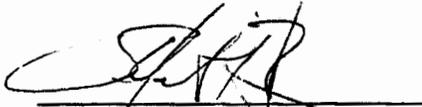
A handwritten signature in cursive script, appearing to read "John Laird", written over a horizontal line.

John Laird
Secretary for Natural Resources

- This Agreement in Principle may be executed in counterparts, with separate signature pages, to be effective as of the latest signature date.
- The target date for signing an amended KHSA is February 29, 2016.

Signed this 2nd day of February 2016.

PacificCorp d/b/a Pacific Power



Stefan A. Bird
President & CEO