



www.publicgeneratingpool.com
thampton@publicgeneratingpool.com

August 16, 2013

VIA EMAIL: treatyreview@bpa.gov

Stephen R. Oliver
U.S. Entity Coordinator, Columbia River Treaty
Bonneville Power Administration

David Ponganis
U.S. Entity Coordinator, Columbia River Treaty
U.S. Army Corps of Engineers, Northwestern Division

RE: Working Draft Recommendation

The Public Generating Pool (PGP) is composed of eleven consumer-owned electric utilities that serve approximately one million customers throughout Oregon and Washington. PGP member utilities own approximately 7,000 MW of generating resources (mostly hydroelectric) and purchase 35 percent of the requirements power sold by the Bonneville Power Administration (BPA). The Columbia River Treaty directly impacts PGP member-owned hydroelectric resources as well as the wholesale power rates paid to BPA by PGP members.

Redesign Development Process

The U.S. Entity's June 27 Working Draft Recommendation (Recommendation) was developed in a process that relied primarily on federal, state and tribal government participation. The Recommendation fails to retain the Treaty's primary purposes of power and flood control. Further, it proposes new, unclear ecosystem concepts without scientific or economic support. Given that we did not have direct participation in the development of the Recommendation, we respectfully offer these written comments and request a more direct level of participation in the development of a final Recommendation.

PGP member utilities have conducted and completed FERC hydro relicensing processes for more than 6,000 MW of hydroelectric generation. The FERC process requires active collaboration with local communities, federal and state agencies, and tribal governments. Our member utilities have successfully balanced ecosystem needs with power, recreation, and other interests for decades. Given the significant potential impact to electric utility customers, we believe our experience and expertise is critical to the U.S. Entity's development of a Recommendation that represents all U.S. interests.

- ***We ask the U.S. Entity to redesign the development process to ensure utility interests have direct participation in any Recommendation made to the U.S. State Department and in any future processes that support the U.S. State Department in their efforts on the Treaty.***

Power and Flood Control Priority

The Columbia River Treaty was developed for the primary purposes of coordinating flood control and power production. Our experience indicates that ecosystem interests have been and will continue to be successfully addressed through current laws and processes. For this reason, we believe the primary focus of a regional recommendation for Treaty renegotiation should be on rebalancing the benefits of the Treaty

Public Generating Pool

Chelan County PUD / Clark Public Utilities / Cowlitz County PUD / Douglas County PUD / Eugene Water & Electric Board
Grant County PUD / Klickitat County PUD / Lewis County PUD / Pend Oreille County PUD / Snohomish County PUD / Tacoma Power

between the U.S. and Canada. To that end, we suggest the Recommendation prioritize and better highlight two key principles:

- 1) Any payment made to Canada for enhanced power production should not exceed one-half of actual incremental power benefit achieved through coordinated U.S./Canadian operation as compared to non-coordinated operation, and
 - 2) Any payments made to Canada for Columbia River flood control should be the responsibility of the taxpayers of the United States not the customers of Northwest electric utilities.
- ***We ask that the U.S. Entity modify the Working Draft Recommendation to emphasize and prioritize rebalancing the benefits of the Treaty between the U.S. and Canada. Specifically, we request that the Power and Flood Control sections be moved to the beginning of the document.***

Ecosystem Mitigation Already Addressed

The Working Draft Recommendation fails to recognize that current U.S. law and associated regional processes have provided and continue to provide the necessary balancing between power production, flood control and ecosystem stewardship. For the last 30 years, the Northwest has engaged in public review and evaluation of the costs and biological effects of hydrosystem investments and operations.

The 1980 Northwest Power Act requires the Northwest Power and Conservation Council to provide for a public process to provide for fish and wildlife measures while maintaining an adequate and economic power supply. Since the Act's passage, the Northwest region has publicly evaluated the costs and benefits of ecosystem actions. With listings under the Endangered Species Act, the scope and focus of these public collaborations expanded and have become part of regular management of the system. Further, non-federal hydro projects subject to FERC relicensing have engaged in highly public processes of evaluation and decision making associated with ecosystem related investments and operations.

These regional efforts have resulted in more than 13 billion dollars of investment in ecosystem mitigation and restoration and have provided successful results¹:

- All listed salmon populations from the interior Columbia Basin have increased in abundance since the first ESA listings in the 1990s².
- All Federal Columbia River Power System projects are on track to meet Biological Opinion Performance Standards³.
- All Mid-Columbia hydro projects have measures in place to achieve No Net Impact for salmon and steelhead satisfying the objectives of their Biological Opinions and Habitat Conservation Plans.

The Working Draft Recommendation's suggestion that we need to "modernize" the Treaty to include ecosystem as a third priority ignores the highly integrated processes already in place to evaluate power, flood control, and ecosystem needs. Further, the Working Draft Recommendation seems to suggest potential changes to river operations. This process is not the appropriate venue or document for suggesting additional ecosystem related measures.

¹ The \$13 billion reflects only those costs incurred for the Federal Columbia River Power System (FCRPS). This does not include any investments made by utilities for privately owned and operated dams. Detailed summary of costs incurred for the FCRPS can be found in the 2012 Columbia River Basin Fish and Wildlife Program Costs Report, Northwest Power and Conservation Council, May 9, 2013.

² 2013 Draft Comprehensive Evaluation, FCRPS Biological Opinion, July 10, 2013.

³ Ibid.

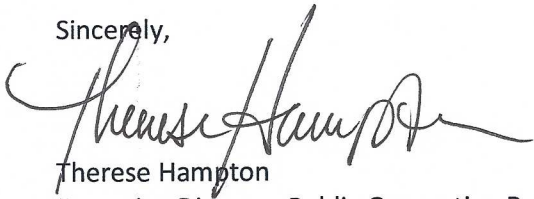
Public Generating Pool

Chelan County PUD / Clark Public Utilities / Cowlitz County PUD / Douglas County PUD / Eugene Water & Electric Board
Grant County PUD / Klickitat County PUD / Lewis County PUD / Pend Oreille County PUD / Snohomish County PUD / Tacoma Power

- *We ask the U.S. Entity to modify the current Working Draft Recommendation to acknowledge the significant ecosystem stewardship actions taken to date.*
- *We ask the U.S. Entity to move the specific stream flow, cultural resource, and dry-year strategy recommendations to the Domestic Matters to be Addressed Post-2013 section. Consistent with regional practice, these issues should be coordinated domestically and not become part of any international negotiation.*

The U.S. Entity must consider comments from all affected parties and ensure meaningful and transparent participation in the development of a recommendation. When the review process properly incorporates electric utility comments in the recommendation, it will be more likely to protect the Pacific Northwest economy and citizens. The PGP utilities continue to offer our expertise and experience toward direct involvement in the development of a recommendation that reflects the many interests of the United States.

Sincerely,



Therese Hampton
Executive Director, Public Generating Pool

Cc:

Colonel John S. Kern, Northwestern Division US Army Corps of Engineers
Elliot Mainzer, Acting Administrator, Bonneville Power Administration
Bill Bradbury, Northwest Power and Conservation Council Member - Oregon
Tom Karier, Northwest Power and Conservation Council Member - Washington
Pat Smith, Northwest Power and Conservation Council Member - Montana
Jim Yost, Northwest Power and Conservation Council Member - Idaho
Northwest Delegation
Northwest Governors

Public Generating Pool

Chelan County PUD / Clark Public Utilities / Cowlitz County PUD / Douglas County PUD / Eugene Water & Electric Board
Grant County PUD / Klickitat County PUD / Lewis County PUD / Pend Oreille County PUD / Snohomish County PUD / Tacoma Power