



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

725 Summer Street NE, Suite A

Salem, OR 97301-1271

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November 10, 2009

Hydroelectric Fee Review Panel

Dear Members of the Hydroelectric Fee Review Panel:

Thank you for agreeing to participate on the Hydroelectric Fee Review Panel as it is being convened under ORS 543.085. We appreciate your time and patience for this challenging task.

Attached is the basic information about how fees are determined for hydroelectric projects. We will review this in detail at our meeting on November 17, 2009, at 1 p.m. at the Water Resources Offices – 725 Summer St NE, Salem.

For anyone who needs to attend by conference call the telephone number is 218-844-3366 and the password is 69042781#.

Please bring lots of questions, as there are a myriad of details and there can be much confusion about how the various statutes apply.

We are open to public input about how the fees apply or should apply, and we appreciate your willingness to work through any issues that may be identified in this process.

If you have any questions, please contact me at 503-986-0833 or Mary.S.Grainey@ wrd.state.or.us

Sincerely,

Mary S. Grainey, P.E., C.W.R.E.
Hydroelectric Program Coordinator

FEE REVIEW PANEL

543.085 Periodic review of annual fee. (1) The Water Resources Director shall appoint a review panel to review the amount of the annual fee established under ORS 543.078 in 2003 and 2009 and every eight years thereafter. The review panel shall consist of at least one representative from the following and others at the director's discretion:

- (a) The Department of Environmental Quality; - **Judy Johndohl**
- (b) The State Department of Fish and Wildlife; - **Rick Kepler**
- (c) The Public Utility Commission; - **Maury Galbraith**
- (d) The Water Resources Department; - **Dwight French**
- (e) Investor owned utilities; - **John Esler**
- (f) Publicly owned utilities; - **Frank Lambe**
- (g) Municipalities; - **Steven Newcomb**
- (h) Environmental organizations; - **Brett Swift**
- (i) Agricultural organizations; and – **Mike Kleinsmith**
- (j) Nonutility owners of hydroelectric projects. - **Gary Marcus**

(2) All holders paying annual fees under ORS 543.078 shall be notified by the Water Resources Department at least 60 days in advance of the meeting of the review panel established in subsection (1) of this section, and provided the opportunity to submit comments to the panel. - **Letters mailed September 16, 2009, with notice, agenda, statutes and call-in number.**

(3) Any periodic review conducted under subsection (1) of this section shall evaluate each agency's hydroelectric program to determine if current staffing levels, activities and funding are appropriate to fulfill program objectives. There shall be a presumption that the fee should not change. To overcome the presumption and alter the existing fee, the panel must find compelling reasons for alteration and must reach unanimous consent on the new fee. If the presumption is overcome, upon completion of the review process the director shall either adjust the annual fee as recommended by the panel or elect not to adjust the fee. Any change in the annual fee as a result of this section shall become effective on the January 1 following the director's action. The director shall notify all holders of any change in the annual fee and the effective date of such change. [1999 c.873 §8]

SUMMARY: Annual fee revenues have varied based on the number of theoretical horsepower that have been relicensed for a particular year. This variation will increase in the next couple of years as several very large projects change status in the relicensing process.

FEES FOR RELICENSED PROJECTS AND PROJECTS NOT REQUIRING RELICENSING

ORS 543.078 Annual fee for hydroelectric project. (1) On or before January 1 of each year, each holder shall pay to the State of Oregon an annual fee for each hydroelectric project that is subject to this section. The annual fee required by this section shall be based on the theoretical horsepower specified in the water right for each project.

(2) The amount of the annual fee required under subsection (1) of this section shall be determined in the following manner:

(a) Subject to the schedule set forth in subsection (3) of this section, each holder shall pay an amount, in 1998 dollars, equal to \$0.405 per theoretical horsepower covered by the water right for the holder's hydroelectric project. The annual fee may be set forth in the water right or may be established by order of the Water Resources Director and shall be adjusted annually for inflation according to rules established by the Water Resources Commission. The annual fee also may be adjusted through the periodic review process established in ORS 543.085.

(b) Each holder of a hydroelectric project that produces 123.5 theoretical horsepower or less shall pay an annual fee of \$50 for that project.

(3) The fee determined in subsection (2) of this section shall apply to a project on the January 1 following the occurrence of an event enumerated as follows:

(a) A licensee or water right certificant shall begin to pay the annual fee after the final order for the reauthorized water right is issued under ORS 543A.130.

(b) Notwithstanding paragraph (a) of this subsection, if a licensee holds, on October 23, 1999, an original state hydroelectric license for which the original expiration date was or is more than five years after the expiration date of the original Federal Energy Regulatory Commission license for the project, the licensee shall begin payment of the annual fee established under this section after the expiration date of the original state hydroelectric license.

(c) A power claimant, or uncertificated claimant, licensed by the Federal Energy Regulatory Commission shall begin to pay the annual fee after the Federal Energy Regulatory Commission issues a new license. A power claimant or uncertificated claimant that received a new license from the Federal Energy Regulatory Commission within 10 years prior to October 23, 1999, shall begin to pay the annual fee on January 1, 2000.

(d) A power claimant, or uncertificated claimant, whose project is exempted from licensure by the Federal Energy Regulatory Commission or not licensed by the Federal Energy Regulatory Commission shall begin paying the annual fee under this section on January 1, 2008, for that project.

