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**Testimony
Before the Subcommittee on Water and Power
United States House of Representatives**

**Hearing on Stabilizing Rural Electricity Service through Common Sense Application of the Endangered Species Act
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Organized in 1887, the Turlock Irrigation District holds the distinction of being the first publicly owned irrigation district formed in the State of California. Following closely behind, the Modesto Irrigation District was formed, and together, the two Districts gained the most senior water rights on the Tuolumne River. In 1923, TID became the first irrigation district in California to distribute the electricity it generated on a retail basis to homes, farms and businesses in a defined service area that then measured 307 square miles.

As a tributary to the San Joaquin River, the Tuolumne River originates high in the Sierra Nevada Mountains, flows down and across the Central Valley before merging with the San Joaquin River. Today, irrigation water from the Tuolumne flows through 250 miles of District owned canals and supports an agricultural economy valued over at \$2 billion in Stanislaus and Merced counties.

TID has a rich history of developing and paying for the water and electric resources needed to meet its growing customer demands. With a peak electrical system demand of about 450 megawatts, the electric energy needs of our customers are met through a variety of short and long-term contracts as well as our own diverse generation resources. Recently the District began construction of a 250-megawatt natural gas fired power plant. The facility, located within our service territory, will help meet the electrical needs of our customer base for the next decade.

As long time advocates of clean, renewable power the District constructed seven environmentally sensitive small hydroelectric generation plants on irrigation canals. The District has also made significant investment in renewable geothermal generation in Northern California. Our most significant renewable resource is the powerhouse located at New Don Pedro Reservoir. The reservoir, containing 2,030,000 acre-feet of water when full, is the sixth largest body of water in California. Built with Modesto Irrigation District and completed in 1971, the facility will be completely paid for by our ratepayers in July of this year.

Under its Federal Energy Regulatory Commission (FERC) license, the Turlock Irrigation District operates and maintains the 204-megawatt power plant at Don Pedro. In the over 30 years since its completion, the power plant at Don Pedro remains a significant source of low cost energy and operational flexibility needed to meet the demands of our 93,000 electric retail customers.

As a part of that FERC license the District and other interested parties entered into an agreement in 1995 to enhance and restore the Chinook salmon fishery in the Tuolumne River. As principle steward of the river, the District has long supported a common sense approach to projects that protect the environment for future generations to enjoy.

Acknowledging its role in habitat improvement, TID became the project manager for the "Tuolumne River Restoration Project." In partnership with more than a dozen state and federal agencies, the District is managing and directing a series of projects on the Tuolumne with a total cost of \$25 million. This effort will improve the river channel, riparian and fisheries conditions within a 27-mile stretch of the Tuolumne River corridor below Don Pedro Reservoir. The individual projects vary in scope from eliminating sand and gravel aggregate mining pits to creating conservation easements for riparian habitat on floodplain benches. All of the proposed improvements are intrinsically linked to a comprehensive, long-term state and federal effort to restore ecological health and improve water management for beneficial uses in California.

Much of the work will correct the negative effects of the intensive land and mining development dating back to the California Gold Rush. Gold mining and latter day rock and gravel excavation operations reduced the low flow and bank full channel capacity, and changed the river channel conditions. Large mining pits created by huge gold dredges within and along the river harbor predatory fish such as bass that feed on juvenile salmon. Over time, the mining operations also reduced the amount of riparian habitat necessary for salmon migration and support of the terrestrial species along the river corridor. Even though the District was not responsible for the damage done to the river because of mining, it has worked to restore the river to a more natural state. Although characterized as a restoration project, the work could be more accurately described as a rehabilitation of the river.

Since the inception of the various projects on the river, the restoration efforts have received much technical and environmental praise. The National Hydropower Association honored the District with Outstanding Stewardship of American Rivers Award for 2005. Also, American Rivers, a non-profit environmental organization, recently acknowledged that work done on the river has led to a significant improvement in the wild salmon habitat. It is clear that efforts to restore the Tuolumne are achieving measurable success and the District is proud to be a part of a sound scientific approach to improving the Chinook salmon fishery.

