

OPENING STATEMENT
Chairman Ron Wyden
Recent Recommendations on the Columbia River Treaty
November 7, 2013

Today, the committee is going to look at the future of the Columbia River Treaty and what it means for the Pacific Northwest and the United States' relationship with Canada.

The Columbia River is the lifeblood of my region, the Pacific Northwest. It is one of our region's most imposing natural features, at more than 1,200 miles long. Along the way it provides a massive amount of the Northwest's power supply, habitat and flows for fish, water for irrigation, and is a crucial passage for shipping.

The Treaty has served both nations well for decades. But after nearly 50 years, it's time to strike a better bargain. The Treaty allows the United States and Canada to unilaterally terminate most of the Treaty provisions after September 16, 2024, provided ten-year notice is given. Consequently, the first opportunity for either nation to provide notice of termination is September 2014.

In response, Bonneville and the Corps are reviewing the Treaty and plan to deliver a final recommendation to the State Department in December 2013. Options include the status quo, notice of termination, negotiated changes within the current Treaty framework, or a new or amended treaty.

Much has changed since the early 1960s when the Treaty was negotiated. Three of the four Snake River dams hadn't even been built yet. And none of the bedrock environmental laws that protect the quality of life in our region had yet been enacted. Virtually no one thought of the possibility that our salmon could be endangered; there wasn't even an Endangered Species Act at that time.

The Treaty was drafted based on the outdated assumption that U.S. hydro generation would be operated to maximize power production. That has not been the case for decades. Instead, river operations are often dictated by the need to comply with the Endangered Species Act, the Clean Water Act and other U.S. laws. This change also significantly reduces the actual value of power benefits from Canada that under the Treaty the U.S. is required to pay Canada for. These excess payments to Canada come out of the pockets of Northwest ratepayers at a cost of hundreds of millions each and every year.

Another difference is that when the Treaty was negotiated, the American Indian community was simply not at the table. Today, based on their Treaty rights and other laws, the Columbia Basin tribes are rightfully involved in the deliberations regarding system operations to protect salmon and other natural resources.

Finally, 50 years ago climate change was not on anybody's screen. Now climate change appears to be having fundamental impacts on our hydro system. For example, the snow pack in the Basin that effectively served as water storage for summer months is now diminishing as our average temperature rises. This obviously creates problems for the region that need to be managed.

The fundamental challenge our region faces regarding the future of the Treaty is--- how do we respond to 50-years of change in a manner that maximizes system benefits, including hydropower, flood control, protection of fish and wildlife, water use, navigation and recreation? That is going to be the primary focus of this hearing and our bipartisan discussion this morning.

The Draft Treaty Recommendation developed by BPA, the Corps and the tribes with input from other stakeholders is a good start. However, as the region moves forward I think there are some essential goals and questions that we need to focus on.

- 1) Any changes to the Treaty should benefit regional ratepayers, not increase their rates. Striking a new power benefit sharing deal with Canada based on the actual benefits to both nations is the way to proceed. Experts in the region calculate that Northwest ratepayers could save hundreds of millions of dollars if the payments to Canada were recalculated based on the power our region actually receives. Of course, we have to convince the Canadians that it is also in their interest to revisit this issue.
- 2) On the topic of ratepayers, the future cost of preserving the current level of flood control benefits in my view should not be paid by ratepayers. Instead, funding for flood control should be in the form of appropriations, as was the case when the Treaty was adopted.
- 3) I support addressing what is has come to be known to as "Ecosystem Function" and I think it ought to be addressed as part of the Treaty process. I read it to mean actions to benefit the natural resources of the Columbia Basin, particularly salmon. I believe it is appropriate to address fish and other resources in any agreement to redo the Treaty. However, the scope and cost of measures to address fish and other resources must be clearly defined and limited. There are no blank checks. The decisions we make to support fish and wildlife should also take into account current salmon recovery efforts under the Endangered Species Act and other laws that cost BPA ratepayers roughly \$700 million a year. Whatever is done should be in concert with existing efforts and not be in duplication or in conflict.
- 4) I believe the threat of climate change is one of the premier challenges of our time. It could have dire effects on Columbia Basin flows so it's important to have an appropriate amount of flexibility to respond. At the same time, we must work to preserve the hydro system itself, in part because of the climate benefits of emission-free hydropower. This is something Sen. Murkowski and I have spent a

lot of time on, and are really a joint force. We got that that hydropower bill early on. Hydropower is responsible for 60% of the clean power in this country and making sure that we preserve the climate benefits of emission-free hydropower is something that's important to this committee, has been important for a long time and is especially important on the watch of Sen. Murkowski and myself.

- 5) The Treaty matters need to be resolved in the Pacific Northwest and they cannot be subject to top-down micromanagement from D.C.

Finally, we have an excellent set of witnesses today that I am confident will shed light on the many complex issues I touched upon.