



**PUBLIC UTILITY DISTRICT NO. 1 of CHELAN COUNTY**

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August 16, 2013

Mr. Stephen Oliver  
U.S. Entity Coordinator  
Bonneville Power Administration  
United States Entity  
P.O. Box 3621  
Portland, OR 97208-3621

Mr. David Ponganis  
U.S. Entity Coordinator  
U.S. Army Corps of Engineers  
United States Entity  
P.O. Box 3621  
Portland, OR 97208-3621

Dear Mr. Oliver and Mr. Ponganis:

Public Utility District No. 1 of Chelan County (Chelan PUD) is a member of the Columbia River Treaty Power Group, a coalition of utilities which formed in 2011 to evaluate the future of the Columbia River Treaty and its impacts on Northwest electric customers. We fully support the comments submitted to you on behalf of the Power Group. As the owner and operator of two hydroelectric projects on the Mid-Columbia River, we wanted to provide further input because we are directly affected by the Canadian Entitlement payment for improved downstream power benefits. We also are troubled because the draft recommendation proposes to include an “ecosystem function” as a third primary Treaty purpose without acknowledging major ecosystem investments made by both federal and non-federal hydropower operators outside the Treaty.

Chelan PUD is one of three public utility districts that own and operate non-federal hydropower dams on the Mid-Columbia River. Together, we pay 27.5 percent of the Canadian Entitlement, which is the method by which the U.S. provides Canada with “half” of the downstream power benefits created by its storage facilities. As identified by the Bonneville Power Administration, the actual benefits to the U.S. of ongoing coordinated operations with Canada have reduced significantly over the past 50 years, equating to approximately 10 percent of the current Canadian Entitlement delivery. If the Treaty continues post-2024, we are concerned that U.S. electric customers, including our local customers, will be paying too much for the diminishing ongoing downstream power benefits. While acknowledged briefly on page 4 of the draft recommendation, addressing this issue should be central to the U.S. Entity’s recommendation to the State Department.

With regard to the draft recommendation’s proposal to add ecosystem functions as a “third primary purpose” of the Treaty, Chelan PUD urges the U.S. Entity to recognize that ecosystem management is a domestic matter being addressed under federal and state regulatory requirements. In addition to the obligations of the U.S. federal hydropower system, non-federal dam operations address potential impacts through their project operating licenses. For example, Chelan PUD operates the Rocky Reach and Rock Island hydroelectric projects pursuant to habitat conservation plans (HCPs) that meet a “no-net-impact” standard for migrating salmon and steelhead. These HCPs govern project

Mr. Stephen Oliver  
Mr. David Ponganis  
Page Two  
August 16, 2013

operations for covered species through 2054, but remain flexible enough to meet future resource needs through the use of a Coordinating Committee, a Tributary Committee, and a Hatchery Committee comprised of utility representatives and the federal and state agencies and tribes that signed the agreement. Recently, the agreements hit an important 10-year milestone by achieving the no-net-impact goal.

The HCPs fulfill Chelan PUD's obligations under a variety of environmental laws while balancing a broad spectrum of stakeholder interests. We believe the primary framework for U.S. based ecosystem efforts must continue through existing domestic laws, regulations, contracts, and voluntary actions rather than creating an additional layer of obligations through an international Treaty.

We appreciate this opportunity to provide comments and strongly urge the U.S. Entity to engage in a comprehensive consultation with the Power Group in the crafting of a final regional recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Janney', with a long horizontal flourish extending to the right.

John Janney  
General Manager

cc: Elliot Mainzer, Bonneville Power Administration  
Colonel John Kem, U.S. Army Corps of Engineers, Northwestern Division  
Daniel Poneman, U.S. Department of Energy  
Matthew Rooney, U.S. Department of State