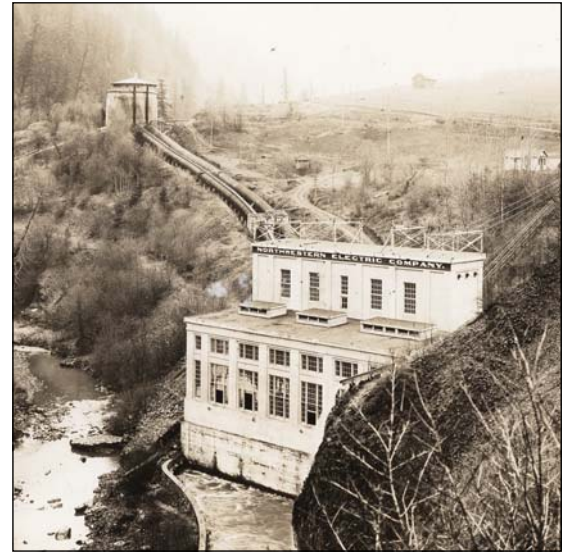


Condit Hydro Project

Condit history

The Condit Project dates to the earliest years of Northwestern Electric Company, a firm that merged into Pacific Power & Light in 1947. The project was built to support the Crown Willamette Paper Company in Camas, Washington. Not all of the 14.7 MW from Condit was needed to serve the mill, and a power line was built across the Columbia River from Camas to Portland where Northwestern also served retail customers. Today Pacific Power, as a division of PacifiCorp, continues to serve customers in Oregon and Washington. The hydroelectric project was named for Mr. B. C. Condit, the engineer who was charged with developing the 125-foot-high dam, water conveyance systems and powerhouse. After the 92-acre Northwestern Lake was filled, Condit operations began in 1913.



Condit Powerhouse during early years of operation.

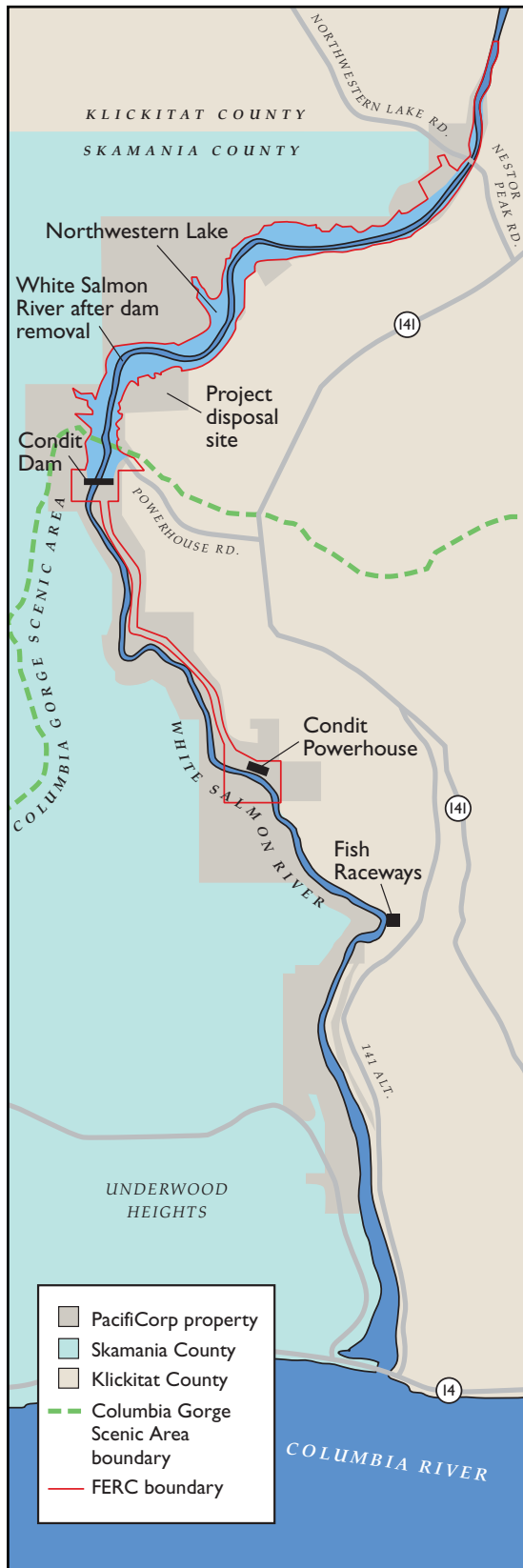
Fish ladders were part of Condit's original design, but these facilities twice washed out due to floods during the dam's early years. After the second washout, the Washington State Fisheries Department required Northwestern Electric to contribute to construction of a state fish hatchery rather than rebuild the fish ladders.

Federal licensing process led to decommissioning agreement

Owners of most hydroelectric projects in the United States must have an operating license from the Federal Energy Regulatory Commission (FERC). In 1991 PacifiCorp filed for a new Condit license, and in 1996 FERC issued an Environmental Impact Statement (EIS) analyzing new license terms. Among other things, the EIS included mandatory license conditions from NOAA Fisheries to install new state-of-the-art fish passage conditions. It also included higher in-stream flows, which would reduce Condit's overall energy production. Combined, all the new requirements would have rendered the project, compared with other energy sources, uneconomic for PacifiCorp's customers.

