

CRT Review (DKE)
P.O. Box 14428
Portland, Oregon 97293

U.S. Entity Coordinators, Columbia River Treaty:

Mr. Stephen Oliver
Bonneville Power Administration

Mr. David Ponganis
U.S. Army Corps of Engineers, Northwestern Division

Gentlemen,

The following is a response from Salmon River Electric Cooperative Inc. (SREC) regarding your September 20, 2013 “Columbia River Treaty Review Draft Regional Recommendation.” SREC is a non-profit public preference customer of BPA that relies upon the generation assets of the Federal Columbia River Power System (FCRPS) as the primary source of federal power supply. Because roughly 90% of this power comes from the FCRPS dams and other related generating facilities, SREC has a vested interest in the future of the Columbia River Treaty with Canada.

In addition our member owners, electric customers, are facing a potential shut down of a large local mine that employs a large portion of our community. This will have a huge impact on our local economy. The likelihood of the shut down can surely be mitigated by our utility being able to continue providing low cost power to the mine. In the event the mine has to close, low power costs will be even more important to our economy and our member owner’s lives. It’s possible that if power costs remain low, and other conditions warrant, the mine could re-open at a later date. SREC believes that any treaty considerations should not have the effect of increasing power costs by allowing certain groups another venue to accomplish their goals. For example, unbalanced ecological considerations in the treaty could open the floodgates for unproven measures and costs to be advanced.

SREC is also a member of the trade association Northwest Requirements Utilities (NRU). SREC supports the more detailed comments submitted by NRU, as well as the comments of the broader based Power Group that represents the interests of a diverse group of customers that have a stake in Treaty related FCRPS operations. Given the critical impact the Columbia River Treaty could have on the value of our future power supply and related local economic health, we wanted to share our general concerns with the September 20th draft as stated below. A number of changes are necessary before our utility could support the document.

While the September 20, 2013 draft is the last formal document issued by the U.S. Entity, we recognize that the Entity has conducted a number of public meetings and has engaged in more detailed discussions with the Power Group to try to incorporate concerns that public preference customers have expressed about the draft. We strongly encourage those discussions to continue in the weeks ahead. We also support the U.S. Entity keeping the process on schedule so that a regional recommendation can be developed later this fall. In that context, we will rely on NRU

and the Power Group to represent our interests in negotiating the specific wording of the document. However, based on your request for comments, we believe it is important to highlight at a summary level some of our key concerns about the September 20th draft recommendations.

- ? The document contains a set of “General Principles.” It is important to stress that the General Principles be taken together as a group such that they are collectively satisfied. In particular the implementation of any ecosystem-based functions should not prevent the region from achieving the primary objective of reducing U.S. power costs.
- ? Any payments for flood risk management should be consistent with the national flood risk funding policy of federal funding with applicable local beneficiaries sharing costs as appropriate. We should maintain the current level of flood risk for people in the basin.
- ? A revised treaty needs to incorporate the best available science and other important documents such as the FCRPS Biological Opinion. There is no stated justification in the draft for increasing flow augmentation in the spring and summer at the expense of fall and winter power generation. Significant changes in seasonal flow augmentation can have an adverse impact on customers. Any modifications to flow must have a scientific basis and not undermine the rebalancing of economic interests we are trying to achieve.
- ? We are concerned that the eco-system based functions create an impression that the region is going to undertake a process to examine reintroduction of anadromous fish on the main stem of the Columbia to Canadian spawning grounds. We believe this issue is outside of the scope of treaty negotiations and requires much more regional discussion.
- ? If the U.S. and Canada are unable to achieve agreement on key aspects of a modernized treaty by 2015, other options should be evaluated.

Thank you for the opportunity to comment. Please let me know if you have any questions regarding these comments.

Best Regards,

Ken Dizes, General Manager, SREC

CC:

John Saven, CEO, NRU