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Idaho



Northwest Power and Conservation Council

Jennifer Anders
Vice Chair
Montana

Pat Smith
Montana

Tom Karier
Washington

Phil Rockefeller
Washington

April 1, 2014

MEMORANDUM

TO: Council Members

FROM: Tony Grover

SUBJECT: Utility representative comments on proposed amendments to the Fish and Wildlife Program

Utility representatives will appear before the Council in Spokane to speak about the experimental spill test proposal as well as provide general comments and observations on the Council's effort to amend its fish and wildlife program. Panelists currently include Terry Flores, Steve Eldrige, CEO Umatilla Electric and Fred Rettenmund, Power Resources and Legislative Communications, Inland Power & Light. Below are the panelists' bios. Attached are letters and comments RiverPartners' members have submitted on the spill test

Panelists

Steve Eldrige, General Manager and CEO of Umatilla Electric Cooperative (UEC), was raised in Umatilla, Oregon and has been with the cooperative since 1972. He was named to his current position in 1990 and plays an active role in many regional organizations and activities. Eldrige leads UEC in serving more than 15,500 member accounts on nearly 2,320 miles of power lines in about 2,000 square miles of service territory characterized by the rolling farmland of the Columbia Plateau, extending into the Blue Mountains of eastern Oregon.

Fred Rettenmund, - Power Resources and Legislative Communications representative of Inland Power and Light, has been with the cooperative since 2003. He works closely with Bonneville Power Administration (BPA) on power supply issues and with non-federal resources suppliers. He also is responsible for compliance with I-937 and spends time sharing Inland's perspectives on energy issues with legislators in

Olympia. Prior to joining Inland, he worked at BPA from 1979 – 2003 including as a Senior Account Executive and Deputy Area Manager in Spokane. Inland's service area covers 13 counties throughout eastern Washington and northern Idaho and includes 38,770 members which translates to 5 members per mile of transmission line. Prior to joining BPA, he worked at the Federal Energy Regulatory Commission from 1975- 1978 as a rates analyst and the Federal Reserve Bank.

Terry Flores is Executive Director of Northwest River Partners (NWRP), whose member organizations include more than 40,000 farmers, 4 million electric utility customers, thousands of port employees, 7,000 small businesses and hundreds of large businesses that rely on the economic and environmental benefits of the Columbia and Snake rivers. NWRP's mission is to promote hydroelectricity as the Northwest's foremost green, reliable renewable resource and sensible, science based salmon recovery policies. NWRP works closely with the Public Power Council, PNGC Power, Northwest Requirements Utilities and others and has been deeply involved in the litigation in U.S. Western District Court of Oregon over federal hydro system operations. Previously, Ms. Flores was Hydroelectric Licensing Director for PacifiCorp, a publicly held electric utility headquartered in Portland, Oregon, responsible for overseeing the company's project relicensing activities.



Public Power Council

825 NE Multnomah, Suite 1225
Portland, OR 97232
503.595.9770
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March 28, 2014

Bill Bradbury, Chairman
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, OR, 97204

Re: NWPCC Fish and Wildlife Program and Spill Proposal

Dear Bill:

We are writing in strong opposition to inclusion by Northwest Power and Conservation Council (“NWPCC” or “Council) in the fish and wildlife program of any version of a so-called “test” of additional spill that would adversely impact adult salmon and steelhead, threaten various aquatic species with higher gas levels, cause further loss of generation of clean hydropower, and create enormous costs to ratepayers. In light of this combination of harm to fish, ratepayers, and the environment, we urge the NWPCC to reject calls for you to spend valuable time and ratepayer dollars in further consideration of this or related proposals.

The Public Power Council (PPC) has actively followed the work the NWPCC has undertaken in developing its fish and wildlife program, and we have already twice provided amendments and comments to the NWPCC on this important topic. Just as the Council program has a statutory obligation to protect, mitigate, and enhance fish and wildlife affected by the Federal Columbia River Power System (FCRPS), it also is required to abide by other mandates in the Northwest Power Act that the program assure the region an adequate, efficient, economical, and reliable power supply. This spill proposal is wholly inconsistent with all of those program requirements.

As the Council and the region have seen in public power’s support for the FCRPS Biological Opinion, public power is supportive of using the best available science in managing fish and wildlife in the Columbia Basin. This spill proposal, as measured by your own Independent Scientific Advisory Board (ISAB), is clearly not the best available science. Instead, the very bedrock upon which the proposal is premised, that higher smolt-to-adult returns are caused by higher spill, is faulty. This obfuscation of causation did not pass scientific muster with the ISAB or NOAA Fisheries analyses. Further, the studies on which the proposal was based took into account only two species in the Columbia, negating consideration of elevated TDG levels on other adult and juvenile salmon and steelhead, other anadromous and resident fish, and other aquatic organisms.

