

Exhibit H

The Clackamas River Hydroelectric Project Mitigation and Enhancement Fund Implementation Plan

I. Establishment of the Clackamas River Hydroelectric Project Mitigation and Enhancement Fund

The Licensee for the Clackamas River Hydroelectric Project (“Project”), Portland General Electric (“PGE” or the “Licensee”), shall establish the Clackamas River Hydroelectric Project Mitigation and Enhancement Fund (the “Mitigation Fund” or “Fund”) to support – either directly or in combination with matching funds from other sources – habitat mitigation and enhancement measures for Project-related impacts on native anadromous and non-anadromous fish populations of the Clackamas River not otherwise addressed by specific license conditions, including projects that enhance and improve wetlands, riparian and riverine habitats, and aquatic species connectivity that may be affected by the continued operation of the Project. The purpose of the Mitigation Fund is described in Section II, below.

- A. Within six months after issuance by the Federal Energy Regulatory Commission (“FERC”) of a new license (“New License”) for the Project, the Licensee shall establish the Mitigation Fund. The Fund shall be a tracking account maintained by the Licensee with any accrued interest credited to the Fund. The total amount, excluding interest, to be credited to the Fund shall be \$8.0 million, stated in 2006 dollars, which will be credited to the Fund as described in Section I.B, below.
- B. The Licensee shall credit the Fund with the nominal amounts shown below on the anniversary of the issuance date of the New License. The actual amount of each transfer shall be adjusted for inflation as provided in Section I.C, below. If the New License is not issued in 2006, the years shown below shall be adjusted accordingly.

Year	Amount (2006\$)
2008	\$ 500,000
2011	3,000,000
2016	3,000,000
2026	1,500,000
Total	\$ 8,000,000

- C. Each payment to the Fund shall be adjusted to reflect the actual inflation during the period from license issuance to the date of that payment, according to the following formula:

$$AD = D \times \frac{(NGDP)}{IGDP}$$

WHERE:

- AD = Adjusted dollar amount as of anniversary of the issuance of the license in the year in which the adjustment is made.
- D = Dollar amount as calculated pursuant to Section I.B, above, prior to adjustment.
- IGDP = GDP-IPD for the quarter of the year before August 31, 2006.
- NGDP = GDP-IPD for the quarter of the year before the date of the payment to the Fund.

“GDP-IPD” is the value of the Gross Domestic Product Implicit Price Deflator inflation index published by the Bureau of Economic Analysis of the U. S. Department of Commerce, or any successor agency, in the third month following the end of the applicable quarter. If that index ceases to be published, any reasonably equivalent index published by the Bureau of Economic Analysis, or any successor agency, may be substituted by the agreement of the Mitigation Fund Committee. If the base year for GDP-IPD is changed or if publication of the index is discontinued, the Licensee shall promptly make adjustments or, if necessary, select an appropriate alternative index acceptable to the Mitigation Fund Committee to achieve the same economic effect.

- D. Funds credited to the tracking account but not yet spent on projects shall accrue interest, which shall be credited to the Fund to be used for purposes described herein. The accrued interest rate shall be the yield in percent per year, compounded daily, on U.S. Treasury securities at a constant maturity of one year, as reported in the Federal Reserve Statistical Release H-15 (Daily Update on Selected Interest Rates for January 1), or the most recent reporting date prior to January 1 of any given year.
- E. If at the end of the New License term, including any annual licenses, contributions and accrued interest remain unallocated or uncommitted to a specific project, they shall be returned to the Licensee.
- F. If a change in control results in PGE becoming a government-owned or consumer-owned entity, the Mitigation Fund Committee may direct PGE to cause any unspent balance in the Fund to be transferred to a fund under the control of an independent third party acceptable to the Mitigation Fund Committee and to make any future payments, as provided in Section I.B, above, to that independent fund.