(4) No fee shall be assessed under ORS 543.710 for a project subject to an annual fee under this section. [1999 c.873 §5]

HISTORICAL FEES

From 1931 to 1997 hydroelectric annual fees (non-municipal projects) were based on the following.

ORS 543.300 Conditions governing license; fees; waiver of conditions. Any license issued under ORS 543.010 to 543.610 shall take into consideration, and shall be on, the following conditions:

...

(5) That the licensee will pay to the state annually not more than \$1 for each horsepower covered by the license. This sum shall constitute a first lien upon the project, which lien may be enforced by suit in equity or other appropriate proceeding, or payment thereof may be enforced by the state in an action for debt. Payment of such license fees may be waived by the commission during all or any part of the period of construction. The fees need not be uniform throughout the entire period of the license, but may be for different amounts for different periods. The amount of the license fees, within the minimum and maximum limits herein specified, shall be determined by the commission and expressed in the license.

OAR 690-051-0400 Fees: Filing and Annual

...

(5) An annual fee as described in [ORS 543.710](#) shall be required for each Permit issued under ORS Chapter 537.

(6) Each License issued shall be conditioned to require the payment of an annual fee as follows:

- (a) For the first 25 THP or fraction thereof, \$1 per THP; and
- (b) For each THP in excess of 25, 20 cents.

At times in the past, the above rule set fees for each THP in excess of 25 at 15 cents or lower.

REAUTHORIZATION FEE

This fee is paid by all license holders who have not yet been relicensed.

ORS 543A.415 Reauthorization fee. (1) Except as provided in subsection (2) of this section, each holder of an existing hydroelectric license shall pay to the Water Resources Department annually a reauthorization fee in an amount per theoretical horsepower covered by the existing license that, when added to the amount per theoretical horsepower covered by the existing license that is paid under ORS 543.300, equals 28 cents for each horsepower covered by the existing license, or \$15, whichever is greater,

for the purpose of implementing the state reauthorization process established by this chapter and ORS 468.065, 468B.040, 468B.045, 468B.046, 536.015, 536.050, 543.012 and 543.710. The reauthorization fee shall be paid until the project is reauthorized, and a water right issued, under this chapter and ORS 468.065, 468B.040, 468B.045, 468B.046, 536.015, 536.050, 543.012 and 543.710. Upon reauthorization and issuance of a water right, a new annual fee shall be assessed under ORS 543.300, and the reauthorization fee shall no longer apply.

CURRENT FEES FOR MUNICIPAL CORPORATIONS WHO ALSO HOLD A FERC LICENSE

For municipal projects and projects approved prior to 1931, annual fees are based on the following statute prior to their being relicensed by FERC. (Water rights for these projects do not have an expiration date.)

ORS 543.710 Annual fee based on horsepower; exemptions; disbursement. Every claimant other than a licensee under ORS 543.010 to 543.610 shall on or before January 1 of each year pay to the state in advance an annual fee based upon the theoretical water horsepower claimed under each separate claim to water, graduated as follows: Thirty cents for each theoretical water horsepower or fraction thereof up to and including 50 and 28 cents for each theoretical water horsepower or fraction thereof in excess of 50. However, upon filing the statement provided in ORS 543.720, the United States or the state, claiming the right to the use of water to any extent for the generation of power, or any other claimant to the right to use water for the generation of 10 theoretical water horsepower or less, shall be exempted from the payment of all fees provided for in this section. Four cents of each 28 cents collected as an annual fee under this section shall be deposited to the Water Resources Department Hydroelectric Fund and disbursed to the Department of Environmental Quality. [Amended by 1957 c.333 §2; 1965 c.185 §1; 1973 c.163 §5; 1997 c.449 §38; 1999 c.873 §24; 2001 c.104 §229]

HYDROELECTRIC ANNUAL FEES			
	Minor Project	Major Project - Private Developer	Major Project - Municipal Developer
ORS 543.300 and OAR 690-051-400(6)	\$1 up to 25 THP, then \$0.20 per THP (\$1 to \$40)	\$1 up to 25 THP, then \$0.20 per THP	
ORS 543A.415	\$15 minimum, add to above to get \$0.28 per THP	add to above to get \$0.28 per THP	
ORS 543.710			\$0.30 up to 50 THP then \$0.28 per THP
ORS 543.078	\$50	\$0.405 per THP in 1998 dollars	\$0.405 per THP in 1998 dollars
	Increase at time of new water right issued or Jan 2008	exception if water right expiration is later than FERC expiration	Increase when new FERC license is issued or Jan 2008

FEE CLASSES A & D

Minor Hydroelectric Projects (Less than 100 Theoretical Horsepower)

Hydroelectric projects authorized under ORS 543, are assigned an annual fee at time of project approval (ORS 543.300(5)). This statute sets a maximum fee of \$1 per THP and allows the Water Resources Commission to set fees by rule. In 1986, the Commission set the fees at \$1 per THP up to \$25. Projects larger than 25 THP were assessed \$0.20 for each THP in excess of 25 (OAR 690-051-0400(6)).

