



August 16, 2013

CRT Review (DKE)
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Transmitted Electronically:
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U.S. Entity, Columbia River Treaty:

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RE: Draft Recommendation – PPC Supplemental Comments

Dear Sirs,

This comment will supplement our comments submitted on August 6 in which we offered our initial impression of the Draft Recommendation released on June 27, 2013 (“Draft”). In addition, we want to emphasize that we are part of the *Columbia River Treaty Power Group*, and have signed and are in alignment with those comments submitted today. The Public Power Council (PPC) represents consumer-owned utilities in the Northwest who have a strong interest in the Treaty as it directly impacts the level of BPA’s rates and the amount and timing of power generated by the federal and non-federal projects.

We have previously noted our rejection of this Draft Recommendation as lacking in regional support, and we have stated the need for the U.S. Entity to drastically change the nature of their engagement with the power customers. We look forward to further discussions on how to capture this critical piece of regional input in the next Draft, and trust our comments will be a small step toward that goal.

Fundamental Areas of Concern in the Recommendation

We understand the strategic nature of revising a Treaty with another country, and the need to look ahead to the negotiation when deciding what to put down on paper. We also appreciate how much work and dedication the U.S. Entity staff invested in this matter. But, the draft recommendation should be rewritten to make the level of specificity consistent across the topics, and items should be prioritized with the coming negotiation in mind. To this end, we make the following suggestions:

1. The first priority (and the largest issue at stake for both the United States and Canada) is the rebalancing of the downstream power benefits. The recommendation should be drafted to place this item first.
 - Certainly, the recommendation should include in its key principles the need to rebalance the power benefits. We assume that this was merely an oversight that is easily corrected in the

recommendation document, since it was listed in the cover letter (though it should be moved up five places to be the first item in the cover letter as well).

- The amount of current and future inequity of this power arrangement, as shown in the U.S. Entity studies, should be more greatly emphasized in the recommendation. Power customers in the United States are seeing severely less benefit from the current arrangement than residents of Canada. The hit to consumers in the United States should be forefront in this review.
 - A clear statement of the bottom line should be included. It should state that any “rebalancing” demands that the United States sends no more than one-half of the actual incremental power benefit achieved through the coordinated operation. The only appropriate outcome is a proportionate increase in the power benefit seen by the U.S. *and accruing to customers*.
 - A clear statement should be included that the reliability and flexibility of the hydropower system is a paramount concern and priority for any Treaty implementation.
 - The many and varied benefits of the hydropower system should also be included in the recommendation. This is a system that creates clean electricity for millions of residents, and its benefits reach all corners of the Northwest in the form of economically priced emission-free power, navigation, irrigation, recreation, and of course, fish and wildlife habitat.
2. The second priority should be to clarify the flood control approach and expected outcome.
- There should be a clear statement that any future financial responsibility for “called upon” flood control measures should be borne by taxpayers, as opposed to ratepayers. Clearly the benefit of flood control is broadly seen, and is not different from other areas of the country where this is funded as a general good by taxpayers.
 - The recommendation should emphasize that only the eight U.S. reservoirs authorized for system flood control are covered by the post-2024 requirement regarding use of the U.S. storage facilities.
3. The “Additional Areas of Discussion for U.S. and Canada” includes two helpful provisions that could use some more specificity and emphasis. We have a great concern that discussions drag on without any real commitment from Canada to move significantly on the key matters regarding power benefits and flood control.
- That said, this part of the recommendation is a good start toward setting firm dates for progress, and towards creating a clear expectation that if measurable and accountable progress is not made than the U.S. will have no choice but to serve the notice of termination of those Treaty provisions that are subject to possible termination.
4. The Draft Should Recognize the Ecosystem Efforts Already Underway
- Having been involved in years of extensive deliberations in other forums, most notably in the drafting, redrafting and litigation over the various biological opinions (BiOps) for the Federal Columbia River Power System (FCRPS), we do not understand the basis for the ecosystem related measures in the Draft Recommendation or how they intersect with current measures from a scientific and cost perspective. The extent of this expansion of Treaty scope is baffling.
 - On the topic of ecosystem mitigation, any document should start with recognition of what already occurs under the current Treaty implementation. This includes many agreements, not the least of which are the FCRPS BiOp and the agreements with States and Tribes that went hand in hand with it in the form of MOAs and Accords.
 - Also, a key recognition should include the significant progress made to date with respect to fish and wildlife mitigation in the hydropower system, as evidenced just recently with the release of the Draft Comprehensive Evaluation of the FCRPS BiOp.
 - The recommendation, in this context, could also mention the over \$13 billion invested by ratepayers since 1980 for fish and wildlife measures.

- It appears that the recommendation in the section includes an array of matters that are mostly domestic in nature, and are being appropriately handled in domestic processes where the scientific, operational, and economic impacts of measures are evaluated and debated—each should be reviewed through that lens. This draft document is completely devoid of references to any of these considerations.

5. The section on “Domestic Matters to Be Addressed Post-2013” raises several questions of appropriateness in the context of a document that is to guide an international negotiation.

- There is lack of clarity and justification for the item that would explore changing the flood risk to the region.
- Similarly, the same defect applies to the proposal to change the composition of the U.S. Entity that has functioned very well over several decades in that role.
- The domestic advisory mechanism suggestion also raises many questions about how it is formed, who would serve in that capacity, and whether it would be dissolved after its mission is complete.

Again, we direct you as well to our prior comments and to those of the Columbia River Power Group. We look forward to working with you to draft a new approach that will make the Treaty recommendation relevant and useful as the United States enters the next phase of engagement with Canada.

Sincerely,

A handwritten signature in cursive script that reads "Scott Corwin". The signature is written in black ink and is positioned above the typed name and title.

Scott Corwin
Executive Director