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Klamath County

CHAMBER OF COMMERCE

Lead. Connect. Advocate.

November 18, 2014

The Honorable Greg Walden
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Walden:

On behalf of the Klamath County Chamber of Commerce, we write to request your immediate assistance in advancing the Klamath Basin Agreements, which are in serious danger of failing unless Congress enacts implementing legislation this year or makes immediate and meaningful progress toward approval. If the Agreements should fail, we will be at a loss for solutions to the incredible challenges and conflicts of this Basin, which are so familiar to you.

You have worked with our organization on critical issues facing our community in the past, including telecommunications, higher education and health care challenges. Once again, we look forward to standing with you to provide leadership and engagement that will put us on the path towards more certain and affordable water and power for our agricultural community.

The Klamath Basin Restoration Agreement, (KBRA), the Klamath Hydro Settlement Agreement (KHSA) and the recent Upper Klamath Basin Comprehensive Agreement – hereafter referred to as the Klamath Settlement Agreements (KSAs) - provide the only rational, comprehensive and lasting solution to the water problems that have plagued the Basin's past and cast doubt on its future. This perception is one that is shared by a growing segment of our community. The attached poll, conducted in December 2103 by Moore Information, shows strong support for the negotiated agreements among voters in the Oregon portion of the Basin. A clear majority of the respondents understood that the negotiated agreements included trade-offs, including the removal of four Klamath River dams, and were willing to accept those trade-offs when considering the full economic picture of the Basin.

"The Klamath County Chamber of Commerce is committed to Klamath County by advancing its economic vitality and quality of life through the education, promotion and networking of our members"

About the Chamber

The Klamath County Chamber of Commerce is the oldest active business advocacy organization (incorporated in 1905) in Klamath County. Chamber members provide support for a wide variety of community activities, events and charities. We are proud to represent 450 businesses located in or near Klamath County, and the economic health of many of these businesses relies on a healthy agricultural economy.

Importance of Agriculture to Local Economy

Agriculture provides tremendous direct and indirect benefits to the local and regional economy. Klamath County is the economic hub of this region; any benefits to our local economy provide improved economic stability for places like Lake County and counties in Northern California, as well. For example, in 2012 gross sales (or farm gate value) for Klamath County was approximately \$292,000,000. The total contribution from farms to Klamath County was \$584,000,000. Food production is also a business sector that generates wealth and jobs. In 2012, the agricultural business sector in Klamath County Oregon contributed to the full time and part time employment of roughly 8,760 people. When you look at agriculture as a business entity within our County, it is one of the business sector's largest employers.

Past Chamber Engagement on this Matter

The Chamber of Commerce in the recent past has taken positions in support of the KSAs and against Ballot Measure 18-80, in part as a means of showing support for our member businesses and the business community in general. When funded and implemented, the agreements will have a significant and long lasting effect on the local economy, including the potential to bring in hundreds of millions of dollars in outside money that would be spent in the region. The improved certainty provided by the settlement agreements leads to a more stable economy that will in turn attract more businesses and private investment to our community.

Business people understand the need to make decisions based on current and future market forces. PacifiCorp has determined that cost, risk and liability to the company and the ratepayers would be far greater without dam removal and has made a business decision that is theirs to make. So the dams will come out, in all probability, KSAs or not. In the past century, public funding often was used to finance new dam projects because of the public benefits those projects provided. Now, the settlements reflect a philosophy that the environmental benefits provided by removing the dams are such that the regulatory focus on irrigation diversions can be de-emphasized.

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Interestingly, the recent proposition passed by California voters provides funding to help support Klamath River dam removal, but also contains provisions that will create new storage projects elsewhere in the state.

As with any other business, we have to respect the important, individual decision that PacifiCorp has made. In this case, the company has already decided to remove the dams. In our view, the rest of the community only benefits from the other provisions in the agreements that are contingent upon dam removal. This also factored into the Chamber board's decision to formally support the agreements.

We will continue to advocate for the best possible economic outcomes for the membership, we will represent opposing points of view and we will be vigilant, looking for opportunities that will bring positive economic results to our community.

Recent Changes to the Bill Address Additional Congressional and Local Concerns

Agreement parties have actively worked with Oregon's Senators and with Republican Members of the Senate Environment and Natural Resource (ENR) Committee, led by Senator Murkowski, to address several concerns they have raised about the bill. Now, as evidenced by the bipartisan support showed in last week's Senate ENR Committee hearing, it appears that agreements have been worked out on those issues.

For example, while the decommissioning process for four dams is a cornerstone of the parties' mutual agreements, the new draft responds to concerns expressed by Senator Murkowski about federal precedents and accountability when it comes to dam removal. Most importantly, the revised bill significantly alters the decision-making authority around potential dam removal. Through the efforts of Senator Murkowski and her staff, the revised bill would have the Secretary of the Department of Interior and the states make a joint decision about whether to remove the dams and who the Dam Removal Entity should be. The new bill also increases accountability regarding facilities removal and requires a report following dam removal and ongoing reporting on performance measures after. And, notably, the new bill has no budget 'score' and all settlement agreement spending would be subject to future appropriations.

We understand that these changes are intended to address concerns that you and others have expressed regarding the Agreements. In that light, we urge your active engagement and leadership to move The Klamath Water Recovery and Economic Restoration Act (SB 2379) toward enactment.

A Call for Leadership and Assistance

Because another summer drought is likely in 2015, early curtailment of irrigation supplies is more than likely if the Agreements are not authorized by Congress before December 31st. This will significantly impact area family farms and ranches and contribute to further erosion of Klamath County's economic foundation. Forgotten by many in all of this, and a story of great pride in our community, relates to the veterans of two world wars who were awarded homesteads on farmland in the Klamath Project, as a "thank you" from a grateful nation. Those homesteaders united and began to build schools, churches, and even a hospital in Klamath Falls. They literally started a community. Some of those veterans and many of their descendants still live in our County, and their very existence is tied to the reliable water and power benefits afforded by the settlement agreements.

The Klamath Basin is at another historic crossroads in its future. The House of Representatives will determine whether our communities move forward with a collaborative, locally-developed plan for managing water, or return to a destructive water war. The decision is largely in your hands.

Sincerely,

Klamath County Chamber of Commerce Board of Directors
Duly voted on November 18th, 2014