In addition to noting these grave deficiencies of the proposal, the ISAB went on to note that the proposal fails in many other respects, including but not limited to the following: an increase of spill to these levels could cause increased fallback and passage delays of adult salmon; the

proposal lacks recognition of predation effects; and, the proposal gives limited consideration of the degradation this would cause to state and federal water quality standards.

Further, BPA has said that the proposal would come at a high cost to production of emission-free hydropower and to the region's ratepayers. BPA estimated that the cost of this added spill would be \$110 million annually, \$1.1 billion over its ten-year timeframe. It would cost the region 600 aMW of clean, renewable power, much of which would have to be replaced by carbon producing resources.

Regional ratepayers using federal power are currently funding fish and wildlife mitigation efforts at a cost of approximately \$700 million annually. This is nearly one-third of BPA's wholesale power costs. In view of other mitigation proposals that would provide far more benefit to the region's fish and wildlife, we urge Council members to dismiss speculative and harmful spill proposals in the upcoming fish and wildlife program.

PPC thanks you for your serious consideration of these comments, and looks forward to continuing to work with the NWPCC as it amends its fish and wildlife program.

Sincerely,

A handwritten signature in cursive script that reads "Scott Corwin".

Scott Corwin
Executive Director

F*Your Co-op***lathead Electric**

Community...Integrity...Reliability

2510 U.S. Highway 2 East, Kalispell MT 59901
406-751-4483 or 800-735-8489

121 West 4th Street, Libby, MT 59923
406-293-7122

REFERENCE: 2014FEC-6-5

February 26, 2014

Jennifer Anders, Council Vice-Chair
Pat Smith, Chair-Power Committee
Northwest Power and Conservation Council

Re: Proposed 10-Year Experimental Spill Test

Dear Jennifer and Pat:

Thank you for your recent contact and for agreeing to meet with our management and Board on February 26, 2014. Your visit could not come at a more propitious moment as we feel strongly that the Council's recent actions are detrimental to the interests and needs of over 100,000 Montana families who rely on the Bonneville Power Administration for affordable and reliable electric power.

At your December 11, 2013 Council meeting you voted for an Independent Scientific Advisory Board ("ISAB") review of a proposed 10-year experimental spill test at all eight federal hydro projects on the Columbia and Snake Rivers. Such an untried and scientifically disproved scheme would be potentially disastrous to salmon recovery efforts while creating an offsetting new burden of 2 million tons of carbon emissions into our skies as utilities are forced to exchange clean hydro with fossil fuels. Foremost, you are asking Montanans, who already see a large portion of their electric bills being spent on fish and wildlife mitigation, to shoulder one more hidden tax.

Flathead Electric Cooperative is strongly opposed to this experimental spill and we urge you and Governor Bullock to use the weight of your respective offices to overturn the plan. Later this month, western Montana electric cooperatives will ask our Montana Electric Cooperatives' Association to join us in a position of vigorous opposition.

Here are our specific objections to the proposal:

- The test has been reviewed and rejected by NOAA Fisheries;
- It is not included in the 2014 supplemental Biological Opinion (“BiOp”) and thus will not be implemented through the term of the BiOp;
- It violates current water quality standards that expressly protect salmon and other aquatic species;
- It would seriously harm or kill salmon and other aquatic species by increasing total dissolved gas to 125% saturation during the spring and summer;
- It would de-rate the hydro system by 600 megawatts reducing clean hydropower generation, with the greatest impacts during the spring and summer;
- It would magnify already contentious regional wind/hydro “oversupply” conditions by disrupting wind integration;
- It would cost Northwest families and businesses more than a \$1 billion dollars to implement, significantly raising electric rates.

It is unfortunate that certain groups have a long history of promoting higher and higher spill levels at the federal hydro projects as a “silver bullet” that will magically lead to salmon recovery. This view runs counter to decades of science and disregards the fact that the current BiOp is working:

- The performance standards for operating the dams at 96%+ survival in the spring for juveniles migrating downstream are being met;
- New fish passage technologies have been installed at all eight federal Columbia and Snake River dams, boosting fish returns with record and near record returns this decade: Snake River Sockeye have been brought back from the brink of extinction, 2013 saw historic returns of Fall Chinook topping 1 million salmon, and robust Chinook and Coho runs are predicted for 2014.

We were surprised and disappointed that the Council put the issue to the ISAB. As scientists, we hope they will see through this risky experiment that will not only harm fish but will be very costly. However, the ISAB will not have the final say. It is ultimately a Council policy decision and it would be irresponsible for the Council to include it in its fish and wildlife program because this proposal undermines all the work the region has done through the BiOp and the Fish Accords.

The decision on this proposal seems very obvious to us - little or no biological benefit, high

Jennifer Anders, Council Vice-Chair
Pat Smith, Chair Power Committee
February 26, 2014
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risk to salmon and the northwest power system, and increased costs to the over 100,000 electric cooperative ratepayers in Montana you represent. We strongly urge you to reject it.

