

STATEMENT OF
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COLUMBIA RIVER TREATY

AND

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COLUMBIA RIVER TREATY

BEFORE THE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

CONSIDERATION OF THE COLUMBIA RIVER TREATY

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Good morning, Mr. Chairman. I am Brigadier General John Kem, and I serve as Commander of the Northwestern Division of the United States Army Corps of Engineers and the Member of the United States Entity. By Executive Order the Chair of the U.S. Entity is the BPA Acting Administrator, currently Elliot Mainzer, who is not able to be with us today. In his stead Steve Oliver is with me today. Steve is the BPA Vice President of Generation Asset Management and one of the policy leads for operational implementation of the Treaty.

Together, we are pleased to be before the Committee to discuss the Draft Regional Recommendation regarding the future of the Columbia River Treaty after 2024 and the regional review process underway to inform a final recommendation. We appreciate the interest this Committee is showing toward this matter. We should note that our testimony reflects the status of the process we are coordinating in the region on this matter and does not represent any final Administration recommendations.

The Columbia River Treaty is a successful example of a transboundary water treaty and serves as a model for other international water coordination agreements. Over the years since the Columbia River Treaty entered into force in 1964, it has provided benefits for the Pacific Northwest and both countries. It has enabled us to coordinate streamflows, and thereby helped us manage flood risks and generate hydropower. The U.S. Entity also uses the flexibilities within the Treaty to work with our Canadian counterparts to implement operations designed specifically to benefit the Columbia Basin ecosystem in both countries.

To ensure we can successfully convey the interests of the region, the U.S. Entity, through the regional review process known as the Columbia River Treaty 2014/2024 Review, has engaged throughout the region and is striving to garner support for a regional recommendation.

The message we have most heard during the multi-year regional review process is that it is in the best interest of the region to modernize operations under the Treaty to bring about better and more balanced benefits. As we are developing a regional recommendation, the U.S. Entity has listened closely to the many diverse voices in the region about how to reflect their respective interests in the recommendation.

While many in the region appreciate the benefits that have flowed from the Treaty, there is widespread concern in the U.S. that the method included in the Treaty for calculating Canada's share of the Treaty's power benefits is not equitable. There is interest in providing flood risk reduction for public safety through agreement with Canada on how we can implement continued, mutually agreeable, coordinated flood risk management operations.

There is also a strong desire by many to more formally incorporate ecosystem-based functions into the implementation of the Treaty and to recognize evolving interests in other water management issues in the Columbia River Basin. There is also growing interest in mechanisms that are more adaptive, flexible, and resilient to successfully meet the challenges presented by increased demand for water and the uncertainty of climate change impacts on Columbia River flow volume, timing, and variability in the next several decades.

We believe that through our extensive collaboration efforts we have assisted the region to find a middle ground that attempts to recognize and balance all of these viewpoints and interests in the region. We believe that it is possible to simultaneously:

- Reduce the U.S. obligation, paid by Northwest ratepayers, to return power to Canada that reflects the actual value of coordinated power operations with Canada.
- Define a workable approach to flood risk management that will continue to provide a similar level of flood risk management to protect public safety and the region's economy;
- Contribute to a more comprehensive ecosystem-based function approach throughout the Columbia River Basin watershed by formalizing and providing greater certainty for ecosystem actions already being undertaken so that they complement the existing ecosystem investments in the region; and
- Pursue operational flexibility necessary to respond to climate change, and other future potential changes in system operations while continuing to meet authorized project purposes such as irrigation and navigation.

In essence, the Draft Regional Recommendation seeks to further improve on operations that are already in place, while also making them more adaptable to address current and future needs of the region. Through this approach, we hope to achieve a collective net “win” for the Pacific Northwest on all fronts.

While we believe that regional interests are coalescing around this approach, we understand that there have been some questions, particularly regarding formalizing inclusion of ecosystem based functions, and whether such inclusion will create an additional cost for the U.S. and thus Pacific Northwest ratepayers. The Treaty provides a process for the U.S. and Canadian Entities to coordinate the storage and release of transboundary waters from the Treaty reservoirs for the mutual benefit of both countries. Initially, power and flood risk management were the basis for this coordination. However, over the past 20 years we also have worked with Canada to mutually agree on storing and releasing water for both Canadian and U.S. ecosystem purposes.

The U.S. Entity's view is that it is appropriate to formalize and gain more certainty for these operations. At the same time, we recognize that over the past 20 years both the Canadian and U.S. management and use of this mutual water resource has become more focused over time on in-stream and out-of-stream uses, while fulfilling our commitments for power production and flood risk management. The U.S. Entity acknowledges the need for continued support for these existing purposes and intends to ensure that the incorporation of ecosystem-based functions would not prevent the region from achieving its objective of rebalancing and reducing U.S. power costs and would retain an acceptable level of flood risk.

Although we believe our draft recommendation will represent a positive balance of regional interests, we recognize that it will still concern certain stakeholders. To address those concerns, we recommend including mechanisms to promote further dialogue and minimize the risk of unintended consequences. These mechanisms include proposing a number of domestic processes

through which U.S. interests can address complex issues that are currently beyond the purview of the Treaty.

Throughout the Columbia River Treaty 2014/2024 Review process, the U.S. Entity has consulted extensively with regional sovereigns, stakeholders, and the public. A key component of the review process has been collaboration with the Sovereign Review Team (SRT), which comprises designated representatives from the states of Washington, Oregon, Idaho, and Montana, Federal agencies, and Pacific Northwest Tribal Governments. The Entity also conducted ongoing government-to-government consultation meetings with the Pacific Northwest tribes represented on the SRT, as well as with the Confederated Tribes of the Grande Ronde. In addition, the U.S. Entity has heard from and understands the perspectives of the regional stakeholders through individual meetings, workshop sessions, panel discussions and presentations, and public comment periods. Our goal throughout this process has been to be inclusive and transparent with sovereigns, major river interests, and the general public.

These regional discussions led to the U.S Entity's release of an initial working draft of a recommendation for regional interests to review in June 2013. The U.S. Entity conducted 14 public listening sessions around the Pacific Northwest to inform and collect public comment on the working draft recommendation. The U.S. Entity also worked closely with regional stakeholders and the SRT to hear viewpoints and obtain specific input concerning the working draft recommendation. On September 20, 2013, the U.S. Entity released the Draft Regional Recommendation for additional review and comment. As described earlier, the Draft Regional

Recommendation reflects sovereign, stakeholder, and public input and seeks a collective “win” for the region.

As part of the review of the Draft Regional Recommendation, we held another five public meetings during October throughout the region. We also continue to meet and work with numerous parties interested in the Treaty’s operation. The Administration has asked us to deliver the U.S. Entity’s recommendation by the end of this year. Accordingly, our goal is to deliver to the U.S. Department of State a final Regional Recommendation that enjoys broad regional support in December 2013. The U.S. Entity recognizes the importance of continuing to engage all interested regional parties as we work toward that goal.

Mr. Chairman, this concludes our prepared remarks. We would be happy to respond to any questions from the Committee.