Condit Hydro Project

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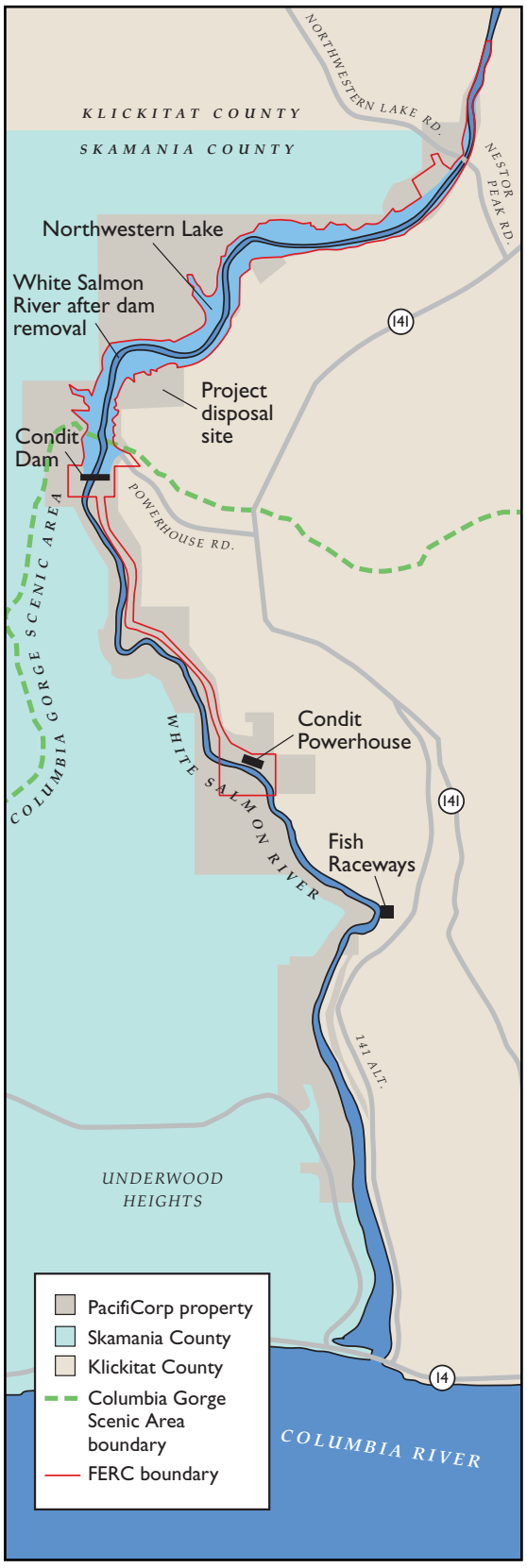
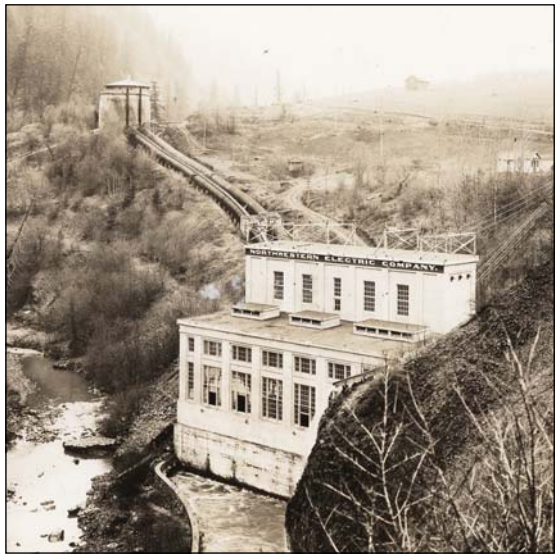


Condit history



Condit Powerhouse during early years of operation.

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.

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 facilities. 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 neccesary 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.

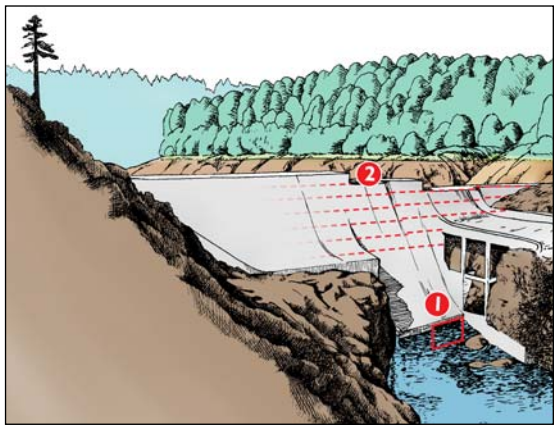
Dam removal impacts and mitigation

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