

Attachment 1. Response to Van Ness Feldman (VNF) Comments

A number of the issues raised in the VNF comments are empirical issues. VNF is speculating about how people will interpret different parts of the survey and the effect this will have on whether they vote for or against the plan. The survey contains a number of debriefing questions that follow the questions asking individuals to choose between plans to identify some of the possible motivations respondents might have for their responses. We will not know how people will vote and how they will answer the debriefing questions until we conduct the pilot test. The pilot test will provide actual data that will help everyone understand how respondents are reacting to the choices.

Each comment is followed by a response. The numbers on the comments reflect the Interior Department's identification of the issues raised in the comments. The survey page numbers cited in the responses pertain to page numbers in the updated version of the survey.

General comments on sources of potential bias

Comment 1. Making the science supporting the potential benefits of dam removal and fish restoration appear more certain and portraying that the scientific community is in greater accord about the potential benefits of these actions than can be objectively supported. Under the so-called "Action Plans" in the Draft NVS, there are substantial uncertainties over the timeline and effectiveness of the proposed actions and their ability to achieve restoration goals.

Response: Due to space considerations and burden to the public, the survey cannot present all of the evidence regarding the science supporting dam removal. In addition, the public often has difficulty understanding probability and uncertainty. As such, different versions of the survey were developed that represent a range of outcomes to address these uncertainties. This range of outcomes is based on currently available information regarding potential effects of the action alternative on fish populations. The final report will compare willingness-to-pay (WTP) for hypothetical population changes of different sizes. The hypothetical change that best matches available scientific evidence at that time will be used to characterize effects of dam removal and Klamath Basin Restoration Agreement (KBRA) on non-use values.

Comment 2. Implying that, under a "No Action" alternative, no active or on-going management of the river and the fish communities is currently underway. In fact, there are significant efforts now being implemented by local communities and governments, landowners, Tribes the states of Oregon and California, and the Federal government support fisheries restoration. The NVS does not make clear that, even under the "No Action Plan", resource management and restoration actions outside the Agreement have been occurring and would still occur.

Response: The purpose of the survey is not to evaluate the "No Action" alternative. The goal of the survey is to evaluate the public's maximum willingness to pay (WTP) for the incremental environmental improvements compared to status quo. The following text was added to page 6 of the survey instrument: "Although past and current efforts to improve conditions by governments, tribes, local communities and landowners have been helpful, more is needed to significantly increase wild fish populations in the basin."

Comment 3. Not including descriptions of several lost uses that would occur with potential dam removal and fish restoration (such as, temporary losses in fishing opportunities, losses in whitewater rafting opportunities, and changes in "lakefront" properties). This signals to respondents that they are not supposed to care about these impacts or that such losses are insignificant. As a result, it is unclear whether the respondent is to assume that these various groups will be compensated for their losses as part of the project costs.

Response: Revisions to the text of the survey pertaining to lost uses use include the following:

- *Page 3: "The Klamath River Basin is home to farms, fisheries (commercial, recreational and tribal), dams that produce hydroelectric power, and endangered fish species. Its rivers, lakes, reservoirs and wildlife refuges also support many different kinds of recreation."*
- *Page 5: "Recreation and Tourism. The basin supports a wide range of water-based recreation activities, including fishing, boating, and swimming. It contains blue ribbon trout streams, highly rated whitewater rapids for rafting, a well-regarded reservoir fishery for yellow perch, and bird watching and waterfowl hunting opportunities. Salmon from the basin also support recreational fishing in the Pacific Ocean."*
- *Page 14: "The agreement would also ... eliminate recreational activities supported by the dams, about 100 homes now located near the shores of the reservoirs would lose their lakefront view."*

Comment 4. PacifiCorp believes the hypothetical "Actions" scenarios posed in the Draft NVS portray to potential respondents a more optimistic and more certain future than can be supported by available information. As such, PacifiCorp¹ is concerned that the survey instrument as currently written sets up the likelihood of biased results that would produce a distorted and ultimately unreliable valuation.

Response: Different versions of the survey were developed that present a range of outcomes to address uncertainty. The final report will compare WTP for different levels of improvement. See response to Comment 1.