PacifiCorp sought less-expensive alternatives, but these were not adopted. In 1997 the company faced two options. Either it could challenge the new license with these expensive requirements and then litigate for several years, or it could pursue a less-costly approach through settlement negotiations with parties in the FERC process.

PacifiCorp chose to engage in a settlement process, and after two years of negotiations, the participants reached an agreement to shut down power



generation at a future date and remove the dam. In reaching agreement, settlement parties balanced the short-term impacts of dam removal with the long-term gains provided by restoration of a natural river environment.

PacifiCorp is required to seek the most prudent option for its customers. As a result of the agreement and amendments, Condit Dam is scheduled for removal beginning in October of 2008. Deconstruction is to be completed by the end of 2009. The agreement also requires PacifiCorp to obtain all necessary permits.

Dam removal plan

The agreed method for dam removal calls for the rapid, but controlled release of water from Northwestern Lake. A 12-by-18-foot tunnel will be excavated near the base of the dam, draining the lake in about six hours. By comparison, the flows from the lake will be about 25 percent of those seen on the White Salmon during the 1996 floods.

Except for the historic powerhouse, all components of the project will be removed. The dam itself will be cut into large blocks and hauled to a nearby site for recycling or burial. In the spring of 2009 the plan calls for re-vegetation of the former reservoir and restoration of wetlands. Long-term monitoring is planned to ensure success.

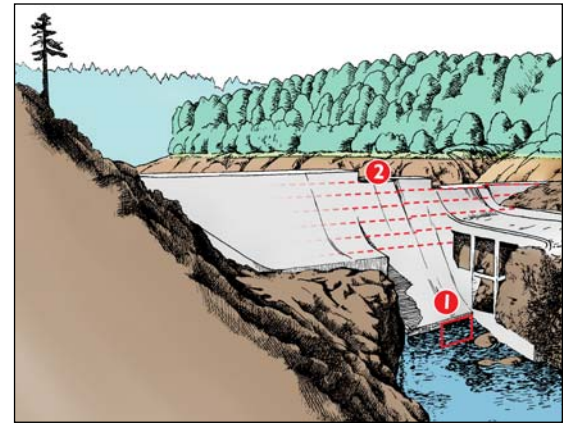
Dam removal impacts and mitigation

Dam removal will occur during periods when fisheries are expected to be least affected. Most of the 2.7 million cubic yards of sediment in Northwestern Lake will wash downstream during and immediately following the breaching of the dam. Sediment concentrations in the river during this period will be high. Erosion will continue thereafter as the river forms a channel through deposits, but sediment from this source will gradually decline and cease after a stable river channel forms. Surface runoff from rain and melting snow are expected to erode upland sediment intermittently for about three-to-five years until vegetation is re-established. Thereafter, the only sediment contributions to the river are expected to be from progressively higher and rarer floods that erode embankments and surfaces not reached by previous floods. Such floods, however, are natural processes that will have similar effects throughout the White Salmon River Basin.

With the dam gone, yearly silt from upstream sources is expected to create a sandbar in the pooled water at the mouth of the White Salmon River. This slack-water pool results from the Bonneville Dam, that backs up water in the lower White Salmon River. Over the years, Condit Dam has reduced sediment transport and, without the dam, a sandbar will naturally form here.

The mouth of the White Salmon River is also a tribal fishing site administered by the U.S. Department of the Interior. The Settlement Agreement requires PacifiCorp to make a contribution to a mitigation fund administered by the tribes.

PacifiCorp owns much of the land surrounding Northwestern Lake and along the shoreline on the White Salmon River downstream of the dam. Some of the lakefront property is leased to people who own recreation cabins. Once Condit is removed, PacifiCorp intends to offer cabin owners the first right to purchase this property. Fair market value at that time would be based on a qualified appraisal of the property, which would be commissioned by PacifiCorp.



- 1 The water will be drained through a 12-by-18 foot tunnel drilled in the base of the dam.
- 2 The dam will be dismantled in blocks approximately four-feet deep, six-feet wide and 10-feet high.



Rendering depicts area now beneath Northwestern Lake five years after dam removal.

If you have comments or questions please call
(503) 331-4361

For further information on Condit visit:
<http://www.pacificorp.com/Article/Article46835.html>

Questions about the Condit Decommissioning Project

Q: Were local parties excluded from negotiations that lead to the decision for Condit Dam removal?

No. Most parties to the licensing process also agreed to join in the settlement talks. Other parties, such as the local counties, chose not to participate. PacifiCorp held public meetings and mailed newsletters to interested parties as the decision was made to shift from the traditional licensing process to a settlement process.

Q: Can't PacifiCorp just say "no" to dam removal?

PacifiCorp must have a new federal license if it is to continue Condit operations. If the company were to have accepted the new license as it had been drafted, operational restrictions and costs for improvements would have rendered the project uneconomic for its customers. If the company had litigated the license, it would have taken several years to resolve and further costs would have been incurred with no guarantee of success. That is why the company chose a settlement path. The resulting settlement was less costly than the proposed new FERC operating license and provided more customer benefits.