In 1997, ORS 543A.415 became law and increased annual fees to accommodate hydroelectric reauthorization expenses of the state agencies. In 1999, the Legislature adjusted the fees to \$0.28 per THP or \$15, whichever is greater. Therefore, minor hydroelectric projects which range in size from less than 1 THP to 99.9 THP are subject to fees in the range of \$15 to \$40. Today, there are about 34 projects that pay annual fees under this fee class (Class A).

Once a minor hydroelectric project has been relicensed, its annual fee is increased to \$50 per year. (ORS 543.078(2)(b)). There are about 43 minor hydroelectric projects that have been relicensed and now pay fees of \$50 per year (Class D).

There are an additional 3 minor hydroelectric projects that have water rights that do not expire and are not regulated by FERC. These 3 projects began paying a \$50 annual fee in January 2008 (Class D). (ORS 543.078(3)(d))

Original License Fee

ORS 543.300 Conditions governing license; fees; waiver of conditions. Any license issued under ORS 543.010 to 543.610 shall take into consideration, and shall be on, the following conditions:

(5) That the licensee will pay to the state annually not more than \$1 for each horsepower covered by the license. This sum shall constitute a first lien upon the project, which lien may be enforced by suit in equity or other appropriate proceeding, or payment thereof may be enforced by the state in an action for debt. Payment of such license fees may be waived by the commission during all or any part of the period of construction. The fees need not be uniform throughout the entire period of the license, but may be for different amounts for different periods. The amount of the license fees, within the minimum and maximum limits herein specified, shall be determined by the commission and expressed in the license.

(8) Subsection (5) of this section does not apply to a water right reauthorized pursuant to ORS chapter 543A. [Amended by 1959 c.560 §1; 1961 c.224 §19; 1985 c.673 §154; 1999 c.873 §23]

OAR 690-051-0400

(6) Each License issued shall be conditioned to require the payment of an annual fee as follows:

- (a) For the first 25 THP or fraction thereof, \$1 per THP; and
- (b) For each THP in excess of 25, 20 cents.

Additional Fee during Relicense Period

ORS 543A.415 Reauthorization fee. (1) Except as provided in subsection (2) of this section, each holder of an existing hydroelectric license shall pay to the Water Resources Department annually a reauthorization fee in an amount per theoretical horsepower covered by the existing license that, when added to the amount per theoretical horsepower covered by the existing license that is paid under ORS 543.300, equals 28 cents for each horsepower covered by the existing license, or \$15, whichever is greater, for the purpose of implementing the state reauthorization process established by this chapter and ORS 468.065, 468B.040, 468B.045, 468B.046, 536.015, 536.050, 543.012 and 543.710. The reauthorization fee shall be paid until the project is reauthorized, and a water right issued, under this chapter and ORS 468.065, 468B.040, 468B.045, 468B.046, 536.015, 536.050, 543.012 and 543.710. Upon reauthorization and issuance of a water right, a new annual fee shall be assessed under ORS 543.300, and the reauthorization fee shall no longer apply.

Fee After Project is Relicensed

ORS 543.078 Annual fee for hydroelectric project.

(1) On or before January 1 of each year, each holder shall pay to the State of Oregon an annual fee for each hydroelectric project that is subject to this section. The annual fee required by this section shall be based on the theoretical horsepower specified in the water right for each project.

(2) The amount of the annual fee required under subsection (1) of this section shall be determined in the following manner:

...

(b) Each holder of a hydroelectric project that produces 123.5 theoretical horsepower or less shall pay an annual fee of \$50 for that project.

(3) The fee determined in subsection (2) of this section shall apply to a project on the January 1 following the occurrence of an event enumerated as follows:

(a) A licensee or water right certificiant shall begin to pay the annual fee after the final order for the reauthorized water right is issued under ORS 543A.130.

...

(d) A power claimant, or uncertificated claimant, whose project is exempted from licensure by the Federal Energy Regulatory Commission or not licensed by the Federal Energy Regulatory Commission shall begin paying the annual fee under this section on January 1, 2008, for that project.

(4) No fee shall be assessed under ORS 543.710 for a project subject to an annual fee under this section. [1999 c.873 §5]

