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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

Gentlemen:

The following is a response from McMinnville Water and Light regarding your June 27, 2013 "Columbia River Treaty Review Working Draft of a Regional Recommendation." McMinnville is a public preference customer of BPA that relies upon the generation assets of the Federal Columbia River Power System (FCRPS) as the primary source of federal power supply. Hydroelectric power, along with the output of the Columbia Generating Station nuclear plant, represents the sources of energy for our cost based Tier 1 power supply from BPA. Because roughly 90% of this power is generated by the FCRPS dams and other related facilities, McMinnville has a vested interest in the future of the Columbia River Treaty with Canada.

McMinnville Water and Light is also a member of the trade association Northwest Requirements Utilities (NRU). We support the more detailed comments submitted by NRU, as well as, the comments of the broader based Power Group that represents the interests of a diverse group of customers that 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, we wanted to share the following concerns.

- *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.*

The Treaty's primary purpose should be to address power supply and related financial compensation between the parties. However, the June 27<sup>th</sup> draft recommendation places greater emphasis on ecosystem-based activities and provides no instructions as to how differences between power supply and proposed ecosystem activities are to be reconciled.

The Federal Action Agencies have just released the Draft Comprehensive Evaluation 2013 Overview, which identifies the accomplishments in implementing the FCRPS Bi-Op from 2008 to 2012. The Bi-Op provides a plan for environmental mitigation for the FCRPS dams through 2018 where the measures and evaluation criteria have been subject to close scrutiny using the best science available from NOAA Fisheries. We have supported the Bi-Op and have not opposed BPA entering into Fish Accords with many Native American Tribes and Northwest States. The region has 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 Bi-Op 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 Bi-Op, and its related cost pressures, 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.

McMinnville does not have the resources to examine each of the Ecosystem-base Function recommendations in detail. Nevertheless, it is fair for us to press for an explanation as to why these proposals are being advanced when we already have the FCRPS Bi-Op in place, particularly when some of the ideas appear to be at cross purposes with the Bi-Op.

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 27<sup>th</sup> draft recommendation fails that test because they contain incompatible provisions that work at cross purposes and try to please all target audiences.

Public power systems are very concerned about jobs in their communities. The price of electrical power in the Northwest is one of the reasons we have been able to attract and retain businesses where 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.

### **How to Move Forward**

At this point, McMinnville Water and Light does 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, while de-emphasizing ecosystem where ecosystem issues are at cross purposes with these other priorities.



McMinnville recommends that the June 27<sup>th</sup> draft recommendation be revised as described above to achieve a better balance, as customers recommended in February. In the event that cannot be achieved by the U.S. Entity for any set of reasons, then the Entity should:

1. Recommend to the U.S. State Department that a 10 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. Then take the time to develop regional recommendations where BPA customers have a meaningful opportunity to provide input.
2. Do 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 27<sup>th</sup> draft could be potentially more detrimental to power customers than continuing the status quo.

Thank you for the opportunity to comment.

Best Regards,



Kem M. Carr  
General Manager