COVER SHEET

FEDERAL ENERGY REGULATORY COMMISSION

DRAFT ENVIRONMENTAL IMPACT STATEMENT
FOR THE KLAMATH HYDROELECTRIC PROJECT
Docket No. P-2082-027

Section 1
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1.0 PURPOSE OF ACTION AND NEED FOR POWER

On February 25, 2004, PacifiCorp filed an application with the Federal Energy Regulatory Commission (Commission or FERC) for a new license for the 161-megawatt (MW) \(^1\) Klamath Hydroelectric Project, FERC No. 2082, located principally on the Klamath River in Klamath County, Oregon, and Siskiyou County, California, between Klamath Falls, Oregon, and Yreka, California (figure 1-1). The existing project consists of eight developments and occupies 219 acres of lands of the United States that are administered by the U.S. Bureau of Land Management (Bureau of Land Management) or the U.S. Bureau of Reclamation (Reclamation). The project currently produces 716,820 megawatt-hours (MWh) per year. PacifiCorp does not propose any new capacity, but it does propose to add the Spring Creek diversion to the project. PacifiCorp also proposes to decommission East Side and West Side developments. Finally, PacifiCorp proposes to remove Keno development from the licensed project, based on its assertion that it does not serve project purposes.

1.1 PURPOSE OF ACTION

The Commission must decide whether to relicense the project and what conditions should be placed on any license issued. In deciding whether to authorize the continued operation of the hydroelectric project and related facilities in compliance with the Federal Power Act (FPA) and other applicable laws, the Commission must determine that the project will be best adapted to a comprehensive plan for improving or developing a waterway. In addition to the power and developmental purposes for which licenses are issued (e.g., flood control, irrigation, and water supply), the Commission must give equal consideration to the purposes of energy conservation; the protection of, mitigation of damage to, and enhancement of fish and wildlife (including related spawning grounds and habitat); the protection of recreational opportunities; and the preservation of other aspects of environmental quality.

In this draft environmental impact statement (draft EIS), we, the Commission staff, assess the environmental and economic effects of (1) continuing to operate the project as it is currently operated (No-action Alternative); (2) operating the project as proposed by PacifiCorp (PacifiCorp’s Proposal); and (3) operating the project under two alternative operating regimes (Staff Alternative with Mandatory Conditions and Retirement of Copco No. 1 and Iron Gate Developments). We also consider federal takeover, nonpower license, project decommissioning with dams remaining in place, and retirement of additional developments.

Briefly, the principal issues addressed in this draft EIS include the influence of project operations on water quality, including downstream of Iron Gate dam; approaches to facilitate the restoration of native anadromous fish within and upstream of the project; the influence of peaking operations at J.C. Boyle development on downstream biota and whitewater boating opportunities; the effect of project operations on archaeological and historic sites and resources of concern to various tribes; the effects of decommissioning East Side and West Side developments; and the effects of removing Keno development from the project.

1.2 NEED FOR POWER

PacifiCorp owns and operates the Klamath Hydroelectric Project through its Pacific Power subsidiary. The project includes seven hydroelectric developments, a regulating reservoir, and a small diversion facility. Current project facilities have a total average annual electric output of 716,820 MWh.

\(^1\)The authorized installed capacity of the project was increased from 151 to 161 MW by FERC order issued July 21, 2005.
NON-INTERNET PUBLIC

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PacifiCorp is an integrated electric utility serving nearly 1.5 million people in a six-state service area (PacifiCorp, 2004b). PacifiCorp operates as Pacific Power in Oregon, Washington, Wyoming, and California and as Utah Power in Utah and Idaho. PacifiCorp sells power from these projects to its customers transmitted via its transmission and distribution system. PacifiCorp operates about 8,300 MW of capacity over the six-state area. This includes 10 thermal facilities (7,169 MW), 53 conventional hydro facilities (1,087 MW), and a geothermal facility (26 MW). The Klamath River developments provide about 2 percent of PacifiCorp’s total generating capability. The proposed decommissioning of the East Side and West Side facilities and removal of Keno development from the project would have a negligible effect on PacifiCorp’s ability to meet its customer’s needs.

To see how demand for electricity is expected to change in the future in the project vicinity, we looked at the regional need for power as reported by the North American Electric Reliability Council for the Western Electricity Coordinating Council (WECC) region for 2005-2014 (NERC, 2005). The project is located within the Northwest Power Pool (NWPP) area of WECC. The NWPP region includes all or major portions of Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming; a small portion of northern California; and the Canadian provinces of British Columbia and Alberta.

