



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAY 24 2012

Ms. Andrea Kelly
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Re: Impact of Delay in Federal Legislation on 2020 Dam Removal Target Date

Dear Ms. Kelly:

It has come to my attention that outside parties involved in state regulatory ratemakings, excluding parties to the Klamath Hydroelectric Settlement Agreement (KHSA), have raised questions regarding the impact of any potential delay in the passage of federal legislation endorsing and approving the KHSA on the January 1, 2020 target date for Klamath Facilities Removal anticipated in the KHSA. The purpose of this letter is to provide the Department of the Interior's perspective on this matter.

The Department of the Interior believes that a delay in passage of federal legislation and issuance of a Secretarial Determination will not, at this time, impact the 2020 target date for dam removal. With a realization regarding the uncertain timing of Congressional authorization, the KHSA was specifically drafted so that a delay in necessary federal legislation does not impact the potential dam removal date. To achieve this, and to lessen impacts on PacifiCorp's customers, the KHSA called for the immediate enactment of dam removal surcharges on PacifiCorp's customers and contemplated the immediate adjustment of depreciation rates for the facilities to allow for their removal in 2020. This ensured that a 2020 dam removal date would have certainty for KHSA parties since the date was not tied to the achievement of particular milestones.

It is the Department of the Interior's view that PacifiCorp remains obligated to honor a 2020 dam removal date should the Secretary of the Interior, if authorized by Congress, determines to proceed with facilities removal.

Please do not hesitate to contact me should you have any questions.

Sincerely,

John Bezdek
Senior Advisor to the Chief of Staff