

May 14, 2010

Fred Ayer
Executive Director
Low Impact Hydropower Institute
34 Providence Street
Portland, Maine 04103

RE: Pending Application for Low Impact Hydropower Certification of the
Prospect No. 3 Facility

Low impact hydropower certification (Certification) is a process by which hydropower projects may be evaluated to determine that specific projects are 1) well sited and operated so that environmental impacts are minimized; and 2) in compliance with resource agency recommendations with respect to established certification criteria. Hydropower dams, like all generation resources, have both positive and negative environmental impacts. Certification does not require that a hydro project have no environmental impacts (LIHI Guidelines, Part I, p. 7). The objective of Certification is to provide a credible and accepted standard for consumers to use in evaluating hydropower.

PacifiCorp Energy's application for Certification of the Prospect 3 Hydroelectric Project was posted on the LIHI website in December 2009. A comment letter from Oregon Department of Fish and Wildlife (ODFW) was subsequently posted on the LIHI website. The comment letter states objections to Certification of the Prospect 3 facility, based on the age of the agency fish passage recommendations and the relationship of the project to the Prospect Nos. 1, 2 & 4 Hydroelectric Project.

While PacifiCorp Energy (PacifiCorp) respects the right of the ODFW to raise concerns about the impacts of hydropower, PacifiCorp believes that the Prospect 3 project meets criteria established by LIHI for Certification. Specifically, the Prospect 3 project is in compliance with 1) the most recent, environmentally stringent, resource agency recommendations (that were filed after the Electric Consumer's Protection Act of 1986), issued pursuant to a proceeding; 2) requirements of the Clean Water Act and the Endangered Species Act; and 3) license requirements issued by the Federal Energy Regulatory Commission (LIHI Guidelines, Part VI(C)).

The following is a summary of ODFW's comments and PacifiCorp's responses:

ODFW commented that their fish and wildlife recommendations were filed post-1986 but pre-1990. The new proposed LIHI criteria for certification indicate that fish and wildlife recommendations must be filed post-1990. ODFW recommendations made in the late 1980s for screens, fish ladders, and minimum instream flows would not meet ODFW current criteria (including sweeping velocities for fish screens, 6-inch ladder step criteria, and ecological factors

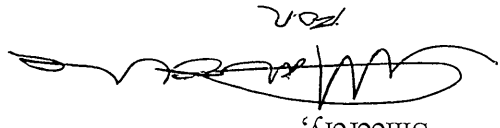
for instream flow). However, the current LIHTI criteria require compliance with agency recommendations issued after 1986. Additionally, PacifiCorp continued to work with ODFW and USFWS to adjust the designs of the ladders and screens to meet agency current recommendations *through 1996* when final designs were approved by those agencies. The attachments to the questionnaire document PacifiCorp's cooperation with resource agencies to implement the state-of-the-art ladder and screen designs.

ODFW also commented that the Prospect 3 project has a watershed and operations nexus with the Prospect 1, 2, & 4 project, which was licensed without adopting fish and wildlife agency recommendations for protective screens at any of the three diversions, and fish ladders at two of the three diversion dams. ODFW feels that the impacts of the Prospect 1, 2, & 4 project should be considered. However, PacifiCorp has not applied for Certification at the Prospect 1, 2, & 4 project, so this comment is not relevant. The Prospect 3 project is a separate facility that is licensed independently and located in a different area of the Rogue River watershed, isolated from the Prospect 1, 2, & 4 project. While some of the tailrace water leaving the Prospect 3 project can be diverted into the Prospect 1, 2, & 4 project, the diversion of water is an independent operational decision related to the Prospect 1, 2, & 4 project, and such diversion downstream of the Prospect 3 tailrace is unassociated with operation of the Prospect 3 project.

PacifiCorp feels that the decision by the FERC not to adopt fish passage at the Prospect 1, 2, & 4 project should not be a determining factor in the Certification of the Prospect 3 project. The relicensing environmental assessments for the Prospect 3 and Prospect 1, 2, & 4 projects were conducted independently, each evaluating the respective projects on their own merit. As previously noted, agency recommendations for fish passage were adopted for the Prospect 3 project and the facilities were designed with input from ODFW and USFWS to meet the newest criteria available at that time (mid 1990s).

PacifiCorp is committed to providing low-cost renewable hydropower at its hydroelectric facilities in an environmentally responsible manner. The Prospect 3 project is in compliance with the FERC license and state and federal laws. The goal of PacifiCorp's hydropower project operation is to balance clean, renewable energy for our customers while demonstrating stewardship of resources in the vicinity of our projects, and we appreciate your consideration for low impact hydropower certification.

Sincerely,



Randy Landolt

Hydro Resources, Managing Director

cc: Monte Garrett - PacifiCorp
Mike Ichisaka - PacifiCorp
Todd Olson - PacifiCorp