

August 9, 2013

Stephen R. Oliver
Bonneville Power Administration

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

U.S. Entity Coordinators, Columbia River Treaty
CRT Review (DKE)
P.O. Box 14428
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Delivered via e-mail to: treatyreview@bpa.gov

Dear Mr. Oliver and Mr. Ponganis:

The Columbia River Treaty (“CRT”) and the CRT review process are of significant interest to Lincoln Electric Cooperative and to all Northwest utilities. I write today to urge you to reject the approach to the CRT in the June 27th “Columbia River Treaty Review Working Draft of a Regional Recommendation” (Working Draft Recommendation) and instead to refocus CRT review efforts on what should be the region’s top priorities: rebalancing the Canadian Entitlement (“CE”),¹ ensuring that electricity ratepayers do not bear the burden of future flood control costs, and recognizing that the region already invests substantially in largely successful ecosystem management efforts in the Columbia River Basin.

I. Lincoln Electric Cooperative

Lincoln Electric serves 5,400 residences and businesses in Northwest Montana. Our service territory encompasses roughly 1,200 square miles which includes part of the Lake Koocanusa reservoir behind Libby Dam. Because our members were and are directly impacted by the construction and operation of the Dam and reservoir the Treaty and its distribution of benefits is very important to us.

II. The Working Draft Recommendation

I was extremely disappointed with the Working Draft Recommendation. Quite simply, it needs to be rewritten. The current draft does not put the United States in a strong position to advocate for our regional and national interests in discussions with Canada. It does not come close to

¹ The CE is the amount of energy and capacity that the United States provides to Canada each year pursuant the CRT. The CE is based on a formula in the CRT originally meant to represent one half of the downstream power benefits resulting from the treaty.

representing a regional consensus on this important issue before the U.S. Entity. I appreciate your request for edits to this document, but, rather, than editing the document, you must simply delete much of it and the U.S. Entity should start over with an effort to provide a draft recommendation to the Department of State.

III. Treaty Review Process

The CRT review process as it has unfolded so far will not get us to a regional consensus on a recommendation to the Department of State. Regional utilities have not had a significant voice in discussions, and this needs to change. It is time to refocus your private conversations with the “Sovereign Review Team” and engage in open dialogue with BPA customers and others so that we can have an open, transparent exchange of ideas.

IV. Regional Priorities

Going forward, the U.S. Entity and regional stakeholders must refocus efforts on what are truly our regional priorities and our national interest when considering the future to the CRT. Specifically, we must focus on the following:

1. The Canadian Entitlement is too high. It needs to be rebalanced to reflect modern realities and to reduce costs to ratepayers.
2. Any flood control costs to the United States after 2024 should be a general taxpayer expense, not a ratepayer expense.
3. Any ecosystem management discussions that are part of CRT negotiations need to reflect the existing, robust, and incredibly expensive fish and wildlife efforts already underway in the Columbia River Basin.

V. Conclusion

Again, Lincoln Electric Cooperative has a strong interest in the CRT. We look forward to continuing to work with you as the U.S. Entity crafts a final recommendation to the Department of State on the future of the Treaty.

Ray Ellis
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CC: Elliot Mainzer, Acting Administrator, Bonneville Power Administration
Senator Max Baucus, Senator John Tester and Rep. Steve Daines Congressional Delegation
Governor of Montana Steve Bullock