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July 6, 2018

Lieutenant General Todd T. Semonite  
Commanding  
Headquarters, U.S. Army Corps of Engineers  
441 G Street NW Washington, DC 20314-1000

Dear General Lieutenant Semonite,

Recently I reviewed your FY18 USACE Campaign Plan (UCP) that “...*drives and aligns strategic change; anticipates and shapes our future operating and fiscal environments...*” by “...1) *Anticipating and responding to a resource-constrained, volatile, uncertain, complex, and ambiguous external environment (VUCA).*”

I am requesting your rapid response to help strategically change the fiscal environment of a “very resource-constrained, volatile, uncertain, and complex system” that is Bonneville Power Administration’s (BPA) choke hold on the 4 Lower Snake River dams.

How does this relate to the USACE?

BPA markets the hydropower and thus finances the hydropower production of the four dams built by the USACE on the Lower Snake River.

BPA is in financial mayhem.

BPA’s total debt load is \$15-\$16 billion. Their interest payments on the 4 Lower Snake River Dam’s (LSRD's) are \$43 million versus revenues of around \$200 million, according to the Corps, Walla Walla District (*see BPA Charts*).

The 2018 BPA Strategic Plan reported BPA's debt-to-asset ratio was 95% last year and Elliot Mainzer stated that today, it is 99%. This is far higher than any public utility in the country.

Approximately 50% of BPA debt is owed to the Treasury; BPA's primary source of financing is its U.S. Treasury borrowing authority, which works like a revolving line of credit and is capped at \$7.7 billion. They burnt through a billion dollars of cash reserves in the last few years, resulting in an almost zero-days cash reserve, according to Mr. Mainzer.

The financial debt will continue to build resulting in ever-increasing interest payments. BPA annually repays Treasury debt but is borrowing money from other sources in the region to make these debt payments. About 90% of this is done through refinancing.

And here is the kicker. Only 2 of the last 93,000 hours of LSRD power production was *used* by BPA customers. At all other times, in the absence of the LSRDs, BPA's load could have been covered by simply partially reducing the amount of *surplus* energy sold to non-BPA customers.

The 4 LSRDs add about 1,000 Mwh's to the significant *surplus* of energy in the Pacific Northwest. This surplus energy is sold below BPA's current and projected firm priority rates, thus at a loss.

Since 1890, navigation on the LSR has never been financially beneficial to the tax payers nor is it today. Further, expenditure of taxpayer dollars on this waterway is not economically justifiable. Money could be saved by closing the LSR navigation and be more wisely spent on maintaining the more productive waterways, such as the Columbia River. All the navigation that occurs on the Snake River can be switched over to rail which has been upgraded to Class 1 and 2 over the last 10 years.

So why am I writing you, General Semonite?

Your UCP also states "*One of the four UCP Goals that defines the strategic change you hope to achieve in FY18 is "Prepare for Tomorrow."*

**The Corps has a fiduciary responsibility and jurisdiction (ultimately derived from the Public Trust Doctrine) to protect the public interest and fund only beneficial projects as measured by National Economic Development benefit-to-cost ratios (BCR) that exceed 1. The 4 Lower Snake River Dams have a combined BCR of 0.15.**

I see no better way to "Prepare for tomorrow" by accepting this fiduciary responsibility and immediately placing these dams in "non-operational" status. No new authorities are needed to place the 4 LSRDs into a "non-operational" status while normative river flows are reestablished by removing the dams' earthen portions (*see Re-evaluation of the Lower Snake River Juvenile Salmon Migration Feasibility Report and Supplemental Environmental Impact Statement*).

Furthermore, no new appropriations would be needed for this to happen. Breaching can be financed by BPA through existing debt reduction and credit mechanisms as a fish mitigation

action. If the “4h10c fish credit’ mechanism is used it will not cost BPA or its ratepayers anything.

**Preparing for tomorrow is not conducting *another* CRSO study, approximated at \$100 Million – which is more than breaching 2 of the Snake River dams.** Furthermore, this court-ordered CRSO does not absolve the Corps of its fiduciary responsibility.

Unfortunately, this discussion has been going on for well over 30 years with zero *preparation for tomorrow* as the Snake River dams continue to degrade and waste money. The cost of dam and fish passage improvements will continue to increase quicker, beyond BPA’s and the Corp’s fiscal means to maintain and repair them.

The Northwest Division used the Columbia River Fish Mitigation program to spend roughly \$1 Billion on 4 LSRD’s salmon passage improvements, despite the Corps’ 2002 LSRD EIS stating that further passage improvements would not lead to recovery. It failed to improve survival and added \$1 billion to BPA’s debt load.

As you mentioned, *“Fundamentally, we DO what we measure, and we ARE what we do. Over time, our behaviors become habits, and these habits become our culture.”*

Here you espouse measurement as a vital component in becoming who you are as a culture.

All the necessary measurements relating to these dams were carefully tracked during the 2002 Environmental Impact Statement. *In this EIS, dam breaching was the most viable alternative for fish recovery.*

In your UCP, you continue...” *Since we cannot change everything at once, and to develop the best habits, we prioritize those highest pay-off behaviors for our success. As such, FY18 Priority Actions reflect our “best bet” to drive focused strategic change across the command, now and in the future.”*

The financial (*see Earth Economics reports*) and biological (*see Smolt-to-Adult return chart*) measurements create a very real urgency and thus an FY18 Priority Action to produce desired change in preparation for tomorrow.

The Earth Economics report shows that the removal of the four dams not only has the potential to save lots of money and provide an incredible and historic river restoration project for the surrounding communities, it may also save several endangered species.

Currently, smolt-to-adult salmon survival ratios have been below the recommended recovery rate for the last 8 years – the last 4 of which have been below 1%. Meaning, they are clearly headed towards virtual extinction\* if we do not take immediate action. Returns over the last few years, *even with massive hatchery additions*, are dropping and will result in a lack of adult brood stock for hatchery productions and will virtually eliminate Tribal, recreational and commercial fishing as well as the key prey resource for the engendered Southern Resident Killer Whale. Another whale is presumed dead from emaciation as of June 18.

This Priority Action calls for breaching to begin with two dams in 2018.

The Corps' 2002 Environmental Impact Statement with a new Record of Decision provide the necessary NEPA coverage for breaching (although a few months of updating may be required). Breaching of the 4LSRD's was included as the alternative with the best chance of salmon recovery and this was before the added element of BPA's financial struggle.

It is my plea that the USACE stand up for the economic and environmental stress that is occurring in the Lower Snake River basin to help create a culture that prepares fiscally and biologically for tomorrow.

*As Mr. Rogers said, "When looking at the scary news, my mother would say to me, 'Look for the helpers. You will always find people who are helping.'"*

We need a strong and fearless helper with a big voice.

It is time for the studying to cease. It is time for a helper, such as you General Semonite. The generations to come will appreciate this nod towards the financial and biological decisions made in "preparation for tomorrow."

It has become increasingly evident that Corps staff do not have the necessary knowledge to fully understand this dilemma, and therefore I request a meeting with you, myself, and Jim Waddell as soon as possible.

\*Virtual extinction means the species cannot sustain nor recovery itself, though a handful of fish may be physically present.

Sincerely,



Amy Eberling

Copy Furnished: Mindy Simmons, HQ USACE and Steve Kopecky, HQ USACE

Attachments:

1. Breach Plan Estimate
2. Regional Economic Analysis of the Four Lower Snake River Dams