



City of Seattle

Seattle City Light

August 9, 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
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Dear Mr. Oliver and Mr. Ponganis:

We appreciate the opportunity to provide comments on behalf of Seattle City Light regarding your June 27, 2013 Columbia River Treaty Review Working Draft Recommendation. We believe the decisions the United States will make with respect to management of the Columbia River Basin with Canada will have profound, long-lasting impacts on the region.

Renegotiation of the Columbia River Treaty is one of the most critical regional issues of the decade, if not the century. We recognize the extensive work the U.S. Entity has done over the last two years and appreciate the efforts of your staff to guide this process to a regional recommendation to the United States Department of State (State Department) by the end of this year.

As you may recall from our earlier comments provided on February 5, 2013, Seattle City Light encouraged the U.S. Entity to provide a recommendation to the State Department to terminate the Treaty as a necessary precondition for engaging in the hard work of negotiating a new Treaty that would place ecosystem on an equal footing with power and flood control benefits. We still believe that this may be the best approach to achieving a long-term solution acceptable to all stakeholders.

In reviewing the U.S. Entity's draft recommendation, Seattle City Light concurs with the principled position that there needs to be a balanced outcome as we negotiate the provisions of a new Treaty. However, we are concerned that as interested parties look to incorporate basin-wide ecosystem issues into a new Treaty, the critical importance of the reliable, cost-effective and carbon-free power generation delivered from the Columbia River to our regional economy will suffer. Seattle City Light believes a successfully renegotiated Treaty



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will equitably balance the benefits realized from power generation, flood control and basin-wide ecosystem restoration.

In contrast, the current draft recommendation appears to emphasize enhancements to ecosystem restoration and, to a lesser degree, flood control, at the expense of hydropower. Additionally, it fails to recognize the significant contributions – financial and operational – that the region's power customers have been making for decades to support ecosystem and flood control purposes.

Within the context of the open discussion of the potential, future three primary purposes of the Treaty, Seattle City Light believes it is important for all parties to the discussion to recognize the need to balance our collective commitment to these issues, both domestically within the United States, as well as across the border with the citizens of British Columbia. To this end, we recommend that the U.S. Entity not seek to establish a new, rigid formula for allocating benefits from a revised Treaty. Rather, that a flexible framework be established that can produce a balanced outcome in each of the expanded, three primary purpose areas.

Such a Treaty framework would accommodate changes over time in a manner the current Treaty framework has not. For example, re-establishing a downstream power benefit that aligns the interests of BC and US power customers and residents and prevents a repeat of the current situation, which is widely recognized as unbalanced, is of critical importance to the customers we serve. A revised Treaty will only be sustainable if it is flexible and resilient enough to respond to changing conditions, such as climate change, while also flexibly recalibrating respective benefits so that the interests of both nations remain aligned well into the future.

The draft recommendation does not appear to recognize the environmental mitigation work that utilities and the Bonneville Power Administration (BPA) have been doing for the past 40 years. Seattle City Light has itself invested millions of dollars to restore fish, wildlife and habitat and BPA has the largest fish and wildlife restoration program in the world.

Pacific Northwest utilities and BPA will continue to make significant investments in ecosystem protection and enhancement, investments that have yielded tangible benefits through increased salmon runs. These investments have paid off because they were based on best available science and have achieved remarkable results. Again, we appreciate the need to include ecosystem as a new, third primary purpose of the Treaty, but there must be recognition of what has been occurring, what is still happening now, and what will continue to happen whether or not Treaty re-negotiation is successful. Seattle City Light will not support making investments that are not based on best available science with clear outcomes.



Seattle City Light remains concerned regarding the draft recommendation for the Canadian Entitlement. The draft lacks specifics and we believe it must be clearer about what the U.S. Entity wants the State Department to accomplish. We would recommend you include language that would state *"downstream power benefits should not exceed one-half of the actual, incremental power benefits achieved through coordinated US-Canada operation as compared to non-coordinated operation"*. Although the U.S. Entity has acknowledged that the current Canadian Entitlement is not balanced between the nations, we believe your recommendation must be clear on what that balance looks like after 2024.

The U.S. Entity must also take into consideration who is ultimately paying for the ecosystem improvements and the Canadian Entitlement: our public power customers. Through our power and transmission service purchases from BPA and the investments we make as a utility, Seattle City Light is investing millions of dollars per year in ecosystem protection and enhancement. We feel it is vitally important that the draft recommendation take into consideration the comprehensive costs and benefits of all actions (or non-action) that might be taken as a result of the Treaty review decision. To be clear, Seattle City Light remains committed to making environmental investments on behalf of our customers if we have some assurance there will be a corresponding benefit.

As to flood risk management, Seattle City Light believes that it is a public health and safety issue which is properly supported by federal appropriations rather than electric power rates. Currently, flood control in the Columbia Basin is funded primarily by BPA's power customers, most of whom live in areas beyond the flood plain and therefore do not directly benefit from these investments. To the extent flood control cannot be funded by federal appropriations after 2024 we feel that the United States Army Corps of Engineers should begin a public discussion of more cost-effective alternatives to the current flood control regimes. In addition, the pending changes in 2024 to a "called upon" regime clearly require additional regional discussion and engagement both domestically and across the border on this critical issue before a recommendation is submitted to the State Department.

The draft recommendation states that climate change should be considered in all elements of the Treaty, but failed to acknowledge that hydropower is a carbon-free electric resource. Hydropower does not contribute to climate change and is already being impacted by it in the Pacific Northwest as a result of changes in run-off timing and volume. The recommendation must also recognize the importance hydropower will have with integrating other renewable resources like wind and solar, an important component in addressing climate change. The value of this precious carbon-free resource should not be diminished as a result of adopting any of the proposals within the recommendation.



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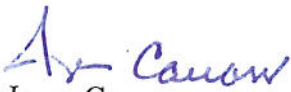
Underlying all the issues in the Treaty are economics. The continuing availability of clean, cost-effective, reliable hydropower is vital to the economic health of our region. The Pacific Northwest economy is largely based on the affordable electricity that has been the mainstay for our region. We cannot stress enough how critical it is the recommendation you make must take into consideration the costs and benefits of each proposal.

Finally, it is our hope we can assist your staff in moving forward and foster a wider conversation than has to date occurred - largely behind the closed doors of the Sovereign Review Team process, from which Seattle City Light and many stakeholders were excluded. We encourage the U.S. Entity to design a more inclusive, diverse and transparent process for discussion and resolution of these critical issues in the weeks ahead.

We look forward to working with the U.S. Entity and its staff over the remainder of this year to develop what we hope will be a consensus regional recommendation, recognizing that a consensus may not be achievable in the time remaining. To have a chance of achieving success, we expect that all parties will need to commit to working together over the next several years to develop a sustainable framework that addresses all issues related to the Treaty in a manner that produces a balanced outcome supportable by the entire Pacific Northwest region, including British Columbia.

Thank you for taking the time to review our suggestions on the draft regional recommendation. Should you have any questions please feel free to contact Robert Cromwell at (206) 684-3856 or via email at robert.cromwell@seattle.gov.

Sincerely,



Jorge Carrasco

General Manager and CEO

