



Eugene Water & Electric Board

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August 12, 2013

Mr. Stephen Oliver
U.S. Entity Coordinator
Bonneville Power Administration
United States Entity
P.O. Box 3621
Portland, OR 97208-3621

Mr. David Ponganis
U.S. Entity Coordinator
U.S. Army Corps of Engineers
United States Entity
P.O. Box 3621
Portland, OR 97208-3621

Dear Mr. Oliver and Mr. Ponganis:

I am writing on behalf of the Eugene Water & Electric Board (EWEB) to share with you our concerns about the U.S. Entity's draft regional recommendation for the future of the Columbia River Treaty. EWEB has not been at the table in the process and so we have not been privy to the nuanced conversations that have taken place to date. However, the plain language of the draft recommendation gives us several concerns about the relative absence of language acknowledging power interests as well as substantial ratepayer funded investments in ecosystems in the Federal Columbia River Power System (FCRPS). We believe it is your intent to recognize the importance of both, but there is a disconnect between that intent and the present language of the draft, and we urge you to remedy that by expressing both in the plain language of the recommendation.

EWEB has noted that the draft recommendation concentrates on adding ecosystem function as a "third primary purpose" of the Treaty. This focus does not acknowledge ongoing and past ecosystem investments made by regional ratepayers and has deemphasized a key regional economic and social issue arising out of the original Treaty signed in 1964 – the methodology today for calculating the downstream benefits represents a disconnect between the "actual" incremental power benefits and the current payment made in the Canadian Entitlement.

EWEB recognizes the unique benefits the treaty has brought to both sides of the border and the strong partnership with Canada, but much has changed since the treaty was signed in 1964 and many assumptions made a half-century ago have not come to fruition. EWEB urges the U.S. Entity to recommend renegotiation of the shared downstream power benefits to be more equitable – a Canadian Entitlement not exceeding one-half of the actual, incremental power benefit derived from coordinated operations – and plainly expresses this point front and center in the draft recommendation.

EWEB strongly urges the U.S. Entity revise the final recommendation to adequately acknowledge the substantial and ongoing investment in ecosystem improvements already made in the Pacific Northwest to protect fish and wildlife, costing over \$700 million annually, the world's largest fish and wildlife restoration effort. EWEB supports these substantial investments, which have occurred outside of the Treaty, and we urge you to understand that

further spending would begin to tip federal hydropower towards being uneconomic relative to alternatives, natural gas for example, dampening the advantage of hydropower as a reliable carbon-free energy resource and its effectiveness in integrating intermittent renewable energy sources such as wind.

Again, EWEB is supportive of existing investments in ecosystem improvements, but we cannot support approaches that yet again turn almost exclusively to the electric ratepayer to shoulder the burden of responsibility. There are many diverse interests in the Columbia River, and the endeavor of balancing these interests should be in sync with a balance as to these interests bearing the costs of the benefits they receive.

Thank you for considering EWEB's views on this important issue to the Pacific Northwest.

Respectfully,

A handwritten signature in cursive script that reads "Roger Gray". The signature is written in black ink and is positioned above the typed name and title.

Roger Gray
General Manager, Eugene Water & Electric Board