

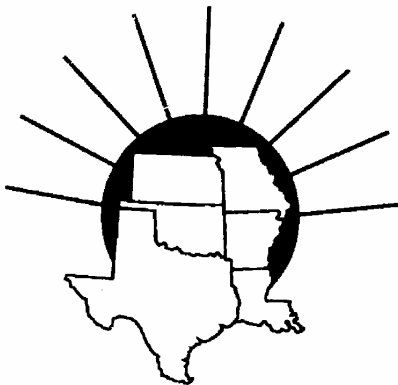
HYDROPOWER:

Being Good Stewards Has a Price

A multipurpose water resource project is a closed system capable of generating only so many benefits. If operations are changed to increase the benefits for one project purpose, benefits of other project purposes will decrease.

Hydropower is a clean, efficient resource that replaces thermally generated, high-cost peaking power. But recent changes in operations of Corps of Engineers multi-purpose water resource projects have reduced the amount of capacity and energy available from the 24 projects with hydro plants. For example:

- Between 1989 and 2003, changes in operations at 13 Corps dams to benefit downstream fisheries have reduced energy production by more than 422 million kilowatt-hours (kWh) and cost SWPA almost \$2.5 million in lost revenues. The reduced energy and capacity available from the dams have cost SWPA's customers and their retail electricity consumers more than \$13.8 million in lost power benefits as the rural co-ops and municipals have had to purchase more costly replacement power and energy.
- Modifications have been made to several power plants in Oklahoma, Arkansas and Missouri to increase the dissolved oxygen downstream of the dams. This is done to improve the habitat for the downstream fisheries. SWPA's power customers through their power rates pay for the cost of these modifications.
- Reallocation of storage in Corps reservoirs to increase water supply reduces the energy and capacity available from the power plants. SWPA power customers are losing about \$2 million *each year* in hydropower benefits due to storage reallocations that have taken place since 1992. Pending applications for additional water supply reallocation, if approved, could increase that number substantially.
- Most of the Corps hydropower plants are electrically interconnected and are operated as a group to meet the needs of power customers. There is a tendency to assume that, if a Corps project is located within a single Congressional district, operational changes at the project will affect only that Congressional district. *This is not true!* At any given moment, the electricity generated at a dam may be going to consumers in any of six states — Oklahoma, Arkansas, Missouri, Texas, Kansas and Louisiana. If you are contemplating legislation that would change the operation of a Corps of Engineers project, please contact us so that we may help you minimize the impact on electric consumers. Likewise, if you are aware that a colleague is considering proposing such legislation, contact us and we will let you know to what extent it might affect electric consumers in your state or district.



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