



Public Utility District No. 1 of Douglas County

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October 25, 2013

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

Subject: Comments on Draft Regional Recommendation

Dear United States Entity,

Please accept this letter as Douglas County PUD's official comments to the Entity's *Draft Regional Recommendation* dated September 20, 2013 (Draft Recommendation). Douglas PUD owns and operates the Wells Hydroelectric Project on the Columbia River. Under the current Columbia River Treaty (Treaty) arrangement, the Wells Project continuously contributes approximately 4.8 percent of the Canadian Entitlement. Our customers have a significant stake in the outcome of any Treaty negotiations.

Canadian Entitlement Correction

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 needs to be moved to the position of first priority and strengthened with regard to the economic and environmental benefits of retaining clean hydroelectric generation for use in the United States.

Rebalancing the Canadian Entitlement to ensure a fair and equitable outcome for the Pacific Northwest electric customers is essential. However, a reduced Canadian Entitlement arrangement should not in any way be correlated with funding for the contemplated ecosystem-based function as the Draft Recommendation suggests (page 4). Funding for new ecosystem enhancements, if any, should come from general government sources and not Pacific Northwest electric customers, whose mitigation responsibilities are determined in domestic legal processes.

While the Draft Recommendation acknowledges the need to reduce power costs in the United States, correcting the Canadian Entitlement inequity would do more than just

provide a financial benefit. The primary benefit would be to preserve an important renewable domestic energy resource for the entire western United States. Hydropower is a beneficial and cherished resource developed by our country for the reliability of our power system. It is simply unacceptable to provide another country a disproportionate amount of this clean, renewable, domestic resource.

Flood Control Priority

The flood control language in the Draft Recommendation seems appropriate but deserves a higher priority in the final recommendation. We agree with the statement in the Draft Recommendation that any future funding arrangement "...should be consistent with the national flood risk funding policy of federal funding" (page 4). We believe flood control payments, if any, made to Canada post 2024 are not the responsibility of Pacific Northwest utility customers. Correcting the Canadian Entitlement and flood control should be the top two priorities in the final recommendation.

Ecosystem Proposal Uncertain

Environmental stewardship is important to Douglas PUD. Our customers currently fund extensive environmental protection, mitigation and enhancement efforts associated with the operation of the Wells Hydroelectric Project. Expanding the Treaty to include ecosystem functions has not achieved regional agreement and could have tremendous costs but minimal environmental benefits. The Columbia River Treaty is an international arrangement and does not seem the appropriate public legal process to address compliance with domestic environmental laws.

The proposed addition of ecosystem function for the Treaty creates a great deal of uncertainty. The concept of ecosystem function as a third primary purpose has not achieved regional agreement regarding the actions and benefits that could be achieved through the implementation of additional ecosystem enhancements. Absent regional consensus, the U.S. Entity should refrain from recommending that the U.S. Government enter into negotiations with Canada in an effort to incorporate ecosystem function as a third purpose of the Treaty.

Several of the ecosystem actions proposed result in a shift of river flows from the winter into the spring. The goal of changing river flows is to speed juvenile salmon migrations to the ocean. Unfortunately, these proposed changes only nominally increase the survival of juvenile steelhead and have little to no apparent survival benefit to juvenile spring Chinook. At the same time, higher spring flows will increase spill at the dams, total dissolved gas and flood potential. These outcomes result in negative impacts on water quality, resident fish, wildlife and cultural resources that potentially outweigh the benefits

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to juvenile steelhead. As stated, the recommendation seeks to “provide certainty” (page 3), but it fails in this regard and instead adds uncertainty in terms of poorly-defined proposed actions and outcomes. This uncertainty creates an unacceptable risk to Douglas PUD’s customers.

Changes in Flow

Changes in flow contemplated as part of the Treaty review will reduce the amount of energy and capacity produced by federal and non-federal Columbia River hydroelectric projects, including Douglas PUD’s Wells Project. A reduction in generation will 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 U.S. economy. Further, increased flows in the spring would increase problematic levels of dissolved gas in the river system. Increased dissolved gas will result in a negative impact on fish and other important aquatic organisms 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.

Conclusion

Douglas PUD believes the United States should promptly and fully utilize the mechanisms provided in the Treaty to correct the Canadian Entitlement payment. There appears to be agreement in the Northwest that the Entitlement should be corrected and flood control arrangements must be determined. Engagement on these topics should proceed.

Douglas PUD appreciates the efforts of U.S. Entity staff and leadership and remains willing to work directly in processes leading up to the December 2013 recommendation.

Sincerely,

A handwritten signature in blue ink that reads "W.C. Dobbins". The signature is written in a cursive style.

William C. Dobbins
General Manager

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