

November 20, 2012

Transmitted via Electronic Mail

Gretchen Sausen
United States Fish and Wildlife Service
La Grande Fish and Wildlife Office
3502 Hwy 20
La Grande OR, 97850

Subject: Wallowa Falls Hydroelectric Project Sediment and Substrate Characterization

Dear Ms. Sausen:

The enclosed technical memorandum presents water quality, sediment and substrate characterization data collected by PacifiCorp in the Wallowa Falls Hydroelectric Project forebay and the bypassed reach of the East Fork Wallowa River during the 2012 field season. This data was collected for the purposes of an applicant prepared Biological Assessment for consultation between the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service under Section 7 of the Endangered Species Act (ESA).

As you are aware, sediment accumulation in the Wallowa Falls Hydroelectric Project forebay requires occasional flushing to keep the penstock intake clear and prevent damage to the penstock and generating unit. The current Federal Energy Regulatory Commission (FERC) license allows forebay flushing under License Article 402. The forebay was last flushed in 2009 and in 2011 PacifiCorp initiated discussions with the U.S. Fish and Wildlife Service (USFWS), U.S. Army Corps of Engineers (USACE) and the Oregon Department of Environmental Quality regarding necessary permitting and consultation for future forebay flushing under the current FERC license.

Future forebay flushing will require a Department of Army 404 Permit from the USACE, which is a federal action requiring consultation with the USFWS under Section 7 of the federal Endangered Species Act. Potential effects of forebay flushing on bull trout, listed as threatened under the ESA, and their designated Critical Habitat must be evaluated. For the purpose of evaluating these potential effects, PacifiCorp prepared a draft Biological Assessment (BA) in 2011 and submitted it to the USFWS for review in November 2011. PacifiCorp received written comments on the draft BA from USFWS on November 15, 2011. In addition to these written comments, during a December 12, 2011 conference call PacifiCorp received verbal comments from Ms. Janine Castro of the USFWS regarding additional data collection and information needed for the draft BA. You then followed up with an electronic message, dated December 13,

2012, with ten data or study requests that USFWS would require for consultation on forebay flushing.

Although PacifiCorp is pursuing permits to flush the forebay under the current FERC license, it should be noted that PacifiCorp is also currently in the FERC Integrated Relicensing Process (ILP) for the Wallowa Falls Hydroelectric Project. PacifiCorp filed a Notice of Intent (NOI) and associated Pre-Application Document (PAD) to commence the FERC ILP of the Wallowa Falls Hydroelectric Project on February 22, 2011. As part of the FERC ILP, prospective license applicants are required to submit relevant resource study plans (18 CFR 5.11). A study plan related to substrates and sediment transport within the bypassed portion of the East Fork Wallowa River was not proposed by PacifiCorp Energy or requested by project stakeholders or FERC.

In the comment letter on PacifiCorp's Revised Study Plans, submitted to the FERC on December 21, 2011, the USFWS asked FERC to include the ten additional data requests noted above in the Water Resources Final Study Plan for the ILP. In their Study Plan Determination for the Wallowa Falls Hydroelectric Project issued on January 3, 2012 the FERC stated "*...FWS did not provide sufficient information on the additional data needs for staff to evaluate the need for, level of effort and cost, or relationship of the studies to the project, nor did FWS address the study criteria required by section 5.9(b) of the Commission's regulations.*"

Although the additional data requests were not included in the Study Plan Determination, in an effort to be responsive to the USFWS request, PacifiCorp collected sediment, substrate and water quality data during the 2012 field season. The objective of this data collection was to determine baseline sediment and water quality conditions and obtain information to help assess potential effects of flushing within the bypass reach. PacifiCorp believes the survey and monitoring activities completed in 2012 and proposed for 2013 as presented in the enclosed technical memorandum will provide the information necessary for consultation under Section 7 of the ESA for potential effects to bull trout and their designated Critical Habitat.

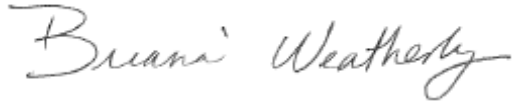
PacifiCorp Hydro Operations has confirmed that the forebay will need to be flushed in 2014. Pursuant to this, PacifiCorp will be pursuing all necessary permits and a Biological Opinion for this action. This permitting and consultation will be outside of the current FERC ILP process. However, periodic forebay flushing will be required for the life of the Wallowa Falls project and potential effects of this activity will also be considered in the FERC's ESA consultation for a new project license. The Biological Opinion developed for forebay flushing in 2014 under the existing license will be directly applicable to the ESA consultation for a new License. If the USFWS feels that the data presented in the enclosed memorandum do not adequately address the potential effects of forebay flushing on bull trout and their designated Critical Habitat, PacifiCorp requests that the USFWS file with FERC an ILP Study Plan request under the criteria set forth in 18 CFR Section 5.9(b).

As discussed at the October 23, 2012 Study Progress Meeting in La Grande, PacifiCorp would like to schedule a conference call in early December to further discuss the data presented in the enclosed memo and the process for consulting on the potential effects of future forebay flushing events on bull trout.

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We will be contacting you in the near future to set up a call and look forward to continued consultation with you on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Briana Weatherly". The signature is written in black ink and is positioned below the word "Sincerely,".

Briana Weatherly
Senior Compliance Analyst

Cc: John Dadoly, Oregon DEQ
Matt Cutlip, FERC
Elizabeth Moats, ODFW
Dan Gonzalez, US Forest Service