Comment 5. PacifiCorp also notes that it is not clear who will be receiving this survey and whether the dollar amounts reflect the Federal cost share or some combination of Federal, state and power payments. Will different classes of respondents (such as, Klamath Basin residents, out-of-basin residents, power customers) receive a different version?

Response: As required by OMB, the supporting statement includes considerable detail on the sampling frame. All classes of respondents will receive the same survey (including the same variations in the WTP scenarios). The allocation of costs of potential actions is not relevant for determining WTP. The survey is measuring the individual's maximum WTP for the incremental environmental improvement, which may be larger or smaller than the amount it would actually cost.

Comment 6. Given the length and complexity of this survey, and the fact that it will be administered to the general national population, PacifiCorp¹ expects that the survey will have a very low response rate and likely be subject to sample selection bias based upon individual motivations to complete such a survey. For these reasons, the NVS needs to be carefully supported by clear data quality

objectives and quality assurance measures, including proposed actions to be taken regarding the survey if the data fail to meet the quality objectives.

Response: As required by OMB, the supporting statement includes considerable detail on measures to minimize and identify non-response bias. The implementation plan for the survey includes extensive measures to minimize non-response bias and calls for a follow-up study to help identify the likelihood that the responses suffer from non-response bias. No conclusions can be drawn about response rates until the survey has been administered. Past experience with these types of surveys suggests that a sufficient number of responses will be received to conduct appropriate statistical analysis.

Specific Comments on Draft Survey

Comment 7. Page 3 of the Draft NVS provides a "Burden estimate statement" and states that "Public reporting for this form is estimated to average 30 minutes per response". This estimate seems low for considered responses given the length of the survey and the complexity of the issues involved.

Response: Focus groups, cognitive interviews, and past experience indicate that 30 minutes is a reasonable estimate.

Comment 8. Page 4 of the Draft NVS states "The Klamath River Basin is home to endangered fish species, commercially important salmon, agriculture, and dams that produce hydroelectric power". The Draft NVS also should include in this list "whitewater rafting and boating opportunities, and river and reservoir recreational fishing".

Response: The text has been modified on page 3 as follows: "The Klamath River Basin is home to farms, fisheries (commercial, recreational and tribal), dams that produce hydroelectric power, and endangered fish species. Its river, lakes, reservoirs and wildlife refuges also support many different kinds of recreation."

Comment 9. Page 6 of the Draft NVS summarizes "Human Uses of the Klamath River Basin Water". The Draft NVS also should include summaries of mining, wildlife refuges, and timber production among these uses.

Response: Refuges are already referenced in the survey in several places:

- *Page 3: "Its rivers, lakes, reservoirs and wildlife refuges also support many different kinds of recreation."*
- *Page 4: "Six National Wildlife Refuges in the basin provide stopover habitat for over 1 million migrating birds each year."*

It is not clear that timber production uses Klamath River water. Mining uses of Klamath River water are minor. Mining and timber production are mentioned as sources of water quality problems on page 6: "Some human activities in the basin, such as logging, farming, mining, and road building also affect water quality."

Comment 10. Page 7 of the Draft NVS states "They spend most of their lives in the Pacific Ocean, but they return to rivers and streams to spawn" (referring to Chinook salmon and steel head trout). The word "most" in this sentence should be replaced with "some" since steel head spend a very short time in the ocean compared to freshwater while Chinook are just the opposite.

Response: The text (page 6) has been revised to accommodate this comment.

Comment 11. Page 7 of the Draft NVS states "At one time, between 600,000 and 1 million of these fish returned to the basin each year." The Draft NVS should clarify whether these numbers only include wild fish or both wild and hatchery fish. Hatchery plantings in the Klamath River basin started in earnest in the early 1900s and the proposed project is intended to reduce or eliminate the need for large-scale hatchery fish production. Without this clarity, the public may be confused about the number and type of fish that may be expected to return following implementation of the project.

Response: We are not aware of large scale hatchery supplementation in the Klamath Basin until the two mitigation hatcheries came on line in the 1960s. On pages 16-17 we have changed the text to clarify that the historical numbers represent wild fish.

Comment 12. Page 7 of the Draft NVS states "The reasons for declining fish populations include the following". This sentence should be revised to state "The reasons for declining fish populations are provided below in no particular order in regards to their effect on fish populations".

Response: The text has been revised on page 6 as follows: "The reasons for declining fish populations include the following (not in order of importance)."

