



November 1, 2002

VIA OVERNIGHT MAIL

Ms. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: North Umpqua Hydroelectric Project (P-1927-008); Amendment to the
North Umpqua Hydroelectric Project Settlement Agreement**

Dear Ms. Salas:

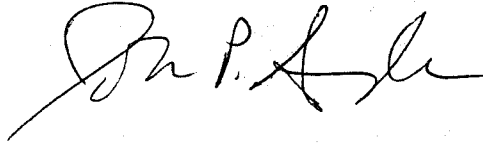
On behalf of the North Umpqua Hydroelectric Project Settlement Agreement ("the Settlement Agreement" or "the Agreement") parties, PacifiCorp transmits the following Amendment No. 1 for inclusion in the Commission's relicensing process. The parties request that the Commission include this amendment in the Commission's forthcoming National Environmental Policy Act analysis concerning project relicensing.

Since execution of the June 13, 2001, Settlement Agreement, the parties have commenced implementing various sections of this Agreement. During this process of implementation, the parties identified new information that warrants revisions to the June 13, 2001, Agreement. The enclosed Amendment No. 1 revises and modifies sections 5.1, 7.1, 7.2, and 8.3 of the Agreement. The Parties have revised these Agreement sections consistent with the parties' original goals and objectives as expressed in the June 13, 2001, Settlement Agreement and related documents.

Within the next 30 days, the parties intend to file with the Commission an explanatory statement supporting this amendment. As described in the amendment itself, to the extent necessary, each party will amend or supplement its existing terms, conditions, and recommendations regarding project relicensing consistent with this amendment.

We appreciate the Commission's patience in this matter. Please feel free to contact me at (503) 813-6688 if you have any questions concerning this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John Sample". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Sample
Senior Counsel, Hydropower
PacifiCorp

Enclosure

Cc: North Umpqua Settlement Agreement Parties
Service List
John Smith, FERC

**AMENDMENT NO. 1 TO THE
SETTLEMENT AGREEMENT
CONCERNING THE RELICENSING OF THE
NORTH UMPQUA HYDROELECTRIC PROJECT
FERC PROJECT NO. 1927-008
DOUGLAS COUNTY, OREGON**

This AMENDMENT NO. 1 TO THE JUNE 13, 2001, NORTH UMPQUA HYDROELECTRIC PROJECT SETTLEMENT AGREEMENT ("the Agreement") is made as of November 1, 2002, ("the Amendment Date") by and among PacifiCorp, an Oregon corporation; USDA Forest Service ("USDA-FS"); USDI Fish and Wildlife Service ("USFWS"); USDI Bureau of Land Management ("BLM"); National Marine Fisheries Service ("NMFS"); Oregon Department of Environmental Quality ("ODEQ"); Oregon Department of Fish and Wildlife ("ODFW"); and Oregon Water Resources Department ("OWRD"), each referred to individually as a "Party" and collectively as the "Parties." Parties other than PacifiCorp may be referred to collectively as the "Governmental Parties."

RECITALS

A. The Parties entered into a Settlement Agreement dated June 13, 2001. Section 8.3 of the Settlement Agreement provides that PacifiCorp shall prepare and implement a feasibility assessment, implementation plan, and monitoring plan concerning the restoration of spawning habitat in the Soda Springs bypass reach, subject to the agreed upon minimum flow regime and the natural constraints of the river channel (the "Soda Springs Bypass Reach Alluvial Restoration Project"). Approximately 5,000 to 15,000 square feet of spawning habitat was intended to be restored or created in this area. Analysis by PacifiCorp reviewed by the Governmental Parties now suggests that only about 1,200 to 1,500 square feet of spawning habitat can be restored or created in the Soda Springs bypass reach.

B. In view of the natural limitations of the Soda Springs bypass reach, the Parties are willing to expand the area considered for habitat projects. The work required under the amended section 8.3 would restore or create spawning habitat in the Soda Springs bypass reach and in additional locations below Soda Springs Dam.

C. Certain provisions of sections 5.1, 7.1, and 7.2 of the Agreement are related to implementation of the amended section 8.3. The Parties have revised these Agreement provisions consistent with the Parties' original goals and objectives as expressed in the June 13, 2001, Settlement Agreement.

NOW, THEREFORE, the Parties agree as follows:

1. Section 5.1 of the Agreement is amended by striking the last sentence and replacing with the following: "Commencing on September 1, 2003, PacifiCorp shall increase the minimum instream flow in the Soda Springs bypass reach to 95 cfs. Commencing on September

1, 2005, PacifiCorp shall increase the minimum instream flow in the Soda Springs bypass reach to 275 cfs for the term of the New License.”

