

REPORT OF  
INLAND EMPIRE WATERWAYS ASSOCIATION MEETING

October 22, 23, 24

The Inland Empire Waterways Association is an organization dedicated to industrial use of the Columbia River System. Its primary function is to obtain slackwater navigation of the Columbia, first as far as Lewiston and second, to Wenatchee. It is, therefore, imperative that our organization take particular note of their actions. On October 21-24 I attended the annual meeting of the Waterways Association, and the following is a summary of the major talks. All of these are important in that much of this thinking will be influential in determining how the waters of the Columbia will be used and, of course, how such use will affect our fishery resources.

October 22 was spent in registering and meeting different delegates.

On October 23 Colonel Lipton of the Corps of Engineers reported on the "New 308" report. It was a summation of all the dams in the Northwest. It recommends High Mountain Sheep over Nez Perce. It also recommends many other dams which will have a bad effect on fish.

Next on the program was a panel discussion of the Canadian Treaty. This, of course, is vital to us in that Canadian power could be used in place of building more dams down here which would be harmful to our fish runs.

Senator Magnuson was moderator and he reviewed the history of the treaty. Work began in 1944 and it was not until 1961 that the treaty was signed by the Prime Minister and the President.

The panel members were: Honorable E. D. Fulton, Chairman of the negotiating team and Minister of Justice and Attorney General of Canada; Honorable Teno Roncallo, Chairman of the American Section, International Joint Committee or Commission; Charles Kinney, former U. S. Director (unofficial director) United States Negotiating Team, and now Assistant Bonneville Power Administrator.

Members on the newspaper panel were: Callison Marks - Spokesman-Review; Herbert Lundy - Oregonian; William F. Johnston - Lewiston Morning Tribune; William C. Bequette - Tri-City Herald.

Fulton was the first speaker--"I should like to make it clear that the government of Canada remains anxious that the treaty should be formally ratified between the two countries, and that construction and operation in accordance with the treaty signed should commence at the earliest possible moment. This is our clear and unequivocal position." He said that the Dominion favored producing power for Canadian use while the Province of B. C. favored selling it to the U. S. Until the differences are ironed out between the Province and the Dominion governments, the treaty will not be ratified.

Teno Roncallo was the next speaker. He told how the commission was made up--three men from the U. S. and three from Canada. He stated it is between B. C. and Ottawa in delaying the ratification. The U. S. can only be silent and hopeful they will resolve their differences very soon.

Mr. Charles W. Kinney reported next. He outlined the figures on costs and benefits of the treaty. The main points were: Canada will realize 15 1/2 million acre feet of storage at a cost of \$350,000,000. Transmission costs will be about



\$110,000,000. For this investment Canada will receive initial power benefits of 750,000 kw of average energy and 1,300,000 kw of dependable capacity. Flood control benefits would be \$71,900,000 for Canada.

Initial costs to the U. S. (over the costs of already installed plants on the Columbia) will be \$72,000,000 in flood control payments, \$70,000,000 for transmission, \$8,000,000 for additional generation.

The benefits to each country were included in Mr. Kinney's talk. The power for each country, flood control and physical plants are on an equitable basis.

In summary, the U. S. has ratified the treaty and now awaits action by the Canadian government. Differences between the Provincial government and the Dominion are holding up ratification. Until these differences are adjusted, nothing can be done short of new negotiations. New negotiations are not desired by either the U. S. or Canada.

Mr. Fulton felt that by March, 1962, the treaty would be ratified by the Canadians.

Following the talks the speakers were questioned by the newspaper members of the panel. The questions were mostly directed to Mr. Fulton and were nearly all about the possibility of a quick settlement of Canadian differences.

There were a number of other addresses during the two-day meeting, all of which were concerned with the Columbia River resources and consequently of interest to the Washington State Sports Council.

The highlights of President Charles Baker's address were:

(1) Funds appropriated for water resource development in the Northwest, one of the better years--\$1 billion to the Corps; \$90 million received for 23 Northwest river and harbors projects; funds received for nine planning projects; \$1,400,000 made available in planning funds for Little Goose Lock and dam and Lower Granite lock and dam; Ice Harbor will be completed and on the line this December; \$8,000,000 for construction of Monumental Dam indicates that completion will be in 1967, along with John Day.

(2) The transportation system is under constant attack.

(3) He sees little value to this area in the revised "308" report.

(4) Major problems before the IEWA are the California intertie and the Columbia River treaty.

(5) Bonneville Power Administration is losing \$12 to \$13 million per year and is unable to sell power to interests in the Northwest on an interruptible basis. California seems to offer a market for interruptible, or dump, power at certain seasons, but there is hesitation to make a move which might jeopardize our vast hydro power. It seems that ways and means of working out a common intertie can be devised.

