

Testimony of Mr. Rick Crinklaw
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“The Future of the US-Canada Columbia River Treaty –
Building on 60 years of Coordinated Power Generation and Flood Control”
House Natural Resources Committee Oversight Field Hearing
Pasco, Washington
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Chairman Hastings and Ranking Member DeFazio, to begin with, let me thank you both for the opportunity to testify on behalf of Lane Electric Cooperative. My name is Rick Crinklaw and I am the General Manager of Lane Electric Cooperative, located in Eugene, Oregon. We are proudly located in Congressman DeFazio’s District.

Chairman Hastings, it is a pleasure to be in your District today. We have worked with your constituents on issues of importance to rural electric cooperatives and I join your constituents in thanking you for your support. I do however want to specifically note Congressman DeFazio’s years of service and support for rural electrics like Lane Electric Cooperative. We -and I mean Lane Electric’s ratepayers – have benefitted greatly from your service and advocacy on behalf of your constituents.

Lane Electric’s service territory covers 2,600 square miles. The cities and towns Lane Electric serves in or near include Blue River, Cottage Grove, Creswell, Culp Creek, Dexter, Dorena, Eugene, Fall Creek, Lorane, Oakridge, Pleasant Hill, Veneta, Vida and Westfir. As a rural electric cooperative, Lane Electric is owned by our members. Our 47 employees serve more than 13,000 customers and manage almost 1,500 miles of power lines. I have spent my 38 year career working for electric cooperatives – the last 18 as Lane Electric’s general manager. I currently serve on the Executive Committee of the Public Power Council, and on the Board of Directors of PNGC Power. Lane Electric is an active member of the National Rural Electric Cooperative Association. Lastly, and important to this hearing, Lane Electric is a member of the Columbia River Treaty Power Group.

I am delighted to see this committee focus its attention on the future of the Columbia River Treaty. It may come as a surprise to some but our members in rural Lane County are greatly impacted by the Columbia River Treaty today and we have a big stake in any future commitments made by the United States.

I would like to use my time today to illustrate for the committee the impact that the Columbia River Treaty has on one small rural electric cooperative and our members in Oregon. To do this, I want to address two key issues related to the Columbia River Treaty. The first issue is the absolute necessity to rebalance the Canadian Entitlement to reflect actual benefits to ratepayers like my members. The second issue is the broad ill-defined ecosystem function proposal, which does not appear to be coordinated with existing salmon recovery efforts across the region. These efforts are also funded in part by Lane Electric members and other customers of the Bonneville Power Administration (BPA) from all across the Pacific Northwest.

We at Lane Electric fully appreciate that the Columbia River and the 60 year treaty with our Canadian neighbors has been a significant contributor to our region's economy, to our region's flood control efforts and our region's efforts to restore and recover historic salmon populations in the Columbia River Basin.

When the U.S. and Canada negotiated the Columbia River Treaty in the 1960's, the two countries agreed on a mechanism to share the benefits provided under the treaty. Unfortunately, the negotiators used a set of assumptions that did not materialize to set the Canadian Entitlement or payment delivered in power to Canada to represent its share of the treaty benefits.

As part of the U.S. Entity's review of the Columbia River Treaty, BPA and the U.S. Army Corps of Engineers have studied the Canadian Entitlement and determined that Canada now receives significantly more benefits under the treaty than does the United States and our electric customers who ultimately fund the Canadian Entitlement. According to the U.S. Entity, Canada may be receiving as much as 10 times the benefit received by the United States.

The Canadian Entitlement is estimated to be worth between \$250 and \$350 million per year in power generated by Bonneville and the non-federal projects along the Columbia River. A recent U.S. Entity study estimates that the United States receives approximately \$25 million in benefits related to the treaty.

The Columbia River Treaty cannot be changed until 2024. What this means is that electric customers in the Pacific Northwest are already obligated to send between \$2.5 and \$3.5 billion in power benefits to Canada over the next decade. As the U.S. government reviews the future of the treaty in 2014, we must make rebalancing the Canadian Entitlement the highest priority to the United States. Electric customers in the Northwest should not be expected to continue to send billions of dollars in clean, renewable hydropower to Canada for decades to come. My members expect their government to forcefully address the Canadian Entitlement issue with Canada. The treaty's hydropower benefits must be shared on an actual basis rather than a series of antiquated flawed assumptions. Rebalancing the Canadian Entitlement is simply a question of fairness for the communities and families we serve.

Here are a few examples of how the Canadian Entitlement impacts Lane Electric Cooperative.

- The estimated annual cost of the Canadian Entitlement for Lane Electric is \$900K annually. For the average Lane Electric member/consumer the cost is \$5.50 per month, or \$66.00 per year.
- For 2014, Lane Electric will increase rates by 5.4 percent. Ironically, the 2014 rate increase is comparable to our portion of the Canadian Entitlement. Bonneville has increased rates several times in recent years; these increases are difficult to pass on in economically challenged areas. I can tell you from daily experience, electric rate increases are difficult for many families to manage in our service territory.
- Recall the U.S. Entity study that suggests Canada receives a benefit that could be 10 times higher than enjoyed on the U.S. side of the border. For us, that means we send \$900K to Canada in the form of the Canadian Entitlement and receive \$90,000 annually in coordinated hydropower

benefits. To us this is a significant sum of money that we cannot invest in our system, our people and the communities we serve.

