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August 15, 2013

Stephen R. Oliver
Bonneville Power Administration

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

U.S. Entity Coordinators, Columbia River Treaty
CRT Review (DKE)
P.O. Box 14428
Portland, OR 97293
Delivered via e-mail to: treatyreview@bpa.gov

Dear Mr. Oliver and Mr. Ponganis:

The Columbia River Treaty ("CRT") and the CRT review process are of significant interest to Clearwater Power Company and to all Northwest utilities. I write today to urge you to reject the approach to the CRT in the June 27th "Columbia River Treaty Review Working Draft of a Regional Recommendation" (Working Draft Recommendation) and instead to refocus CRT review efforts on what should be the region's top priorities: rebalancing the Canadian Entitlement ("CE"),¹ ensuring that electricity ratepayers do not bear the burden of future flood control costs, and recognizing that the region already invests substantially in largely successful ecosystem management efforts in the Columbia River Basin.

I. Clearwater Power Company

Clearwater Power Company serves over 10,300 rural customers (91% Residential and 8% Small Commercial) in north central Idaho, eastern Washington, and northeastern Oregon.

II. The Working Draft Recommendation

I was extremely disappointed with the Working Draft Recommendation. Quite simply, it needs to be rewritten. The current draft does not put the United States in a strong position to advocate for our regional and national interests in discussions with Canada. It does not come close to representing a regional consensus on this important issue before the U.S. Entity. I appreciate your request for edits to

¹ The CE is the amount of energy and capacity that the United States provides to Canada each year pursuant to the CRT. The CE is based on a formula in the CRT originally meant to represent one half of the downstream power benefits resulting from the treaty.

this document, however, rather than editing the document, you must simply delete much of it and the U.S. Entity should start over with an effort to provide a draft recommendation to the Department of State.

III. Treaty Review Process

The CRT review process, as it has unfolded so far, will not get us to a regional consensus on a recommendation to the Department of State. Regional utilities have not had a significant voice in discussions, and this needs to change. It is time to refocus your private conversations with the “Sovereign Review Team” and engage in open dialogue with BPA customers and others so that we can have an open, transparent exchange of ideas.

IV. Regional Priorities

Going forward, the U.S. Entity and regional stakeholders must refocus efforts on what are truly our regional priorities and our national interest when considering the future of the CRT. Specifically, we must focus on the following:

1. The Canadian Entitlement is too high. It needs to be rebalanced to reflect modern realities and to reduce costs to ratepayers.
2. Any flood control costs to the United States after 2024 should be a general taxpayer expense, not a ratepayer expense.
3. Any ecosystem management discussions that are part of CRT negotiations need to reflect the existing, robust, and incredibly expensive fish and wildlife efforts already underway in the Columbia River Basin and paid for by BPA’s customers.

V. Conclusion

Again, Clearwater Power Company has a strong interest in the CRT. We look forward to continuing to work with you as the U.S. Entity crafts a final recommendation to the Department of State on the future of the Treaty.

Sincerely,

CLEARWATER POWER COMPANY

A handwritten signature in black ink, appearing to read "K. David Hagen", is written over a horizontal line. The signature is cursive and somewhat stylized.

K. David Hagen
General Manager

cc: Elliot Mainzer, Acting Administrator, Bonneville Power Administration
Idaho Congressional Delegation
Governor of Idaho