2. Section 7.1 of the Agreement is amended, in the first sentence, by striking “until completion of the Soda Springs Bypass Reach Alluvial Restoration Project required under section 8.3 of this Agreement” and replacing with “until December 31, 2004” and is amended, in the second sentence, by striking “until the commencement of the Soda Springs Bypass Reach Alluvial Restoration Project” and replacing with “until December 31, 2004”.

3. Section 7.2 of the Agreement is struck in its entirety and replaced as follows:

7.2 Gravel Augmentation Program. Upon the Amendment Date, PacifiCorp shall commence preparing an implementation plan and monitoring plan to provide gravel augmentation below Soda Springs Dam to address the geomorphic effects of reduced sediment load below Soda Springs Dam. PacifiCorp shall prepare these plans in consultation with the USDA-FS, ODFW, NMFS, and USFWS (collectively, for purposes of this section 7.2, “the Agencies”), and shall obtain Agency approvals before finalizing such plans. This gravel augmentation program will be implemented with oversight from the Resource Coordination Committee (RCC) created under section 21.1 of the Agreement. Disputes concerning section 7.2 shall be resolved in accordance with section 21.2 of the Agreement. As discussed in sections 7.2.3 and 7.2.4 below, the Parties agree that in the event the cost of this program exceeds \$227,500, additional funding may be made available to implement this program through the use of the USDA-FS Mitigation Fund.

7.2.1 Implementation Plan. Within 90 days from the Amendment Date, PacifiCorp shall complete a draft Implementation Plan to provide gravel augmentation below Soda Springs Dam. The plan may take into consideration locations of existing facilities and sources and quantities of gravel. The Agencies shall complete a technical review of the draft Implementation Plan and provide any comments to PacifiCorp within 30 days of its receipt. PacifiCorp shall finalize the draft plan within 30 days from receipt of all Agency comments and provide copies of the final plan to each Agency and FERC. The final Implementation Plan shall provide for a one time pulse of about 4,000 tons of gravel by PacifiCorp below Soda Springs Dam in the Fall of 2003, unless otherwise agreed by the RCC. Thereafter, gravel augmentation will occur in accordance with the terms and schedule of the final Implementation Plan. An estimated 20 tons of gravel is anticipated to augment each of up to five sites about seven times during the term of the New License, unless otherwise agreed by RCC.

7.2.2 Monitoring Plan. Within 60 days from the completion of the final Implementation Plan required under section 7.2.1 above, PacifiCorp shall complete a draft Monitoring Plan for this gravel augmentation program. The Agencies shall complete a technical review of the Monitoring Plan and provide any comments to PacifiCorp within 30 days of its receipt. PacifiCorp shall revise and finalize the draft Monitoring Plan within 30 days from receipt of all Agency comments, and provide copies of the final plan to each Agency and FERC.

7.2.3 PacifiCorp Funding and Accounting. PacifiCorp shall fund actions taken pursuant to section 7.2 in an amount not to exceed \$175,000 in 2002 dollars (subject to section 22.4.4 of the Agreement). Such actions include, but are not limited to, the planning, design, permitting, construction, and monitoring of gravel augmentation measures required under section 7.2. In the event the cost of this program is less than \$175,000, PacifiCorp shall retain remaining funds at the expiration of the New License and all subsequent annual licenses. In the event the cost of this program exceeds \$175,000, PacifiCorp shall fund actions taken pursuant to section 7.2 in an amount not to exceed \$227,500 in 2002 dollars (subject to section 22.4.4 of the Agreement). PacifiCorp shall file with FERC and each Agency a written annual report describing amounts disbursed for projects conducted pursuant to section 7.2, and funded pursuant to section 7.2.3. Upon request, PacifiCorp shall provide additional supporting documentation to the requesting Agency regarding its disbursements.

7.2.4 USDA-FS Funding. In the event the cost of actions required under section 7.2 exceeds PacifiCorp's funding limit of \$227,500, additional funding may be made available through the use of the USDA-FS Mitigation Fund created under section 19.3 of the Agreement. Such additional funding may be made available upon an agreement by the RCC that such funding is necessary to achieve that Governmental Parties' ecological goals and objectives with respect to gravel augmentation below Soda Springs Dam.

