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UTILITIES COMMISSION

Salt Lake City, Utah 84116

February 9, 2022

VIA ELECTRONIC DELIVERY

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714

**Re: CASE NO. PAC-E-21-01
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
FOR APPROVAL OF THE TRANSFER OF THE LOWER KLAMATH
HYDROELECTRIC PROJECT GENERATING FACILITIES**

I. BACKGROUND

On January 14, 2021, PacifiCorp, (the “Company”), filed an application with the Idaho Public Utilities Commission, (“Commission”), requesting an order approving the Property Transfer Agreement, (“Transfer Agreement”), between the Company and the Klamath River Renewal Corporation, (“Renewal Corporation”), with a determination that the property disposition is in the public interest. The Transfer Agreement provided for the transfer of four hydroelectric dams; J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate, (collectively the “Lower Klamath Project”), as well as approximately 8,000 acres of real and personal property associated with the dams from PacifiCorp to the Renewal Corporation.

On July 8, 2021, the Commission issued Order No. 35097; approving the Transfer Agreement, authorizing the Company to create a regulatory asset for any remaining plant balances after the transfer, and requiring PacifiCorp to file bi-annual reports with the Commission on the

status of the license transfer with the Federal Energy Regulatory Commission, (“FERC”), and any additional capital investments on the Lower Klamath Project.

Pursuant to Order No. 35097 PacifiCorp hereby submits its first status report on the license transfer along with new capital expenditures and the December 31, 2021, plant balance of the Lower Klamath Project. The report covers the period of June 1, 2021, through December 31, 2021.

II. BI-ANNUAL REPORT

On June 17, 2021, FERC issued an order¹ approving PacifiCorp’s application to transfer the license for the Lower Klamath Project, FERC Project No. 14803, to the Klamath River Renewal Corporation, the State of Oregon, and the State of California, (the “Co-Licensees”). Approval of the transfer will be effective upon transfer of the title of the properties under the Lower Klamath Project to the Co-Licensees and the acceptance of FERC’s license transfer order by the Co-Licensees. These two actions must occur within 30 days of FERC issuing an order on the application to surrender the license for the Lower Klamath Project. FERC’s license transfer order required PacifiCorp to develop revised license Exhibits K and L for the Lower Klamath Project as well as the Klamath Hydroelectric Project, FERC Project No. 2082. PacifiCorp filed the revised Exhibits K and L with FERC on December 14, 2021.

Substantial progress continues to be made with respect to FERC’s review of the license surrender application. On June 17, 2021, FERC issued a notice of intent to prepare an environmental scoping document and an environmental impact statement for the license surrender and decommissioning application. The environmental review process is ongoing. On December 17, 2021, the National Marine Fisheries Service issued a biological opinion pursuant to the Endangered Species Act on the dam removal proposal; on December 22, 2021, the U.S. Fish and Wildlife Service issued also issued its opinion.

¹ *PacifiCorp*, Order Approving Transfer of License, 175 FERC ¶ 61,236 (2021), Issued June 17, 2021, Project Nos. 2082-062, 14803-000, 14803-004, FERC Accession #: 20210617-3060.

PacifiCorp is obligated under the terms of the Klamath Hydroelectric Settlement Agreement to continue to operate and maintain the Lower Klamath Project in compliance with the existing FERC license and other regulatory requirements until the Lower Klamath Project is disconnected from the electrical grid and no longer benefitting customers with generation produced from the facilities. This obligation continues after the facilities are transferred to the Co-Licensees until the Co-Licensees notify PacifiCorp that generation from the Lower Klamath Project can cease. PacifiCorp, as the current licensee of the Lower Klamath Project and the Klamath Hydroelectric Project, must continue to make any necessary capital improvements to the facilities to ensure their continued safe and reliable operation until they are disconnected from the electrical grid pursuant to the FERC license surrender order.

III. CAPITAL EXPENDITURES

PacifiCorp's total capital improvement expenditures to support the continued operation of the Lower Klamath Project during calendar year 2021 were \$1.861 million as summarized in Table 1. This includes projects initiated prior to calendar year 2021 that had expenditures transferred to electric plant in-service during the year. Of the 24 projects listed in Table 1 only four, or \$0.569 million of the \$1.861 million transferred to electric plan in-service are new 2021 capital projects.

Table 1. Lower Klamath Project Capital Additions Placed In-Service in 2021

Project Definition	Project Description	Amount (\$)
HKCA/2021/C/017	Copco 21 Brake Rotor Refurbishment	502,378.77
HKOR/2020/C/002	JC Boyle Trash Rake Refurbishment	323,146.92
HKOR/2020/C/011	JCB Fish Ladder Weir Actuator Upgrade	316,259.86
HKCA/2020/C/009	Iron Gate Fish Attraction Pump Rebuild	308,834.44
HKOR/2020/C/010	JC Boyle Replace Controls	220,315.05
HKCA/2020/C/011	Klamath Utility Terrain Vehicle	49,841.62
HKCA/2020/C/007	IGH Fish Tray Heater Upgrade	45,880.27
HKCA/2021/C/013	IKL 7.6.6.A. Forklift Procurement	44,534.97
HKCA/2019/C/006	Copco 11 Replace Governor Controller	31,626.29
HKCA/2020/C/010	Klamath All-Terrain Vehicle	20,362.21
HKCA/2021/C/016	IG Hatchery Building Door Replacement	17,560.30
HKCA/2021/C/015	IKL 2.1.5 Klamath Data Sondes Sensors	4,989.25
HKCA/2020/C/008	IGH Aux Fish Trap Grates	4,528.92
HKOR/2020/C/003	JC Boyle Replace Spill Gate Heating Syst	3,684.62

Project Definition	Project Description	Amount (\$)
HKCA/2019/C/005	Copco Waterline Section Replacement	1,029.30
HKCA/2020/C/002	Iron Gate Replace Exciter Field Brush	977.84
HKOR/2017/C/004	JC Boyle 1 and 2 Refurbish Exciters	782.93
HKCA/2020/C/003	Copco Storage Cabinets	675.00
HKOR/2019/C/006	JC Boyle Vibration Monitoring System	301.13
HKOR/2020/C/006	JC Boyle Red Barn Roof Replacement	58.04
HKCA/2018/C/008	Iron Gate Reinsulate Generator	(5,051.40)
HKOR/2017/C/006	JC Boyle Tailrace Stop Logs	(8,687.57)
HKOR/2020/C/007	IGH Office Window Refurbishment	(10,016.58)
HKOR/2020/C/009	JC Boyle Fish Screen Pump Replacement	(12,827.00)
Grand Total		<u>\$1,861,185.18</u>

The Lower Klamath Project's net book value, electric plant in-service less accumulated depreciation reserve balances, as of December 31, 2021, along with the annual depreciation expense for are summarized in Table 2.

Table 2. Lower Klamath Project Net Book Value - December 31, 2021

Description	Total		Idaho
Electric Plant In-Service	\$	98,018,713	\$ 5,608,631
Accumulated Depreciation	\$	(93,921,612)	\$ (5,374,195)
Net Book Value	\$	4,097,101	\$ 234,436
Annual Depreciation Expense	\$	608,058	\$ 34,793
Regulatory Asset (Amortized through 12/31/2022)	\$		\$ 413,614

Any informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at ted.weston@pacificorp.com or by phone at (801) 220-2963.

Very truly yours,

Joelle R. Steward
Vice-President of Regulation