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Dam proposed for South Fork Skykomish would be an economic loser

New Analysis Reveals Extreme Unprofitability of Proposed Sunset Falls Hydropower Project

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A new economic study of the controversial Sunset Falls Dam on Washington’s South Fork of the Skykomish River, reveals **the power generated at the proposed site would actually cost 2.3 times more than the Snohomish County Public Utility District (SnoPUD) estimates**. Rocky Mountain Econometrics (RME), an economic, business and energy consulting firm in Boise, Idaho, evaluated the proposed dam using SnoPUD’s own data and, contrary to SnoPUD claims, concludes that the proposed dam would:

- Not be price competitive with better renewable power alternatives
- Not complement renewables such as wind and solar generation
- Not provide reliable power
- Not fit SnoPUD’s power needs, and
- Not provide power for ratepayer homes when it is needed

SnoPUD maintains that the Sunset Falls dam would have an assumed cost of power of \$72.50 Megawatt hours (MWh) and an annual revenue requirement of \$8,982.750. **The RME report finds that adding in project related costs of financing, operations and maintenance, the proposed dam’s actual cost of power would be much higher at \$166 MWh, with a revenue requirement of nearly \$21 million.** This does not include the cost of aesthetic, recreation and natural resource losses.

The South Fork drops over a series of three waterfalls, each with one of the most dramatic backdrops in the nation, framing Mt. Index and the North Cascade Mountains. Two of these dramatic waterfalls, the 40 foot Canyon Falls and the 104 foot Sunset Falls, would be reduced to a trickle by the Sunset Falls dam. The threat from this project to fish and wildlife habitat, water quality and quantity, recreation, the aesthetic values of one of Washington’s most impressive rivers, and the character of the river community spurred American Rivers to name the South Fork one of America’s Most Endangered Rivers in 2012.

“This study is another nail in the coffin for the Sunset Falls Dam. The math on this project just doesn’t add up. SnoPUD should abandon its plans to dam the South Fork Skykomish and instead pursue more suitable energy options,” said Michael Garrity, Washington State Conservation Director for American Rivers.

“SnoPUD ratepayers would take a big hit if SnoPUD builds this expensive, unprofitable and environmentally harmful dam,” said Andrea Matzke of Washington Wild Rivers. “Local property owners would lose even more.”

The RME report also finds that the proposed dam will not fit the power needs of SnoPUD customers as the dam would only generate at capacity in the spring, when the power is not needed. When demand is high in the winter, the dam would operate far below capacity, and in the summer, the second highest demand period, the dam would shut down completely from mid-July to mid-October. RME finds that during low-water years, the dam would operate at as little as 31% of its capacity.

“For decades a dam on the South Fork Sky has been recognized as an environmental, aesthetic and recreational disaster,” said Rich Bowers with the Hydropower Reform Coalition. “Now this report shows it will be an economic nightmare as well.”

The South Fork Skykomish is a State Scenic Waterway, a Northwest Power and Conservation Council Protected Area, and is recommended for federal designation as a Wild and Scenic River for its remarkable scenic, recreational, fish, and wildlife values.

The next step in the process is for SnoPUD to conduct additional studies on the impacts of the proposed dam. Once completed, SnoPUD will then apply for a federal license, and the Federal Energy Regulatory Commission will make the final determination regarding that application.

Sunset Falls has been studied for a new dam at least five times over the past one hundred years (including attempts by SnoPUD in 1981 and 1991). In each instance, poor economics and unacceptable impacts to migrating salmon and steelhead, and natural, recreational and scenic resources have kept this river segment from being developed.

“The South Fork Sky is just the wrong place for a dam,” said Thomas O’Keefe, Pacific Northwest Stewardship Director for American Whitewater. “In addition to the loss of two magnificent waterfalls, the river is an outstanding aesthetic and recreational resource, one of only four Scenic Rivers designated for protection by the Washington State Legislature.”

RME produced the Sunset Falls report on behalf of Hydropower Reform Coalition members Alpine Lakes Protection Society, American Rivers, American Whitewater, Conservation Northwest, North Cascades Conservation Council, The Mountaineers, the Washington State Chapter of Sierra Club, Washington Wild, and Washington Wild Rivers. The Coalition exists to improve and restore rivers affected by hydropower dams.

The complete RME Report may be downloaded at the following sites:

www.americanrivers.org/

www.americanwhitewater.org/

www.hydroreform.org/

www.rmecon.com/

www.savetheskyriver.org/

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