II. Purpose, Use, and Administration of the Mitigation Fund

- A. The Mitigation Fund shall be used to provide for habitat mitigation and enhancements (“Resource Projects”) intended to mitigate, directly or indirectly, for Project related impacts on native anadromous and non-anadromous fish populations that are not otherwise addressed by specific resource protection, mitigation, and enhancement (“PME”) measures identified in the New License or elsewhere in the Settlement Agreement. Resource Projects may be

associated with identified PME measures carried out pursuant to the terms of the New License or the Settlement Agreement.

- B. Unless specifically included as part of a Resource Project approved by the Mitigation Fund Committee, the Mitigation Fund shall not be used for studies, research or monitoring.
- C. Resource Projects must be located in the Clackamas River Basin.
- D. \$7.5 million of the nominal amounts credited to the Fund shall be dedicated to Resource Projects of the types described in Section II.F, below, that benefit native anadromous fish populations in the Clackamas River Basin or support the fish passage program pursuant to the New License (“Anadromous Resource Projects”), provided however, that the Mitigation Fund Committee may, by consensus as provided in Section II.J, below, approve the use of these amounts to support projects that will benefit native non-anadromous fish populations.
- E. \$0.5 million of the nominal amounts credited to the Fund shall be dedicated to Resource Projects of the types described in Section II.F, below, that benefit native non-anadromous fish populations in the Clackamas River Basin (“Non-anadromous Resource Projects”). \$200,000 shall be available for such Resource Projects in 2008, and the balance shall be available in 2011. Any portion of the \$200,000 made available in 2008 not committed to Non-anadromous Resource Projects may be made available to Anadromous Resource Projects, provided that the total amount available for Anadromous Resource Projects will not be increased and the total amount available for Non-anadromous Resource Projects shall not be reduced thereby.
- F. Resource Projects funded by the Mitigation Fund shall be of the following types:
 - 1. Land acquisition or lease of riparian, wetlands, and associated uplands. Funds may be used for locating appropriate parcels, purchase and lease costs, purchase and title expenses, surveying, and ongoing restoration, monitoring, and management for the life of the new license.
 - 2. Instream habitat. Funds may be used for projects that improve or enhance aquatic species habitat such as cover, pool and riffle structure, spawning beds, and water quality, including planning, design, and effectiveness monitoring.
 - 3. Riparian corridors and wetlands . Funds may be used to protect or enhance riparian corridors and wetlands, and provide for native species plantings, riparian shading and planting, non-native plant species management, and erosion control, including planning, design, and effectiveness monitoring.
 - 4. Water quality. Funds may be used for projects that improve or enhance water quality by measures including, but not limited to, riparian shading and planting, control of runoff, and improving hyporrheic flows.
 - 5. Water conservation. Funds may be used for conservation projects pursuant to the Conserved Water Act, ORS 537.455 et. seq., which yield legally protected instream water rights.

6. Conservation easements. Funds may be used for locating appropriate parcels, establishment of easements, surveying, and ongoing restoration, monitoring and enforcement.
7. Fish passage facilities and fish passage barriers. Funds may be used for dam and diversion removal, construction or improvement of fish passage facilities and screens, including planning, design, and effectiveness monitoring, *provided*, however, that no Mitigation Fund monies may be used for improvement of fish passage facilities and screens or removal of barriers at other FERC-licensed projects, or to meet the Licensee's obligations pursuant to the Fish Passage and Protection Plan.
8. Water rights acquisition or lease. Funds may be used for locating appropriate rights, purchase/lease costs, purchase and title expenses, and ongoing monitoring.

Potential Non-anadromous Resource Projects, in addition to those eight categories described above, may also include projects that support the reintroduction of bull trout into the Clackamas River Basin, if there is a decision by ODFW and USFWS to reintroduce bull trout. The proposed project would only be funded if approved by the Mitigation Fund Committee by consensus, as provided in Section II.J below.

G. Criteria and Factors for Resource Project Approval and Mitigation Fund Expenditures. Resource Projects will be identified, approved, and funded in accordance with the criteria and factors described below.

