

February 7, 2003

Judi Danielson, Chair
Northwest Power Planning Council
851 SW Sixth Avenue, Suite 1020
Portland, Oregon
97204

Re: Comments on the Council's Draft Mainstem Amendments to the Columbia River Basin Fish and Wildlife Program

Dear Ms. Danielson:

Introduction

I am writing on behalf of Northwest Requirements Utilities (NRU) regarding the Council's Mainstem Rule Making process. NRU is a non-profit trade association, located in Portland, that represents 46 electric utilities that rely upon the Bonneville Power Administration as their primary or exclusive supplier of electric energy. We represent nearly 500,000 electric customers that account for 1,500 aMW of the Federal Based System. Our members are largely "Full Requirements" customers that have chosen BPA, and the related Federal hydroelectric system, to meet their energy needs.

NRU also has a close affiliation with Northwest Irrigation Utilities, primarily through the sharing of common staff. NIU is also a non-profit trade association, but its focus is on the end use irrigation sector of our electric utilities' members. Over the years NIU has had a close working relationship with the Northwest Power Planning Council in many of its endeavors to fulfill its statutory responsibility to balance power production, conservation, and protection of threatened or endangered species. Let me cite two examples:

NIU actively participated in the Multi-Species Framework Process the Council initiated in 1998. The purpose of that endeavor was to have the region forge alternative visions for the operation of the Columbia River system, and then to model the results so the alternatives could be compared quantitatively. NIU in conjunction with other river users developed a broad based alternative, #6. That alternative was designed to produce robust stocks of fish by increasing the generation capability of the Federal Based System through reductions of flow augmentation and selective curtailment of voluntary spill, and then using a portion of the economic profits from additional generation to address habitat and

harvest issues. Unfortunately, despite spending over \$1 million of BPA funds, and running complex models, the participants never received any results that could be used to try to analytically judge tradeoffs (if any) between hydro operations and projected fish populations.

I use the example of the Council's Framework process to now urge the Council members to take action at this time as part of the Mainstem Rule Making Process. These issues have been studied for years, and will continue to be studied in the future. But now is the time for decisive, rather than incremental action to address the region's antiquated, economically inefficient, and scientifically unsupportable mainstem operations program.

In June of 2001, NIU in conjunction with the Columbia-Snake River Irrigators Association and Eastern Oregon Irrigators Association sponsored the "*New Water Management Alternative for the Columbia River Basin.*" We have participated in a number of presentations to the Council regarding this alternative. In summary that plan:

1. Recognized that the existing mainstem water management program is unsatisfactory, producing few if any measurable benefits for fish, but with a high economic cost for the region.
2. Restructured the existing mainstem flow targets/augmentation program creating no measurable fish detriments, but increasing mainstem hydropower production.
3. Reinvest portions of the economic benefits as needed into projects that have demonstrated value.

Based upon our previous study work, that has been submitted to the Council, Northwest Requirements Utilities will not repeat all of the rationale or submit all of the documentation that underlie our response to the specific issues identified for comment in the Council's draft October 2002 Mainstem Amendment package.

NRU also has been working in close collaboration with the Public Power Council. The PPC has provided additional technical comments on the issues raised by the NWPPC. Therefore, NRU adopts by reference the PPC's technical comments, and will not repeat them in this document.

Northwest Requirements Utilities View of Current Financial Conditions

NRU members are supposed to enjoy the benefits of cost based rates from the energy production of the Federal Based System, rates that have in the past been lower than alternative suppliers. But BPA's rates have risen significantly over the past 2 years, so much so that public power utility rates are now higher than those of neighboring investor-owned utilities who have their own sources of power. Right now BPA's power rates are 33 percent higher than where they were in the year 2000.

This problem is exacerbated by the fact that BPA's rates are not currently competitive compared to market based alternatives. As an illustration, consider regional aluminum loads that have been almost entirely shut down due to poor world market aluminum prices. A few smelters have returned to partial

production. However they are using lower priced power from alternative suppliers rather than relying upon BPA.

While BPA's initial rate increase was a result of the California power crisis, BPA has said that more rate increases may be on the way due to poor water conditions. BPA will initiate a safety net cost recovery adjustment clause (SN CRAC) rate proceeding in the next month. The result of this rate case will likely be an additional rate increase beyond those currently in effect, on October 1, 2003. BPA has said that it is considering putting this rate increase in effect through the end of FY 2006. Some estimates of the SN CRAC put the impact at an additional 15% on top of the already high rates that are now being paid by BPA's public power customers. BPA is simply running out of money, and if the Agency fails to meet US Treasury obligations, we face the potential of either losing this public resource, or the hope of attractive cost based rates.

Assuming that changes in power supply have a 50% impact on an end use consumer's bill of a BPA served utility, a 25% CRAC would add an additional \$8.00 per month on average to a residential bill. This needs to be considered in the context of Oregon currently having the highest unemployment rate in the nation, and Washington the fourth highest.

It is within this context that Northwest Requirements Utilities continues to support our responsibilities for environmental stewardship, but must insist that actions taken in the name of stewardship have a compelling scientific justification if they have a materially adverse financial impact on BPA. It is the Council's job to not only weigh both factors, but also to take decisive action when things are out of balance. The Mainstem Rule Amendments from Montana and Idaho are a move in the right direction.

NRU Recommendations Regarding Mainstem Amendments

1. Change in Storage Reservoir Operations in General

I would again reference the recommendations we submitted previously as part of the New Water Management Alternative. NRU supported the elimination of flow augmentation during the spring period (primarily May – June) for both the Columbia and Snake River systems. Any use of flow augmentation during the spring period for experimental purposes should be limited to small volumes of water.

For the Snake River System, NRU supported 0.0 to 0.5 MAF of augmentation from Brownlee Project and Upper Basin region combined reviewed and approved on an annual basis by the NWPPC. We also supported 0.2 to 0.9 MAF from Dworshak to be used for fall Chinook migration and/or adult temperature control.

For the Columbia River System, NRU supported 0.0 to 0.3 MAF for augmentation to be used on an experimental basis.

We believe that these recommendations, initially submitted as part of the New Water Management Alternative, comport with both evolving scientific information and historic data from the last few years. In general our previous recommendations are consistent in theme with the Idaho and Montana mainstem amendments, which we are fully endorsing.

2. Changes in Storage Control Operations that Preserve the Status Quo while Evaluations are pending.

The Council should reject proposals that call for further study about the flow augmentation issue, particularly if additional studies have the impact of delaying making immediate and significant modifications to the mainstem operations. Our basic concern is that decision makers could potentially defer making the tough decisions that are required now under the guise of needing additional information. We have all of the information in hand that is necessary to make decisions, and the region needs to move forward.

3. Elimination of April 10th Flood Control Requirement

NRU fully supports the Council's decision to remove the April 10th flood control requirement impacting the storage at Libby, Hungry Horse, Grand Coulee and Dworshak dams. The primary purpose of the April 10th restriction is spring flow augmentation, which NRU does not support. In our view the April 10th restriction provides little if any demonstrated value for anadromous fish, while creating opportunities for increased generation in winter.

4. Change in Operations Summer Flows

NRU supports the Idaho and Montana proposals for the operation of Libby and Hungry Horse Reservoirs. These proposals are balanced in that they take into account both the impacts of fish in and below the reservoirs, while also factoring the effects on anadromous fish.

5. Changes in Storage Reservoir Operations – Alternatives that Call for Allocating More Water to Meet or Exceed Biological Opinion Flow Targets.

NRU strongly opposes any alternative that calls on the Federal agencies to allocate more of the water in the system to meet or exceed the spring and summer flow requirements in the Biological Opinion. We appreciate that the Council did not take this path in the draft amendments. Mandatory, imposed additional flow augmentation from the state of Idaho is contradictory to state law. Additional flows also have no demonstrated biological benefit, and would be extremely disruptive to a rural agriculturally based economy that is already facing extreme hardship. The Council should reject the basic yardstick of "flow targets" and shift to specific reservoir drafting strategies.