Comment 13. Page 7 of the Draft NVS states "Before the dams were built, the fish migrated into streams in both the pink and blue areas shown on the map on the next page". Regarding the map shown on page 8, it should be made clear that the land uses and habitat conditions in the "Historical range" (shown on the map as the area in blue upstream of Iron Gate dam) are substantially changed from historic conditions. Therefore, at present, the area shown in blue is not necessarily suitable or usable habitat for Chinook salmon and steel head. Also, to be correct and consistent, areas of the basin upstream of Lewiston Dam and Trinity Dam on the Trinity River should be colored in blue.

Response: While habitat conditions have degraded since construction of the hydro project, the Federal Energy Regulatory Commission (FERC) proceedings found that these habitats could still support anadromous fish, which is the reason fish passage was included in the license agreement under FERC. Conditions in the Trinity do not appear to be relevant as the Trinity is excluded from the KBRA. Finally, the maps are meant to provide respondents with a general sense of historical range.

Comment 14. The "reasons for declining fish populations" summarized on page 7 of the Draft NVS also should include commercial canneries (in the early part of the previous century) that severely impacted fish populations, and habitat degradation due to timber harvest, mining, and road building. The legacy effects of these previous practices continue to have implications today.

Response: The text of the survey on page 6 has been revised. The changes are as follows:

- *"Water Quality. When water flows are low, the water in the river basin warms up. Algae that grow in the warm water can harm or kill fish. Different human activities in the basin, including logging, agriculture, mining and road building, also affect water quality. Despite efforts to better manage these human uses, water quality is still a problem for fish."*

- ***“Overfishing.*** *In the past, poor management of commercial ocean and river fishing in the Klamath area contributed to the decline in fish numbers. Currently fisheries are better managed to help protect weak fish populations.”*

Comment 15. On page 7, under "Overfishing", the Draft NVS states "In recent years, these activities have been much more carefully managed." This line should be deleted, since it implies that harvest is no longer a problem and has been fully addressed, which is not the case. The first sentence on page 9 of the Draft NVS should be revised to state "Some fish in the basin are at risk of becoming extinct because of water and habitat problems".

Response: The text of the survey on page 6 has been revised as follows:

- ***“Overfishing.*** *In the past, poor management of commercial ocean and river fishing in the Klamath area contributed to the decline in fish numbers. Currently fisheries are better managed to help protect weak fish populations.”*
- *The first sentence on page 8 has been revised as requested.*

Comment 16. On page 9, the "Main Threats" listed under coho salmon includes the statement "Fish raised in hatcheries compete for food and spread disease to wild coho salmon." This statement requires clarification, since fish from the Iron Gate Hatchery are relatively disease-free. Also, the "Main Threats" listed under Coho salmon should include factors mentioned in comments above, including overfishing, timber harvest, road building, and mining.

Response: The Department agrees that hatchery fish are relatively disease free upon release from the facility. The text has been revised on page 8 as follows: “Fish raised in hatcheries compete for food and habitat with wild coho salmon.” Water quality is cited as a “main threat” – with “logging, farming, mining and road building” identified elsewhere (page 6) as some of the factors affecting water quality. Also, while historical overfishing and large-scale cannery production may be affecting the current status of coho, it is no longer accurate to characterize overfishing as a “main threat.” Other than modest tribal harvest, there has not been a fishery for coho since the 1997 listing. Too much detail in the table will overwhelm the respondents.

Comment 17. Page 11 of the Draft NVS states "In 2006, commercial salmon harvests off the U.S. Pacific Northwest Coast were cut by 90%". The Draft NVS then states "The main reason was a lack of fish from the Klamath River, due in part to dams and low water flows". This statement is an opinion and yet it is portrayed as an undisputed fact, which is misleading to the reader. There are numerous factors that affect anadromous returns in both the freshwater and ocean environments. The ocean fishery is a weak stock fishery; in 2006, ocean fishing was curtailed because of projected low Klamath River runs. The low returns in 2006 were due, in part, to the 2002 fish kill that is mentioned in the prior bullet. The 2002 fish kill occurred in the lower Klamath River and adversely affected the 2006 year-class of returning salmon. Subsequent studies of the 2002 fish kill did not identify PacifiCorp's hydroelectric dams as a causative factor in that event. In more recent years, ocean fishing was curtailed because of low Sacramento River runs.