1. Proposed Resource Projects must be consistent with applicable Federal, State, Tribal, and County laws and policies in effect at the time the project is proposed.
2. In determining whether to fund a Resource Project, the Mitigation Fund Committee shall give preference to Resource Projects that do not contemplate or require the inclusion of additional lands or property rights within the Project boundary.
3. The Mitigation Fund Committee shall consider the following factors in determining the practicality of proposed Resource Projects and shall give priority to projects that are more practical to implement:
 - (a) Whether the activity may be planned and initiated within one year.
 - (b) Whether the activity will provide long-term benefits.
 - (c) Whether the activity will provide a measurable positive cost-benefit as compared to similar activities (e.g., a project that improves two miles of riparian corridor for the same cost as another project that improves only one mile of similar corridor for the same cost).
 - (d) Whether the activity will be cost-shared with other funding sources.
 - (e) The likelihood of project success and level of community support.
 - (f) The proportion of the cost of the proposed Resource Project that would be required to comply with the National Environmental Policy Act and to obtain necessary permits and approvals.

H. Use of Funds

1. Decisions on the use of the Fund, including any accrued interest, will be made by a Mitigation Fund Committee made up of the entities described in Section II.I, below.
2. The following approach will be used for Resource Project proposal, review and selection:
 - Step 1: Any person or private or governmental entity, including the Licensee, may propose a Resource Project. In addition, the Licensee may solicit Resource Project proposals from any person or private or governmental entity.
 - Step 2: The Licensee will review all Resource Project proposals in consultation with the Fish Committee established pursuant to the Settlement Agreement and the New License, applying the criteria and factors set forth in Section II.G, above. Not later than October 31 of each year, the Licensee will provide an evaluation report describing proposed Resource Project recommendations to the Mitigation Fund Committee for review and approval. The report will include a description of all proposed Resource Projects, an evaluation of each Resource Project, and the basis for why each Resource Project is or is not being recommended for funding. The report shall describe any determination reached by the Fish Committee, but the approval of the Fish Committee is not required before the Licensee can propose a Resource Project to the Mitigation Fund Committee. The cost of the Licensee's evaluation report and of any Fish Committee review shall not be assessed against the Mitigation Fund.
 - Step 3: When considering Resource Projects and funding, the Mitigation Fund Committee will confirm that the Licensee applied the criteria correctly, propose any modifications as needed, and use the decision-making process set forth in Section II.J, below.

I. Membership on the Mitigation Fund Committee

The Mitigation Fund Committee shall be comprised of one representative from each of the following signatories, or groups of signatories, of the Settlement Agreement:

1. Licensee
2. Confederated Tribes of the Warm Springs Reservation of Oregon
3. Confederated Tribes of the Grand Ronde Community of Oregon
4. Confederated Tribes of Siletz Indians of Oregon
5. US Fish and Wildlife Service ("USFWS")
6. National Marine Fisheries Service ("NOAA Fisheries Service")
7. USDA Forest Service
8. Bureau of Land Management
9. Non-Governmental Organizations (American Rivers, Oregon Trout, Trout Unlimited, Native Fish Society, WaterWatch of Oregon (one representative collectively))

10. Oregon Department of Fish and Wildlife (“ODFW”)
11. Oregon Department of Environmental Quality
12. Oregon Water Resources Department
13. Clackamas River Basin Council
14. Water Providers (Clackamas River Water, Sunrise Water Authority, South Fork Water Board, North Clackamas County Water Commission, Oak Lodge Water District (one representative collectively))
15. Northwest Steelheaders.

J. Decision-Making Process

1. Voting

Each member shall have one vote on all matters to be decided by the Mitigation Fund Committee.

2. Meetings

The Licensee shall convene a meeting of the Mitigation Fund Committee within 12 months after issuance of the New License, and thereafter on an annual basis, or whenever requested in writing by two or more members of the Mitigation Fund Committee. The Licensee shall provide not less than 30-days written notice to the Mitigation Fund Committee of the date of any meeting of the Mitigation Fund Committee.

3. Quorum

No action may be taken at a meeting of the Mitigation Fund Committee unless a quorum consisting of at least eight Mitigation Fund Committee members, including at least two of USFWS, NOAA Fisheries Service, and ODFW, is present in person or by proxy.

