

March 3, 2008

Via Electronic Filing

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Condit Hydroelectric Project, FERC Project 2342-011
Six-Month Update**

Dear Secretary Bose:

This document provides the Federal Energy Regulatory Commission (“the Commission”) a six-month status report describing PacifiCorp’s and the settlement parties’ progress with respect to the implementation of the Condit Settlement Agreement. This letter provides an update on activities from September 1, 2007, through February 29, 2008.

Washington State Department of Ecology

State Environmental Impact Statement / 401 Water Quality Certificate

As part of its effort to review and certify the decommissioning proposal under Section 401 of the Clean Water Act, the Washington Department of Ecology (Ecology) completed the process of supplementing the Commission’s National Environmental Policy Act (NEPA) analysis in order to satisfy the requirements of the Washington State Environmental Policy Act (SEPA). Ecology finalized a Supplemental Environmental Impact Statement (SEIS) that was issued pursuant to SEPA on March 23, 2007.

PacifiCorp has conducted additional sediment sampling at Northwestern Lake at the request of the Regional Sediment Evaluation Team (RSET) consisting of the U.S. Army Corps of Engineers (Corps), Ecology, the Environmental Protection Agency (EPA), NOAA Fisheries, and the U.S. Fish and Wildlife Service. The sediment sampling and analysis results and the supplemental evaluation of mercury in sediments report were provided to RSET on March 29, 2007 and December 10, 2007, respectively.

In response to ongoing consultation with the RSET, PacifiCorp has been verbally directed to prepare a sampling plan for additional sediment testing in the lower White Salmon River and Columbia River. Test results are expected in late-June 2008.

Given this additional sampling, PacifiCorp expects to withdraw its May 14, 2007 request for water quality certification and to reapply for such certification in May 2008. A copy of PacifiCorp’s withdrawal and reapplication letter will be filed with the Commission.

U.S. Army Corps of Engineers

404 Dredge and Fill Permit/Section 10 Permit for In-Water Work

PacifiCorp has applied to the United States Army Corps of Engineers (Corps) for a permit under Section 404 of the Clean Water Act authorizing dredge and fill associated with the decommissioning proposal and for a permit under Section 10 of the River and Harbors Act authorizing in-water work associated with dam removal. The Corps is awaiting completion of PacifiCorp's additional sediment sampling (see above), as well as Ecology's SEPA and 401 processes before issuing the 404 Permit and the Section 10 Permit.

United States Fish and Wildlife Service / NOAA Fisheries

Biological Opinions

A technical working group consisting of representatives from the U.S. Fish and Wildlife Service, NOAA Fisheries, the Yakama Nation, the Washington Department of Fish and Wildlife, the U.S. Geological Service, American Rivers and PacifiCorp continue to periodically meet to design a fish salvage plan and monitoring actions of aquatic resources pre- and post-decommissioning. The U.S. Fish and Wildlife Service have conducted genetic analysis of White Salmon River and Spring Creek National Fish Hatchery fall Chinook and concluded the fish are genetically similar. Given such, surplus hatchery fish could be used to supplement reintroduction with little impact.

Federal Power Act Preemption/County Permitting

On June 15, 2007, PacifiCorp sent applications to Klickitat and Skamania Counties for a number of local permits (including a Substantial Development Permit, a Conditional Use Permit, and a Floodplain Development Permit). PacifiCorp understands from the Commission's May 18, 2006 declaratory order that the Federal Power Act preempts state and local regulation of the proposal to decommission the Condit Hydroelectric Project. The declaratory order also clarified that the Commission may include state and local requirements as terms of the Commission's surrender order if the Commission concludes that such state and local requirements do not conflict with the other terms of the Commission's order. PacifiCorp applied for county permits not because such permits are required but rather as a method of determining what, if any, local requirements the Counties would like to see imposed by the Commission as part of its surrender order.

On September 28, 2007, the Klickitat County Planning Department sent a letter requesting a reimbursement agreement to facilitate evaluation and processing of PacifiCorp's permit application. PacifiCorp requested an estimate of the scope and cost of Klickitat County's evaluation efforts to review the permit application in a letter dated November 27, 2007.

The Skamania County Department of Planning and Community Development returned PacifiCorp's permit application along with the application fee due to inactivity in December 11, 2007.

Decommissioning

Owner's Engineer

In February 2008, PacifiCorp received draft plans for review that further update the planning, engineering, monitoring, design, and construction methods for the proposed decommissioning of the Condit project.

Noxious Weed Inventory and Wetland Review

A noxious weed inventory and wetland review was completed in July 2007 in order to identify potential weed sources that may spread to the reservoir footprint after the dam is removed. The final report was distributed to Ecology and the U.S. Army Corps of Engineers on January 30, 2008. This report was also posted on PacifiCorp's website for the Condit project.

City of White Salmon Water Supply Line

On November 2, 2007, a site visit was conducted with Mike Wellman, City of White Salmon, to locate the ingress and egress of the city's water line through Northwestern Lake.

Project Schedule

With the request to conduct additional sediment sampling and the associated delay in acquiring the 401 and 404 certificates, there is now insufficient time to complete procurement of a construction contract to remove Condit dam in the fall of 2008. Parties to the settlement agreement are aware of this issue and plan to work together to modify the settlement agreement to reflect a new schedule. Upon formalization of an agreement amendment, PacifiCorp will notify the Commission.

Parties to the Settlement Agreement

PacifiCorp conducted quarterly meetings with the parties to the settlement agreement, on October 17, 2007 and January 16, 2008. The next meeting is scheduled for April 16, 2008. An agenda item for that meeting will include modification to the Settlement Agreement to account for the delay in project removal.

Please call me at (503)-813-6657 if you have any questions.

Sincerely,




Todd Olson, Program Manager
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PacifiCorp Energy

CC: FERC Service List
FERC Portland Regional Office, Attn: Patrick Regan

CERTIFICATE OF SERVICE

I hereby certify that on March 3, 2008, I served true copies of the foregoing PacifiCorp's Six Month Update for the Condit Hydroelectric Project on FERC Docket No. 2342 by first-class mail or electronic mail to each person designated on the FERC website service list as of today's date in this proceeding.

Dated this 3rd day of March, 2008 at Portland, Oregon.


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