



Public Power Council

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CRT Review (DKE)
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Transmitted Electronically:
treatyreview@bpa.gov

U.S. Entity Coordinators, Columbia River Treaty:

Mr. Stephen R. Oliver
Bonneville Power Administration

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

Dear Sirs,

I am writing on behalf of the Public Power Council (PPC) in response to your letter of January 16, 2013 in which you ask for our perspectives regarding the content and direction of the Columbia River Treaty post-2024. Thank you for your work in this process and for the opportunity to comment at this time. We have a great interest in the preliminary regional recommendation scheduled for later this year. Also, we note that PPC has been active in, and joins in the comments of, the Columbia River Treaty Power Group.

PPC is a non-profit trade association representing the interest of its member utilities. PPC's members are publicly and cooperatively owned utilities in the Pacific Northwest that purchase wholesale power and transmission services from the Bonneville Power Administration (BPA). As key players helping to create jobs in local communities, these utilities have a strong interest in the level and terms of BPA's rates, and in the level and timing of power generated by the Federal Columbia River Power System. In addition to the core issues of this Treaty involving flood control and power production, we have a vested interest in all aspects of river management and a strong, proven commitment to environmental stewardship.

Treaty Power Provisions: Impacts on Northwest Ratepayers and Jobs

By any measure, an objective look at the current implementation of the Treaty's power provisions should cause serious concern to U.S. residents. The Treaty Review Process studies show that the Treaty obligates the United States to send about 450 average megawatts of power annually in benefits to Canada, and keep the equivalent of 1,300 megawatts of generation plant and transmission capacity available for the Canadian Entitlement. This has an estimated value of \$250 to \$350 million, which is a cost borne by electricity ratepayers in the Northwest.

But, recent analysis in your studies shows that the U.S. does not receive much of the reciprocal benefit originally anticipated by this arrangement. In fact, while Canada continues to receive the amounts shown above, the U.S. receives a benefit of only 40 to 50 average megawatts. This is striking in light of the fact that the Canadian investment in the dams will be fully compensated in 2024.

Much has changed in the river system since the 1960s. In addition, much of the flood control allowance received from Canada expires in 2024 even if the Treaty continues. Meanwhile the U.S. would remain obligated to pay the Canadian Entitlement unless the Treaty is terminated or renegotiated.

Perspectives on Direction of the Treaty

PPC wants to ensure there is a fair and equitable arrangement for citizens and business in the Northwest United States post-2024. We appreciate your efforts so far, and would like to see federal negotiators stay focused on objective analysis of the relevant Treaty-related scenarios as you strive to meet the timeline leading up to 2014. We would appreciate having a larger role in the process to lend our industry expertise to the task as negotiations proceed. Meanwhile we offer the following observations and proposals regarding the study results to date.

Treaty Power Provisions -- In view of the lack of balance in the current Treaty implementation mentioned above, we believe that payments to Canada for power benefits should not be more than one-half of the *actual* incremental power benefit achieved through the Treaty's provisions.

Continuing the Treaty as currently implemented certainly is not in the interests of electricity ratepayers or the United States in general. If progress cannot be made with Canada this year on this matter, we believe the U.S. will have no viable option but to provide notice of termination in order to enable a more balanced approach for U.S. citizens as the 2014 deadline approaches.

Flood Control Provisions -- Flood control arrangements are scheduled to change with or without termination of the Treaty. We feel strongly that the costs of flood control in the Northwest should not be put upon electricity ratepayers. In the rest of the United States, flood control is the responsibility of the general taxpaying public because it is clearly a benefit to the general public. Imposing additional costs on electricity rates for this public good would be inconsistent with practice elsewhere, would violate principles of equity, and would be a detriment to preserving jobs in the region.

On another flood control related matter, we are very concerned about proposals forwarded for analysis during the review process that would add additional flood risk to downstream areas. Dangerous or extreme river operations proposals that increase flood risk should have no place in any serious Treaty discussion in the future.

Ecosystem Proposals – Under decades of policy arising from laws such as the Northwest Power Act, the Clean Water Act, the Endangered Species Act, and many other laws and tribal treaty obligations, Northwest citizens have committed an enormous amount of their time and their funding to extensive environmental mitigation throughout the river system. So, we are concerned about some of the controversial ecosystem proposals surfacing during this process (including reintroduction of fish species above major storage projects), which are clearly outside the proper scope of this Treaty. In the Federal Power System, just as with the costs of the Canadian Entitlement return, most environmental mitigation is

funded by electric utility customers. With the many other mitigation venues available, the Treaty should not be viewed as an opportunity to greatly increase the obligation and cost of regional mitigation requirements being pursued elsewhere.

PPC appreciates this opportunity to comment, and will stay engaged in the Columbia River Treaty process with a commitment to achieving the best results for the citizens and the economy of this region. We look forward to working closely with the U.S. Entity, and with other federal, state, and tribal governments to seek common ground on these important matters.

Sincerely,

A handwritten signature in black ink that reads "Scott Corwin". The signature is written in a cursive style with a large, sweeping initial "S".

Scott Corwin
Executive Director