4. Conduct of Meetings

Meetings will be chaired by the Licensee.

5. Resource Project and Funding Decisions

The Mitigation Fund Committee shall strive for consensus in all decisions approving Resource Projects. A negative vote, as opposed to abstention, by two or more Mitigation Fund Committee members, voting in person or by proxy, is required to disapprove funding for a Resource Project. In the event of a negative vote by two or more members on a decision to approve a Resource Project, any member of the Mitigation Fund Committee may seek dispute resolution as provided in the Settlement Agreement.

The Mitigation Fund Committee shall make all other decisions, including decisions to modify this Implementation Plan or to modify allocation of funding pursuant to Section II.D, above, by consensus, which means that a negative vote, as opposed to abstention, by one Mitigation Fund Committee member voting in person or by proxy is required to disapprove an action. In the event of a negative vote by one member, or any other dispute regarding the Fund, any member of the Mitigation Fund Committee may seek dispute resolution as provided in the Settlement Agreement.

K. Resource Project Implementation

Upon approval of a Resource Project by the Mitigation Fund Committee, the Licensee shall implement the Resource Project, or fund implementation of the Resource Project by another entity, in accordance with the approved terms and schedule. If a Resource Project approved by the Mitigation Fund Committee includes a commitment of funds for future mitigation, monitoring, or maintenance measures, such funds shall be considered to be committed as of the date of the approval by the Mitigation Fund Committee, but shall continue to accrue interest (which interest shall not be considered to be allocated to the Resource Project so approved) as provided in Section I.D, above, until actually spent in accordance with the approved terms and schedule.

L. Milestones and Reporting

The activities carried out under the Fund shall be reviewed annually. The Licensee shall submit to the Mitigation Fund Committee for review and comment a written draft annual report that describes the amount of payments credited to and disbursed from the Fund. Upon completion of review and comment by the Mitigation Fund Committee, the Licensee shall submit the annual report to FERC in accordance with the terms of the New License. The annual report shall include any monitoring information collected regarding any Resource Projects implemented through the Fund. The cost of preparing the annual report shall not be charged to the Fund.

M. National Environmental Policy Act (“NEPA”) Compliance

For any ground or habitat-disturbing activities on federally-administered lands required to implement a Resource Project, the Licensee shall, unless such analysis has been conducted by the party recommending the activities or by another entity, conduct an environmental analysis, using Mitigation Fund monies. The analysis shall include such procedures and analyses as are required to comply with applicable federal regulations in existence at the time the process is initiated. The Licensee may refer to or rely on any previous NEPA analysis for the activity to the extent that such analysis is not out of date, as determined by the appropriate land management agency. Any contractors selected by the Licensee to conduct the NEPA process shall be approved by the land management agency in advance of any work. Following scoping, the Licensee shall submit the scope of work for the environmental analysis, including, but not limited to, the range of alternatives that shall be addressed, to the appropriate land management agency.

The Licensee shall make reasonable efforts to initiate and complete the NEPA process sufficiently in advance of Resource Project implementation dates to accommodate time lines for preparation and publication of a NEPA decision by the responsible land management agency, and any administrative appeals of the NEPA decision.

N. Compliance with Laws

All Resource Projects implemented through the Mitigation Fund must comply with applicable laws and are subject to the approval of any agency with permitting authority and/or jurisdiction over the site of the Resource Project, notwithstanding the affirmative vote of an agency that is a Mitigation Fund Committee member. Such compliance will be a condition for funding and implementing any Resource Project.

III. General Provisions

A. Administrative and Technical Support

The Licensee shall provide administrative support for meeting minutes, record keeping, and other Mitigation Fund management duties. The Licensee shall bear the cost of all reasonable administrative, legal, and overhead costs associated with the management of the Mitigation Fund and shall not assess any such costs against the Mitigation Fund.

B. Amendments

Any amendment to this plan approved by the Mitigation Fund Committee must be approved by FERC before it can become effective, provided that the provisions of Section I of this Plan may not be amended by the Mitigation Fund Committee.