Response: Although the fish kill in 2002 was a disaster, natural escapement to the basin was above average. There was some delayed mortality associated with the disease outbreak and there may also

have been some impacts to embryonic development; however it is highly unlikely that the 2002 kill can be related to fishery restrictions in 2006. There are too many other factors that influenced production during this time that likely were responsible. Characterizing dams and low flows as a factor contributing to low numbers of salmon is well documented, including the National Research Council's 2004 report.

Comment 18. Page 11 of the Draft NVS states "But changing the dams to allow fish to go around them would be more expensive than removing the dams and replacing their electric power". This statement is an opinion and cannot be supported since the cost of dam removal is not yet known and no economic analysis has been completed comparing the costs of dam removal, necessary mitigation, and the provision of replacement power against an alternative of retaining the dams and installing and operating required upgrades that would be necessary under a new project license.

Response: FERC has found that the costs associated with modification would exceed the costs of dam removal and replacing the lost hydropower. PacifiCorp filings with the Oregon Public Utility Commission also indicate this. In addition, during the focus groups a number of participants asked why there was no mention of fish ladders. They thought that fish ladders would be a middle ground between doing nothing and removing the dams. The text on page 10 was revised to read as follows: "...It was estimated that changing the dams to allow fish to go around them would be more expensive than removing the dams and replacing their electric power..."

Comment 19. On page 12, under "Dam Removal", the Draft NVS should add the sentence "The costs associated with this action are estimated at less than \$450 million."

Response: The purpose of the text on page 11 is to list the main elements of the agreement, not the cost. The costs of the other elements of the agreement are also not included.

Comment 20. On page 12, under "Fish Restoration", the Draft NVS states "The agreement does NOT define the exact projects or exact amount of money that will be spent on fish restoration." This statement is incorrect; the Klamath Basin Restoration Agreement (KBRA) contains a complete section on costs. The total cost of KBRA (i.e., \$970,452,000 in 2007 dollars) and components considered in these costs are available to be provided as information for the NVS.

Response: The sentence was removed. The KBRA defines a number of actions, some more specifically than others. The actual restoration projects are not outlined in the agreement. The sentence was originally included to motivate the different outcomes between the two action plans presented. However, text has been added later in the survey to clarify this point, so this sentence is no longer needed.

Comment 21. On page 12, the first sentence under "Water Sharing Agreement" should be revised to state "To protect fish, the agreement would permanently set limits on the amount of irrigation water that can be taken from Upper Klamath Lake and how much would be released to the river".

Response: We agree with the second clause of this comment. However, upon reflection, we eliminated the phrase "To protect fish.". The agreements were not developed to provide flows to protect fish as a first priority. The evaluation of the resulting environmental flows answered the question as to whether or not those flows would improve conditions for fish rather than how much flow would be needed to protect fish.

Comment 22. On page 12, the third sentence under "Water Sharing Agreement" should be revised to state "farm irrigators Parties have agreed to these conditions because they define a specific and permanent schedule for annual water deliveries to farmers and releases to the river."

Response: The text was revised as requested.

Comment 23. On page 12, the fourth sentence under "Water Sharing Agreement" should be revised to state "Each year, the amount of water available for irrigation and the river would depend directly on the amount of rain and snowfall in the basin."

Response: We do not agree with this comment. The amount of environmental water is determined after irrigation deliveries are provided and is to be managed in a sharing between the lake and the river. However, the sentence identified in the comment was deleted.

Comment 24. On page 13, at the end of the second paragraph beginning with "Under this agreement", the Draft NVS should add the sentence "The total cost of the project is expected to be approximately \$1.4 billion."

Response: For the reasons stated in our response to Comment 5, the potential cost of the KBRA is not relevant to the information presented in a WTP survey.

Comment 25. On page 13, the Draft NVS indicates that one of the sources of funding for the Agreement's activities would be "higher electricity bills for Oregon and California customers of PacifiCorp". PacifiCorp's Oregon and California customers would fund dam removal surcharges, which are necessary for the agreements to proceed. However, PacifiCorp's customers throughout its six-state service territory (also including Washington, Idaho, Utah, and Wyoming) would share in the cost of replacing the power from the Klamath dams following their potential removal. This is not considered in this section.

