

Questions and Answers

KRRC Supplemental FERC Filing

February 28, 2020

Q: Why is this February 28 submission to the Federal Energy Regulatory Commission (FERC) important?

A: FERC will use the information in this submission as part of their evaluation to determine the Klamath River Renewal Corporation's (KRRC) capacity to become licensee.

In 2016, KRRC submitted license transfer and surrender applications to FERC, both of which are necessary for KRRC to take ownership of Klamath dams, remove them, and restore the river. In 2018, KRRC submitted to FERC its "Definite Plan," a comprehensive, 2,300-page document that covered every aspect of its proposal, including plans for facilities removal, site remediation and restoration, estimated cost, and risk mitigation.

As part of the review process for KRRC's Definite Plan, FERC directed KRRC to convene an independent Board of Consultants (BOC) to analyze KRRC's work and provide feedback and suggestions. The BOC comprises experts in dam construction and removal, engineering, aquatic and terrestrial biology, construction cost estimating, insurance, and bonding for large infrastructure projects. BOCs are common for large projects in FERC's purview.

The BOC has provided ongoing review and guidance on the dam removal project. The BOC will culminate their comprehensive review of KRRC's February 28 submittal in a report that will go to FERC in mid-March.

Q: What is in the filing?

A: Most importantly, the filing contains updated cost estimates where KRRC shows that its committed funds are more than sufficient to remove the dams, perform anticipated restoration, and provide for robust risk protections.

The updated cost estimate for full dam removal that is based on the contractor-provided GMPs is \$446 million, which includes more than \$50 million of contingency funding, making the project well within KRRC's \$450 million budget. The significant

contingency funding is conservative and reflects widely accepted industry standards for complex infrastructure projects.

The filing outlines an updated insurance approach, reflects cost-saving and clarifying contractual arrangements, includes a wildfire risk analysis assessment, insights into KRRC's plan for a Local Impacts Mitigation Fund, and answers other Board of Consultants FERC questions about KRRC's capacity as licensee.

KRRC also outlines how it has developed the most comprehensive risk management program ever considered by FERC for purposes of dam removal. The risk package includes insurance, performance bond, and indemnity coverages to offset potential short- and long-term project effects.

To view the filing in its entirety, visit: www.klamathrenewal.org/definite-plan

Q: Why has the timeline changed to a 2022 drawdown when an earlier drawdown date was originally anticipated?

A: The Klamath Hydroelectric Settlement Agreement (KHSAs) envisioned dam removal in 2020 but that timeline assumed special legislative treatment, where dam removal would have bypassed the FERC review process entirely. Dam removal under the Amended KHSAs, however, under which KRRC operates, is undergoing the full, traditional FERC process for license transfer and surrender, rendering the 2020 timeline non-achievable. The KRRC and KHSAs Signatories continue to advance each element of the project to be ready to undertake decommissioning when all necessary approvals are in place.

KRRC has been timely in providing FERC and other regulatory agencies all the information they need to make a determination on the license applications.

Importantly, KRRC cannot drive or control the timelines. FERC ultimately determines when the project will move forward.

However, in the interest of transparency, KRRC has always shared what we consider the best information regarding possible dates for the beginning of drawdown and removal, based on a variety of factors, including FERC determinations, mandatory drawdown windows, and necessary construction preparation activities. Earlier, we anticipated those activities would conclude in time for a 2021 drawdown.

Currently, the best information we have leads us to anticipate a 2022 drawdown and removal, but that date is also guidance and subject to change, pending FERC and other regulatory agency actions. KRRR and our contractors stand ready to commence expeditiously once FERC provides the required approvals.