



**Testimony of Ted Case, Executive Director
Oregon Rural Electric Cooperative Association (ORECA) on SB 1507 and HB 4001
Senate Environment & Natural Resources Committee
and House Energy & Environment Committee
February 7, 2018**

Chair Dembrow and Chair Helm and members of the Senate Environment & Natural Resources Committee and House Energy & Environment Committee:

For the last few months, ORECA worked collaboratively with the Clean Energy Jobs Utilities and Transportation Work Group to address our initial concerns with SB 1070, particularly with respect to the ability of electric cooperatives to comply as regulated entities under a state cap and trade program. We greatly appreciate the efforts of Senator Dembrow and Rep. Helm to work constructively with us to improve the legislation. However, we cannot support SB 1507 or HB 4001 until the State of Oregon recognizes their current environmental policies are not only inconsistent with the proposed cap and trade legislation, they are punitive for rural Oregonians.

ORECA members purchase their power from the Bonneville Power Administration which markets the power produced at federal dams. The State of Oregon continues to aggressively pursue policies and operations that significantly reduce hydropower generation at the federal dams in the Columbia River Basin. Spilling water at these dams has far-reaching ramifications for electric cooperatives and the environment that the State of Oregon refuses to acknowledge. For example, increased spring spill is estimated to cost \$40 million to consumers, will increase carbon emissions by approximately 840,000 metric tons a year and have unintended consequences for migrating juvenile and adult salmon. It is clear the State of Oregon will not be able to meet its carbon goals if federal hydropower continues to be de-valued. Unfortunately -- despite our best efforts -- the State of Oregon has been unwilling to find common ground with respect to the operation of the federal dams.

While we also appreciate the sponsor's sincere interest in developing a carbon proposal that invests in rural Oregon, we have many unanswered questions about how the cap and trade policy will impact electric utility rates, transportation costs and jobs in rural Oregon and "frontier" Oregon areas like Harney County. These questions require significant examination that the short session cannot provide. Nevertheless, ORECA and Oregon's electric co-ops stand ready to work with the Oregon Legislature and Governor Brown on these issues, including opportunities to reduce carbon through the electrification of the transportation sector using carbon free hydropower. Thank you for the opportunity to comment.