NAME	LOCATION	FILE	Expiration Water Right	Fee Type	THP	TOTAL FEES
Phillip L. Wurst	Mollala	HE 379		A	99.9	\$27.97
Michael Clawson	Klatskanie	HE 408		A	6.7	\$15.00
City of La Grande	La Grande	HE 524	12/31/2039	A	3.9	\$11.00
Robert R. and June D. Bowen	Baker City	HE 525	12/31/2040	A	6.8	\$15.00
Bill Sturman	Parkdale	HE 527	12/31/2011	A	2	\$15.00
Doug Sharkey	Mount Hood	HE 528	12/31/2011	A	2	\$15.00
Bob Danko	Parkdale	HE 529	12/31/2011	A	2.5	\$15.00
Garry Keable	Springfield	HE 533	12/31/2040	A	6.8	\$15.00
J. Robert Egan, MD	Newport Beach	HE 537	12/31/2040	A	0.25	\$15.00
Sharon A. Thrall	Roseburg	HE 538	12/31/2017	A	2.2	\$15.00
Lisa Buttry and David Cothran	Ashland	HE 540	12/31/2017	A	1.65	\$15.00
George C. Reinmiller	Portland	HE 542	12/31/2034	A	2.5	\$15.00
Jack A. Erickson	Beaverton	HE 545	12/31/2034	A	5.2	\$15.00
Donald & Betsy Allaire	Williams	HE 546	12/31/2027	A	97	\$39.40
Celia Cade	Florence	HE 547	12/31/2025	A	5.5	\$15.00
		HE 549				
Crown Hill Farm, Middle Fork Irrigation District	McMinnville	HE 558	12/31/2022	A	99	\$39.80
William Blacklaw	Parkdale	HE 551	12/31/2022	A	1.13	\$15.00
Vern Spaur	Oregon City	HE 552	4/6/2024	A	17.1	\$17.10
Todd Zeutzius	Wallowa	HE 553	9/7/2024	A	4	\$15.00
Richard Jones	Grants Pass	HE 555	9/7/2024	A	3.1	\$15.00
Storm Carpenter	Azalea	HE 556	9/7/2024	A	3.6	\$15.00
Oregon Dept of Fish and Wildlife	John Day	HE 570	12/31/2025	A	0.034	\$15.00
Justesen Ranches	Newport	HE 571	12/31/2025	A	0.34	\$15.00
Vernon & Gianacis Caldwell	Kent	HE 572	12/31/2025	A	1.9	\$15.00
David & Mary Ann Bugni	Rogue River	HE 574	12/31/2026	A	2.2	\$15.00
Benjamin Stott	Estacada	HE 576	12/31/2027	A	12	\$15.00
David & Patty Jacobs	Ashland	HE 577	12/31/2027	A	8.5	\$15.00
Digger Mountain Forestry LLC	Prospect	HE 578	12/31/2027	A	99	\$39.88
Grover C Hatcher	Portland	HE 579	12/31/2027	A	1.52	\$15.00
Rod Trammel & Andrea Baker	Bandon	HE 580	12/31/2027	A	10.3	\$15.00
Paul and Patricia Jordan	Willamina	HE 581	12/31/2028	A	23.3	\$23.30
Steven & Marcy Short	Salem	HE 582	12/31/2028	A	2.2	\$15.00
Crown Hill Farm, Attn: Lucien Gunderman	Parkdale	HE 583	12/31/2028	A	2	\$15.00
	McMinnville	HE 584	12/31/2022	A	9.6	\$15.00
L. John Pierce	Medford	HE 237	12/31/2020	D	31.8	\$50.00
Morley H. Pingle, Mill-Mar Ranch	Butte Falls	HE 238	12/31/2020	D	20	\$50.00
Robin & Robert Stern	Newburg,	HE 241	12/31/2020	D	8	\$50.00

James L. Potterf	Eugene	HE 242	12/31/2020	D	110	\$50.00
Breitenbush Retreat Center	Detroit	HE 247	12/31/2020	D	67.6	\$50.00
Clarence D. Billette	Newburg	HE 249	12/31/2020	D	8.5	\$50.00
Estate of Cecilia M. Taylor	Ashland	HE 250	12/31/2020	D	44.3	\$50.00
Margaret S. Ormsby	Torrance	HE 255	12/31/2020	D	24.9	\$50.00
Ronald H. Lizotte	Tille	HE 257	12/31/2020	D	5.45	\$50.00
John A. Wittich	Wilderville	HE 259	12/31/2020	D	10	\$50.00
Loyd F. Fery	Aumsville	HE 260	12/31/2021	D	67.7	\$50.00
Minikahda Hydropower Co. LLC	Portland	HE 266	12/31/2021	D	98.8	\$50.00
Andrew & Ann Racey	Bridgeport	HE 271	12/31/2020	D	7.5	\$50.00
Neil R. and Toni M. Roush	Stayton	HE 278	12/31/2020	D	66	\$50.00
Lynn E. Martin	Eugene	HE 287	12/31/2021	D	4	\$50.00
Josh M. and Linda D. Fredricks	Redondo Beach	HE 293	12/31/2021	D	14	\$50.00
Paradise Lodge LLC;	Medford	HE 296	12/31/2021	D	7	\$50.00
Jack E. Barrowcliff	Springfiel	HE 298	12/31/2021	D	27.27	\$50.00
Von-Family Limited Partnership	Holualoa	HE 313,	12/31/2021	D	95	\$50.00
Blue Lake Properties, LLC	Portland	HE 314	12/31/2021	D	18.8	\$50.00
Angela M. Porter	Sandy	HE 318	12/31/2021	D	3.2	\$50.00
Hans D. and J. Karin Radtke	Yachats	HE 319	12/31/2021	D	9.5	\$50.00
Delmer Wagner	Rogue River	HE 324	12/31/2027	D	20.9	\$50.00
Duane Wiggins	Joseph	HE 331	12/31/2021	D	25	\$50.00
Cameron Curtiss, Rock Creek Ranch	Klamath Falls	HE 332	12/31/2023	D	95.5	\$50.00
Douglas Pegar	Gladstone	HE 342	12/31/2028	D	99.5	\$50.00
Raymond R. Blomquist	Baker City	HE 345	12/31/2021	D	1.9	\$50.00
Earl & Dixie Lathrop	John Day	HE 346	12/31/2021	D	17	\$50.00
Joseph C. and Deborah Letosky	Prairie City	HE 349	12/31/2021	D	16.8	\$50.00
Doloris M. Lloyd	Selma	HE 350	12/31/2027	D	2.27	\$50.00
John Vardanega	Warren	HE 351	12/31/2021	D	9	\$50.00
Alberto Bianco	Monroe	HE 355	12/31/2021	D	10	\$50.00
Kenneth & Angela Olson	Canyon City	HE 362	12/31/2029	D	4.6	\$50.00
Zenczak Living Trust	Tacoma	HE 384	12/31/2022	D	15.9	\$50.00
Mountain Energy Inc	Grants Pass	HE 398	12/31/2028	D	99	\$50.00
Randy S. Reed	Bend	HE 428	12/31/2028	D	5	\$50.00
James Hamilton	Rogue River	HE 463	12/31/2028	D	3.6	\$50.00
Naomi F. D'Abbracci & Randall C. Cranor	Cave Junction	HE 471	12/31/2027	D	4.7	\$50.00
The Meadows Family Inc.	Cave Junction	HE 488	12/31/2027	D	24	\$50.00
The Meadows Family Inc.	Cave Junction	HE 489	12/31/2027	D	1.25	\$50.00
Bill Smith	Eagle Point	HE 500	12/31/2027	D	29.8	\$50.00
David P. Calahan	Applegate	HE 501	12/31/2027	D	6.13	\$50.00
Allen D. Porter	Springfield	HE 526	12/31/2040	D	31.8	\$50.00
Butte Creek Mill	Eagle Point	PC 750		D	35	\$50.00
Kaskela Farms, Inc., Robert J. Darling	Oregon City	PC 814		D	25	\$50.00
Coos Bay North Bend Water Board	Coos Bay	PC 886		D	2.8	\$50.00

