



Public Utility District No. 1 of Douglas County

1151 Valley Mall Parkway • East Wenatchee, Washington 98802-4497 • 509/884-7191 • FAX 509/884-0553 • www.douglaspu.org

CRT Review (DKE)
P.O. Box 14428
Portland, OR 97293

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

Gentlemen,

Please accept this response to your January 16, 2013 letter to stakeholders requesting information that will be used to inform the remaining stages of technical analysis and a preliminary regional recommendation to the U.S. Department of State regarding the future of the Columbia River Treaty. Douglas County PUD is the owner and operator of the Wells Hydroelectric Project on the Columbia River and has historically participated in directly providing a proportionate share of the power returned to Canada pursuant to the Treaty.

We support the statement of the Columbia River Treaty Power Group, which has been submitted separately and is attached to this letter. Given that the Treaty does not provide a clear path to correct the method of calculating the downstream power benefits, we are not confident that the first principle listed by the Power Group can be met without the termination contemplated by Article XIX of the Treaty. By preserving flood control and other good neighbor provisions in the event of an Article XIX termination, the governments created the termination mechanism as an acceptable method to adjust the Treaty after 60 years of operation. Electric customers should not be expected to pay for an unrealized theoretical benefit or any other added costs beyond the earliest moment such payment can cease.

We appreciate the opportunity to provide comments on the development of this important recommendation and look forward to future involvement opportunities.

Sincerely,

William C. Dobbins
General Manager

Columbia Review Treaty Review
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Gentlemen,

Please accept this response to your January 16, 2013 letter to stakeholders requesting information that will be used to inform the remaining stages of technical analysis and a preliminary regional recommendation to the U.S. Department of State regarding the future of the Columbia River Treaty. The Columbia River Power Group provides a forum for electric utilities, industry associations and other entities that depend upon power produced by Columbia River generating plants to engage in the United States' evaluation of whether to continue or terminate the Columbia River Treaty with Canada. Collectively, the Power Group members serve an estimated 6.4 million Pacific Northwest electric customers. Thank you for this opportunity to provide comments.

Background

Construction of Columbia River Treaty Storage Projects, which impound flows destined for the lower reaches of the Columbia River, have allowed for management of downstream flood risk and were intended to optimize the timing of stream flows to enhance power generation at downstream projects. The Columbia River Treaty has operated for nearly 50 years and has now fulfilled a primary purpose; that is, it raised financing in the US for construction of the Treaty Storage Projects in Canada.

There has been substantial analysis of the Treaty conducted by the U.S. Entity and others, covering all of the topical areas set forth in your January 16 request. As power utilities serving people throughout the Northwest, we are uniquely interested in the future of the Columbia River Treaty. Based on our understanding of the available information, the remaining benefit for downstream power generation is minimal while the cost imposed under the Treaty protocols is high. We therefore offer the following principles for you to consider as you continue to work to develop your recommendation to the U.S. Department of State. As requested in your letter, these principles are in priority order.

Guiding Principles

Downstream Power Benefits

- Any payment made to Canada for downstream power benefits should not exceed one-half of the actual incremental power benefit achieved through a coordinated US/Canada operation as compared to a non-coordinated operation.

Non-Power Benefits

- Consistent with the flood control funding approach employed throughout the United States, any payments for Columbia River flood control should be the responsibility of the taxpayers of the United States.

- Each of the entities providing the Canadian Entitlement return already have robust environmental mitigation plans embedded in their project authorizations and developed in legal forums. Along with the cost of the Entitlement return, this mitigation is funded by utility customers. Therefore, an equitable correction to the Entitlement should not lead to an increased mitigation requirement.

If these principles cannot be met, then the U.S. has no other option but to provide notification of termination by 2014.

We appreciate the opportunity to provide comments on the development of this important recommendation and look forward to future involvement opportunities.

Sincerely,

Columbia River Treaty Power Group

- Alcoa Inc.
- Avista
- Benton PUD
- Chelan PUD
- Clark Public Utilities
- Douglas PUD
- Eugene Water and Electric Board
- Franklin PUD
- Grant PUD
- Grays Harbor PUD
- Idaho Power
- Northwest Requirements Utilities
- PNGC Power
- PacifiCorp
- Pacific Northwest Utilities Conference Committee
- Portland General Electric
- Public Generating Pool
- Public Power Council
- Puget Sound Energy
- Seattle City Light
- Snohomish PUD
- Tacoma Power
- Washington Public Utility Districts Association
- Western Montana Generation & Transmission Cooperative