4. Section 8.3 of the Agreement is struck in its entirety and replaced as follows:

8.3 North Umpqua River Habitat Restoration/Creation Project. Upon the Amendment Date, PacifiCorp shall commence preparing a feasibility assessment, implementation plan, and monitoring plan, as required below, for the restoration or creation of salmonid spawning habitat in the Soda Springs bypass reach and mainstem North Umpqua River and its tributaries, below Soda Springs Dam. PacifiCorp shall prepare these plans in consultation with the USDA-FS, ODFW, NMFS, and USFWS (collectively, for purposes of this section 8.3, "the Agencies"), and shall obtain Agency approvals before finalizing such plans. Such Agency approvals may include, if appropriate, a section 7 determination under the Wild and Scenic Rivers Act by the USDA-FS and BLM.

8.3.1 Feasibility Assessment. Within 90 days from the Amendment Date, PacifiCorp shall submit to the Agencies for technical review a draft assessment analyzing the feasibility, costs, and benefits of restoring or creating spawning habitat at various locations in the North Umpqua River and its tributaries, below Soda Springs Dam. The Agencies shall complete a technical review of the draft feasibility assessment and provide any comments to PacifiCorp within 30 days from its receipt. PacifiCorp shall finalize the draft feasibility assessment within 30 days from receipt of all Agency comments, and provide copies of the final feasibility assessment to each Agency and the Federal Energy Regulatory Commission ("FERC").

8.3.2 Implementation Plan. Within 90 days from the completion of the final feasibility assessment required under section 8.3.1 above, PacifiCorp, shall complete a draft implementation plan for habitat restoration or creation. Habitat will be designed to

function within the applicable flow regimes identified in Appendix C, Tables 1 and 2 of the Agreement, including the seasonal high flows expected for applicable reaches, and will take into consideration locations of existing facilities and sources and quantities of gravel necessary to maximize and sustain spawning habitat, subject to the funding limitations described below under section 8.3.5. The Agencies shall complete a technical review of the draft implementation plan and provide any comments to PacifiCorp within 30 days of its receipt. PacifiCorp shall finalize the draft plan within 30 days from receipt of all Agency comments and provide copies of the final plan to each Agency and FERC. Upon completion of the baseline habitat survey required by section 8.3.4 below, PacifiCorp shall perform the habitat restoration or creation measures in accordance with the terms and schedule of the final Implementation Plan.

8.3.3 Monitoring Plan. Within 120 days from the completion of the final Implementation Plan required under section 8.3.2 above, PacifiCorp shall complete a draft monitoring plan for this habitat restoration/creation project, including measures necessary to estimate the quality and quantity of spawning habitat created or restored. The Agencies shall complete a technical review of the monitoring plan and provide any comments to PacifiCorp within 30 days of its receipt. PacifiCorp shall revise and finalize the draft monitoring plan within 30 days from receipt of all Agency comments, and provide copies of the final plan to each Agency and FERC. As portions of the habitat restoration or creation measures are completed, PacifiCorp shall implement the monitoring plan for those portions to assess whether the estimated quantity and quality of spawning habitat is being restored or created as a result of this habitat restoration/creation project. Evaluation of the quality and quantity of spawning habitat shall include habitat characteristics such as patch area, patch depth, spawning gravel substrate size, amount of fine sediment, and appropriate hydraulic conditions such as intergravel flow to provide adequate dissolved oxygen to salmonid eggs. This evaluation will be conducted by a technical committee of the Resource Coordination Committee.

8.3.4 Baseline Habitat Survey. PacifiCorp shall, in consultation with the Agencies, conduct a baseline habitat survey of current spawning habitat at the selected habitat restoration or creation sites, under existing flow and channel conditions. The baseline survey shall commence within 60 days from the completion of the finalization of the Implementation Plan required under section 8.3.2 above, or as agreed in writing by PacifiCorp and the Agencies. The baseline survey shall be completed prior to initiation of in-water construction of habitat restoration or creation measures. The final results from the baseline habitat survey shall be submitted to each Agency and FERC.

8.3.5 Funding and Accounting. PacifiCorp shall fund actions taken pursuant to section 8.3 in an amount not to exceed \$410,000 in 2002 dollars (subject to section 22.4.4 of the Agreement). Such actions include, but are not limited to, the planning, design, permitting, construction, monitoring, and ongoing maintenance (including gravel augmentation) of habitat restored or created pursuant to section 8.3. PacifiCorp shall file with FERC and each Agency a written annual report describing amounts disbursed for projects conducted pursuant to section 8.3. Upon request, PacifiCorp shall provide

additional supporting documentation to the requesting Agency regarding such disbursements.

8.3.6 Completion. PacifiCorp shall complete habitat restoration or creation measures conducted pursuant to this amended section 8.3, except for ongoing monitoring and gravel augmentation, by December 31, 2004.

