



Statement of

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Committee on Resources
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Mr. Chairman, members of the committee, on behalf of PNGC Power, I thank you for the opportunity to testify today. PNGC Power is a cooperative of fifteen consumer-owned utilities who banded together to meet their power and transmission needs. Member utilities have service territory in portions of seven western states. We are committed not only to preserving the economic value of the Columbia River system, but also to ensuring effective recovery of salmon and steelhead listed under the Endangered Species Act.

Filling the Knowledge Gap

PNGC Power supports H.R. 4857, the Endangered Species Compliance and Transparency Act of 2006. We appreciate the initiative of Representative McMorris and the cosponsors in raising the issue before us. H.R. 4857 is narrowly tailored to require the power marketing administrations to display these costs on the monthly wholesale power bill sent to utilities. It is then up to the local utility to decide what to do with that information. Local control over management of the utility is a fundamental priority of each consumer-owned utility in the Northwest.

We support this bill because it offers the opportunity for ratepayers to be better informed consumers. PNGC Power provides electricity to retail utilities that have about 159,000 accounts serving a population of over 300,000 citizens of the Northwest. While these consumers often ask about the nature of the costs that make up their electricity rates, they have little knowledge about the level of fish and wildlife costs affecting those rates.

In fact, we were surprised at the results of research that was conducted last year on behalf of Northwest RiverPartners (www.nwriverpartners.org), a consortium of river users and

utilities who support a balanced approach to the multiple uses of the Columbia and Snake River system. The polling found that about 60% of respondents did not know there were *any* costs in their rates related to implementation of the Endangered Species Act.

Fish and Wildlife Costs

Of course, in the case of the Bonneville Power Administration (BPA), there are significant fish and wildlife costs in the rates the agency charges for wholesale power. According to BPA, the fish and wildlife category will account for about 30 percent of the rates charged for the upcoming rate period. The total BPA ratepayer cost since 1980 is well over \$7 billion. That does not count the amounts contributed through other federal, state, and local taxing entities.

Are all of these costs warranted? Are they effective? Those are questions with which the region has struggled significantly over the last two decades as the underlying science slowly develops. We have offered our testimony on some of those issues before, and would be happy to do so again in depth. I will only touch upon a couple of points today.

It is difficult to know the extent to which highlighting the costs on power bills will lead to more scrutiny over the effectiveness of salmon mitigation measures. If it does, then that would be a useful byproduct of H.R. 4857 that would benefit fish as well as ratepayers.

We saw a good example of the ability to do things better for fish in a more efficient way earlier this month. Hatchery fish were passed by Bonneville Dam using a new method that avoided spilling water that would have lost \$1.3 million worth of power generation. The so-called “corner collector” device passed 7.6 million fish from the Spring Creek Hatchery at a fraction of the cost seen in prior years. Used in conjunction with the screened bypass system at the dam, this method passes fish with a survival rate of over 99 percent.

Another new technology aimed at improving fish passage around the dams is called the removable spillway weir. This device enabled juvenile fish to pass with a 98% survival rate in tests at both Lower Granite Dam and Ice Harbor Dam. This creates better fish passage while only using one-fifth of the water used in normal spill operations. The Army Corps of Engineers (ACOE) is to be commended for these improvements to fish survival and cost effectiveness.

On the negative side, the ACOE is currently proposing to spend \$30 million on a feasibility study regarding the effects of different flow regimes for fish. The faulty assumptions behind this effort lack any real scientific basis, and threaten a loss of focus from the ACOE’s mission of preserving important flood control capability. If similar studies in the past are any guide, this “Columbia River Fish Mitigation System Flood Control Review” is likely to lead to very certain and large costs to ratepayers without any certainty that so-called results will serve to inform important scientific and policy questions.

Clearly, a survey of expenditures for salmon includes some good and some not so good models. More knowledge about fish and wildlife costs is not an impetus to do less for fish.

Rather, it can create ownership in the efforts underway and serve as an inducement to create better, more effective means of assisting fish in the future. And, it should be noted that any approach to salmon recovery that will be successful long-term must take into account all aspects of the salmon lifecycle including impacts from hatcheries, harvest, and all areas of habitat whether inside the hydropower system or not.

Providing Valuable Information

Support for this bill should not depend upon whether you believe these expenditures in the name of salmon should be lower, higher, or are just about right. The issue here is information. Certainly, it would make the understanding of these costs clearer if they were displayed directly on the power bill each month. What happens to the information after that, or to the opinions of consumers receiving that information, will vary greatly from utility to utility and from customer to customer.

Some may argue that a utility and its ratepayers could gain this information without this bill. This is not necessarily the case. Only federal agencies are in a position to determine with accuracy the costs they expend on fish and wildlife. The processes in place to determine those costs and inform customers about them are lengthy and complex. Utilities would benefit from having one official estimate that is produced by the agency and disclosed on the actual power bill.

Some might question why these particular costs should be displayed and not other costs. There are very few costs in BPA's power rates that are of this magnitude and this level of volatility. In addition, these costs are particularly driven by federal laws that do not directly relate to the business of producing power. This distinguishes them from many of the cost categories that flow into the rates of power marketing administrations.

Defining ESA Costs

Under H.R. 4857, some may argue about whether the number that a power marketing agency displays is the correct reflection of fish and wildlife cost. Those arguments are inevitable, and there are plenty of venues in the region for all of us to voice our concerns to the agency. But, that discussion should not inhibit the agency from making a final determination and getting that information to customers.

For example, H.R. 4857 correctly includes the indirect costs as well as the direct costs of ESA implementation. To a ratepayer they are one and the same. Water spilled over a dam rather than creating electricity impacts ratepayers just as much as direct projects, capital costs, or operations and maintenance. The pertinent question is: without the set of actions in question would the power rate be lower? Whether the action causes a loss of generation or whether it is a direct expenditure, the impact is pressure on rates to be higher than they otherwise would be.

In addition, we would hope that BPA would administer this provision by including all fish and wildlife costs in its calculation of cost for purposes of this bill. While the bill refers

specifically to costs incurred related to compliance with the Endangered Species Act (ESA), it also refers to “activities related to such Act”. In the case of mitigation paid for by BPA and its ratepayers, the ESA has such broad impact on the region that most if not all fish and wildlife mitigation could be defined as related to that Act even if it is more formally associated with another law such as the Northwest Power Act. Also, from a practical standpoint, many projects may serve multiple purposes under multiple laws and are difficult to parse in a definitive way.

Conclusion

We support H.R. 4857 because it is a straightforward approach to providing more information about a major factor in the power rates of consumer-owned utilities. Timely release of useful information is a worthy goal in and of itself. But, just as important is the potential that this information may create incentives for better management of our natural resources that would benefit endangered species and ratepayers alike.