As a whole, WECC expects that capacity resources will be sufficient to provide adequate and reliable service for forecasted demands. However, the current WECC estimate for additional capacity over the next 10 years has dropped dramatically since the last forecast due to deteriorated financial condition of private developers and because more capacity was proposed than was needed. WECC currently expects approximately 25,155 MW of capacity to be completed over the next 10 years and its capacity margins to drop below 12 percent by 2012. Many load-serving entities plan to maintain reserve margins in excess of 12 percent, which may necessitate additional capacity construction to meet that objective. The forecasted average annual demand growth rate is 2.4 percent.

Within the NWPP area, the forecasted peak demand and annual energy requirements are expected to grow at annual compound rates of 1.7 and 1.9 percent, respectively. Due to the significant percentage of hydro generation in the region, WECC expects the ability to meet peak demand will be adequate for the next 10 years. Capacity margins for the winter-peaking NWPP area range from 23.7 to 28.6 percent for the next 10 years.

We conclude that the WECC region and NWPP area sub-region have a need for power over the near term. The project generating facilities, which supply a part of the current regional electricity demand, could continue to help to meet part of the regional need for power.

PacifiCorp anticipates that 2,000 MW of additional capacity will be needed by 2014 for PacifiCorp to meet its customer loads. Its estimate includes the proposed decommissioning of East Side and West Side developments.

If licensed, the power from the project would continue to be useful in meeting PacifiCorp’s needs as well as part of the local and regional need for power.

1.3 INTERVENTIONS

On August 16, 2004, the Commission issued a notice accepting PacifiCorp’s application and soliciting motions to intervene. This notice set a 60-day period during which interventions could be filed, ending on October 15, 2004. The following entities filed motions to intervene. An (O) indicates the entity also filed an intervention opposition.

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2PacifiCorp’s 2003 Integrated Resource Plan states that 4,000 MW will be needed by 2014. We assumed that about one-half of that capacity (2,000 MW) is needed on the west side of the system where the Klamath Hydroelectric Project is located, and one-half will be needed on the east side.
1.4 SCOPING

Pursuant to the National Environmental Policy Act (NEPA) of 1969, we held scoping meetings in the project area, including an evening one in Klamath Falls, Oregon (May 18, 2004); morning in Redding, California (May 20); evening in Yreka, California (May 20); morning in Ashland, Oregon (May 21); and evening and morning in Eureka, California (June 22) to provide agencies and interested parties an opportunity to review and provide input concerning our Scoping Document 1 (SD1), issued on April 16, 2004. We also held a site visit, which was announced in local newspapers and in the Federal Register, to the project facilities and surrounding environment on May 18 and 19, 2004.

Besides the oral comments received at the scoping meetings, 51 agencies, tribes, and non-governmental organizations filed written comments on the SD1, and we received 83 letters from individuals. All comments received are part of the Commission’s official record for the project.

We revised SD1 following the scoping meetings and after reviewing the comments filed during the scoping comment period, and we issued Scoping Document 2 on May 17, 2005.

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1.5 RECOMMENDATIONS, TERMS, AND CONDITIONS

On December 28, 2005, the Commission issued a notice indicating that the project was ready for environmental review and setting a 60-day period during which terms, conditions, prescriptions, and recommendations could be filed. On February 17, 2006, in response to requests from numerous parties, the Commission extended this period to March 29, 2006. The following entities filed comments, terms, conditions, prescriptions, or recommendations.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Filed Date</th>
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<tbody>
<tr>
<td>U.S. Environmental Protection Agency</td>
<td>February 28, 2006</td>
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<tr>
<td>Institute for Fisheries Resources/PacifiCoast Federation of Fishermen's Associations</td>
<td>March 27, 2006</td>
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<tr>
<td>Hoopa Valley Tribal Council</td>
<td>March 28, 2006</td>
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<td>Karuk Tribe of California</td>
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<td>Oregon Hydroelectric Application Review Team (including Oregon Department of Energy, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Parks and Recreation Department, Oregon State Historic Preservation Office, and Oregon Water Resources Department)</td>
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<td>Resighini Rancheria</td>
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<td>California Department of Fish and Game</td>
<td>March 29, 2006</td>
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<td>Quartz Valley Indian Community</td>
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<td>U.S. Department of Agriculture, Forest Service</td>
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<td>Siskiyou County</td>
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<td>The Klamath Tribes</td>
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<td>Pacific Fishery Management Council</td>
<td>May 1, 2006</td>
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<tr>
<td>Ramon Caldero</td>
<td>July 3, 2006</td>
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PacifiCorp filed responses to the comments, terms, conditions, prescriptions, and recommendations on May 12, 2006. All comments become part of the record and are considered during our analysis of the proposed action. We discuss comments and recommendations in section 3.3, Proposed Action and Action Alternatives.