Undersecretary of the Interior Carr said: In the Columbia River Basin, crop values have multiplied 75 times in ten years, traffic between McNary and Kennewick has increased 500 percent in the same period, on the river as a whole traffic has increased 250 percent since World War II. We have learned that water resource management must by necessity extend into fish and wildlife preservation, development of recreational resources, pollution abatement, evaporation control and salinity control. The process continues, thinking of water use called pump-back



storage. We must pay greater heed to the recreational use of our water--outdoor recreation is one of our most important uses of water. We must provide clean streams that abound with fish and wildlife; swimming; hunting; boating; fishing; a quiet day by a clear brook; a flight of ducks rising to the sky--these qualities are urgently needed in this tense and crowded world. Resource development is an investment in the future. Wise forestry management, wise development of recreation, intelligent conservation of fish and wildlife, prudent use of water, maximum hydro power development--all are capital investments. Luce is to be commended for his foresight in reorganization and revitalization of the BPA so it can do a more effective job. He is carrying out vigorously the administration's program. We in the Department today view hydro electric generation as essentially a conservation program. It is wasteful, it is tragic, it is an abdication of public trust to allow falling water to go to the ocean without harnessing its potential for man's use. Another problem of the first magnitude is that of fish passage in the Middle Snake River. The salmon passage problem at high dams must be solved. Udall recommended that licensing of High Mountain Sheep or Nez Perce be deferred in order to provide time for a stepped up fish passage research program. We intend to solve this problem.

Major General W. F. Cassidy said: Our ultimate goal on the Columbia is the realization of maximum hydro power, flood control, irrigation, navigation and other benefits consistent with modern engineering capability and good economics--for we must be positive that the fundamental plan for continued growth of the Columbia Basin remains as flexible, dynamic, and responsive to the changing growth as man can possibly make it. (His was a long review and hard to get all facts in such a short space) Anyone desiring his paper may address Chief of Engineers for Civil Works, U. S. Army Corps of Engineers, Washington, D. C.

Mr. Clarence D. Martin, Jr., Undersecretary of Transportation, talked on The Direction of National Transportation Policy.

Mr. Charles F. Luce, Bonneville Power Administrator said: We should understand Bonneville's financial position, and the danger the region faces in the way of a rate increase; understand that we propose to export only secondary energy and surplus peaking power; understand the distinction between firm power and secondary; understand that an intertie would be a two-way street; understand that sound economic and modern technology have made regional interties a reality and that they are inevitable; understand that there already exists a small intertie between two regions; understand that a major part of our proposal is to give the Pacific Northwest regional protection. Bonneville was \$78,000,000 ahead of schedule four years ago. It is half gone now, and deficits the next four years will eat up all of the surplus. A rate increase is serious--the cost may be 25 percent higher. Rates are reviewed every five years. Last year we had a \$15,000,000 deficit, while we had \$32,000,000 of unsold secondary power. We propose to export only secondary energy and peaking capacity. We have secondary power only under certain water conditions, depending on stream flow in excess of a low water year. By selling secondary power it improves BPA's financial position and would firm up our secondary power. We cannot isolate our region from economic facts of life and modern technology interties are being developed around the world. The question is, "If we make an intertie, can we get our power back?" Our region has no legal protection. The BPA area is not defined or restricted. By working out a wheeling arrangement with private power it could lay claim to our power--firm as well as secondary. We could not deny the sale of power. We need protective legislation. (These are the high lights; I wish time and space would allow the full report.)

Mr. Howard C. Elmore, Regional Manager of the Chelan County Public Utility District, reported: "The President has ordered Udall to develop plans for early inter-connection of areas served by the Department's marketing agencies with adequate common carrier lines to plan for further national cooperative pooling of



electrical power as now exists." Udall's statement is that the first step I am requesting is that the Department proceed to study the feasibility of an extra high voltage common carrier intertie between the Pacific Northwest and the Pacific Southwest, which would make possible deliveries of surplus Columbia River energy into southern California. The tie would serve as an interconnection of areas served by the Department's marketing agencies, it would serve as a common carrier, it would serve as a pooling facility for both public and private utilities. It would consist of one or more high voltage circuits between north and south and make possible deliveries of surplus Columbia River energy into southern California. Consideration is being given to mutual advantages, to economic growth and conservation of energy to both regions; also that safeguards are being considered. Let's not fool ourselves by claiming pooling advantages for the Northwest for high voltage intertie with the Southwest that, for the most part, could be obtained through construction of low voltage transmission interconnections. These general advantages are claimed but must be thoroughly investigated first:

(1) The claim that the intertie would increase available firm capacity in both the Northwest and the Southwest resulting from load diversity and reduction of the amount of capacity that must be held in reserve. The amount of the gain, however, could be materially affected by the interconnection and coordinated operation of the Southwest systems themselves. The question is--can we expect such a gain from systems that do not practice pooling of reserves among themselves?

