



February 6, 2003

Judi Danielson, Chair  
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Dear Council Members:

Thank you for the opportunity to comment on the Council's Mainstem Amendments to the Columbia River Basin Fish and Wildlife Program- Benton PUD is pleased with the overall direction of the Council's plan to modify current river operations to provide additional biological benefit at less cost- It is the right thing to do for our ratepayers

Benton PUD has been subjected to a series of significant rate increases from the Bonneville Power Administration (BPA) over the past two years. Additional wholesale rate increases need to be avoided; however, compliance with all relevant environmental laws is necessary and appropriate- We are confident a solution can be implemented through the joint efforts of the Council and Bonneville's customers to benefit Ash and wildlife while at the same time allowing affordable power rates.

We encourage the Council's plan to develop the tools to measure and assess the cost-effectiveness of the region's fish and wildlife management decisions. This approach has been noticeably absent in the past. The draft Amendments incorporate this concept while recognizing not all information is currently available to do it properly. A Council staff with the capability to analyze power impacts and biological benefits will provide a great first step in developing a cost-effective methodology.

We recommend that the Council work with the Independent Economic Analysis Board, NMFS Science Center, and federal agencies to develop the tools needed. In the interim, we suggest the Council use the work that has been developed to date to help guide the decision making process. Ultimately a tool of this nature should be used to determine the most beneficial way to operate the river, including cost-effectiveness of various actions for fish, such as changes in harvest practices, hatchery operation or habitat improvements,

As mentioned earlier, BPA has implemented a series of rate increases. Over the last two years our overall BPA wholesale power rates have increased by over 70%. We now find ourselves, based on our last Cost of Service Analysis, needing an additional 15% retail rate increase. We have decided to implement a 9% increase January 1, 2003 and a 6% increase a year later so our customers could better manage the increases. The 15% increase was based on the assumption that a Safety Net Cost Recovery Adjustment Clause (SNCRAC) would not be implemented by BPA. Now it appears BPA will shortly announce the need, and start a process for a 15% to 25% SN CRAC by October 1, 2003. If this occurs Benton PUD retail customers will most likely see another double-digit rate increase by the end of the year.

Some of our commercial, industrial, and agricultural customers are exploring strategies to further reduce their loads because they are unable to pass along cost increases through the price of their commodities. Recent rate increases have created economic distress for many of the businesses we serve. We strongly urge the Council to insist on better cost control, accountability and performance measures to ensure river operations for salmon are appropriate and affordable- We are pleased that the Council's mission and charge is to provide for a balance between power and fish needs. With this mission in mind, the Council's Mainstem Amendments will be crucial inputs to the federal agency decisions on river operations.

It is also Benton PUD's goal and interest to see there is a balance between fish and power. We understand that Fish and Wildlife programs are not solely the cause of increased power costs, but do want to note that the cost of river operations and the direct programs have risen drastically over the last decade. We estimate our customers contribute between \$6 to \$7 million per year for salmon. We are committed to supporting salmon but feel it is only fair to insist that our investment be spent wisely- We also urge the Council to lead the effort to ensure all interested parties to put forth a heroic effort toward cutting cots and facilitate fish and power parties work together cooperatively.

Men balancing power and fish needs, A is crucial Mt all solutions take into account dry water years and/or critical economic situations. The Northwest economy is founded on hydro-generation We feel the Council must address river operations during periods of a power emergency. During the power crisis of 2000-01, the Council took an active role to ensure that we maintained a reliable power supply and for that we are grateful. However, we implore the Council to provide guidance through the Amendments and that appropriate actions be taken when the hydro system is in an emergency situation.

In order for the Northwest to remain intact, everyone must step up and do their part, We understand the legal obligation that the Council and BPA have regarding fish and wildlife. We also understand the legal obligation to ensure the region has an adequate, economic, efficient and reliable power supply. With that in mind, we support BPA's effort to pare its overall fish and wildlife costs in all categories, including program spending, reimbursable payments and capital spending. Bonneville is currently in a financial crisis that requires a sacrifice by all.

Benton PUD is confident that fish and power can thrive together. We fully support the comments submitted by the Public Power Council (PPC). Again, we thank your for the opportunity to provide comments on the draft Mainstem Amendments to the Columbia River Basin Fish and Wildlife Program.

Sincerely,



Gary G Long  
Assistant General Manager