Response: To the knowledge of the Department, PacifiCorp is not seeking rate increases in Washington, Idaho, Utah, and Wyoming.

Comment 26. On page 14 of the Draft NVS, the first bullet on the page should be revised to state the agreement would "increase the historic range of wild salmon and trout throughout the basin and have the greatest certainty of increasing the number of wild fish migrating to ocean waters". PacifiCorp recommends not referring to the hatchery in this statement since hatchery production is going to continue eight years after dam removal by PacifiCorp and it is yet unknown whether fish population response following potential dam removal will reduce the need for ongoing hatchery operations.

Response: The assumption regarding the reduced need for ongoing hatchery operations is not unreasonable. No changes were made to the survey instrument.

Comment 27. On page 14 of the Draft NVS, the third bullet on the page should be revised to state the agreement would "improve water quality in the Klamath River, by increasing water oxygen levels and reducing algae blooms that currently occur in the Project reservoirs". Reference in the original wording of this bullet related to Upper Klamath Lake is not appropriate since dam removal will not improve water quality in Upper Klamath Lake. Reference in the original wording of this bullet related

to "low water oxygen levels" also is not appropriate since much of the river has acceptable levels of DO. In fact, most of the severe DO problems occur upstream of the dams slated for removal. Reference to "toxic blue-green algae blooms" is not appropriate unless it is made clear that toxicity relates only to certain forms of blue-green algae, and that toxins are present only during some months of the year (i.e., summer to early fall) and vary appreciably by locations within the reservoirs.

Response: The text is discussing the impacts of both removing the dams and the KBRA. It is anticipated that habitat improvements undertaken as part of the KBRA will improve the water quality in Upper Klamath Lake. The bullets are meant to provide succinct summaries of the main impacts. More detailed discussions of DO and toxic algae problems would be confusing to the respondents and require too much text. The text has been reworded as follows:

- *Page 14: "...improve water quality by increasing water oxygen levels in Upper Klamath Lake and the Klamath River, and by eliminating the reservoirs as a source of algal blooms in the summer";*

Comment 28. On page 14 of the Draft NVS, three bullets include the wording "costs millions of dollars". These bullets should begin with more accurate wording like "costs of tens of millions of dollars" or "costs of hundreds of millions of dollars". This more-accurate wording would alleviate the potential that respondents will assume that these costs are much less than they are expected to be.

Response: The wording has been adjusted as follows: "... costs many millions of dollars."

Comment 29. On page 14, under "Weighing the Impacts of Implementing the Agreement", the text should disclose additional information of importance to respondent understanding and context, including; (1) the anticipated timeframe of restoring fish populations; (2) the anticipated effects on the commercial and recreational fisheries, and the timeframe of these effects; and (3) the anticipated effects on whitewater rafting.

Response: Given the need to keep the survey as short as possible, not every potential impact can be discussed. The survey already indicates that fish restoration – the most important element – is a long-term proposition. The graphs used to help describe the Action and No Action plans show a long time frame. Earlier in the survey, we describe the many uses of the Klamath River Basin, but for space reasons we cannot repeat all this detail. Finally, removing the dams may affect some types of recreation positively and other types negatively. We do not attempt to discuss (nor do we know at this point) every possible recreational impact. The following text has been included on page 14:

- *"...eliminate recreational activities supported by the dams; about 100 homes now located near the shores of the reservoirs would lose their lakefront view."*

Comment 30. On page 17, the Draft NVS summarizes the "No Action Plan" scenario that respondents are asked to evaluate. The overall validity of the design and results of the NVS is fundamentally tied to the validity of the scenario that respondents are asked to value. PacifiCorp questions the validity of this No Action scenario. For example, PacifiCorp assumes that many on-going and future management activities aimed at water quality improvements (e.g., TMDLs) and fish conservation (e.g., Recovery Plans) would still occur under a "No Action" scenario. The "No Action Plan" scenario in the Draft NVS is confusing in that it implies to the respondent that there would be no

management or restoration actions whatsoever under this scenario. The "No Action Plan" scenario needs to be clarified to indicate that this scenario assumes no action with regard to the February 2010 Agreement. Therefore, even under the "No Action Plan" resource management and restoration actions outside the Agreement would still occur.