FEE CLASSES B & C

Major Hydroelectric Projects authorized under ORS 543

Hydroelectric projects authorized under ORS 543, are assigned an annual fee at time of project approval (ORS 543.300(5)). This statute sets a maximum fee of \$1 per THP and allows the Water Resources Commission to set fees by rule. Depending on when the project was originally approved, annual fees were likely set at either \$0.15 or \$0.20 per THP.

In 1997, ORS 543A.415 became law and increased annual fees to accommodate hydroelectric reauthorization expenses of the state agencies. In 1999, the Legislature adjusted the fees to \$0.28 per THP or \$15, whichever is greater. Therefore, major hydroelectric projects, which range in size from 100 THP to 550,000 THP, that have not yet been reauthorized are subject to fees at \$0.28 per THP. Today, there are 15 projects that pay annual fees under this fee class (Class B). Eight of these projects are large utility owned projects and seven are medium sized projects.

There are two additional projects in fee class B that have been reauthorized, but are not required to pay increased fees in fee class C until their original State water right expires. The original water right for the Round Butte project will expire 12/31/2010 and the original water right for the Pelton project will expire 12/31/2011. Those projects have been issued a new water right, but are paying fees under their original water right (\$0.15 per THP) until the original expiration date for the Project. The Oxbow and Hells Canyon Projects may also be in a similar position if new water rights are issued before 12/31/2011 or 12/31/2017, respectively. (ORS 543.078(3)(b))

Once a major hydroelectric project has been relicensed, its annual fee is increased to an amount, in 1998 dollars, equal to \$0.405 per theoretical horsepower. The annual fee may be set forth in the water right or may be established by order of the Water Resources Director and shall be adjusted annually for inflation according to rules established by the Water Resources Commission. The annual fee also may be adjusted through the periodic review process established in ORS 543.085. (ORS 543.078(2)(a)). There are about 6 major hydroelectric projects that have been relicensed and now pay fees as above (Class C).

Original License Fee

ORS 543.300 Conditions governing license; fees; waiver of conditions. Any license issued under ORS 543.010 to 543.610 shall take into consideration, and shall be on, the following conditions:

...

(5) That the licensee will pay to the state annually not more than \$1 for each horsepower covered by the license. This sum shall constitute a first lien upon the project, which lien may be enforced by suit in equity or other appropriate proceeding, or payment thereof may be enforced by the state in an action for debt. Payment of such license fees may be waived by the commission during all or any part of the period of construction. The fees need not be uniform throughout the entire period of the license, but may be for different amounts for different periods. The amount of the license fees, within the minimum and maximum limits herein specified, shall be determined by the commission and expressed in the license.

...

(8) Subsection (5) of this section does not apply to a water right reauthorized pursuant to ORS chapter 543A. [Amended by 1959 c.560 §1; 1961 c.224 §19; 1985 c.673 §154; 1999 c.873 §23]

OAR 690-051-0400

(6) Each License issued shall be conditioned to require the payment of an annual fee as follows:

- (a) For the first 25 THP or fraction thereof, \$1 per THP; and
- (b) For each THP in excess of 25, 20 cents.

