

**WESTERN MONTANA ELECTRIC
GENERATING & TRANSMISSION COOPERATIVE, INC.**
P.O. Box 1495 Ennis, MT 59729

October 23, 2013

CRT Review (DKE)
PO Box 14428
Portland, OR 97293

Stephen Oliver, Bonneville Power Administration
David Ponganis, U.S. Army Corps of Engineers, Northwestern Division

Re: Columbia River Treaty Review [Submitted Electronically to treatyreview@bpa.gov]

Dear Steve and David:

Western Montana G&T is writing to provide our perspective on the September 20, 2013 Draft Regional Recommendation of the Columbia River Treaty Review. Over 100,000 electric consumers in Montana and 6.4 million ratepayers throughout the northwest depend upon affordable, clean and reliable power and the majority of it comes from the Columbia River Hydrosystem. While there were some improvements in this latest Draft it still falls short of what Western Montana G&T believes is necessary to accurately refer to it as a "Regional Recommendation". Through this letter we identify the areas of greatest concern.

The new language in General Principle 8 inappropriately identifies the funding source for additional ecosystem-based function operations as coming from a rebalancing of power benefits and then further confuses the issue by adding the statement "or from other sources" without any identification of what these "other sources are" or what it is referencing. The statement: "In order to accomplish this, funding for additional ecosystem-based function operations should come from a rebalancing of the power benefits between the two countries or from other sources." should be deleted from the recommendation. Rebalancing the Canadian Entitlement and power benefits is referring to megawatts of energy and capacity not dollars to be spent. Most ecosystem measures also refer to river system operations and the recommendation should be clear and focused and not loosely throw about references to spending without specificity. These vague references make it all but impossible to determine the risks or benefits likely through a "modernized" Columbia River Treaty.

The most objectionable element of the September 20, 2013 Draft Recommendation to Western Montana G&T is the statement that a modernized Treaty should seek to further augment spring flows. This particular measure is a major departure from the delicate balance between flood control, salmon and steelhead outmigration and hydropower operations that has been developed over the past 20 years. Spring flows are already set under an Endangered Species Act Biological Opinion which represents the needs of the weakest Columbia River salmon and steelhead populations. Additional spring flows have many negative attributes, including but not limited to: higher total dissolved gas levels which decrease salmon and steelhead survival rates, increased generation oversupply, decreased hydropower generation during high demand periods of the summer and winter and increased carbon emissions as the reduced hydropower generation and capacity would be replaced by thermal generation. This is in contrast to development of a dry-year strategy, inclusion of non-treaty storage agreements and improved summer

flows all of which have the potential to provide benefits across a broad array of interests. For these reasons, the recommendation to expand spring flow augmentation should be removed from the Draft.

It is also very disconcerting that the latest Draft expanded the timeline for engagement with Canada. The need for timely engagement with Canada should be a very important element of a regional recommendation. We believe that the following statement should be included in the recommendation: “If unable to achieve agreement in principle on key aspects in a timely manner, we recommend evaluating other options to create a modernized post-2024 Treaty.” Language similar to this was included in the June 27 Draft but was deleted in the September 20 Draft.

Finally and most importantly, the recommendation to the State Department must clearly identify the focus of discussions with Canada. We believe there is broad consensus that the Canadian Entitlement is way too high and while we appreciate the inclusion of statements identifying the need to re-balance power benefits, this language does not identify the magnitude of the inequity associated with the current Canadian Entitlement. Northwest ratepayers are in effect subsidizing British Columbia residents with a transfer of power to Canada well in excess of any downstream benefit. The recommendation should very clearly identify this inequity and highlight the need for a timely correction.

As the Columbia River Treaty review process reaches its final stages, the U.S. Entity should clearly identify how it is moving the recommendation towards regional consensus. Many controversial topics remain in the Draft Recommendation that may prevent the Northwest from reaching a recommendation that could be viewed as a consensus. The limited range of issues covered by this letter should not be misconstrued as support for items lacking specific comments. Instead it should be viewed as identification of the most important issues that must be resolved. We remain very concerned that several controversial issues remain and the U.S. should not continue to transfer \$2 to \$3 billion of clean, renewable, domestically produced energy to another country over the next decade when after 2024 the opportunity exists to correct this inequity. However, this correction must be accomplished in a way that doesn't leave the Northwest's ratepayers worse off with ill-advised proposals to further reduce U.S. hydropower generation.

Thank you again for the opportunity to provide a ratepayer and customer perspective on this important issue and please feel free to contact me at 406-682-5632 if you would like to discuss these comments in further detail.

Sincerely,



Joe Lukas
General Manager

Cc: Senator Max Baucus
Senator John Tester
Representative Steve Daines
Elliot Mainzer, Bonneville Power Administration
General John Kem, U.S Army Corps of Engineers, Northwestern Division
Sue Saarnio, U.S. Department of State
Daniel Poneman, U.S. Department of Energy