ROCKY MOUNTAIN POWER
A MIDAMERICAN ENERGY HOLDINGS COMPANY

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December 9, 2022

VIA ELECTRONIC FILING

Public Service Commission of Utah
Heber M. Wells Building
160 East 300 South
Salt Lake City, Utah 84110

Attn: Mr. Gary Widerburg
Commission Administrator

Re: Courtesy Notice of the Transaction Closing of the Lower Klamath Project Property to the Klamath River Renewal Corporation ("KRRC") and the States of California and Oregon

Dear Commissioners:

PacifiCorp, dba Rocky Mountain Power ("Rocky Mountain Power" or "Company"), submits this letter to notify the Public Service Commission of Utah ("Commission") of the closing of the transaction to transfer the Lower Klamath Project Property to the Klamath River Renewal Corporation ("KRRC") and the States of California and Oregon. On November 17, 2022, the Federal Energy Regulatory Commission ("FERC") issued its Order Modifying and Approving Surrender of License and Removal of Project Facilities (181 FERC ¶ 61,122), which approved the asset disposition governed by the Property Transfer Agreement ("Transfer Agreement") between the Company and the KRRC. The Transfer Agreement outlined the conditions of the property disposition to the KRRC of the Lower Klamath Project Property, which includes the Lower Klamath Hydroelectric Project consisting of four hydroelectric dams, as well as real and personal property associated therewith. On December 1, 2022, Rocky Mountain Power and the KRRC completed the transfer of the Lower Klamath Project Property, with the KRRC and States of California and Oregon filing with FERC their acceptance of the license transfer.

Klamath Hydroelectric Project and the Klamath Hydroelectric Settlement Agreement ("KHSA")

The Klamath Hydroelectric Project, located primarily on the Klamath River in Klamath County, Oregon and Siskiyou County, California, includes seven hydroelectric developments—East Side, West Side, Fall Creek, J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate—and one non-generating development, Keno ("Larger Klamath Project"). FERC originally licensed the Larger Klamath Project in 1954 as Project No. P2082. This original license expired in 2006. Since that time, the Company has operated the project under annual licenses.

On February 18, 2010, the KHSA was executed by 48 parties, including the Company; the states of Oregon and California (collectively, the "States"); the U.S. Department of the Interior ("Interior"); the U.S. Department of Commerce's National Marine Fisheries Service ("NMFS"); several Native American tribes; and irrigation, conservation, and fishing groups. The KHSA provides a framework to decommission and remove the four mainstem hydroelectric developments comprising the Lower Klamath Project—J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate—and sets forth requirements related to their operation until removal. To facilitate dam removal, the KHSA and subsequent amendments requires the Company to transfer the Lower Klamath Project developments and associated real and personal property to the KRRC for decommissioning and removal.

The Transfer Agreement

The Transfer Agreement governs the conveyance of the Lower Klamath Project to the KRRC so that dam removal may begin. The Transfer Agreement provides for Rocky Mountain Power's reservation of easements for all transmission, distribution, service, substation, and communications assets required to preserve the safe and reliable function of the utility system after the land upon which the assets are located is transferred to the KRRC. The Transmission Facility Easement Area is designed to aid vegetation management and fire prevention by establishing a 100-foot buffer from Company facilities including conductors. The Company may also remove trees outside the 100-foot buffer if those trees present a threat of contact with Company facilities. The reservation of easement interests includes access rights and other rights necessary for the Company to protect and manage its reserved facilities and easement areas in perpetuity.

The Transfer Agreement also anticipates the grant of approximately 8,000 acres of land surrounding the dams, a Fall Creek Hatchery leasehold interest and other, immaterial grants including temporary construction easements over certain lands not conveyed to the KRRC.

Rocky Mountain Power also agreed to address specified environmental conditions that currently exist on lands that will be conveyed to the KRRC, and for which Rocky Mountain Power already has responsibility for addressing based on its status as the property owner. These pre-existing site conditions were identified during environmental site assessments conducted by the KRRC as part of its site due diligence. The KRRC's contractors estimate that the cost of mitigating the pre-existing environmental conditions ranges from $4.2 million (low) to $31.5 million (high). The risk associated with this obligation is mitigated partly by the establishment of a finite list of pre-existing environmental conditions identified on Exhibit C to the Transfer Agreement. This obligation is further mitigated by a "reasonable satisfaction" standard as reflected in Section 3.5 of the Transfer Agreement.

Property Disposition

The Lower Klamath Project is being transferred pursuant to the KHSA because it is lower cost and lower risk than pursuing a new FERC license or simply surrendering the license and removing the facilities without the customer protection benefits of the KHSA. Relicensing the Lower Klamath Project or surrendering the license and removing the dams would expose the

Public Service Commission of Utah, Company and customers to substantial costs, risks, and liabilities. As explained above, the KHSA provides a framework for removal of the Lower Klamath Project, while providing robust customer protections.

Utah's allocated share of Klamath relicensing costs are in a regulatory asset and amortized through December 31, 2022, in accordance with the Company's 2012 general rate case, Docket No. 11-035-200. Any changes in Utah-allocated costs will be addressed in a future general rate case.

On January 19, 2021, the Company filed required property disposition applications at the public service commissions in California, Oregon, Idaho, and Wyoming. Each of those applications have been approved. Regulatory reporting was not required in Utah based on the thresholds established in Commission Rule R746-401-3(B). However, the Company submitted a courtesy notification with the Public Service Commission of Utah for informational purposes on August 6, 2021 in Docket No. 21-999-01.

Please feel free to direct any further inquiries or questions regarding this matter to Jana Saba, at (801) 220-2823, or myself at the number indicated above.

Sincerely,

John Hutchings
Assistant General Counsel
Rocky Mountain Power

cc: Division of Public Utilities
Office of Consumer Services