- High unemployment is a persistent problem in rural Lane County. 39 percent of Lane County residents are eligible for food assistance and 53 percent of children are eligible for free and reduced meals at schools. These figures are higher in the rural parts of Lane County where we are located. The median household income of Oakridge, Oregon, served by Lane Electric, is \$25,000. The median household income for the State of Oregon is \$49,000, almost twice that of Oakridge. Our members and consumers cannot afford the Canadian Entitlement today. And we cannot make an open ended commitment to continue the current inequitable arrangement for decades to come.

Chairman Hastings and Congressman DeFazio, for the families in my community, rebalancing the Canadian Entitlement is a very important opportunity to ease pressure on rates. The only opportunity to seek relief for Northwest electric customers to the Canadian Entitlement inequity is through the Columbia River Treaty review and renegotiation. Lane Electric Cooperative, and I think I can safely say all of the Rural Electric Cooperatives in the Northwest, needs your continued support to encourage the Administration to prioritize the Canadian Entitlement issue in 2014.

The second issue I want to briefly address today is the potential inclusion of an ecosystem function in the treaty going forward beyond 2024. At Lane Electric, we believe the Final Recommendation and the upcoming Obama Administration treaty review process must recognize and fully account for efforts already being undertaken under existing federal and state programs to protect fish and wildlife resources in the Columbia River and its tributaries. Any effort to expand the Treaty to include ecosystem function must not interfere with or adversely affect these ongoing programs, as they are publicly developed programs. Northwest electric customers have invested billions of dollars already and will continue to invest hundreds of millions of dollars in fish and wildlife measures each year.

We appreciate that the U.S. Entity has taken steps to recognize the existing ecosystem efforts and investments made by our ratepayers. We do have ongoing concerns with the ecosystem function proposals. The ecosystem function proposal, including programs under the Resource Committee's jurisdiction, is vague and offers little certainty and structure. These uncertainties could diminish, or threaten altogether, ecological benefits achieved after years of detailed studies, tireless investigations and negotiations, and at times, litigation. The uncertainties associated with ecosystem function create significant risk to environmental resources and electric customers in the Northwest.

This issue is also a pocketbook issue to the members of Lane Electric.

- Lane Electric contributes \$2.9 million annually to the Bonneville Power Administration's fish and wildlife programs. This translates into an average annual contribution of \$219 per Lane Electric ratepayer.
- As stated above, rural Lane County continues to struggle with higher unemployment rates and heavy reliance upon food assistance program. Another data point to note, the average LIHEAP payment in our service territory is \$250.

- The average Lane Electric consumer pays a total of \$285 annually to fund the Canadian Entitlement and support the BPA's fish and wildlife programs.

Our members are aware that we support Bonneville's fish and wildlife programs with ratepayer dollars. As General Manager of an electric cooperative, I am accountable to our members and consumers. I ask the same of the U.S. Entity, the Congress, and the Obama Administration. Please be accountable in reviewing an enhanced ecosystem function in the Columbia River Treaty. Please hold proponents of an enhanced ecosystem function accountable to the public as well. When I talk to Lane's members about the region's fish and wildlife expenditures, they often respond with a sense of pride over our success in recovering salmon. They seem to embrace that which they think is reasonable, and fair. We may all disagree with some parts of our massive regional investment in the ecosystem, the world's largest Endangered Species recovery program, but this I know to be true: many of our customers believe that our current investments represent a broad consensus of scientific opinion. I can explain it to them, and they understand it. However, this not the case with the new proposed Treaty ecosystem function. When they ask me what is proposed, and why, I only have one answer: more for ecosystem function, and you will be asked to pay for it.

Our members, and many in the public power community, are concerned that proposals to inject ecosystem functions at the Treaty level could have unintended consequences for existing, publicly developed programs in the U.S. that represent significant investments for electric customers. Treaty-mandated changes in flow regimes, fish passage operations, or similar requirements could conflict or interfere with ongoing programs in the Columbia River Basin.

Mr. Chairman and Congressman DeFazio, again, on behalf of Lane Electric and our members, we believe any further consideration of an ecosystem function must be closely examined including by the Resource Committee and members of Congress from the Northwest who best know the key issues impacting hydropower, rate increases, flood control, navigation, and the many federal and non-federal fish and wildlife enhancement initiatives.

I hope I have illustrated to the Committee today that the Columbia River Treaty is a big issue to my members. This issue goes to the family budget of every member we serve in rural Lane County. I appreciate that you both understand this very real impact on your constituents.

This concludes my testimony. Thank you for the opportunity to testify today. Lane Electric and the public power community in the Northwest will remain engaged in the future of the Columbia River Treaty and I hope you will call upon us if we may be of assistance to your work.