

LEWIS RIVER RELICENSING



PACIFIC POWER - UTAH POWER
825 N.E. MULTNOMAH, SUITE 1500
PORTLAND, OREGON 97232
TELEPHONE: 503-813-5000
FAX: 503-813-6659



Box No. 3007 - 961 12TH AVENUE
LONGVIEW, WASHINGTON 98632
TELEPHONE: 360-423-2210
FAX: 360-577-7559

Nov. 30, 2004

Lewis River hydro-licensing parties sign agreement benefiting fish, wildlife, recreation and communities

Up to 174 miles of habitat to be re-opened to salmon

A wide-ranging settlement over 50 years recognized as good for the environment and the customers of PacifiCorp and Cowlitz PUD.

Woodland, Wash.— A far-reaching relicensing plan for four Lewis River dams that will re-open up to 174 miles of potential salmon habitat, improve local flood management, boost recreational opportunities, and preserve the energy resources of the Lewis River in southwest Washington state was signed today by negotiators representing utilities, Native American tribes, federal and state resource agencies, three counties and environmental groups.

The settlement agreement, which provides for 50 years of continued operation of Merwin, Yale, Swift 1 and Swift 2 dams, was applauded by Washington Gov. Gary Locke.

“A great variety of interests came together to craft this comprehensive and far-reaching agreement,” said Locke. “Each of the Lewis River settlement parties can be proud of this agreement. This will ensure long-term, sustainable benefits for the natural resources of the Lewis River while preserving a needed source of electricity for the customers of PacifiCorp and Cowlitz PUD.”

The settlement details a complex and far-reaching plan where anadromous fish will be transported around three high dams to reopen access to large amounts of productive fish habitat. At the same time, scientific examination and coordination continues to ensure, to the maximum extent possible, the success of the reintroduction program.

Three dams on the Lewis River, *Merwin, Yale, and Swift No. 1*, are owned by PacifiCorp and together generate 510 MW, enough electricity to serve more than a quarter of a million typical residential customers. The fourth Lewis River hydroelectric project, the 70-MW *Swift No. 2*, is owned by Cowlitz PUD and currently meets 10-15 percent of the electricity needs of its non-industrial customers.

The utilities began the federal licensing process in 1995, and since March 2002 have been in intensive negotiations aimed at reaching a comprehensive settlement. Under today’s agreement, future capital investment, over the proposed 50-year license term of approximately \$290 million by PacifiCorp and \$19 million by Cowlitz County Public Utility District, will fund protection, mitigation and enhancement measures covering fish, wildlife, recreation, cultural and flood management.

(more)

Lewis River – Page two.

“This is a good settlement for Cowlitz PUD’s customer-owners, for Lewis River residents and for the Lewis River watershed,” said Denny Robinson, Cowlitz PUD General Manager. “This agreement establishes a great opportunity to work constructively with federal hydropower regulators and with the community. Like most regional utilities, we need to focus our energy on the future needs of customers, while being good stewards of the environment.”

Up to 174 miles of salmon and bull trout habitat to be opened

The Lewis River is a huge watershed draining portions of Mt. St. Helens and Mt. Adams and is already a prodigious producer of salmon from hatcheries supported by the utilities. The centerpiece to the settlement is a staged plan to open up to 174 miles of habitat currently blocked to migrating fish. This effort will contribute to the recovery of listed salmon and steelhead in the lower Columbia River. Reintroduction would occur first in the upper Swift reservoir where 117 miles of habitat is available.

“PacifiCorp’s overall investment in wildlife, recreation, and especially in fisheries is very significant,” said Judi Johansen, PacifiCorp president and CEO. “But that investment is in keeping with the company’s commitment to being a good steward of the natural resources affected by our projects. Also importantly, this agreement allows us to retain significant benefits for our customers in the form of cost-effective electricity.”

State-of-the-science fish passage systems are envisioned that would transport adult fish around all three dams while surface collectors guide juvenile fish for transport downstream. Hatchery fish would initially be used to kick start the reintroduction program. Over time, as naturally produced fish increase in numbers, hatchery supplementation would be tapered off. Similar systems would be installed to open up Yale and Merwin reservoirs in years 13 and 17 respectively, unless other information gleaned from the reintroduction effort into the Swift Reservoir indicates these actions are no longer appropriate.

Alternately, if reintroduction does not proceed at Merwin and Yale, a \$30 million “in-lieu fund” would be used for a variety of other aquatics projects supporting fish habitat restoration and enhancement in key tributaries upstream and downstream from the projects.

