

Transmitted Electronically
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October 25, 2013

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

U.S. Entity Coordinators, Columbia River Treaty:

Mr. Stephen Oliver
Bonneville Power Administration

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

Gentlemen,

The following is a response from Northwest Requirements Utilities (NRU) regarding your September 20, 2013 "Columbia River Treaty Review Draft Regional Recommendation" (September 20th Draft). NRU is a trade association of 52 public preference customers of the Bonneville Power Administration that rely upon the generation assets of the Federal Columbia River Power System (FCRPS) as the primary source of federal power supply. Therefore, NRU members have a vested interest in the future of the Columbia River Treaty with Canada. In addition to this response, individual members of NRU will submit their own comments to the U.S. Entity, to address some of the key policy issues contained in the September 20th Draft. NRU is also a member of the Power Group. We support the Power Group's recommendations and would like to add our own comments to emphasize certain points.

NRU appreciates the outreach that the U.S. Entity has extended to the Power Group, and the fact that you held regional meetings that our members could attend. We believe the proposed revisions the Power Group has discussed with you during these last few weeks have been given serious consideration, and there is a good probability that, following further discussions, many of these revisions can be incorporated in large measure into the U.S. Entity's final recommendation. In this regard NRU stands ready to work with you to refine the draft and to reach out to other parties as may be necessary to strengthen the region's support for the final document. While a consensus would be ideal, at this juncture we urge the U.S. Entity to stay on schedule for regional deliberations, given the amount of lead time required for review of the recommendation in Washington D.C.

With the close of the comment period on October 25th, this may be a good time to complete the work of the Sovereign Review Team (SRT). NRU would welcome the opportunity to meet with Northwest Tribes and/or representatives of the region's Governors. However, on balance NRU members do not believe the SRT mechanism adequately represents their interests as power customers. The SRT process has demonstrated a disproportionate and generally undocumented emphasis on eco-system issues over the foundational blocks of the Treaty - power supply and flood control. There seems to be a lack of recognition of everything we have accomplished through the FCRPS Biological Opinion and the actions of regional utilities to protect and enhance the ecosystem.

With regard to ecosystem issues in general, I would like to restate a portion of NRU's August 16th response to the U.S. Entity's June 27th draft recommendation. *We are open to considering the scientific and cost/benefit value of discrete measures impacting the ecosystem that could emanate from a new/revised treaty, and future system operations, provided that such measures are not materially at odds with power supply, reliability and flood control considerations.* We believe that a broadly supported regional recommendation can accommodate power supply, flood control and ecosystem, but the September 20th Draft does not have enough safeguards limiting the pursuit of ecosystem modifications that may lack a scientific foundation and/or that are simply unaffordable for the benefits produced.

In addition to these general observations, it is important to highlight some of our key concerns about the September 20th Draft Recommendation. Absent fundamental revisions as described below, NRU cannot support the September 20th Draft. Key areas that need to be fixed include the following:

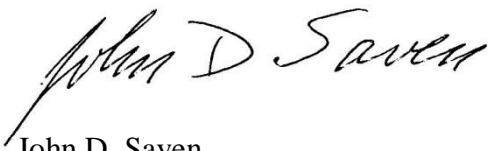
- The document contains a set of "General Principles." It is important to stress that the General Principles be taken together as a group so that they are collectively satisfied. In particular, the implementation of any ecosystem-based functions should not prevent the region from achieving the primary objective of reducing U.S. power costs.
- Any payments for flood risk management should be consistent with the national flood risk funding policy of federal funding with applicable local beneficiaries sharing costs as appropriate. We should maintain the current level of flood risk for people in the Columbia River Basin.
- Implementation of a revised treaty needs to incorporate the best available science and recognize other important documents such as the FCRPS Biological Opinion. There is no stated justification in the Draft for increasing flow augmentation in the spring and summer at the expense of fall and winter power generation. Significant changes in seasonal flow augmentation can have an adverse impact on customers. Any modifications to flow must have a scientific basis and not undermine the rebalancing of economic interests we are trying to achieve.
- We are concerned that the eco-system based functions create an impression that the region is going to undertake a process to examine reintroduction of anadromous fish on

the main stem of the Columbia River to Canadian spawning grounds. This issue is outside of the scope of treaty negotiations and requires much more regional discussion.

- If the U.S. and Canada are unable to achieve agreement on key aspects of a modernized treaty by 2015, other options should be evaluated.

As stated above, we are anxious to work with the U.S. Entity and other individual parties to continue discussion of the September 20th Draft Recommendation, as we understand it to be revised to reflect current thinking. We appreciate all of the hard work you and your staff have put into this key regional issue and urge you to stay on schedule. The quality and level of support for the Draft Regional Recommendation will greatly impact the probability of achieving a successful renegotiation of the Treaty. Thank you for the opportunity to comment. Please let me know if you have any questions.

Best Regards,

A handwritten signature in black ink that reads "John D. Saven". The signature is written in a cursive, flowing style.

John D. Saven
Chief Executive Officer

CC: Members of NRU
Members of the Power Group