

**AMENDMENT NO. 2 TO THE
SETTLEMENT AGREEMENT
CONCERNING THE RELICENSING OF THE
NORTH UMPQUA HYDROELECTRIC PROJECT
FERC PROJECT NO. 1927-008
DOUGLAS COUNTY, OREGON**

This AMENDMENT NO. 2 TO THE JUNE 13, 2001, NORTH UMPQUA HYDROELECTRIC PROJECT SETTLEMENT AGREEMENT (“the Settlement Agreement”) is made as of July 5, 2005 (“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, concerning the relicensing of the North Umpqua Hydroelectric Project (FERC No. P-1927)(“the Project”). Section 10.3 of the Settlement Agreement provides that PacifiCorp shall design and construct a structure in the lower Clearwater River near Toketee Reservoir to reconnect the Clearwater River and the North Umpqua River (“the Reconnection Structure”). Section 10.3 of the Settlement Agreement also provides that the Reconnection Structure will permit a portion of the Clearwater No. 2 bypass reach flows to travel down the original Clearwater River channel, to the confluence of the North Umpqua River downstream from Toketee Dam.

B. Section 10.3 of the Settlement Agreement states that during high-flow periods, when flows are spilling at Toketee Dam, the Reconnection Structure will permit all of the flows from the Clearwater River to be directed through the reconnected channel. Section 10.3 likewise states that the Reconnection Structure will permit the movement of fish, amphibians, and macroinvertebrates between the North Umpqua River and the upper Clearwater River. Section 7.5 of the Settlement Agreement requires that the Reconnection Structure be designed so as to allow passage of sediment and woody debris during high-flow events.

C. On January 26, 2005, the Resource Coordination Committee (“the RCC”)¹ met to discuss PacifiCorp’s proposed design plans for a Reconnection Structure. In this meeting, the OWRD, with the concurrence of USDA-FS and ODFW, approved PacifiCorp’s conceptual design plans. In an email to PacifiCorp dated February 1, 2005, OWRD reiterated its approval of PacifiCorp’s conceptual design plans. On June 16, 2005, after consultation with PacifiCorp, USDA-FS, and ODFW, OWRD approved the final design plans and specifications in accordance with Section 10.3 of the Settlement Agreement.

¹ The RCC is comprised of representatives from each party to the Settlement Agreement. The RCC, among other things, facilitates coordination and consultation on plans developed by PacifiCorp for implementation of Settlement Agreement measures.

D. The Parties recognize that their collective goals and objectives are best served by PacifiCorp's construction of a structure that permits movement of fish, amphibians, and macroinvertebrates across a normal range of river flows and runoff conditions. The Parties further recognize that construction of a large, highly engineered structure of the type necessary to permit passage of all flows over all potential runoff conditions in the Clearwater River would be inconsistent with the Parties' objectives to minimize the Project's impacts on the environment.

NOW, THEREFORE, the Parties agree as follows:

1. Section 10.3 of the Agreement is amended, in the third sentence, by striking the phrase "all of the" and inserting at the end of this sentence "in accordance with the conceptual design plans approved by OWRD on February 1, 2005, and final design plans and specifications approved by OWRD on June 16, 2005."

2. The Governmental Parties hereby agree that Section 10.3 of the Settlement Agreement, as amended herein, and construction of the Reconnection Structure in accordance with the final design plans and specifications approved by OWRD, remain consistent with the Governmental Parties' related goals, objectives, and mandates under the Settlement Agreement, including the requirements of Section 7.5 of the Settlement Agreement.

3. 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.

4. 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.

5. Except as expressly amended by the previous sections of this Amendment No. 2, the Settlement Agreement remains in full force and effect as executed on June 13, 2001, and as amended on November 1, 2002.

PacifiCorp

Holly Harwood

By: Holly Harwood

7/5/05

Date:

Oregon Water Resources Department

[Signature]

By:

7/1/05

Date:

United States Department of Agriculture Forest Service

[Signature]

By: James A. Caplan
Forest Supervisor

7/1/05

Date:

USDI Fish and Wildlife Service

[Signature]

By:

June 29, 2005

Date:

National Marine Fisheries Service

[Signature]

By:

7/5/05

Date:

USDI Bureau of Land Management

[Signature]

By:

7/1/05

Date:

Oregon Department of Fish and Wildlife

[Signature]

By:

07-01-05

Date:

Oregon Department of Environmental Quality

[Signature]

By: KERRI L. NELSON

6/30/05

Date: