



June 14, 2004

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Dear Sirs:

PNGC Power is a Portland based electric power services cooperative owned by 15 electric distribution cooperative utilities throughout the Northwest. I am writing with regard to the Bonneville Power Administration (BPA) and the Army Corps of Engineers (Corps) Amended Summer Spill Proposal that was released to the public on June 8, 2004.

THE CURRENT PROPOSAL

PNGC Power is disappointed that the federal agencies' amended proposal on summer spill operations represents a step back from the March 30, 2004 proposal. PNGC Power has long advocated for the elimination of summer spill. Numerous studies have shown that the practice provides only small, largely uncertain benefits to fish, but costs the region's ratepayers enormous sums of money each year. The original spill analysis was produced in part to answer calls from the Northwest Power and Conservation Council, as well as from elected officials from around the region, to find greater efficiencies in the operation of the federal hydropower system. Combined, these studies have clearly demonstrated that summer spill is a wasteful practice and that the amended proposal to reduce spill does not go far enough. In a time in which the region's economy continues to struggle, the intentional disabling of the region's cleanest, cheapest and most reliable source of power seems like a poor decision.

We believe that mitigation measures included in the March 30 proposal or those identified in the original January 21, 2004 analysis would more than offset any losses to fish populations as a

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result of changes to the summer spill operation. The final analysis includes offsets whose benefits are calculated very conservatively or not at all, and impacts to fish that have been maximized. Indeed, the months of ‘collaboration’ around the spill proposals resulted only in the goal posts of the impact analysis being continually moved further back. Even after these adjustments, the numbers show that any ‘benefits’ to listed fish from spill remain in the margin of error; somewhere in the order of less than one-tenth of one percent. With this in mind, the final cost of the offsets to the region’s ratepayers are certainly higher than warranted.

However, despite the proposal’s shortcomings and the deficiencies in the process by which it was finally completed, we are encouraged that the federal agencies are proposing to take this important step towards including cost-effectiveness in their determination of salmon recovery measures. BPA and the Corps estimate that the current proposal will ultimately result in a savings to ratepayers of 1 to 2% and have a positive net impact on fish. This savings will provide a welcome relief to BPA’s many customers – residential, commercial and industrial - who have seen their rates climb almost 50% since 2001. Electricity rates have historically been one of the primary areas of competitive advantage for the region’s businesses and employers. Under the current circumstances, even a 2% rate impact is significant. It is regretful that the federal agencies missed the opportunity to provide a greater boost to the region’s economy by reducing summer spill further.

INCONSISTENCY OF TREATMENT

PNGC Power is distressed by the double standard that seems to have been applied to the application of the Biological Opinion (BiOp) and to the different users of the river system over the past several months. Two examples very clearly exhibit this double standard:

- On April 19, 2004 the Corps released a decision regarding spring spill at the Lower Snake River Projects. RPA Item 40 of NOAA’s 2000 BiOp has provisions for spill when seasonal Snake River flows are projected to be above 85,000 cfs. This year, the final April runoff volume forecast was for seasonal average Snake River flows to be about 77,000 cfs, well below the threshold for spill. As a result, the BiOp clearly called for maximizing fish collection and transportation in the Snake River, and discontinuing spill. Regardless of this fact, the Corps’ decision provided spill at Lower Granite and Little Goose until April 23 to provide in-river passage and up to 18 days of spill at Lower Monumental. The value of the lost generation due to these deviations from the BiOp has been estimated to be \$7 million. The benefits to migrating fish are vague at the very best. More troublesome is the fact that this decision was reached very quickly, with little opportunity for public input or comment. This is in marked contrast to the rigor required of the various summer spill proposals. PNGC Power is disconcerted by this seeming lack of consistent treatment with relation to the application of the BiOp.
- The Idaho Department of Fish and Game’s (IDFG) May 2004 Application for Incidental Take indicated a possible impact to listed Spring/Summer Chinook of 0 to 712 adults. As noted in a previous letter¹, “While the proposal to reduce spill has been subject to months of collaboration and is held to account for every last fish, the conditions catalogued within the

¹ PNGC Power’s May 27, 2004 letter to NOAA – Fisheries Salmon Recovery Division.

Application for Incidental Take include only vague references to monitoring and policing. Pointedly, there seem to be no measures that would actually mitigate for the ‘incidental’ fatalities of listed fish that would occur as a result of the permit’s issuance.” The same application clearly considers the economic impacts of fisheries to the state of Idaho. PNGC Power welcomes the inclusion of economic considerations to the decision making process. The costs of the summer spill regime to the hydropower system and region deserve similar consideration when judging the merits of the federal agencies’ proposals to reduce spill.

THE FUTURE OF SUMMER SPILL

PNGC Power notes the federal agencies commitment to pursue summer spill reductions in 2005 and 2006 and the inclusion of future potential offsets in this proposal. For example, modifications to harvest practices may provide quantifiable benefits to fish, and ensure protections for the strongest of them: those that have survived the ocean conditions and returned to the river. Also, there may be opportunities for hatchery and habitat improvements.

The region’s ratepayers have invested billions of dollars on salmon recovery over the years. The long term recovery process will only succeed when costs are measured with performance. In general, PNGC Power will support mitigation strategies that benefit the greatest number of fish at the least cost. Because of its poor cost effectiveness, PNGC Power will continue to advocate for the elimination of the summer spill regime. Without prioritization and real accountability, all salmon recovery funding becomes more difficult to defend both here and in Washington, D.C.

CONCLUSION

The wise and efficient use of our limited resources is the responsibility of the agencies charged with managing them. While falling short of ratepayer expectations, the June 8 amended proposal is a small step in the right direction. In the end, real cost effectiveness will be the surest tool to help protect the region’s economy and realize healthy, sustainable populations of fish in the Columbia River basin.

Thank you for your consideration of these comments.

Sincerely,



Scott Corwin
Vice President
Marketing and Public Affairs

cc: Northwest Congressional Delegation
Northwest Governors
NW Power and Conservation Council
James L. Connaughton, CEQ
Vice Admiral Conrad C. Lautenbacher, NOAA