



John P. Sample
Assistant General Counsel
Pacific Power
825 NE Multnomah, Suite 2000
Portland, Oregon 97232
(503) 813-6688 Telephone
(503) 813-7252 Fax
John.Sample@pacificorp.com

Submitted Electronically

June 17, 2020

Thomas Paul
Special Assistant to the Director
Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, Oregon 97301

RE: Information Regarding Water Loan Between PacifiCorp and U.S. Bureau of Reclamation

Dear Mr. Paul:

This letter is provided in response to your request that PacifiCorp provide some context regarding the borrowing and repayment of water between PacifiCorp and United States Bureau of Reclamation (Reclamation), at facilities in the Klamath River basin.

PacifiCorp owns and operates that Klamath Hydroelectric Project, Federal Energy Regulatory Commission (FERC) License #2082, located within Oregon and California. The project consists of the following developments: East Side and West Side developments on the Link River; Keno Dam; Fall Creek development on Fall Creek, a tributary to the Klamath River; J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate developments, all on the Klamath River. Iron Gate is the most downstream development of the hydroelectric project. Fall Creek, Copco No. 1, Copco No. 2, and Iron Gate developments are located in California, the other developments are located in Oregon.

During dry water years, PacifiCorp has on occasion entered into agreements with Reclamation to loan Reclamation water from PacifiCorp's Copco and Iron Gate reservoirs, to help Reclamation manage its irrigation deliveries at the Klamath Irrigation Project and meet its Endangered Species Act (ESA) obligations associated with the Klamath Project, at both Upper Klamath Lake and in the Klamath River downstream of Iron Gate Dam.

To accomplish the loan, PacifiCorp delivers water from its reservoirs to the Klamath River downstream of Iron Gate Dam while concurrently adjusting releases from Keno Dam. PacifiCorp further adjusts releases from Link Dam to maintain a stable Keno Reservoir elevation according to its contract with Reclamation. This effectively keeps water in Upper Klamath Lake so that Reclamation can meet ESA obligations in Upper Klamath Lake, while simultaneously meeting ESA-required flows in the Klamath River downstream of Iron Gate Dam. In March 2020, through a letter exchange dated March 17, 2020 and



March 18, 2020, PacifiCorp and Reclamation agreed to a framework to allow such water borrowing. Reclamation's letter of March 17, 2020, clearly indicates the intent of borrowing water from PacifiCorp is to benefit Coho Salmon downstream of Iron Gate Dam, while preserving Upper Klamath Lake elevations for endangered suckers.

PacifiCorp's response letter of March 18, 2020, indicates that providing Klamath Hydroelectric Project water to Reclamation affects hydroelectric project operations and can impact recreational uses and natural resources. PacifiCorp's FERC license contains requirements regarding issues such as project operations, access to project waters for recreation, and protection of natural resources. As part of the negotiated terms of the agreement, the water borrowed from PacifiCorp would be returned to PacifiCorp in June of each year, "so that reservoir levels can return to normal operating levels" Normal operating levels are defined as elevations of 2,607.5 feet in Copco Reservoir and 2,327.5 feet in Iron Gate Reservoir.

Loaning water to Reclamation causes a reduction in PacifiCorp's project reservoir elevations, reducing the head on the penstocks and generating turbines, which makes them less efficient. The loaning of water to Reclamation in May of 2020 resulted in a decrease in Iron Gate Reservoir elevation of approximately 7.5 feet and Copco Reservoir elevation of about 8.4 feet, thereby reducing the efficiency of the generating turbines and resulting in a loss of generation and generation revenue. Additionally, lower head pressure on the penstock and turbine in turn reduces PacifiCorp's ability to release water downstream of Iron Gate Dam, thereby reducing the developments operational flexibility. In fact, Reclamation's June 9, 2020 request to PacifiCorp to increase flows downstream of Iron Gate Dam on June 10, 2020, could not be accommodated without first increasing Iron Gate Reservoir elevation, which increases head on the penstock and turbine allowing more water to be moved through the facility and into the river. This reduction in hydroelectric project operational flexibility is a primary reason PacifiCorp seeks to have water loaned to Reclamation, returned quickly, in this instance, during the month of June. In this year's case, Reclamation needed to return some of the loaned water to PacifiCorp, which allowed PacifiCorp to raise the head on the Iron Gate penstock and turbine, so PacifiCorp could release Reclamation's requested flows downstream of Iron Gate Dam.

I hope this information regarding water borrowing between PacifiCorp and Reclamation meets your needs.

Sincerely,

A handwritten signature in blue ink, appearing to read "John P. Sample".

John P. Sample
Assistant General Counsel