



# COLUMBIA RIVER TREATY POWER GROUP

August 7, 2013

Mr. Stephen Oliver  
U.S. Entity Coordinator  
Bonneville Power Administration  
United States Entity  
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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:

The Columbia River Treaty Power Group (Power Group) is deeply concerned with the U.S. Entity's draft regional recommendation for the future of the Columbia River Treaty (Treaty), which was issued on June 27, 2013. The draft recommendation does not reflect all priorities of the region with respect to the Treaty and should not be considered a regional recommendation. It fails to prioritize the paramount need to reestablish the equitable distribution of power benefits between the U.S. and Canada and improperly recommends expanding the scope of the Treaty. We believe that these failures primarily are a result of our members' interests not being represented in the Sovereign Review Team process established by the U.S. Entity to evaluate the future of the Treaty.

The Power Group formed in 2011 to provide a forum for electric utilities and industry associations to evaluate the future of the Treaty. Our purpose is to advocate for a fair and equitable outcome in any Treaty negotiations with Canada for the estimated 6.4 million Pacific Northwest electric customers we serve. We are concerned that the current draft does not put the U.S. in a strong position to advocate for our customers and our regional economy.

The primary purpose of the U.S. Entity's evaluation of the Treaty should be to determine whether the current obligations and benefits provided by the Treaty need to be rebalanced following the initial 60-year term. Currently, the methodology for calculating the Canadian Entitlement represents a significant mismatch between payments to Canada and diminishing ongoing downstream power benefits in the U.S. Unfortunately, the draft recommendation fails to focus on this primary issue facing Northwest electric customers – specifically, the need to reestablish an equitable distribution of power benefits between the U.S. and Canada. Instead, the draft recommendation concentrates on adding ecosystem functions as a “third primary purpose” of the Treaty.

The Power Group believes that this approach in the draft recommendation is critically flawed in two important ways. First, it loses sight of the paramount need for any Treaty negotiations to

resolve the central issue of the Canadian Entitlement. Expanding the scope of any Treaty negotiations unnecessarily introduces complex issues which could lead to delay and capitulation on the core issues addressed by the current Treaty. Second, the draft recommendation *completely fails to recognize* that Northwest electric customers have invested, and continue to invest, billions in non-Treaty-related fish and wildlife programs since the Treaty was ratified in 1964. Nowhere does the draft recognize the substantial investments in ecosystem functions this region has already made for decades *outside* the Treaty. Regional electric customers have invested billions in fish protection efforts, and each of the entities providing the Canadian Entitlement already have robust environmental mitigation plans embedded in their project authorizations.

For these reasons, the Power Group believes that the central theme of the U.S. Entity's recommendation should be to address the Canadian Entitlement – not an expansion of the Treaty to include ecosystem functions and other issues. Issues related to integrating ecosystem management with flood control and power production are domestic matters that have been, and will continue to be, addressed under federal and state regulatory requirements. In contrast, rebalancing the Canadian Entitlement can *only* be accomplished through Treaty negotiations between the U.S. and Canada. In this regard, the Power Group strongly believes that any post-2024 payments to Canada for downstream power benefits should not exceed one-half of the actual incremental power benefit achieved through a coordinated U.S./Canadian operation as compared to a non-coordinated operation. The Power Group believes the regional economy would benefit significantly from repatriating these resources, and our forthcoming comments on the draft recommendation, as solicited in the U.S. Entity's June 27 letter, will include a detailed analysis of these issues.

The Columbia River is a magnificent asset. It generates clean, emissions-free electricity for millions of people; provides habitat for fish and wildlife; provides water for irrigation and navigation; offers recreational opportunities, and now has been pressed into service to integrate wind into the electric grid. We look forward to working closely with the U.S. Entity in developing a final recommendation that properly reflects the priorities, values and perspectives of all stakeholders in the region, and we urge the U.S. Entity not to recommend changes to the Treaty that would degrade the system in a manner that results in a net loss of both environmental and economic benefits to the United States.

Sincerely,

The Columbia River Treaty Power Group

- Alcoa Inc.
- Avista
- Benton PUD
- Canby Utility Board
- Central Electric Cooperative, Inc.
- Central Lincoln PUD
- Chelan County PUD
- City of Bonners Ferry

- City of Cheney Light Department
- Clark Public Utilities
- Clatskanie People's Utility
- Clearwater Power Company
- Columbia River PUD
- Columbia Rural Electric
- Consumers Power, Inc.
- Coos-Curry Electric Cooperative
- Douglas County PUD
- Emerald PUD
- Eugene Water and Electric Board
- Fall River Rural Electric Cooperative
- Ferry County PUD
- Flathead Electric Cooperative
- Franklin PUD
- Glacier Electric Cooperative
- Grand Coulee Project Hydroelectric Authority
- Grant County PUD
- Grays Harbor PUD
- Harney Electric Cooperative
- Idaho Consumer-Owned Utilities Association
- Idaho County Light & Power Cooperative
- Idaho Falls Power
- Idaho Power
- Lewis County PUD
- Lincoln Electric Cooperative
- Lost River Electric
- Lower Valley Energy
- Mason County PUD #1
- Mason County PUD #3
- Midstate Electric
- Missoula Electric Cooperative
- Monmouth Power & Light
- Nevada Rural Electric Association
- Northern Wasco County PUD
- Northwest Requirements Utilities
- Oregon Municipal Electric Utilities Association
- PacifiCorp
- Pacific Northwest Utilities Conference Committee
- Pacific Northwest Waterways Association
- Peninsula Light Company
- PNGC Power
- Portland General Electric
- Public Generating Pool
- Public Power Council
- Puget Sound Energy

- Raft River Electric Cooperative
- Ravalli County Electric Cooperative
- Richland Energy Services
- Salmon River Electric
- Seattle City Light
- Snohomish County PUD
- Springfield Utility Board
- Tacoma Power
- Tillamook PUD
- United Electric Co-op, Inc.
- Vigilante Electric Cooperative
- Washington Public Utility Districts Association
- Washington Rural Electric Cooperative Association
- Wells Rural Electric
- Western Montana Generating & Transmission Cooperative

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