

OWNED BY THOSE WE SERVE

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Mission Statement

"The mission of Douglas Electric Cooperative, a member-owned and operated cooperative, is to provide affordable, reliable electric and other compatible services that enhance the quality of life for its members, using progressive marketing in conjunction with sound financial and management principles."

DOUGLAS
ELECTRIC COOPERATIVE



Dam Breaching Advocates Refuted

Dear Members,

There are folks out there who advocate for removal of four lower Snake River dams, taking a severe bite out of the largest renewable resource we have. There are many reasons why this is a bad idea, not the least of which is the cost to Northwest ratepayers.

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 stands in contrast to 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.

"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. When accurate power numbers are used in the calculation however, net benefits claimed in the report become a net cost of \$1.5 billion to \$3.8 billion over 10 years.

An independent economic analysis of the Revenue Stream report - issued earlier this week - reinforces BPA's conclusions, noting that the Revenue Stream report underestimates hydropower replacement costs by enough to invalidate their main conclusion that the region could save money by removing the lower Snake River dams.

In 2002, the U.S. Army Corps of Engineers released a seven-year, independent, peer-reviewed environmental impact statement (EIS) that evaluated dam breaching and three other alternatives to help juvenile salmon navigate the four lower Snake River dams. This EIS remains the definitive evaluation of dam breaching. The EIS 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. Since that EIS was released, estimated replacement power costs have increased substantially. In today's dollars, the estimated replacement costs cited in the EIS would increase by roughly a factor of two.

In our view, the removal of the four lower Snake River dams has no measurable benefit to enhance fish runs, however, it would increase the amount you pay for fish enhancement programs on the Columbia and Snake River Basins from the present 15% to approximately 27% of your monthly Douglas Electric electric bill.

Best Regards,
Dave Sabala
General Manager

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