

# Ensuring a renegotiated Columbia River Treaty does not further burden Northwest power customers.



***Northwest power customers, including PUD customers, feel the direct impact of the inequitable distribution of power benefits between the U.S. and Canada under the outdated Treaty.***

**Modernizing the Treaty is important to Washington's clean, reliable, affordable energy future:** WPUDA is part of the regional Power Group that had advocated for a modernized Columbia River Treaty that rebalances the Canadian Entitlement. Treaty negotiations have been slow to progress and WPUDA is concerned that the lack of movement on the termination of the treaty is an indicator of the lack of concern over any impacts the treaty will have on power customers in the Northwest.

To ensure Northwest ratepayers do not continue to bare the financial burden of an unbalanced Canadian Entitlement, WPUDA urges members of Washington's Congressional Delegation to support a treaty in which the Federal Government assumes financial responsibility for flood control.

**Why it matters:** The Columbia River Treaty between Canada and the United States provides for the cooperative development and operation of Columbia River Basin water resources to reduce the effect of flooding and increase the dependable and usable amounts of hydropower generation. The costs and benefits are borne by Pacific Northwest utility customers, and therefore, the Treaty has a direct impact on WPUDA members and the more than 600,000 customers they serve across the State of Washington.

**How it impacts Northwest power customers:** The current Treaty puts a greater financial burden than necessary on Northwest ratepayers due to the current, inequitable distribution of power benefits between the U.S. and Canada. Under the Treaty, the U.S. paid \$64.4 million for sixty years of flood control benefits and Canada constructed three dams in British Columbia, providing additional storage to reduce the potential for flooding as well as increased hydroelectric power generation. Under the Treaty the U.S. also delivers to Canada one-half of the downstream power benefits resulting from the improved stream flow in the U.S. on an on-going basis. This is called the "Canadian Entitlement." The Canadian Entitlement is being delivered in the form of hydroelectric capacity and energy.

According to extensive analysis by the Bonneville Power Administration (BPA), the computed downstream power benefits that determine the Canadian Entitlement far exceed the actual benefits, and are estimated to be about 10 times more than what they would be based on the actual operation of the river. That means Pacific Northwest ratepayers are paying more than they might otherwise pay if the benefits were based on actual power benefits reflective of how the river is operated today. The U.S. currently overpays Canada about 70 - 90 percent for downstream power benefits from Canadian storage. This overpayment translates into approximately 3 billion kilowatt hours per year, and over the last decade has resulted in a Northwest electric ratepayer overpayment of approximately \$1.25 billion.

Flood control costs should be a federal financial responsibility and Northwest power customers should not have to shoulder the responsibility for this treaty provision.

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