Q: How will Condit Dam be removed and how was this method chosen?

The settlement parties jointly hired an engineering firm to study dam removal. Under the agreed upon option, a 12-by-18-foot tunnel will excavated near the base of the dam. Additional work will occur such as shoring up Northwestern Lake Bridge, replacing the City of White Salmon's water pipeline that runs across the reservoir and replacing the Mt. Adams Orchard water-withdrawal pipe. The reservoir will be rapidly drained as a means of removing as much of the silt and sand deposits as quickly as possible, thereby minimizing long-term sediment erosion from the reservoir.

The dam itself will be cut into large blocks and hauled to a nearby site to be recycled or buried. The wooden flowline, surge tank and penstocks will also be removed. The historic powerhouse will remain in place. All disturbed areas will revegetated, where appropriate.

Q: By rapidly draining the reservoir won't this create a flood and leave behind many environmental problems?

The rapid, but controlled draining of the reservoir will create flows equal to about one quarter of those experienced in the White Salmon River during the last major flood in 1996. The method will remove the greatest amount of sediment as quickly as possible to minimize long-term effects. The majority of the sediment is expected to wash downstream in the first month. Thereafter, it is expected that surface erosion from newly formed overbank areas in the reservoir area will occasionally create spikes of turbidity during rainstorms and snow melts. Planned revegetation during the year following Condit's removal, once established, will help control erosion. In addition, PacifiCorp will ensure that wetland areas form along the river after removal of the reservoir.

The settlement parties agreed that, on balance, the removal plan was the best decommissioning scenario for the river. They recognized that dam removal would create short-term impacts, but those impacts are outweighed by the long-term benefits of a free-flowing river.

Q: Won't this method cause a sandbar at the mouth of the White Salmon at the tribal fishing site?

Yes. However, as part of the settlement, PacifiCorp will contribute \$500,000 to the tribes for management of this site.

In the absence of Condit Dam, a sand bar would have formed here long ago. The White Salmon carries tremendous amounts of sediment, much of which settles in Northwestern Lake. With the dam removed, the sediment will travel downstream and settle into the slack-water pool created by Bonneville Dam in the lower White Salmon River. The resulting sand bar is a natural result of the Bonneville Pool as can already be seen at the mouth of the nearby Klickitat River.

Q: By signing the Settlement Agreement have the permitting agencies pre-judged the decommissioning proposal?

No, the settlement agreement recognizes that the agencies are still bound by law to conduct public review processes and take into account comments they receive. The State of Washington, through the Department of Ecology is currently conducting an extensive environmental review of the impacts of the proposal, and further review will occur as part of Ecology's section 401 water quality certification process. The federal fishery agencies are conducting required reviews of the impacts of removal on endangered species and will be issuing Biological Opinions containing their findings. Neither FERC, who must approve the decommissioning proposal, nor the Corps of Engineers who is evaluating the company's permit applications for the project, is a party to the Settlement Agreement.

Q: If PacifiCorp decommissions the Condit Project, what becomes of the company's water rights?

PacifiCorp's water rights are for hydro generation, are non-consumptive and cannot be transferred to a consumptive use. Water rights, if not used, will eventually revert to the State of Washington.

Q: Where is the proposed disposal site for the dam and other materials from the project?

The most feasible disposal site is located on PacifiCorp's property east of the reservoir. Work areas and staging areas are located near the dam. All locations were chosen to minimize potential impacts by establishing them within or near previously used access roads and work locations whenever possible. All disturbed areas will be regraded and revegetated when project removal is complete.

Q: With Northwestern Lake gone, will PacifiCorp assure that the bridge at the head of the reservoir will withstand increased water velocity?

Prior to draining the reservoir, PacifiCorp will modify Northwestern Lake Bridge to reflect the fact that it will cross a quick flowing stream rather than a slow moving lake.

Q: Since PacifiCorp no longer wishes to operate Condit, couldn't it sell the facility to the Klickitat County PUD?

PacifiCorp has never received an offer to purchase Condit. PacifiCorp is also now subject to a binding settlement agreement that requires removal of the dam if it can be accomplished within the terms of the agreement.

Q: What are the key agencies that will review the dam removal plan?

- The Federal Energy Regulatory Commission
- Washington Department of Ecology
- U.S. Army Corps of Engineers
- U.S. Fish & Wildlife Service
- National Oceanic & Atmospheric Administration (NOAA) Fisheries

Q: Why is PacifiCorp seeking federal authority to override local permits?

PacifiCorp must demonstrate to six separate state utility commissions, including the Washington Utilities and Transportation Commission, that the expenditures made in decommissioning Condit are prudent and reasonable. PacifiCorp has requested clarification from FERC on which, if any, local permits are necessary to accomplish the decommissioning. This information helps PacifiCorp demonstrate the prudence of any expenditures made on complying with local requirements.

Q: Where can I get further information on Condit?

For more information visit: <http://www.pacificorp.com/Article/Article46835.html>

Media outlets can contact PacifiCorp at 1-800-570-5838.