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July 27, 1994

FEDERAL ENERGY
REGULATORY COMMISSION

Lois D. Cashell, Secretary
Federal Energy Regulatory Commission
Mail Code: DPCA, HL-21.1
825 North Capitol Street, NE
Washington, DC 20426

Dear Ms. Cashell:

Mr. John H. Clemens' letter dated May 9, 1994 indicated that the Commission plans to issue a final Environmental Assessment (EA) during the summer of 1994 for the Bend Project, FERC No. 2643. The letter also indicates that the Commission will likely recommend project retirement based on the preliminary assessment of the draft EA comments.

Although PacifiCorp does not concur totally with the economic analysis included in the draft EA, we do agree that the project would not be economically sound given the prevailing recommended agency terms and conditions for the new license, the required facility restorations and PacifiCorp's cost of financing the project improvements. We have continued, however, to explore possibilities for both the continued operation and the retirement of the project as we had indicated we would in our letter to the Commission dated March 29, 1994. Our ongoing efforts in this matter have included several joint meetings with representatives from the city of Bend, Deschutes County, Bend Parks & Recreation, Oregon Water Resources Department, Oregon Department of Fish & Wildlife and U.S. Fish & Wildlife Service.

Mr. Yapuri of the Commission's staff recently indicated that the pending final EA would be issued independently from the Commission's final order. The timing of the issuance of the licensing order is of importance to PacifiCorp and the agencies we have been meeting with. Sufficient time is requested between issuance of the final EA and the licensing order to allow all parties to review the EA and for agency consultations to continue with the intent of reaching an agreement or conclusion regarding the future status of the project. Each of the agencies involved in the joint meetings has verbally indicated concurrence with this position. Results of these consultations could assist the Commission with the preparation of an appropriate licensing order.

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If you have any questions regarding our ongoing efforts in this matter, please contact Mr. Randy Landolt on 503/464-5339. Enclosed are eight copies of this letter.

Very truly yours,

S. A. de Sousa RAA

S.A. deSousa
Director, Hydro Resources

SAdeS:ms
Enclosures

cc: Mr. Rick Craiger, OWRD
Mr. Chip Dale, ODFW
Mr. Jim Noteboom, Attorney for Bend Parks & Recreation, Deschutes County
Mr. Marv Yoshinaka, USFWS