Additional Fee during Relicense Period

543A.415 Reauthorization fee. (1) Except as provided in subsection (2) of this section, each holder of an existing hydroelectric license shall pay to the Water Resources Department annually a reauthorization fee in an amount per theoretical horsepower covered by the existing license that, when added to the amount per theoretical horsepower covered by the existing license that is paid under ORS 543.300, equals 28 cents for each horsepower covered by the existing license, or \$15, whichever is greater, for the purpose of implementing the state reauthorization process established by this chapter and ORS 468.065, 468B.040, 468B.045, 468B.046, 536.015, 536.050, 543.012 and 543.710. The reauthorization fee shall be paid until the project is reauthorized, and a water right issued, under this chapter and ORS 468.065, 468B.040, 468B.045, 468B.046, 536.015, 536.050, 543.012 and 543.710. Upon reauthorization and issuance of a water right, a new annual fee shall be assessed under ORS 543.300, and the reauthorization fee shall no longer apply.

...

Fee After Project is Relicensed

543.078 Annual fee for hydroelectric project. (1) On or before January 1 of each year, each holder shall pay to the State of Oregon an annual fee for each hydroelectric project that is subject to this section. The annual fee required by this section shall be based on the theoretical horsepower specified in the water right for each project.

(2) The amount of the annual fee required under subsection (1) of this section shall be determined in the following manner:

(a) Subject to the schedule set forth in subsection (3) of this section, each holder shall pay an amount, in 1998 dollars, equal to \$0.405 per theoretical horsepower covered by the water right for the holder's hydroelectric project. The annual fee may be set forth in the water right or may be established by order of the Water Resources Director and shall be adjusted annually for inflation according to rules established by the Water Resources Commission. The annual fee also may be adjusted through the periodic review process established in ORS 543.085.

(3) The fee determined in subsection (2) of this section shall apply to a project on the January 1 following the occurrence of an event enumerated as follows:

(a) A licensee or water right certificant shall begin to pay the annual fee after the final order for the reauthorized water right is issued under ORS 543A.130.

(b) Notwithstanding paragraph (a) of this subsection, if a licensee holds, on October 23, 1999, an original state hydroelectric license for which the original expiration date was or is more than five years after the expiration date of the original Federal Energy Regulatory Commission license for the project, the licensee shall begin payment of the annual fee established under this section after the expiration date of the original state hydroelectric license.

(4) No fee shall be assessed under ORS 543.710 for a project subject to an annual fee under this section. [1999 c.873 §5]

Fee Class B @ \$0.28 per THP (* @ \$0.15 per THP), Fee Class C @ \$0.488 per THP

NAME	LOCATION	FILE	Expiration Water Right	Fee Class	THP	ANNUAL FEE
Idaho Power Company,	Oxbow	HE 161	12/19/2011	B	183693	51,434.04
PacifiCorp	Klamath	HE 180	12/31/2006	B	131534	36,829.52
Portland General Electric Co.	Timothy Lake	HE 186	8/31/2006	B	37437	10,482.36
Idaho Power Company	Brownlee	HE 188	12/31/2010	B	550852	154,238.56
Idaho Power Company	Hells Canyon	HE 189	12/31/2017	B	322159	90,204.52
Portland General Electric Co.,	North Fork	HE 202	8/31/2006	B	82841	23,195.48
Portland General Electric Co.	Faraday	HE 203	8/31/2006	B	39148	10,961.44
Portland General Electric Co.	Round Butte	HE 217	12/31/2010	B	494591	74,188.65*
Portland General Electric Co.	River Mill	HE 220	8/31/2006	B	6666	1,866.48
Portland General Electric Co.	Pelton	HE 222	12/31/2011	B	221420	33,213.00*
Eugene Water and Electric Board	Oak Grove	HE 303	9/1/2039	B	17756	4,978.68
Jim & Janet Boyd	Irrigon	HE 363	12/31/2035	B	2074	580.72
HDI Associates, Falls Creek, H. P., LMT Partnership	Gresham	HE 404	12/31/2021	B	2068	579.04
James & Sharon Jans	Eugene	HE 410	12/31/2019	B	7143	2,000.04
Eagle Point Irrigation Distict	Hood River	HE 451	12/31/2010	B	379	106.12
City of Walla Walla	Eagle Point	HE 507	12/31/2021	B	1521.3	425.88
	Walla Walla	HE 523	12/31/2039	B	3683	1,031.24
PacifiCorp	Clearwater	HE 19	11/1/2038	C	82030	40,030.64
PacifiCorp,	Fish Creek	HE 20	11.1.2038	C	21146	10,319.25
PacifiCorp	Lemolo	HE 21	11/1/2038	C	111434	54,379.79
	Toketee, Slide Cr	HE 23	11/1/2038	C	127425	62,183.40
Portland General Electric Co.	Round Butte new	HE 217c	12/31/2055	C	97227	47,446.78
Mission Mill Museum	Salem	HE 251	12/31/2020	C	150	\$73.20

FEE CLASSES G & I

Major Hydroelectric Projects as Power Claims or Permitted Water Rights

Hydroelectric projects authorized prior to 1931, or as part of pre-1909 adjudication claim, or for a municipal entity under ORS 537 are assigned a fee under ORS 543.710. These projects have water rights that do not expire, and they are not required to seek reauthorization under state law, but may be required to reauthorize under federal law.

There are about 19 projects that pay fees according to ORS 543.710 (Fee Class G)

Once a major hydroelectric project has been relicensed by FERC, its annual fee is increased to an amount, in 1998 dollars, equal to \$0.405 per theoretical horsepower. The annual fee may be set forth in the water right or may be established by order of the Water Resources Director and shall be adjusted annually for inflation according to rules established by the Water Resources Commission. The annual fee also may be adjusted through the periodic review process established in ORS 543.085. (ORS 543.078(2)(a)).

