



*Your Northwest renewables utility*

August 13, 2013

CRT Review (DKE)  
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Transmitted Electronically:  
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U.S. Entity Coordinators, Columbia River Treaty:

Mr. Stephen Oliver  
Bonneville Power Administration

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

RE: Draft Recommendation

Snohomish Public Utility District (Snohomish) is the Bonneville Power Administration's (BPA) largest energy customer and represents ~11% of the Canadian Entitlement Return by virtue of our share of available preferred power from BPA. As a result, Snohomish ratepayers will be substantially impacted by the outcome of the Columbia River Treaty negotiations. Snohomish is greatly concerned with both the content of the current Draft Recommendation, as well as the associated process going forward. Due to the potentially significant impact to regional ratepayers, we believe it is essential that this process be substantially modified to allow for meaningful participation by the load serving utilities in the region, and that the current Draft Recommendation be significantly modified from its current form.

Snohomish strongly believes that the current Draft Recommendation does not present a practical or sustainable path for addressing the Columbia River Treaty's impacts on the region, nor does it reflect a balanced stakeholder perspective. The Sovereign Review Team (SRT) was established to assist the U.S. Entity in the development of a regional Columbia River Treaty recommendation, however the SRT lacks any representation whatsoever by the actual load-serving utilities that rely on the Columbia River system to provide power to millions of customers in the region. The stakeholder process that has been provided for utilities to participate in the process falls far short of even the most minimal reasonable degree of engagement. As a

result, the current Draft Recommendations are wholly inadequate in their treatment of crucial load-serving utility interests as described in this letter. ***The current SRT process should be concluded immediately and replaced by a process that ensures real opportunity for meaningful participation by regional load-serving utilities.***

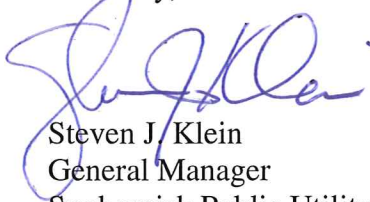
Retail electric rates have risen substantially over recent years and continued increases are likely due to such factors as climate change, cyber security, reliability, aging infrastructure, renewable portfolio standards, variable generation integration, energy storage, and smart grid technology. For years now, Northwest ratepayers have been returning energy worth hundreds of millions of dollars to Canada for benefits the U.S. no longer receives under the Treaty. The current Draft Recommendation is woefully inadequate in terms of addressing this disparity. The continuation of this imbalance threatens the historically low energy rates that Northwest ratepayer investments in the river system have enabled in the region, and places the economic engine this resource represents at great risk. The result for the Northwest will be a weaker economy, slower job growth, a less robust environment for innovation, and diminished capability to effectively facilitate/integrate the growth of new renewables such as wind and solar. ***The Draft Recommendation must be modified to emphasize and clearly prioritize rebalancing the benefits of the Treaty between the U.S. and Canada.***

The Draft Recommendation also fails to recognize that current U.S. law and associated regional processes fully provide for the balancing of power production and flood control with ecosystem considerations. The Draft Recommendation's inclusion of "ecosystem" as a third, equal priority of the Treaty along with power production and flood control ignores the highly integrated processes already in place in the region to coordinate these aspects of river operations. In fact, all Federal Columbia River System projects are on track to meet Biological Opinion Performance Standards per the recent 2013 Draft Comprehensive Evaluation of the FCRPS BiOp. Snohomish is widely recognized for its strong environmental stewardship, has a power portfolio free of fossil fuel resources, and is committed to meeting load growth fully through conservation and new renewable resources. But while our recognized focus on the environment is clearly demonstrated, we strongly believe that the Treaty negotiations and Draft Recommendation are neither the appropriate venue, nor document, to address additional ecosystem measures. At best,

to include ecosystem considerations as a third, equal priority within the treaty will result in duplication of effort, but will more likely result in conflicting activities, escalating costs, and a dilution of the robust and effective processes already in place. ***The Draft Recommendation must be modified to clearly prioritize flood control and power production as the two primary priorities of the Treaty, while acknowledging the significant processes already in place to address important ecosystem considerations.***

Snohomish appreciates the opportunity to provide comments on the Draft Recommendation. The Columbia River system is a truly incredible resource the benefits of which must not be put at risk. We urge the U.S. Entity not to consider changes to the Treaty that would degrade the system in a manner that results in the diminishment of both environmental and economic benefits to the region. Snohomish also respectfully believes that regional utilities must be invited to participate in ongoing and meaningful consultation with the U.S. Entity as it develops its final recommendation to the State Department. We appreciate the U.S. Entity's consideration of these comments, and we look forward to working more closely with the U.S. Entity on these issues in the coming weeks.

Sincerely,



Steven J. Klein  
General Manager  
Snohomish Public Utility District