



February 4, 2003

Judi Danielson, Chair
Northwest Power Planning Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204
Fax 503-820-2370

1411 W. CLARK • PO BOX 2407
PASCO, WA 99302-2407

509-547-5591
FAX 509-547-4116

Dear Council Members:

Thank you for giving us the opportunity to comment on your Mainstem Amendments to the Columbia River Basin Fish and Wildlife Program. Franklin PUD is pleased to see the Council's overall direction to modify river operations to provide more biological benefit at less cost. Within the last two years, Franklin PUD has endured a series of rate increases from the Bonneville Power Administration (BPA). Our goal is to avoid more wholesale rate increases from BPA and to achieve long term compliance with all relevant environmental laws. We are confident a solution can be implemented through the joint work of the Council and Bonneville's customers to benefit fish and wildlife and affordable power rates.

We want to encourage the council to develop a regional cost-effectiveness tool. A cost-effective approach to fish and wildlife management decisions has been noticeably absent in the past. And now the Council in their draft Amendments has included the concept, recognizing they are missing information to do it properly. The Council staff, with analysis of power impacts and biological benefits, provides a great first step in developing a cost-effective methodology. We recommend the council work with the Independent Economic Analysis Board, NMFS Science Center and federal agencies to develop the tools needed. In the interim, use the work to date to help guide the decision making process. Ultimately a tool of this nature should be used to determine the most beneficial river operations, as well as be used for evaluating the relative cost-effectiveness of various actions for fish, whether there are changes in harvest practices, hatchery operation or habitat improvements.

I mentioned earlier the series of rate increase we have received from BPA. Since March 2001, our overall wholesale power rate increases from BPA is over 70%. If BPA implements the rumored 20% Safety Net CRAC (SN CRAC), Franklin PUD customers may again see more rate increases. Our commercial, industrial, and agricultural customer's rates have increased 64% within the last 15 months. This increase does not include the possible SIN CRAC increase this fall. Noting the economic distress the recent and proposed electric rates increase have placed on our economy, we urge the Council to insist on affordable river operations for salmon. We are pleased to see the Council's mission is to provide a balance between power and fish needs. With this mission your Mainstem Amendments are crucial inputs to the federal agencies' river operation decisions. It is also our goal to provide a balance between fish and power. We understand that Fish and Wildlife programs are not solely the cause of increased power

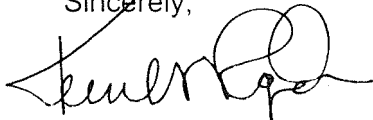
costs, but do want to note that the cost of river operations and the direct programs have risen drastically. Because Northwest economies are faced with rising electric rates, recession, and closing factories, we urge all interested parties to put forth heroic efforts to cut costs in order for fish and power to work together.

When balancing power and fish needs, it is crucial that all solutions take into account dry water years and/or critical economic situations. The Northwest economy is founded on hydro-generation. We feel the Council must address river operations during a power emergency. During the power crisis of 2000-01, the council took an active role to ensure that we maintain a reliable power supply and for that we are grateful. However, as amendments are being made, we implore the Council to provide guidance in the Mainstem Amendments on appropriate actions in emergency situations.

In order for the Northwest to remain intact, everyone must step up and do their part. We understand the legal obligation that the Council and BPA have regarding fish and wildlife. We also understand the legal obligation to ensure the region has an adequate, economic, efficient and reliable power supply. With that in mind, we support BPA's effort to pare its overall fish and wildlife costs in all categories, including program spending, reimbursable payments and capital spending. Bonneville is in a short-term budget crunch that requires sacrifice for all.

Franklin PUD is confident that fish and power can coincide together. We also support the comments of the Public Power Council. Thank your for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Sugden', written over a horizontal line.

Kenneth A. Sugden
Manager

LTR 2003-034