

Creekpaum/Mason County PUD No. 3
October 25, 2013

Stephen R. Oliver
Bonneville Power Administration
David Ponganis U.S. Army Corps of Engineers
U.S. Entity Columbia River Treaty
PO Box 3621 Portland, OR

Gentlemen, Mason County PUD 3 is an interested party in the Columbia River Treaty. The utility serves over 33,000 public power customers on the SE Olympic Peninsula in Washington State who depend on electricity generated by Federal hydroelectric dams in the Columbia River Basin. PUD 3 staff has reviewed the September 20 "Draft Recommendation for the Future of the Columbia River Treaty". We are grateful for the efforts of the U.S. Entity to take comments regarding its draft recommendations into account and conducting meetings with stakeholders throughout the region. We continue to have concerns about three areas:

- Inclusion of an Ecosystem Function.
- The equity of the Canadian Entitlement.
- Cost sharing for Flood Risk Management. Ecosystem Function

The proposed inclusion and promotion of the ecosystem function is aspirational in nature, resulting in vague goals and objectives. It acknowledges, but does not appear to take into full account, the existing benefits of the spring and summer spill program and habitat enhancement efforts in the Columbia River Basin. The spill regime has reduced the capacity for energy generation in river management. Moreover, the annual fish and wildlife expenditures by the Bonneville Power Administration are over \$600 million, which represents up to 20 percent of a PUD 3 customer's retail utility bill. The September 20, 2013 Columbia River Treaty Review's Draft Regional Recommendation states: "Inclusion of ecosystem-based functions in the Treaty, and the implementation of these functions, should not prevent the region from achieving its objective of reducing U.S. power costs. In order to accomplish this, funding for additional ecosystem-based function operations should come from a rebalancing of the power benefits between the two countries or from other sources." Investments made by preference customers of the Bonneville Power Administration are an important part of fish and wildlife recovery and restoration in the Columbia River Basin. The use of the word "should" in the Recommendation regarding a reduction in the Canadian Entitlement and new funding for the Ecosystem Function from said rebalancing of the benefit may be a hoped for outcome. It is not a certainty, and this is where we are concerned about the financial impacts to our customers. Moreover, proposing to use reduced Canadian entitlements to offset anticipated costs of the proposed ecosystem function effectively negates any benefits to Pacific Northwest electricity ratepayers. These stakeholders are already supporting a similar program through BPA fish and wildlife programs. Therefore any foregone savings will, in effect, benefit an entirely new set of what appears to be redundant interests. Canadian Entitlement The annual financial impact to Pacific Northwest public power customers due to the existing Columbia River Treaty Canadian Entitlement is between \$250 and \$300 million. Based on Mason County PUD 3's share of the Tier 1 base output of the federal energy

generating system, the cost to PUD 3 customers is estimated to be between \$2 million and \$2.8 million per year (Washington State PUD Association calculations). Regarding the Canadian Entitlement, PUD 3 supports the principals for the treaty outlined by the Columbia River Power Group. The entitlement payment made to Canada for downstream power benefits should not exceed one-half of the power benefits achieved through a coordinated United States/Canada operation as compared to a non-coordinated operation. Flood Control Management Any payments for flood control should be borne by the taxpayers of the United States. This is consistent with the flood control funding approach employed throughout the United States. Thank you for your consideration of this input. PUD 3's customers eagerly hope for a final recommendation from the U.S. State Department that fittingly represents our region's interests in the Columbia River Treaty.

Sincerely, Annette Creekpaum,
Manager Mason County PUD No. 3
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