

April 6, 2021

Ms. Amy Frantz, CEW-P
U.S. Army Corps of Engineers
441 G St. NW
Washington, DC 20314

Submitted via e-mail to WRDA2020@usace.army.mil

**RE: Comments of the Public Power Council on Water Resources Development Act of 2020
(Docket ID No. COE-2021-0002)**

The Public Power Council (PPC) is a regional association representing the interests of the public power customers of the Bonneville Power Administration (BPA). Collectively, these customers purchase nearly all the firm power generated at the multipurpose dams of the Federal Columbia River Power System (FCRPS), including those operated by the U.S. Army Corps of Engineers (Corps). Public power customers are ultimately responsible for repayment in full and with interest of all the costs associated with the generation and delivery of hydropower, including joint costs assigned to the power function.

BPA has a statutory responsibility to provide public power utilities with a first right, or preference, to the power marketed from the FCRPS. However, it is a right for consumer-owned utilities and not an obligation that extends beyond any contract term. With current BPA contracts expiring in 2028, PPC is highly focused on the comparative competitive value of BPA power supply. If BPA is not the power supplier of choice, PPC members will pursue alternative options, eliminating assured funding for a myriad of BPA programs, including energy conservation and the world's largest environmental mitigation program.

Public power utilities have long-term contracts with BPA for the firm output of the FCRPS, which are rooted in their statutory preference rights. Also per statute, BPA's wholesale power rates are set to recover all the costs of operating the generating assets of the FCRPS. The costs of operations, maintenance, and capital investments from the FCRPS asset owners, including the Corps, are an input to BPA's rate setting process. To the extent that the cost of operation goes up, that will be passed directly through to public power utility customers via higher rates. Similarly, lower output from projects also results in a direct economic impact to power customers due to an increased need to supplement the low cost FCRPS system with typically higher cost power from other suppliers, again resulting in higher rates. All told – taking the various sources of sales, revenues and credits – public power customers pay approximately 80% of BPA's power revenue requirement through their priority firm power rates.

Northwest public power utilities currently rely on BPA for all or substantial portions of their wholesale power supply. PPC members rely on wholesale power from BPA to provide residents and businesses with affordable, reliable, and environmentally responsible power at cost. Beyond strict economics, PPC and its member utilities have a strong environmental interest and are committed to mitigating the impacts of FCRPS operations. That mitigation must be scientific, cost-effective, and have a clear nexus with the operations of the hydro system.

PPC has reviewed both the value of projects within the FCRPS and the equity of currently applicable project cost allocations. As a result of this analysis, PPC determined that projects within the Willamette Basin are the most expensive resources within the BPA mix and the least valuable assets. The cost of power from the Willamette Basin projects is five times that of the Lower Snake River Dams. Additionally, the unfavorable economics of these projects will only get worse as the Corps considers unproven and likely ineffective fish mitigation investments that could impose capital costs in the hundreds of millions or even billions of dollars.

Removing the need to consider commercial power production as an authorized purpose at Cougar, Detroit, and Big Cliff dams will enable consideration of fish mitigation measures that are both less costly and more effective. PPC has a strong environmental interest and PPC members are committed to mitigating the impacts of FCRPS operations. That mitigation must be scientifically-based, cost-effective, and have a clear nexus with the operations of the hydro system. Such mitigation measures serve dual purposes and PPC's distinct but interconnected interests – they promote the restoration of the region's valued endangered and threatened species, and ultimately, reduce the fish and wildlife impacts and costs associated with FCRPS operations. This enables PPC members to offer affordable, reliable, clean, and environmentally-responsible power to the residents and businesses of the communities they serve.

Given these facts, PPC strongly supports Section 218 of the Water Resources Development Act of 2020 (WRDA 2020) that directs the Corps to complete a study within two years on the effects of deauthorizing power as an authorized purpose at Cougar, Detroit and Big Cliff dams. Section 218 directs that the report include an analysis of the impact of deauthorization on project costs, other authorized purposes, and compliance with the Endangered Species Act.

Section 218 is supported not only by PPC, but also environmental and water interests. Collectively, these interests recognize that deauthorizing commercial power production at these projects will benefit BPA customers, more effectively enhance fish mitigation opportunities, and protect other project purposes – all without shifting capital costs to other users.

It is imperative that the Corps complete the Section 218 study in an expeditious and comprehensive manner so that, if supported by the study, Congress can formally deauthorize commercial power production at Cougar, Detroit and Big Cliff dams as part of the next WRDA legislation. PPC urges the Corps to complete the study by fall of 2021 and believes that the Corps can easily meet this timeline because (1) existing resources can be used to complete the study; (2) BPA can provide data on power usage and customer cost impacts; and (3) review of fish alternatives needed to address ESA requirements has already been developed.

Not only is expeditious completion of the study feasible, it is essential. First, assuming the study determines there is no unresolvable impediment to deauthorization of power at the projects, the subsequent action by Congress will produce significant cost savings that will materially improve BPA's competitiveness and the economic vitality of the FCRPS. And, of course, that economic vitality has a direct impact on low income and disadvantaged communities. Second, a timely decision on deauthorization facilitates decisions needed to pursue fish measures with the greatest efficacy at the least cost – a benefit for all project beneficiaries, fish, and the region as a whole. Third, completion of the report and resulting recommendation will fulfill the Corps statutory responsibilities as directed in Section 218. Finally, completion of the study and resulting recommendation will be an important signal that the Corps values its partnership with the region's power customers that are responsible for a large share of the Corps activities related to the FCRPS.

PPC stands ready to assist the Corps in completing the Section 218 study.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. H. Smith", is positioned below the word "Sincerely,".

Executive Director
Public Power Council