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Testimony on Legislative hearing H.R. 6247 –
“Saving Our Federal Dams and New Hydropower Development and Jobs Act of 2012”

Good morning Chairman Hastings and members of the committee. My name is Jim Sanders and I am the general manager for Benton PUD. Our public utility district serves 48,000 customers in the Benton County area with over 70 percent of our power coming from hydro. The topic of this hearing is very important to Benton PUD and our customers.

First, I want to thank you - Congressman Hastings – for your tenacity and persistent work on the issues that continue to plague our important hydro system.

In 1999, you joined our community at a ‘Save Our Dams’ rally on the bridge over the Columbia River to highlight the many benefits of the dams. Thirteen years later, we are still defending the dams and all of the benefits they bring to the region.

Today, we are here to discuss the new bill – “The Saving Our Dams and Hydropower Development and Jobs Act” which will protect existing hydro resources and enhance the ability to pursue new hydropower development.

At times it is hard to believe that we have to defend the economic and environmental benefits of the dams – but we do. Hydropower is getting squandered away through federal regulations, administrative decisions and court orders. The proposed act addresses these concerns in several ways including the specification of hydro as a renewable resource and prohibiting funding to agencies that seek to remove or study the removal of hydropower producing dams without clear authorization or congressional consent.

Some clear facts about hydro power and our dams that we cannot let others forget –

Hydro electricity is the original northwest renewable resource – it’s fueled by water. It produces no carbon emission making the Northwest carbon foot print half of other parts of the country.

Northwest dams produce nearly 60 percent of the region’s electricity and 90 percent of the region’s renewable energy. The federal dams produce about 14,000 average megawatts of electricity every year under normal precipitation – that is equivalent to powering over 11 cities the size of Seattle on an average year. The four dams on the Snake River alone generate enough power to serve one city about the size of Seattle.

The power produced by the dams is dispatchable, that is, it can be called on to serve load at anytime it is needed.

The Northwest has some of the lowest electricity rates in the country, thanks to low cost hydro. While regulatory costs placed on hydro are increasing, its base cost of production is significantly less than nuclear, coal, natural gas, wind, and solar.

The list of the benefits of the hydro system is long, but so is the list of its challenges. This bill will help shine a light on the challenges and limit some of the endless litigation, judicial orders, proposed regulations and arbitrary agency mandates that, in the end, diminish the value of hydropower.

Our customers expect, and rightly so, that their electric service will be reliable, and will be there when they need it at a price they can afford. Much has changed since the "Save Our Dams" rally. When the idea of breaching dams was introduced, there were few, if any, variable renewable resources such as wind connected to the northwest electric system.

Today, Bonneville Power Administration's (BPA) system alone has over 4,700 megawatts of wind connected and expects to have 5,000 megawatts of this variable resource connected to its system by 2013. Power from the dams provides the means to firm up the output of these variable resources while maintaining reliability of the electric system. As we continue to diversify the electric resources in the region by adding other renewables, the hydro system is needed even more than ever before to help maintain the reliability of our electric system.

Wind turbines in the Pacific Northwest have an availability factor of around 33 percent. That is, they produce electricity a third of the time because on average the wind only blows adequately a third of the time. Put another way, wind generation will not produce electricity two-thirds of the time. And generally during the hottest or coldest times of the year, when demand for electricity is highest, the air is dead calm.

The power produced at the dams is a flexible resource with an availability factor of 100 percent. The power is available to serve loads that are constantly changing any time of the year.

Hydro is a renewable power source that can be used to firm up other renewable energy sources. It doesn't get any greener and cleaner than that. If the dams are removed, wind energy will still need to be backed up by a firm resource. Today that resource would be fueled by natural gas. Removing the dams and firming wind with natural gas resources will cause an increase in the amount of greenhouse gas produced in the Pacific Northwest.

Hydro and wind can be a partner but sometimes there are conflicts. When there is too much power from both resources, wind developers want first rights to delivery to ensure their tax credits. And at the state level, because of the mandates of the Energy Independence Act (Initiative 937), utilities, including Benton PUD, have to purchase wind to meet the requirements of the law even if they have enough hydropower to meet customers' need.

The cost of various new and unnecessary proposals involving conservation and more renewables proposed in Energy Secretary Steven Chu's memorandum in March will be paid for by our customers. We appreciate that the bill addresses this and prohibits federal funding for new activities and mandates for Power Marketing Administrations such as BPA until an agency report is completed to justify such activities and Congress authorizes the new activities. The response by Congress and the power marketing agency customers to Secretary Chu's memo has been refreshingly unified. Public Power Council (PPC), and Northwest Public Power Association (NWPPA) are carrying the message about our concerns with Secretary Chu's memo as it relates to BPA customers.

In addition, the bill before us, H.R. 6247, rightly addresses transparency on costs related federal environmental laws and regulations, specifically fish and wildlife.

It is frustrating we are still defending the Biological Opinion in the court system. The comprehensive plan for fish protection, mitigation and enhancement has proven itself over the years. New fish protection technologies have been installed, operations have been modified, and habitat improvements have been made – all adding to the success of fish returns.

But this comes at a cost. Since 1978, utility customers in the Northwest have funded more than \$12 billion on fish and wildlife mitigation actions for the impacts of the federal dams in the Columbia River Basin. This last year alone, programs for fish have cost Benton PUD customers nearly \$18 million through our wholesale power rates. That means about 18% of an average residential customer bill goes to fish and wildlife programs. Our customers are able to determine the impact of the fish costs on their power bill by using a calculator on our website. Most of our customers will find that fish programs are costing them about \$200 per year.

I appreciate that the bill also limits and/or prohibits federal funding to non-governmental organizations that have engaged, or are currently engaged, in dam removal or hydropower decreasing litigation against the federal government.

The provisions of H.R. 6247 are important to the overall quality of life we enjoy in the Pacific Northwest. We have taken on the obligation for the development and integration of new renewable resources and we continue to meet fish and wildlife obligations. We have to be careful that these growing costs associated with meeting these obligations don't jeopardize our overall economy, and that the growing mandates don't compromise the reliable operation of the system. There is an inherent conflict with operating hydro to integrate wind and operating hydro to meet fish obligations, while at the same time serving our customers reliable, affordable power. We are glad to see legislation that is trying to help resolve some of the many challenges facing our hydropower system.

Thank you for the opportunity to testify today. I am available for any questions.