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Transmitted electronically to treatyreview@bpa.gov

August 15, 2013
CRT Review (DKE)
P.O. Box 14428
Portland, Oregon 97293

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: June 27, 2013 "Columbia River Treaty Review Working Draft of a Regional Recommendation"

Gentlemen:

The Central Lincoln People's Utility District is one of BPA's public preference customers relying heavily on generation from the Federal Columbia River Power System (FCRPS) as our primary source of power supply. While we certainly appreciate the output of the Columbia Generating Station nuclear facility, hydropower is the crucial source of energy for our cost-based Tier 1 power allocation. As roughly 90% of our power is generated by the FCRPS dams and other related facilities, Central Lincoln has a vested interest in the future of the Columbia River Treaty with Canada.

Central Lincoln is a member of the Northwest Requirements Utilities (NRU) trade association. We support the detailed comments submitted to you by NRU, as well as the comments of the broader-based Power Group representing the interests of a diverse group of customers who have a stake in Treaty-related FCRPS operations. Given the critical impact the Columbia River Treaty could have on the value of our future power supply and related local economic health and economic development, we wanted to share our concerns.

Central Lincoln agrees with the major points NRU submitted February 8th in response to your January 16th letter to stakeholders about the future of the Columbia River Treaty.

- *Maintaining the current Treaty protocols longer than is necessary does not make economic sense and is at cross purposes with BPA's responsibility to operate using sound business principles.*
- *Any payments for Columbia River flood control should be the responsibility of the taxpayers of the United States.*
- *An equitable correction to the Entitlement should not lead to an increased mitigation requirement.*

Central Lincoln believes these evaluative measures should be used as the basis for considering the U.S. Entity's draft June 27th recommendation. Unfortunately, the June 27th draft recommendation from the U.S. Entity fails to adequately address the above principles in a conclusive manner. Instead, the draft places a disproportionate emphasis on potential actions identified as "ecosystem-based enhancements." More troubling is the concern that these ecosystem enhancements have not passed rigorous scientific scrutiny (such as additional flow augmentation and voluntary spill in the spring and summer periods), and the consequence of implementing them would likely have an adverse impact both on the amount of power available and the average price of power throughout each year.

The Treaty's primary purpose should be to address power supply and related financial compensation between the parties. However, the June 27th draft recommendation places greater emphasis on ecosystem-based activities and provides no solid guidelines as to how differences between power supply and proposed ecosystem activities are to be reconciled. This is a fundamental shortcoming; we believe it is the result of a lack of representation of power customers' interests on the Sovereign Review Team (SRT). Too many parties in the SRT process fail to recognize that the mechanism the region and the courts have used to evaluate, fund, and implement ecosystem-based fish and wildlife improvements is the FCRPS Biological Opinion (BiOp). As a result, the draft recommendations regarding a power supply treaty leaves us potentially "starting over" in the consideration of a list of even more potentially expensive ecosystem proposals.

As you know, the Federal Action Agencies have just released the Draft Comprehensive Evaluation 2013 Overview, which identifies the accomplishments in implementing the FCRPS BiOp from 2008 to 2012. The BiOp provides a plan for environmental mitigation for the FCRPS dams through 2018 in which measurement and evaluation criteria have been subject to close scrutiny using the best science available from NOAA Fisheries. We have supported and continue to support the BiOp, and have not opposed BPA entering into fish accords with many Native American tribes and several Northwest states. The power consumers of this region have invested over \$13 billion between 1978 and 2012 for federal fish and wildlife measures pursuant to an adopted plan. It is our understanding that the BiOp provides a plan through 2018 that includes measures that fully mitigate for the impact of FCRPS facilities. In light of our support of the scientifically based BiOp, and its related costs, we vigorously object to using the Treaty review for consideration of a broad list of new undertakings that are categorized as an "Ecosystem-Based Function" in the draft recommendation.

Central Lincoln doesn't have biologists on staff to examine each of the Ecosystem-Based Function recommendations in detail. However, we believe it's appropriate for us to ask for an explanation as to why these proposals are being advanced when we already have the FCRPS BiOp in place, particularly when some of the SRT's ideas appear to be at cross purposes with the existing BiOp.

For any negotiations to be successful, the regional recommendation from the U.S. Entity needs to be clear, focused and containing items that are mutually compatible. The June 27th draft recommendation fails that test because it contains incompatible provisions working at cross purposes in an attempt to please all target audiences. This draft leaves us vulnerable to other decision makers picking and choosing what is important to them. Given the tone of the draft, we believe we are vulnerable to U.S. negotiators potentially advancing a strategy that is based principally on unproven ecosystem modifications rather than flood control and hydropower.

Public power entities are very concerned about their communities' economic health, including job retention and job growth. The competitive price of electrical power in the Northwest is one of the reasons we have been able to attract and retain businesses for which power supply is a major component of the cost of production. In order to participate in the hoped-for regional economic recovery and to create more jobs, the Northwest needs to maintain or improve upon its competitive edge for power supply.

Next Steps

BPA and the Corps should not focus on the details of the June 27th recommendation but rather consider a process that has a likelihood of achieving a regional consensus. At this point, we do not support and would likely actively oppose the draft recommendation because it is far too nebulous. The draft recommendation must be materially revised to provide a better balance for issues regarding power supply and flood control, and recognizing the excellent work currently being done on ecosystem issues.

The U.S. Entity should regroup and determine an open path forward that involves meaningful customer participation, even if it means delaying submitting a draft recommendation to the State Department in September. We do not believe the sovereigns on the SRT represent our interests.

Central Lincoln recommends the June 27th draft recommendation be revised as described above to achieve a better balance, as was recommended in February. In the event this cannot be achieved by the U.S. Entity for any set of reasons, then the Entity should either:

- Recommend to the U.S. State Department that a ten-year termination notice be given to Canada, while not being specific yet as to the items the U.S. would like to bring to the bargaining table. This would allow time to develop regional recommendations in which BPA customers would have a meaningful opportunity to provide input, or
- Not advance a recommendation to the State Department at this time. We are concerned that the outcome of negotiations with Canada based on the June 27th draft could be potentially more detrimental to power customers than continuing the status quo. We would rather face what we know today rather than what BPA could be ordered to do in the future by parties that have no vested economic interest in the outcome.

Thank you for the opportunity to comment.

Best Regards,



Curt Abbott, President

cc: Elliot Mainzer, Bonneville Power Administration
Colonel John Kem, U.S. Army Corps of Engineers, Northwestern Division
Matthew Rooney, U.S. Department of State
Daniel Poneman, U.S. Department of Energy
Jeff Smith, Chelan County PUD
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Scott Corwin, Public Power Council