There are about 7 major hydroelectric projects that have been relicensed and now pay fees as above (Class I). There are also about 18 projects exempted from licensure by the Federal Energy Regulatory Commission or not licensed by the Federal Energy Regulatory Commission that began paying the annual fee under ORS 543.078(3)(d) on January 1, 2008.

ORS 543.710 Annual fee based on horsepower; exemptions; disbursement. Every claimant other than a licensee under ORS 543.010 to 543.610 shall on or before January 1 of each year pay to the state in advance an annual fee based upon the theoretical water horsepower claimed under each separate claim to water, graduated as follows: Thirty cents for each theoretical water horsepower or fraction thereof up to and including 50 and 28 cents for each theoretical water horsepower or fraction thereof in excess of 50. However, upon filing the statement provided in ORS 543.720, the United States or the state, claiming the right to the use of water to any extent for the generation of power, or any other claimant to the right to use water for the generation of 10 theoretical water horsepower or less, shall be exempted from the payment of all fees provided for in this section. Four cents of each 28 cents collected as an annual fee under this section shall be deposited to the Water Resources Department Hydroelectric Fund and disbursed to the Department of Environmental Quality. [Amended by 1957 c.333 §2; 1965 c.185 §1; 1973 c.163 §5; 1997 c.449 §38; 1999 c.873 §24; 2001 c.104 §229]

Fee After Project is Relicensed

543.078 Annual fee for hydroelectric project. (1) On or before January 1 of each year, each holder shall pay to the State of Oregon an annual fee for each hydroelectric project that is subject to this section. The annual fee required by this section shall be based on the theoretical horsepower specified in the water right for each project.

(2) The amount of the annual fee required under subsection (1) of this section shall be determined in the following manner:

(a) Subject to the schedule set forth in subsection (3) of this section, each holder shall pay an amount, in 1998 dollars, equal to \$0.405 per theoretical horsepower covered by the water right for the holder's hydroelectric project. The annual fee may be set forth in the water right or may be established by order of the Water Resources Director and shall be adjusted annually for inflation according to rules established by the Water Resources Commission. The annual fee also may be adjusted through the periodic review process established in ORS 543.085.

(3) The fee determined in subsection (2) of this section shall apply to a project on the January 1 following the occurrence of an event enumerated as follows:

(c) A power claimant, or uncertificated claimant, licensed by the Federal Energy Regulatory Commission shall begin to pay the annual fee after the Federal Energy Regulatory Commission issues a new license. A power claimant or uncertificated claimant that received a new license from the Federal Energy Regulatory Commission within 10 years prior to October 23, 1999, shall begin to pay the annual fee on January 1, 2000.

(d) A power claimant, or uncertificated claimant, whose project is exempted from licensure by the Federal Energy Regulatory Commission or not licensed by the Federal Energy Regulatory Commission shall begin paying the annual fee under this section on January 1, 2008, for that project.

(4) No fee shall be assessed under ORS 543.710 for a project subject to an annual fee under this section. [1999 c.873 §5]

Fee Class G @ \$0.28 per THP

NAME	Location	FILE	FERC expiration		THP	TOTAL FEES
Portland General Electric Co	Faraday	PC 24	8/31/06	G	29545	\$8,273.73
PacifiCorp	Link River	PC 34	2/28/06	G	801	\$225.32
PacifiCorp	Link River	PC 35	2/28/06	G	1048	\$294.52
Portland General Electric Co	River Mill	PC 116	8/31/06	G	29455	\$8,248.27
Portland General Electric Co	Oak Grove	PC 122	8/31/06	G	58636	\$16,419.18
PacifiCorp	Wallowa	PC 544	2/28/16	G	2135	\$598.67
PacifiCorp	Link River	PC 667	2/28/06	G	5341	\$1,496.45
PacifiCorp	Prospect 3	PC 720	12/31/18	G	12273	\$3,437.36
Eugene Water and Electric	Trail Bridge	PC 859	11/30/08	G	17800	\$4,985.00
Eugene Water and Electric	Carmen Smith	PC 860	11/30/08	G	170676	\$47,790.32
City of Portland, Hydropower	Portland	PC 864	2/28/29	G	17045	\$4,773.73
City of Portland, Hydropower	Portland	PC 865	2/28/29	G	36364	\$10,182.82
Deschutes Valley Water District	Opal Springs	PC 869	10/31/2032	G	7976	\$2,234.35
Owyhee Project Irrigation Dist Douglas County Public Works Dept.	Nyssa	PC 872	4/30/34	G	7926	\$2,220.32
	Roseburg	PC 875	5/31/2034	G	3216	\$901.45
North Board of Control	Nyssa	PC 880	11/3/2034	G	3325	\$932.00
Central Oregon Irrigation Dist	Redmond	PC 881	8/31/2037	G	9600	\$2,689.00
Owyhee Project Irrigation Dist	Nyssa	PC 883	1/31/2036	G	13418	\$3,758.09