Response: The text throughout the survey clearly indicates that the Action Plan pertains to KBRA and dam removal. To better characterize No Action, we have added reference to ongoing restoration efforts on page 6 of the survey: "Although past and current efforts to improve conditions by governments, tribes, communities and landowners have been helpful, more is needed to significantly increase wild fish populations in the basin." We also characterize No Action on pages 17 and 21 as involving "No Additional Fish Restoration" rather than "No Fish Restoration."

Respondents are not being asked to evaluate the "No Action" scenario. They are being asked to evaluate changes from "No Action", with changes defined by the hypothetical scenarios identified. The most straightforward way to measure maximum WTP for improvements for fish is to ask people how much extra they would pay to get those improvements, so the survey elicits the incremental WTP for the improvement provided by the Action Plan relative to No Action. It would be confusing to ask if people will pay something for No Action and then pay even more for Action.

Comment 31. On page 17, the Draft NVS states "Scientists expect that by 2060, there would be 30% fewer wild fish than today." PacifiCorp is not aware of any analysis that supports this statement and requests that this analysis be made available. Upon review of such analysis, PacifiCorp reserves the right to supplement our comments on the NVS. To the extent that such analysis is unavailable, incomplete, or indeterminate, the Draft NVS assumptions regarding fish returns in 2060 should be modified accordingly. PacifiCorp notes that millions of dollars are being spent each year to improve habitat in the lower river. This statement implies that, regardless of these actions, wild fish numbers will continue to decline. PacifiCorp does not believe this is an appropriate position for this survey to assume.

Response: The survey has been revised to characterize the no action plan in terms of "Low Numbers of Wild Chinook Salmon and Steelhead".

Comment 32. On page 17, the Draft NVS states that, under the No Action Plan, "Suckers would stay at VERY HIGH RISK (more than 50% chance of extinction by 2060)" and "Coho salmon would stay at HIGH RISK (25%-50% chance of extinction by 2060)". As indicated in comments above, PacifiCorp does not believe it is appropriate for the Draft NVS to make the assumption that resource management and restoration actions outside the Agreement will have such little effectiveness in addressing extinction risks.

Response: We are utilizing several hypothetical scenarios regarding the change in risk to suckers and coho under No Action and Action. We believe that these hypothetical scenarios are scientifically reasonable for establishing a range.

Comment 33. On page 18, the Draft NVS states "The number of wild fish returning to the Klamath River each year would increase after the dams are removed in 2020." This is not consistent with the analysis presented to date by the Biological Subgroup for the Secretarial Determination. The Biological Subgroup concludes that there would be intensive short term sediment and dissolved

oxygen impacts to the river that will lead to an initial reduction in wild fish. Also, do the increasing fish numbers shown in the graph on page 18 assume KBRA and TMDL actions are fully implemented and effective? If so, such an assumption is inappropriate since the Biological Subgroup has indicated that KBRA and TMDL actions could take several decades to be implemented and effective.

Response: The phrase "each year" has been deleted. The survey indicates that restoration will occur over a number of years. The survey also notes the short-term increases in sediment associated with dam removal (page 14). To be consistent with the studies being done the Biological Subgroup, the increasing fish numbers are intended to reflect full implementation of KBRA but not TMDL actions. As indicated in our response to Comment 1, our final report will compare WTP for hypothetical population changes of different sizes. The hypothetical change that best matches the Biological Subgroup's best judgment at that time will be used to characterize effects of dam removal and KBRA on non-use values.

Comment 34. On page 18, the Draft NVS states "Assume that for your household (and similar households in your area) the plan would cost you an additional \$48 per year for the next 20 years (beginning in 2011)." The developers of this NVS should consider whether respondents will think more about whether or not this price is "fair" in their minds, rather than figuring out their actual willingness to pay. It might help to use different versions of the survey that make it clear to respondents that they are being presented with the "right" number given their status. For example, the version that is sent to households who reside outside of the region may conclude it "fair" that their dollar figure is lower than the dollar figure that residents of the regions (that include PacifiCorp customers and others more directly affected by the Agreement) would expect to see.

