

United States Senate
WASHINGTON, DC 20510

February 7, 2024

The Honorable Jennifer Granholm
Secretary, U.S. Department of Energy
1000 Independence Ave, SW
Washington, D.C. 20585

Dear Secretary Granholm,

We write to express our concern that commitments made by the United States Government (USG) in the final proposed stay in the Columbia River System Operations (CRSO) litigation – made public December 14, 2023¹ – inadequately consider financial implications for Bonneville Power Administration (BPA) ratepayers. We request clarification from the Department of Energy on the means and methods of evaluating the effect of the proposed agreement on BPA ratepayers, and how significant differences between various projections were addressed. Further, we seek your assurance that funds will not be expended on the contents of the proposed agreement until expenses are thoroughly understood by our constituents.

The most recent Public Power Council (PPC) analysis,² published December 15, 2023, following the publication of the final CRSO document, indicates that BPA power rates for Northwest public utilities could soar by more than 40% due to the decision. BPA projections, however, suggest a modest 10-year average rate increase of 0.7%.³ This is an unbelievable discrepancy, driven by a lack of recognition of the vast amount of capital needed to develop additional wholesale electricity generation assets, and the investment, logistical, and operational challenges that go along with it. The substantial financial commitments made by the USG, amounting to billions of dollars, coupled with the uncertainty surrounding the agreement, pose an imminent threat to the economic stability and affordability of power for the citizens and businesses in the Northwest. It is imperative that we receive clear answers on how implementation of the proposed agreement will affect BPA ratepayers.

A related concern is the lack of certainty that proposed system operations will endure, as the agreement allows for "adaptive management" without sufficient ratepayer input. The risk of cost increases for BPA's existing fish and wildlife program, including potential litigation, further exacerbates the financial challenges faced by BPA and its ratepayers.

¹ 2023 Columbia Basin Restoration Initiative Stay Motion - Memorandum of Understanding. *Case 3:01-cv-00640-SI*. Document 2450-1. December 14, 2023.

² Federal Decision on CRSO: BPA Ratepayer Financial Impacts – December 15, 2023 Update. *PPC analysis shows BPA Power rates for Northwest public utilities could climb more than 40%*. Public Power Council (December, 2023).

³ Olson, Arne et. al. *BPA Lower Snake River Dams Power Replacement Study*, Energy and Environmental Economics, Inc. (July, 2022).

It is disconcerting to note that the proposed agreement is already being celebrated as a "roadmap" for lower Snake River dam (LSRD) breaching by CRSO litigants, despite the fact that the administration has acknowledged that only Congress has the authority to remove federal dams.⁴ This agreement also threatens the future of hydropower generation, and is inconsistent with your previous support for the generation source as "a renewable, cheap form of power that we should be expanding and not reducing." While the analyses of cost implications of breaching the LSRDs have so far been incomprehensive, even conservative estimates have recognized the costs would be staggering. Even BPA's own commissioned analysis recognizes this power value is virtually impossible to replicate without the use of natural gas and new technologies, and still estimate costs ranging from \$415 to \$860 million annually,⁵ equivalent to a 21% to 43%⁶ increase in BPA power rates.

The economic burden on Northwest public power utilities and ratepayers is unjustifiable. This says nothing for growing demand for electricity at all times and the need for reliability. The four LSRDs have a nameplate capacity of over 3,000 MW and often supply up to one quarter of the reserve capability BPA needs to balance the entire system. BPA has credited the LSRDs with keeping the lights on during record heatwaves and lauded their ability to sustain peak demand during extreme cold events.⁷ The loss of this capacity, and its balancing characteristics, would have dire consequences for citizens in the Northwest. With expected 25 percent⁸ electric demand growth in the region, we should be exploring opportunities to expand generation capacity, not diminish our most reliable resources.

With respect to our concerns listed above, we request a response to the following questions:

1. Where is the money going to come from to fund these additional fish remediation programs?
2. How will BPA ensure that ratepayer impact stays firmly below the estimate of 0.7%?
3. How do you justify the discrepancies between the various rate increase analyses?
4. How will Northwest ratepayers be protected from the unduly expensive and unnecessary cost of the USG's proposed agreement?
5. Will you commit to not spending these funds until consumers receive clarity on how significantly their rates will be affected by the USG's proposed agreement?

⁴ Columbia River Salmon and Other Native Fish Request for Information, 88 Fed. Reg. 28532 (May 4, 2023) (request for information) <https://www.federalregister.gov/documents/2023/05/04/2023-09525/columbia-river-salmon-and-other-native-fish-request-for-information>

⁵ Olson, Arne et. al. *BPA Lower Snake River Dams Power Replacement Study*, Energy and Environmental Economics, Inc. (July, 2022).

⁶ Federal Decision on CRSO: BPA Ratepayer Financial Impacts – December 15, 2023 Update. *PPC analysis shows BPA Power rates for Northwest public utilities could climb more than 40%*. Public Power Council (December, 2023).

⁷ BPA NEWS. *Lower Snake River dams help region power through recent heatwave Ice Harbor key to relieving transmission congestion in Tri-Cities*. Bonneville Power Administration. 22 July, 2021. <https://www.bpa.gov/-/media/Aep/about/publications/news-releases/20210722-pr-10-21-lower-snake-river-dams-help-region-power-through-recent-heatwave.pdf>

BPA NEWS. *Federal hydro system powers region through arctic blast – BPA served record energy demand; lower Snake River dams peaked to more than 1,000 MW daily*. Bonneville Power Administration. 30 January, 2024. <https://www.bpa.gov/-/media/aep/about/publications/news-releases/20240130-pr-02-24-federal-hydro-system-powers-region-through-arctic-blast.pdf>

⁸ Pacific Northwest Utilities Conference Committee. *Northwest Regional Forecast of Power Loads and Resources – August 2023 through July 2033*. PNUCC. May, 2023. <https://www.pnucc.org/wp-content/uploads/2023-PNUCC-Northwest-Regional-Forecast-final.pdf>

We appreciate your attention to this matter and look forward to your reply.

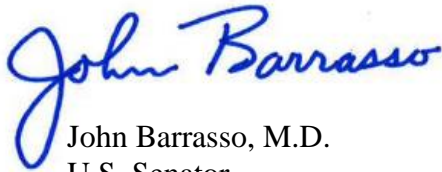
Sincerely,

Handwritten signature of James E. Risch in blue ink.

James E. Risch
U.S. Senator

Handwritten signature of Mike Crapo in blue ink.

Mike Crapo
U.S. Senator

Handwritten signature of John Barrasso in blue ink.

John Barrasso, M.D.
U.S. Senator

Handwritten signature of Steve Daines in blue ink.

Steve Daines
U.S. Senator

Handwritten signature of Cynthia Lummis in blue ink.

Cynthia Lummis
U.S. Senator