

From: Jim Waddell, P.E., Retired ACOE  
289 Ocean Cove Lane  
Port Angeles WA 98363-7500  
October 9, 2014

To: The Honorable Jo-Ellen Darcy  
Office of the Assistant Secretary of the Army (Civil Works)  
108 Army Pentagon Washington DC 20310-0108

Dear Assistant Secretary Darcy:

A year ago, in a letter dated September 13, 2013, two of my colleagues and I advised you of the lack of meaningful benefits of commercial navigation on the Lower Snake River (LSR) and stated our concerns regarding the Corps' continued support of this waterway. We appreciated your response and your statements regarding the need for the Corps, in this instance the Walla Walla District (NWW), to undertake careful analysis of costs and benefits of further investment in the LSR waterway.

At the August 14, 2014 meeting of the Inland Waterway Users Board in Walla Walla, Washington, we were encouraged by Jim Hannon's presentation on *Total Risk Exposure* expressing the Corps' need to prioritize capital investment and O & M expenditures based on ton-miles of freight and hence weighted impacts on customers. According to the Corps' Waterborne Commerce of the United States website, over the past 15 years freight volume on the Lower Snake River has declined 64% to just .3 billion ton-miles, which places the LSR in the lowest possible, or "negligible use," category. Were freight volume to return to the waterway's shipping peak of 1998, the lower Snake River would still fall into the "negligible" category. Under any scenario, navigation on the LSR is a prime candidate for divestiture, an important strategy identified by the Corps, the National Academy of Sciences, and other groups as a means of creating a sustainable inland waterway system.

We recognize that a careful review of commercial navigation on the LSR should also include consideration of costs and benefits related to all purposes of the Lower Snake River Project. During the past year, using as primary sources the NWW's *Lower Snake River Juvenile Salmon Migration Feasibility Report/ Environmental Impact Statement* (LSRFR), annual NWW Civil Works Activity Reports and Bonneville Power Administration documents, we have undertaken such a review. We were stunned by the results of our analysis, which show that in its LSR Feasibility Study the NWW under-represented the Operating and Maintenance, Repair, Rehabilitation and Replacement costs by \$149 million on an average annual basis.

This under-representation completely changes the economic argument supporting any continued investment in the LSR dams, an argument made in 2002 in spite of strong evidence that breaching these dams provided the best chance for the survival and recovery of threatened and endangered salmon and steelhead. Indeed, our reanalysis of the LSRFR, including the use of actual costs over the past 15 years rather than LSRFR projections, demonstrates a net National Economic Development (NED) benefit for breaching that is greater than keeping the dams in place. Bringing costs forward to 2015, the benefits of

breaching the 4 LSR dams now exceeds \$100 million per year while O&M/R, R & R costs of keeping the dams in place exceed \$300 million on an annual average basis. Both numbers include BPA costs/contributions. As you may recall, we presented this information in brief form with our oral and written communications at the Corps' Inland Waterway Users Board meeting in Walla Walla on 14 August.

Today NWW is once again making a major error in an apparent effort to sustain the status quo on the LSR waterway. In its current Lower Snake River Programmatic Sediment Management Plan, NWW dismisses any need for an economic justification for navigation channel dredging, then in a single brief paragraph claims an annual economic benefit of \$25 million based on the transportation economics of the 2002 LSRFR. Due to the acknowledged presence of significant uncertainties in the transportation economics section of the LSRFR, NWW warned against the future use of the claimed transportation benefit without further study. NWW has now failed to heed its own warning. Further, as explained in the attached document *Commercial Navigation on the Lower Snake River: Two Wrongs don't make a Right*, NWW derived the transportation benefit claimed in the LSRFS by failing to use Corps guidance regarding appropriate methodology. As detailed in the attachment, a corrected analysis shows little (a few cents per ton) or no cost savings attributable to barging versus other available means of freight transportation instead of the faulty claim of \$25 million in savings per year.

In its FEIS for the LSRPSMP, NWW has further failed to address adequately hundreds of pages of public comment on the DEIS despite having had more than 18 months to do so. Such disregard for the public invites public dismay, tarnishes the reputation of the USACE, and opens the door for legal challenge.

No requirement to dredge the navigation channel through the confluence of the Snake and Clearwater Rivers and two miles up the Clearwater to the Port of Lewiston exists without an economic justification, and for either navigation alone or as part of a multi-purpose project, no valid economic justification exists. In fact, the ongoing economic losses on the Lower Snake River are so egregious under current operations that to exclude from the FEIS the most reasonable and prudent alternative – in this case, breaching – is a violation of NEPA.

Given these economic losses, a far better investment of the Corps' scarce O&M and planning resources would be to cease all navigation expenditures on the lower Snake River and use the Corps' Section 216 authority to undertake over the next 12 months a disposition study of the four Lower Snake River dams with the goal of beginning to draw down Lower Granite reservoir in the spring of 2016. An immediate disposition study would allow the quickest recovery of elsewhere-needed funds and derive the greater economic benefits nationally and regionally from a natural-flowing river.

At a minimum, USACE/HQ should halt the issuance by NWW of a Record of Decision for the sediment management FEIS and the expenditure of an estimated \$6.5 million for dredging the Snake/Clearwater confluence and two miles up the Clearwater River so that a single port that ships less than a million tons per year can continue to operate at a subsidy–for dredging alone–of from \$13,000 to \$18,000 per barge.

Please note that I am joined below by signers also knowledgeable of the FEIS in question and the economics of commercial navigation on the LSR, and who further support the recommendations contained in this letter.

Respectfully,

Jim Waddell

Kevin Lewis, Idaho Rivers United, Boise, Idaho

Gary McFarlane, Friends of the Clearwater, Moscow, Idaho

Steven Hawley, Hood River, Oregon

Dustin Aherin, Lewiston, Idaho

Linwood Laughy Kooskia, Idaho

Cc: U. S. Senator Dianne Feinstein, Chairwoman, Senate Energy and Water Development Appropriations Subcommittee Subcommittee

U. S. Congressman Mike Simpson, Chair, House Energy and Water Development Appropriation Subcommittee

Major General John W. Peabody

Deputy Commanding General for Civil and Emergency Operations

HQUSACE

Eric Hansen, Deputy Assistant Secretary of the Army (Management and Budget) for the ASA(CW)

Doug Lamont, Deputy Assistant Secretary of the Army (Project Planning and Review) for the ASA(CW)

Martin Hetel, Chairman, Inland Waterways Users Board