The agreement also includes several specific measures that will protect bull trout, a native fish species listed as threatened under the Federal Endangered Species Act, and support recovery efforts for the species in the basin. Currently, several local populations of bull trout are affected by the projects, which inhibit or prevent migration and genetic interchange, vital factors to the recovery of the species. A specific fund will be established to enhance and restore habitat for anadromous fish and bull trout.

Continued coordination, scientific evaluation and adaptive management a hallmark

Continued collaboration and cooperation is a priority for the settlement parties in recognition that that implementation of settlement measures will occur over the long-term. Rigorous scientific monitoring and evaluation are built into the agreement to provide for adaptive management as new data and information become available. The agreement also calls for the formation of an Aquatics Coordination Committee to oversee and guide future programs.

(more)

Wildlife funding and management

Based on a plan in the agreement, up to \$12 million will be spent to protect and enhance wildlife habitat for a broad range of big game and other species in the Lewis River watershed. Similar to programs for fisheries, a Terrestrial Coordination Committee will guide future decision making.

Recreation to receive \$20 million boost

Currently, PacifiCorp operates 14 parks and day-use facilities along the Lewis River and on the shores of Merwin, Yale and Swift reservoirs. These facilities are used by a half-million people each year, and demand for these popular facilities is increasing. The settlement envisions over \$20 million in capital improvements over the life of the new licenses, which include parking, and recreation equipment, construction of new shelters, replacement of docks, improvements to boat launching facilities, new restrooms and expansion of camping facilities. Improved shoreline campsites accessible only by boat will provide new experiences for campers. New trails will be developed, and emphasis will be placed on making many facilities accessible for the disabled.

Flood management focus

PacifiCorp's three reservoirs have played a critical role in flood management since the 1930s, and the settlement brings several new management features to the system: PacifiCorp has agreed to pay up to \$25,000 to Clark and Cowlitz counties for the purchase of a new automated notification system for residents along the river for use during high-runoff events. PacifiCorp has already partnered with the National Weather Service for installation of a NOAA Weather Radio transmitter at Davis Peak and will contribute \$5,000-\$7,000 per year for continued maintenance. The company will also pay for a new phone line for the USGS so that residents can access real-time data on Lewis River flows from that agency's gauge at Ariel.

Next steps in the process

The Federal Energy Regulatory Commission (FERC) is the licensing authority for hydroelectric projects, and both utilities submitted license applications to that agency earlier this year. The settlement will now be submitted to FERC amending those applications and identified as the preferred outcome for relicensing. FERC will conduct its environmental review before issuing new licenses, which are anticipated in April 2006 to coincide with expiration of existing licenses.

In 1999, PacifiCorp and Cowlitz PUD petitioned FERC to use its "alternative licensing process" to promote collaboration with interested stakeholders and to ensure a coordinated analysis of the operational and environmental impacts of the projects.

Lewis River - Page four

More than 1.6 million customers in six Western states look to PacifiCorp for safe, reliable electrical service. Operating as Pacific Power and Utah Power, PacifiCorp is one of the lowest-cost electricity producers in the United States with a generation capacity of about 8,300 megawatts of energy. For more information, visit www.pacificorp.com.

Parties to the settlement negotiations other than PacifiCorp and Cowlitz PUD include the Cowlitz Indian Tribe, the Yakama Nation, the Wash. Dept. of Fish and Wildlife, the Wash. Dept. of Natural Resources, the Wash. Interagency Committee for Outdoor Recreation, the National Marine Fisheries Service, the National Park Service, the U.S. Bureau of Land Management, the U.S. Fish and Wildlife Service, the U.S. Forest Service; Clark, Cowlitz and Skamania counties, the City of Woodland, the Lower Columbia Fish Recovery Board, American Rivers, Trout Unlimited, Fish First, the Rocky Mountain Elk Foundation, the Cowlitz-Skamania Fire District No. 7, the North County Emergency Services, the Woodland Chamber of Commerce, the Lewis River Community Council, and a group of Lewis River citizens at-large.

Editors: An executive summary of the settlement is available on request. Additional quotes are available on the following pages. Television broadcast outlets can receive a Betacam roll of stock images from the Lewis River hydroelectric projects.

Media Contacts:

Dave Andrew, Cowlitz PUD – 360-577-7502

Dave Kvamme, PacifiCorp – 503-813-7279

Lois Schwenessen, Co-mediator – (206) 605-9529

Margaret Ainscough, WDFW Public Affairs – 360-902-2408

Doug Zimmer, US Fish and Wildlife Service – 360-753-4370

Brian Gorman, NOAA Fisheries - 206-526-6613

Amy Souers Kober, American Rivers – 206-213-0330, ext. 23