



Columbia River Treaty Power Group

RESPOND:

Flood Control and the Columbia River Treaty
In 2024, the past is history

FACT SHEET

Flood control is fundamental to the 1964 Columbia River Treaty. In return for Canada building dam storage capacity, the United States paid \$64.4 million for the use of 8.45-million-acre feet of storage for the first 60 years of the Treaty (or the net present value of half the estimated flood damages prevented through 2024). This amount helped amortize the cost of the Canadian dams, which were completed in 1973. In return, Canada provides primary flood control storage for the United States through 2024. After this date, the Treaty will revert to “called-upon” status. **This means that the U.S. will pay for any operating costs or losses for Canada when the U.S. calls upon Canada for flood control operations.**

There is a dispute between the two countries regarding what actions the U.S. must take domestically before exercising the option of calling on Canada for flood control support post-2024. Therefore, the future cost to the U.S. of Canada providing flood control is a significant unknown. Maintaining the status quo does not protect U.S. flood control interests.

Paying for U.S. Flood Control

Without a change, Pacific Northwest ratepayers will pay for flood control post-2024 through the continuation of the power provisions of the Treaty, known as the Canadian Entitlement (CE). Under the Treaty, Canada receives half of the estimated downstream power benefits created by the construction of its storage facilities. Canada is paid with hydropower energy and capacity, based on the calculated difference in U.S. generation “with and without” the existence of Canadian storage. But the old methodology used to calculate the CE made assumptions about the future that over-valued the role of Canadian storage and ignored the growth of renewables, additions of later U.S. dams, and fish and wildlife restrictions on river operations. Today, the current CE should be reduced by an estimated 90%. This means the U.S. is overpaying Canada for the value of coordinated operations by about \$300 million a year.

The responsibility for flood control should lie with taxpayers. Asking Pacific Northwest electric consumers to shoulder flood control costs while they pay through their taxes for flood control in other parts of the country is inequitable. Therefore, the U.S. needs to develop a new flood control program for the Columbia River post-2024.

Post-2024 Planning

A modernized Columbia River Treaty should maintain flood risk management similar to current levels. But decisions are overdue as to whether the strategy should rely on Canada to provide flood control storage or develop mitigation within the U.S., such as levee enhancements. It appears the lack of a flood control strategy is contributing to the U.S. government's unwillingness to rebalance the outdated power provisions of the Treaty.

Protecting flood control by not renegotiating the hydropower payment results in substantially overpaying for a benefit. Escalated for inflation, the U.S. payment of \$64.4 million for 60 years of flood control is worth around \$600 million today. Meanwhile, the U.S. will have paid billions to Canada through the power provisions of the CE over the same period. Clearly, it makes no sense to use CE payments as a tool to address flood control costs because the value of Canadian flood control to the U.S. is much less than the CE amount. **The worst possible situation for the U.S. would be for citizens to pay the CE and an additional (unknown) amount for flood control.**

The Corps needs to define its flood control strategy and either pay Canada for flood control through federal appropriations or develop a domestic alternative. In late 2022, Congress passed the Water Resources Development Act of 2022 as part of the National Defense Authorization Act. Section 8309 includes language authorizing the Corps to conduct a study to determine the feasibility of a domestic alternative to the reliance on Canada for flood risk management in the Columbia River basin. It requires a report to the relevant congressional committee, along with recommendations. It also authorizes the Army Corps to expend funds on Called Upon operations but requires the Corps to notify the relevant congressional committee and provide a written justification for why the funds are needed, and how much is required, before funds are spent.

This direction to the Corps is a critical step in modernizing the Treaty and better balancing its costs of benefits.

Actions

The Corps should conduct the study authorized by WRDA and be transparent with river operators and power customers about its post-2024 flood control strategy.

In accordance with WRDA conditions, Congress should be prepared to appropriate funds to the Corps of Engineers to support payments for "called upon" flood management needs in a new Treaty.