5. Appendix A of the Agreement, row commencing "7.1 Ongoing Gravel Augmentation below Soda" is amended by striking "2003" in the fourth column of this row entitled "End Date" and replacing with "2004". Appendix A of the Agreement, row commencing "7.2 Gravel Augmentation for Soda Alluvial Restoration Project" is amended by striking "for Soda Alluvial Restoration Project" in the second column entitled "Measure", and by striking "2004" in the third column of this row entitled "Start Date" and replacing with "2003". Appendix A of the Agreement, row commencing "8.3 Soda Habitat Enhancement Project" is amended by striking "Soda Habitat Enhancement" in the second column entitled "Measure" and replacing with "North Umpqua River Habitat Restoration/Creation Project," and by striking "2003" in the fourth column of this row entitled "End Date" and replacing with "2004". Appendix A of the Agreement, row commencing "8.3.4 Soda Baseline Habitat Survey" is amended by striking "Soda" in the second column entitled "Measure" and replacing with "North Umpqua River," and by striking "2002" in the fourth column entitled "End Date" and replacing with "2003".

6. Except as expressly amended by the previous sections, the Agreement remains in full force and effect as executed on June 13, 2001.

7. Within 30 days from the Amendment Date, the Parties shall file with FERC a joint statement outlining the purpose and need for this Amendment, and the benefits of measures to be conducted pursuant to this Amendment. Further, as appropriate, the Parties shall revise their respective comments, terms, conditions, and prescriptions consistent with the requirements of this Amendment, and file such revisions with the Commission.

8. Each signatory to this Amendment certifies that he or she is authorized to execute this Amendment and to legally bind the Party he or she represents, and that such Party shall be fully bound by the terms hereof upon such signature without any further act, approval, or authorization by such Party.

9. This Amendment may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument as if all the signatory Parties to all of the counterparts had signed the same instrument. Any signature page of this Amendment may be detached from any counterpart of this Amendment without impairing the legal effect of any signatures, and may be attached to another counterpart of this Amendment identical in form having attached to it one or more signature pages.

PacifiCorp

William Egan
By:

United States Department of Agriculture Forest Service

James Alpa
By:

USDI Fish and Wildlife Service

Jerry D. D. D. D. D.
By:

National Marine Fisheries Service

D. Robert
By:

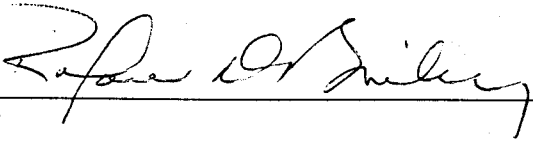
USDI Bureau of Land Management

Carol L. Osterhaus
By:

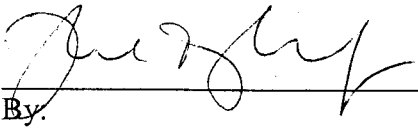
Oregon Department of Fish and Wildlife

AMAD
By:

Oregon Water Resources Department


By: _____

Oregon Department of Environmental Quality


By: _____

CERTIFICATE OF SERVICE

I certify that I have served, by U.S. Mail the foregoing document(s) upon each person designated on the official service list compiled by the Secretary of this proceeding.

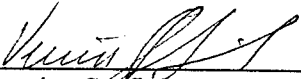
In addition to the service list I also served the following:

John Smith, FERC, 888 First Street NE, Washington, DC 20426
Lois Schwennesen, PO Box 2638, Vashon Island, WA 98070
Roma Call, 4307 Second Ave NE #1, Seattle, WA 98105
Craig Tuss, US FWS, 2900 NW Stewart Parkway, Roseburg, OR 97470

North Umpqua Settlement Agreement Parties:

Kemper McMaster, US Fish and Wildlife Service, 2600 SE 98th Ave., Suite 100,
Portland, OR 97266.
Keith Kirkendall, NMFS, 525 NE Oregon St., Suite 500, Portland, OR 97232.
Michael Llewelyn, ODEQ, 811 SW Sixth Avenue, Portland, OR 97204.
Dave McAllister, ODFW, Habitat Division, 2501 SW First Ave., PO Box 59,
Portland, OR 97207.
Dick Bailey, OWRD, 158 12th Street NE, Salem, OR 97301.
Walt Dortch, USDA Forest Service, 1405 Emmens Street, Darrington, WA
98241.
Cary Osterhaus, USDI BLM, 777 NW Garden Valley Blvd., Roseburg, OR
97470.

Dated at Portland, Oregon this 1st day of November, 2002.



Veronica Stoffel
Licensing Project Coordinator
PacifiCorp