6. Change in Storage Reservoir Operations – Relationship to Late Fall/Winter Flows for Chum and Chinook Spawning Below Bonneville Dam.

Grand Coulee Operations as proposed by the Council would interfere with chum flows, which is another reason to modify the draft proposal.

7. Spill Operations – Dam Specific Spill Level Studies

NRU supports the continued study of individual dams to measure survival associated with spill alternatives. The best scientific information available supports the Federal position that changes in spill need to be made now. We are of course interested in a cost effective operation of hydroelectric facilities. However, this is not just an issue of money. We are concerned about the cumulative impact of gas as fish pass through the entire system of dams. This issue has not been given full consideration, and there has been a prejudice in favor of spilling at each of the dams. A life cycle analysis of the impacts of spill would be helpful. However, a decision to proceed with any such studies should not dissuade the Council from taking action on a project by project basis to make reductions in the spill program, based upon the best currently available data.

8. Alternative Spill Operations

NRU rejects any alternatives that would increase spill level above what is called for in the Biological Opinion, particularly 24 hour spill at Lower Granite, Lower Monumental, McNary, and John Day dams. The most recent information shows this would be a step in the wrong direction, in addition to its economic consequences. In general a spill limit of 115% of total dissolved gas in the river is a step in the right direction. However, we do support a dam-by-dam analysis to determine optimum spill levels.

9. Juvenile Fish Transportation

NRU strongly supports the maximization of in-river fish transportation, including transportation in the Snake River during low water conditions. The “spreading the risk” scenario makes no sense in light of currently available information. As an analogy, it sounds like an appeal to put some of your 401 K funds into high tech stocks rather than municipal bonds at this time, just to establish a “balanced” portfolio. We reject this approach because the best scientific information supports in-river transportation.

10. Smolt to Adult Survival Rates

The Council is asking whether it makes sense to adopt, even as interim program objectives, achieving smolt to adult survival rates in the 2 – 6% range, with an average of 4%. NRU supports an outcome of high SARs. However, as a measure of performance it is flawed because it establishes an inference that the operation of the mainstem facilities is the determinative factor in the SAR percentage achieved. This is counter intuitive, because recent years’ returns overwhelmingly demonstrate the significance of ocean conditions in determining the percentage of smolts returning as adults. By establishing a SAR % target, it has the consequence of creating an opportunity for “natural river” proponents to make a case for attacking the federal facilities/operations during the periods of poorer adult returns. In reality,

returns are dominated largely by other variables including ocean conditions, estuary environment, and harvest practices. This is not in the region's best interest, and gets in the way of developing a truly comprehensive plan.

As an alternative to SARs the Council should use the benchmarks of the Biological Opinion that factors in-river, system, and life cycle survival measures.

11. Biological Objectives for Environmental Characteristics, Appendix D to the 2000 Fish and Wildlife Program

NRU staff have not had an opportunity to review the Independent Scientific Advisory Board report regarding the provisional set of basin wide biological objectives. Therefore, we offer no specific response to the "soundness" of the technical documents outlining biological objectives in the 2000 program.

12. Criteria and Procedures for Emergency Operations

The draft Mainstem Rule Making process does not contain provisions for when and how it would be permissible to declare a power system emergency and reduce or eliminate operations for fish. Alternatively, the Council states its intent to address that issue as part of its revision to its power plan. NRU agrees with that approach.

Conclusion

In summary, NRU supports the mainstem rule making amendments proposed by the states of Idaho and Montana, and urges the Council to take definitive action based upon 1) sufficient scientific information now available, and 2) the economic benefit resulting from the amendments.

Thanks for the opportunity to comment. If you need additional information, please let us know.

Best Regards,



John D. Saven
Chief Executive Officer

CC: NRU Members
Steve Wright