

March 2, 2007

BPA disputes savings from removing dams

The **Bonneville Power Administration** estimates Northwest electricity ratepayers could pay \$400 million to \$550 million a year to replace the power capabilities of the four lower Snake River dams if those dams were removed.

BPA's analysis of the value of the power capabilities of the lower Snake River dams differs from a report released in November by environmental and sport fishing groups. The authors of "Revenue Stream - An Economic Analysis of the Costs and Benefits of Removing the Four Dams on the Lower Snake River" did not seek input from BPA, and their conclusions do not reflect the full value of the dams in terms of power capabilities, the utility said Friday.

"These dams produce enough electricity to supply a city about the size of Seattle at a very low cost," said Steve Wright, BPA administrator. "Their output cannot be replaced easily or inexpensively."

"Revenue Stream" concludes ratepayers and taxpayers would be economically better off without the lower Snake River dams over a 10-year period.

BPA said, though, that when accurate power numbers are used in the calculation, benefits claimed in the report become a cost of \$1.5 billion to \$3.8 billion over 10 years.

According to BPA's analysis, the \$79 million to \$170 million in replacement power costs reported in "Revenue Stream" are too low.

BPA said that in addition to providing sizable energy production and meeting peak demands for electricity, the lower Snake River dams provide operating flexibility that is necessary to meet the constant fluctuations that occur in electricity the utility uses.

In 2002, the **U.S. Army Corps of Engineers** released a seven-year, independent, peer-reviewed environmental impact statement that evaluated dam breaching and three other alternatives to help juvenile salmon navigate the four lower Snake River dams.

The environmental impact statement found that breaching the lower Snake River dams would cost Northwest ratepayers \$373 million annually and generate \$106 million annually in benefits and avoided costs in 1998 dollars over a 100-year period.

BPA is a not-for-profit federal agency that markets about 40 percent of the electricity consumed in the Pacific Northwest.