The Tuolumne River has an annual runoff of nearly 2 million-acre feet over a 1900-acre watershed. It is important to note that working to boost the salmon population in the Tuolumne also required operational adjustments to the complex river system. These adjustments have a significant fiscal impact on power operations. Water released for the Chinook does not necessarily coincide with the power needs of District customers. Like most of California, the District's peak electrical demand occurs during hot summer afternoons. Water released for the fishery is not available to generate electricity to meet that peak demand. As Don Pedro is the District's most cost-effective form of power generation, this has an impact on our customers' rates.

The 1995 agreement is an example that a common sense approach to environmental issues can yield significant results. If all stakeholders have equal footing and employ real science as the basis for decision-making, positive change can be made that benefits all involved. Without this equal footing, impractical implementation of environmental solutions can lead to wildly different results. For example, just three years after the District penned an agreement to rehabilitate the Chinook salmon on the Tuolumne, National Marine Fisheries (NMFs) listed the "steelhead" as a threatened species in the Central Valley. This listing sent the District and other agencies into court to protest the listing as not being founded in sound scientific study. To understand this issue it must be noted that the only difference between a rainbow trout (not listed) and the "threatened" steelhead is the fact that at some point in its lifespan the steelhead makes the journey from freshwater to seawater.

River re-operation for a fish that may or may not make that change is not scientifically acceptable. Although rainbow trout may have always existed in the river, there is no record of a sustainable steelhead population on the Tuolumne in modern times. Due to the 1995 agreement the river was being managed for the salmon and would require further re-operation to maintain a "listed" species population of steelhead. As the District and others believed the listing to be unlawful they went to court to find relief. The District prevailed and the courts ordered that the steelhead listing must be reviewed by the federal agencies for accuracy.

The listing will be dissolved by July of this year if NMFs cannot support the listing in a new "proposed listing" document. NMFs has submitted its' proposed listing, but has not responded to the District's comments. Failure to address our issues in the listing will lead all parties back to court on this matter.

The Turlock Irrigation District has always supported the use of sound science to sustain fishery enhancement. A full time aquatic biologist on staff for over 20 years ensures that river operations are maximized to promote and enhance a healthy salmon fishery. However, mismatched application of the Endangered Species Act can work against our efforts to date on river restoration. Due to the fact there is no science to support that steelhead actually inhabited the Tuolumne, use of the ESA to force the District to create an environment to sustain steelhead is not appropriate. Re-operation of the reservoir and river system to create this new environment has significant impacts. Not the least of which would be the fiscal impact to our ratepayers. Currently there is a \$10-20 price differential per megawatt hour between on peak and off peak wholesale electric rates. Multiply that loss by the hundreds of thousands of megawatt hours Don Pedro generates, and the fiscal impact is obvious. The loss of clean hydroelectric energy on peak also forces more reliance on energy created with fossil fuels. Fossil fuels are a limited resource with environmental consequences associated with their use.

Further erosion of our renewable generation capabilities leaves ratepayers exposed to market volatility, less system reliability and more reliance natural gas. Considering California's resource picture may not meet demand this summer in some areas and the fact that the state Legislature has set a priority on non-natural gas resources, this doesn't add up. Additionally, our customers' investment in the restoration of the Tuolumne for salmon would be placed at risk. There is no evidence to suggest that operating the river for the two species would complement either species. It could, in fact be detrimental to one or both.

It is because of issues such as the listing of steelhead through the ESA that the District is in support of Congressman Dennis Cardoza's bipartisan work on the Critical Habitat Reform Act. The District believes that proper scientific study is needed before any species is listed as endangered or threatened. Without sound research, the restoration of one listed species could threaten another. In the 30 years since the ESA's passage only 7 of 1300 listed species have been de-listed. The question remains as to whether this can be counted as "success."

The District also supports Chairman Radanovich's efforts on hydro re-licensing reform language. Turlock Irrigation District could be vulnerable to unreasonable interpretations of the ESA when moving through the FERC re-licensing process. The Energy bill passed in the House contains language that would put agencies like TID, at the very least, on equal footing in the process when it comes to mitigation efforts.

These efforts constitute a step forward in the process of creating a more common sense approach to ESA administration. Implementation of the ESA has to take into account local and regional impacts and weigh results accordingly. Each resource, in order to be managed to its fullest capability, must examine how it impacts the use of other resources. Water for fish may mean more natural gas consumption to meet energy needs, which could in turn impact air quality. A rifle shot approach to these issues will not be successful and will ultimately drive up costs to consumers with no real environmental benefit attached.