



Public Utility District No. 1 of Douglas County

1161 Valley Mall Parkway • East Wenatchee, Washington 98802-4497 • 509/884-7191 • FAX 509/884-0553 • www.douglaspud.org

August 16, 2013

United States Entity
Columbia River Treaty Review
PO Box 14428
Portland, OR 97293

Subject: Comments on Working Draft of a Regional Recommendation

Dear United States Entity,

Please accept this letter as Douglas County PUD's official comments to the U.S. Entity's *Working Draft of a Regional Recommendation – Improving the Columbia River Treaty Post-2024* dated June 27, 2013 (Draft). Douglas PUD appreciates the information provided and opportunities to comment during the Treaty Review process. However, the Draft currently fails to properly reflect the interests of the people who have been paying for the operation of the Treaty for the past 49 years.

Douglas PUD owns and operates the Wells Hydroelectric Project on the Columbia River. Under the current Columbia River Treaty arrangement, the Wells Project continuously contributes approximately 4.8 percent of the Canadian Entitlement. Although the intent of the Treaty was for this transfer to approximate one-half of the value of the power benefit derived from coordinated water storage in Canada, Entity studies show that the rigid calculation in the Treaty and the actual storage operation results in the Wells Project being required to pay at a rate approximately ten times greater than the benefit received at the Project. Without action by the United States, this unbalanced compensation will continue after 2024. As a result of this ongoing compensation to Canada, Douglas PUD and its customers have a significant interest in the future of the Columbia River Treaty.

Douglas PUD wants to ensure a fair and equitable outcome for the customers we serve. We believe any post-2024 payment to Canada for downstream power benefits should not exceed one-half of the actual incremental power benefit achieved. The concept of "rebalancing" the power benefits is introduced in the Draft, but it needs to be moved to

the position of first priority in the next draft and strengthened with regard to the economic and environmental benefits of retaining clean, hydroelectric generation for use in the United States. The current arrangement, requiring payment at a rate substantially greater than the benefit at the generating projects, should be terminated at the earliest opportunity, even if this requires exercising Article XIX of the Treaty. Article XIX provides a method to meaningfully adjust the compensation to Canada while leaving most other key articles in place. It is clear, based on the language of the Treaty, that it anticipated the likelihood of needing a different arrangement after 2024. In light of this, the suggested timeline calling for the State Department to seek assurances and complete analysis by Summer 2014 seems appropriate.

Articles IV(3) and VI(4) and (5) remain in effect after 2024 with or without exercise of Article XIX. Retaining the flood control provisions in the Treaty – even after termination – demonstrates how exercise of Article XIX is considered a likely option. The flood control language in the Draft seems appropriate and deserves priority second only to correction of the Entitlement calculation in the final recommendation. It is our understanding that payments, if any, made to Canada for flood control under a “called-upon” flood control arrangement or its replacement are the responsibility of taxpayers in the United States and not utility customers in the Pacific Northwest.


Expanding the Treaty to include ecosystem functions could have tremendous costs and minimal environmental benefits. Environmental stewardship is important to Douglas County PUD. Douglas PUD’s customers currently fund extensive environmental mitigation efforts in compliance with the federal license to operate the Wells Hydroelectric Project. The Columbia River Treaty is an international arrangement and does not seem the appropriate public legal process to address compliance with U.S. environmental laws except to the extent that Canada is willing to take equal responsibility for natural resource protection, and such is accomplished in a scientific and cost effective manner. We believe we are still in an age of scientific discovery. Inflexibility such as that experienced with the Entitlement payments could not be tolerated when it comes to environmental stewardship.

Although it is unclear in the Draft, we caution that changes in flow contemplated as part of the Treaty Review will reduce the amount of electricity and capacity from federal and non-federal Columbia River hydroelectric projects, including Douglas PUD’s Wells Project. A reduction in generation and capacity would reduce power availability, jeopardize electric system reliability, reduce the ability of the system to integrate wind generation, accelerate the need to add fossil-based generation and reduce the amount of energy available to power the Pacific Northwest economy. Further, increased flows in the spring would increase already excessive levels of dissolved gas in the river system. Increased dissolved

gas may result in a negative impact on fish populations in the Columbia River, including ESA-listed Salmon, Steelhead, and Bull Trout without providing measurable benefits to the survival of juvenile fish migrating to the ocean.

Douglas PUD remains willing to work directly in the Treaty Review process leading up to the December 2013 recommendation.

Sincerely,

A handwritten signature in blue ink that reads "W.C. Dobbins". The signature is enclosed in a thin yellow rectangular border.

William C. Dobbins
General Manager

Cc: Senator Patty Murray
Senator Maria Cantwell
Representative Doc Hastings
Representative Dave Reichert