Fee Class I @ \$0.488 per THP

NAME	CITY	FILE	FERC expiration	Fee Class	THP	ANNUAL FEE
City of Albany	Albany	PC 7	9/30/2048	I	1125	\$549.00
Santiam Water Control District	Stayton	PC 12		I	1212	\$591.46
Eastern Oregon Light and Power Co., LLC.	Haines	PC 47		I	1330	\$648.82
Lake Oswego Corporation	Lake Oswego	PC 97		I	588	\$286.98
PacifiCorp	Portland	PC 129		I	2500	\$1,220.00
City of Baker	Baker City	PC 535		I	864	\$421.45
Deschutes Valley Water District	Madras	PC 546		I	164	\$80.19
Central Oregon Irrigation District	Redmond	PC 609		I	430	\$209.62
Eagle Point Irrigation District	Eagle Point	PC 858		I	4648	\$2,268.09
Deschutes Valley Irrigation Dist	Madras	PC 863		I	211	\$103.15
Deschutes Valley Irrigation Dist	Madras	PC 870		I	493	\$240.67
City of Ashland	Ashland	PC 871		I	1464	\$714.33
City of Cove	Cove	PC 873		I	1148	\$560.22
Farmer's Irrigation District	Hood River	PC 874		I	4885	\$2,383.39
Santiam Water Control District	Stayton	PC 877		I	309	\$150.79
Middle Fork Irrigation District	Parkdale	PC 878		I	6127	\$2,989.98
Lacomb Irrigation District	Lebanon	PC 879		I	1736	\$846.68
Farmer's Irrigation District	Hood River	PC 882		I	2947	\$1,438.14
Portland General Electric Co	Willamette Falls	PC 25	12/1/1935	I	57973	\$28,690.89
PacifiCorp	Prospect	PC 421	4/1/2038	I	27591	\$13,463.92
Portland General Electric Co	Willamette Falls	PC 536	12/1/1935	I	1883	\$918.68
Portland General Electric Co	Willamette Falls	PC 537	12/1/1935	I	1423	\$694.29
Eugene Water and Electric	Walterville	PC 545	2/28/2037	I	16106	\$7,859.85
Eugene Water and Electric	Leaburg	PC 724	2/28/2037	I	25000	\$12,200.00
PacifiCorp	Prospect	PC 721	4/1/2038	I	25866	\$12,622.61
PacifiCorp	Prospect	PC 739	4/1/2038	I	18969	\$9,256.38

Annual Fee Revenues

Total THP in 2001 3,138,402

Four Large Utilities THP 2,975,000

Other Producers THP 163,000

	Total Fees	Variation caused by change in THP
2001 to 2003	\$886,840	begin with approx 3.1 million THP
2004	\$889,859	
2005	\$870,946	Carmen Smith & Trail Bridge perfected certificates, less 66,000 THP
2006	\$883,640	Willamette Falls relicensed 58,000 THP
2007	\$844,365	Pelton & Round Butte 716,000 THP at \$0.15, new 97,000 THP at \$0.405
2008	\$933,708	N Umpqua relicensed 310,000 THP, new 32,000 THP, Powerdale ceases 10,000 THP, FERC exempt to \$0.405
2009	\$934,302	Prospect relicensed 72,000 THP, Marmot ceases 30,000 THP, lesser inflation factor

Projected Annual Fees

	2010	2011	2012
	\$ 946,870	\$1,285,949	\$1,468,869
THP			
@ 0.15	716,011	221,420	322,159
@ 0.28	1,815,535	1,345,535	388,831
@ 0.509	646,403	1,720,994	2,576,959

ODFW's Hydroelectric Program

- This biennium ODFW anticipates receiving about \$619,000 per year from annual fees
- Annual fee pays for 6.8 FTE per year
 - 5 FTE Regional Hydro Coordinators
 - 1 FTE Program Coordinator
 - .5 FTE Program Manager
 - .3 FTE Engineer
- Fees fund ODFW's hydropower program which provides licensing and implementation services.

ODEQ's Hydroelectric Program

- ODEQ receives about \$170,000 per year from annual fees
- Annual fee pays for about 1.1 FTE per year
 - 1 FTE Program coordinator
 - 0.1 FTE regional staff
- ODEQ relies on contracts and project specific fees to pay for regional staff

OWRD's Hydroelectric Program

- OWRD receives about \$208,000 per year from annual fees
 - Annual fee pays for 2 FTE per year
 - 1 FTE Program coordinator
 - 1 FTE natural resource specialist
- About 0.1 FTE of supervisory and support staff is also included.

Ongoing Hydroelectric Program Challenges

- Relicensing existing projects
- New minor projects
- Retrofits to existing dams
- Retrofits to irrigation canals and conduits
- Retrofits to municipal water systems, aquifer storage, and wastewater
- Hydrokinetics
- Wave energy devices
- Pumped Storage

INFLATION CALCULATORS

- <http://cost.jsc.nasa.gov/inflate.html>
- http://www.bls.gov/data/inflation_calculator.htm
- <http://cost.jsc.nasa.gov/inflateGDP.html>

	NASA	CPI	GDP	Fee charged per THP
2004	0.470	0.469	0.449	
2005	0.479	0.485	0.454	0.472
2006	0.489	0.501	0.461	0.479
2007	0.499	0.515	0.469	0.489
2008	0.509	0.535	0.478	0.499
2009	0.520	0.536	0.488	0.488
2010	0.53			0.509
2011	0.541			