Response: In keeping with appropriate methodology for stated preference surveys, this survey will systematically vary the hypothetical payment among respondents in order to assist in identifying maximum WTP. It is not necessary to ascribe motives to individuals' reasons for their stated WTP. This applies regardless of where the individual responding is physically located. The survey includes a number of follow-up questions to identify respondents who may be rejecting the scenario.

Comment 35. The Draft NVS should offer some explanation of how the \$48 dollars is derived for the survey. Without such explanation, some respondents might do some potentially-inappropriate math and reject the scenario because they do not find it credible. For example, it would be easy for the respondent to assume there are 115 million households in the U.S. that would each pay \$48, and then incorrectly conclude that the cost of the project is \$5.5 billion.

Response: It is not necessary for the survey to explain how the \$48 household cost was derived. In fact, because the point of the survey is to elicit individuals' maximum WTP, we do not want to bias their answers by giving them information on what cost might be "reasonable" or "likely." However, the selection of this amount was informed by the focus groups, cognitive interviews, and extensive professional experience of those developing the survey. This amount will also be systematically varied across the surveys. Providing cost information will potentially bias the responses. One important purpose for the pilot test is to assess whether the range of dollar amounts needs to be adjusted. This amount could potentially be adjusted after the pilot test.

Comment 36. On page 18, under the "Added Cost to Your Household" section, the Draft NVS indicates that one of the sources of funding for the plan would be "higher power bills for Oregon and California PacifiCorp customers". However, as described above, customers in all of PacifiCorp's six -

state territory would see higher power bills to fund the provision of replacement power lost from the Klamath dams.

Response: To the knowledge of the Department, PacifiCorp is not seeking rate increases across the six-state region it serves. However, the text was revised to remove the bullets listing the sources of funding.

Comment 37. On page 18, the Draft NVS indicates that another source of funding for the "plan" would be "state taxes from Oregon and California residents". However, regarding use of state taxes from Oregon residents to help fund the "plan," the laws of Oregon prohibit such a result. Regarding assumed use of state taxes from California residents, that action has not been authorized under California law and no funds have been appropriated for that purpose. By contrast, Oregon has approved a customer surcharge to provide funds for dam removal and the California General Assembly has approved a measure that could result in the issuance of general obligation bonds to cover some dam removal costs, if the voters concur in 2012.

Response: The text on the sources of funds has been removed from page 18.

Comment 38. On page 22, the Draft NVS describes Action Plan B. Many of the comments above on Action Plan A also apply to Action Plan B.

Response: No response necessary.

Comment 39. On page 22, the Draft NVS should clarify what constitutes the difference between Action Plan A and Action Plan B in terms of the money that would be expended for restoration projects and actions.

Response: As stated in our response to Comment 35, it is not the cost of restoration actions that is important, but how much individuals are willing to pay for environmental improvements. Plans A and B offer different levels of environmental improvements. The survey simply says that under Plan B a different set of restoration activities will be undertaken.

Comment 40. On page 27, the lead-in to question Q25 asks the respondent to suppose that "100% more salmon and steel head trout returned to the Klamath River each year than today". As indicated in previous comments above, PacifiCorp questions the basis for the assumption of "100% more salmon and steelhead" returning each year under the Action Plans. Also, if this number is supportable, PacifiCorp recommends that the use of "100% more" here be replaced with "twice as many". The use of "100% more" is subject to misinterpretation by the respondent. For example, the respondent may incorrectly assume that the "100% more" means that current returns are "0%", or wonder "how can there be more than 100%"?

Response: As stated above, the scenarios are hypothetical, but representative of the range of reasonable outcomes. The Department believes that individuals can readily understand the terminology of "100%."

Comment 41. PacifiCorp believes that it is important for the NVS to provide context, and even frame certain survey questions, regarding these uncertainties. These uncertainties include how long it will take for the actions associated with the Agreement (and assumed in the "Action Plan" scenarios) to be implemented and fully effective, and the expected decades-long timelines for achieving enhancement and restoration objectives, including expected water quality improvements.

PacifiCorp believes these timeframe and uncertainty issues are critical to achieving non-biased survey results - that inclusion of uncertainty is necessary for a valid survey. By not including and fully explaining these uncertainties, the NVS is likely to produce a distorted and ultimately unreliable value for willingness to pay.

Response: This comment has been addressed above in the responses to comments 12, 13, 17, and 26.