(2) The claim is made that the intertie would make possible the interchanges of energies and make available markets for disposal of energy surpluses. To date these factors as they relate to the intertie are for the most part unknown quantities.

(3) The claim is also made that added reliability will result from the intertie. The interconnected power systems in the Northwest have been planned and constructed to have a high degree of reliability within the Northwest. It is difficult to see how an intertie would increase materially the reliability of service in the Northwest.

(4) A substantial contribution to conservation of resources is also claimed for the intertie. What would this do to the economy of the state of California in regard to oil and gas consumption? We know that we shall have surplus peaking power when and if Libby and Canadian storage is effected by 1970. Would this be an attractive long-term investment? As far as BPA is concerned, the primary motivation for consideration of the California intertie results from the fact that they need additional revenues to assist in pulling them out of a deficit position instead of increasing the BPA rates. In placing the interest of the Northwest first, I would suggest the following: The capacity and extent of any immediately proposed interties with California be related primarily to the estimated amounts and duration of energy surpluses in the Pacific Northwest; that a definite program be developed and implemented to use our surplus power in Northwest markets; that we be realistic about the intertie having justification based upon the return of capacity or energy to the Northwest from California; that the advantages of interconnection and coordination be analysed and treated as a California problem, to the extent that any exports of power or energy made over an intertie will not be necessarily in markets outside the Northwest.

Henry H. Alderman, Manager, Ruralite Services, Inc. said: This group is small and all are dependent upon federal power supply generated on the Columbia. Numerically the greatest portion of these agencies are REA financed. The effects of the Northwest filling up with people are seen daily in the marginal power markets of the rural Northwest--a one million increase per KWH could in some cases change their operating statement from black to red. Anything that takes pressure off Bonneville deficit is of great interest to these agencies; perhaps this is why



managers and directors are eyeing the growing Bonneville deficit with alarm and are eyeing the intertie and the effect it will have on the wholesale rate. They recognize that preference does not give them complete protection, but believe a contract is a contract. Oregon will take a clear-cut stand about transmission of power across the state with material benefits. Small utilities feel that interties are inevitable, and it is best if the government builds them. Federal establishment is torn and undecided; perhaps some consumer-owned utilities should undertake it on a common carrier, non-profit basis.

Gordon Culp remarked: At the present time the only thing that prevents the export of power is the lack of physical facilities. The Bonneville area is not described; therefore the service can be automatically extended. The power consuming industries of the Northwest seem to me to be in the worst shape of all as they depend heavily on low cost federal power and have no preference rights. The first order of business is to secure Northwest preference. I believe it must be secured by contract. How will Northwest power producers and consumers protect themselves against the uncertainties in their future supply? Bonneville has been a Northwest asset and as long as energy going south is considered an "export" I believe we have a better chance of keeping Bonneville as a Northwest enterprise. If a large federal intertie connects with the extensive federal system in the Southwest, we will risk just becoming a northern outpost for a West Coast Federal Power system. I believe the question should be split into two parts--we should work for the most dependable of all regional safeguards; we should consider who, if anyone, should build a high capacity intertie.

Jack Stevens, Senior Partner, Stevens & Conklin Engineers and Consultants said: Last year BPA had a deficit of \$15 million, along with unsold energy worth \$30 million at the existing rates if a market had been available. Some energy was firm, but most secondary. It is questionable as to how much of this energy could have been sold in California even if a line had been in effect. The most serious concern of Northwest utilities is that a long-term arrangement might be made for selling energy which might be needed by utilities in this area. In discussing deliveries to California, it is important to keep in mind that lines must be built in California, and here are some of the reasons the utilities in California do not appear to be enthused over the idea:

- (1) Secondary energy is an if-and-when commodity, so without Northwest secondary, California utilities must continue to build power plants.
- (2) There appears to be some confusion in the Northwest as to the relative amount of hydro generation California can absorb; gas industries enjoy a relatively high annual load factor.
- (3) The federal government would not pay tax load. If federal energy was delivered in California over federal lines, public agencies would undoubtedly want some of this energy diverted to them.

There may be other reasons why utilities might resist extension.

The two main factors discussed here were the Canadian Treaty and the Intertie with California. Both of these actions will have important effects on the Columbia and, consequently, on fishery resources. I hope this summary will be of some help in understanding these two important matters. Your vice presidents and committee chairman have full texts of all the talks and I am sure they will make these available to you.

Your representative was able to spend about five minutes talking to our Senior Senator about the Salmon River Sanctuary Act and was assured that it would be brought on the floor shortly after the opening of Congress.

E. C. Yarwood, President  
Washington State Sports Council