Sincerely,



Earl Messick
President, Board of Trustees
With Unanimous Consent from the
Board of Trustees



Mark C. Johnson
General Manager

cc: Dave Wheelihan, Montana Electric Cooperatives' Association
Scott Corwin, Public Power Council
John Saven, Northwest Requirements Utilities
Joe Lukas, Western Montana Generation and Transmission Cooperative
Terry Flores, Northwest RiverPartners

March 20, 2014

Terry Flores
Executive Director
Northwest RiverPartners
Portland, Oregon

Dear Terry:

RE: Opposition to Oregon Department of Fish & Wildlife (ODF&W) Spill Experiment

Umatilla Electric's reaction to the ODF&W Spill Experiment going forward is a resounding NO! How can this experiment be considered when there has been no causal link shown between increased spill and increased SAR.

For many years BPA has provided the ODF&W with substantial funding for its operations to protect and restore Columbia River fish runs. Before we continue to be the ODF&W's ATM for "all that is fish," we must take time to evaluate BPA funded programs at ODF&W and other agencies and tribes that are funded by ratepayer dollars. Under the current Biological Opinion, as well as the Memorandums of Agreements (MOAs) with most of the Region's Sovereigns, ratepayers are currently funding about \$100 million per year in habitat improvements. This \$100 M is in addition to substantial expenditures in structural improvements at the dams and alterations in flow and spill for fish passage. The funding for ODF&W programs and the MOAs must be reevaluated in light of the ODF&W proposal that a single action (spilling to 125% TDG) will bring about recovery levels for Snake River chinook and steelhead. If ODF&W's claim were to magically come true, the MOAs would be unnecessary and BPA funding for ODF&W fish programs would be unnecessary. To prepare for this proposed experiment, the ratepayers deserve a comprehensive accounting of all BPA funded programs, especially those conducted by ODF&W.

I suggest that ODF&W provide a chart of individual fish programs, identifying how much BPA and other funds go to each program, list the program manager(s) and how long the programs have been in place, and provide a summary of each program's results and intended duration. If ODF&W demands this new spill test, then what are they willing to give up to make this new "experiment" cost neutral for BPA ratepayers?

We want it to be perfectly clear that the system impacts along with the other impacts of this experiment are not acceptable:

- Reducing BPA generation by an average annual 600 MW, of firm power, adding over \$100 M per year to BPA rates (\$1 M of which will be paid by UEC Members), and reducing by \$10 M in secondary power sales annually
- Increasing BPA customers cost of wholesale power by nearly 8%
- Replacing carbon free hydro power with more carbon intensive sources (estimated 1.9 M metric tons annually),
- Increasing transmission congestion and reliability issues on an already stressed bulk power system; ALL of these are unacceptable.

BPA customers face many unknowns in the near future that will drive up power costs -- rates are likely to move up with natural gas prices, costs of integrating more non-firm energy will increase, upgrades to the transmission system, additional capacity is needed and new carbon taxes are being proposed. It is

unreasonable to add a new 8% (\$110M) cost for a fish spill test, unsupported by the scientific community, when returns have been the well above average. As you know, last September, the fall Chinook run recorded the highest returning adult counts since Bonneville Dam was built. Investment in salmon protection and restoration paid for by Northwest families and businesses through their electric bills already tops \$13 billion.

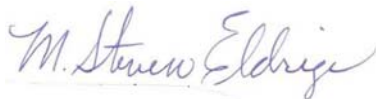
We should require the following before a Spill Test plan is approved:

- Causality must be established that the smolt-to-adult return ratios (SARs) would be significantly enhanced by the increased spill experiment.
- A comprehensive description must be prepared that stipulates what information will be gained and how it will be scientifically measured.
- An enforceable agreement between all parties and the state departments of Environmental Quality must exist that establishes there will be no subsequent fish (salmonoid and or other species) mortality, if spill levels exceed the current Oregon and Washington water quality standard of 120% total dissolved gas (TDG).

BPA customer communities are at a tipping point. The metro areas of the state are rebounding from the recession while rural economies continue to struggle. State economists are concerned for the economic health and future of rural Oregon, with more deaths than births due to lack of jobs and income opportunities. Adding this new unnecessary power cost to rural BPA customers could accelerate the downward spiral described by state economist Mark McMullen in *The Oregonian*: "Rural Oregon is aging incredibly fast, much more so than the rest of the state, who are able to continue to attract these young, working-age households. Once you start losing the work force, it's hard to talk firms into setting up shop in your rural area. With no jobs, you're not going to get any young migrant families. With no workers, you get no jobs, and this becomes a very negative cycle."

ODF&W must account for all of its BPA fish and wildlife funding before another expensive and poorly thought out proposal from the agency can be seriously considered. This new proposal with an annual cost of an estimated \$110M to BPA ratepayers and rural Oregon customers just does not make sense. Let's stand up and say NO!

Sincerely,

A handwritten signature in blue ink that reads "M. Steven Eldrige". The signature is written in a cursive, flowing style.

M. Steven Eldrige
General Manager and CEO