

# Columbia River Treaty Review

The 1964 Columbia River Treaty (Treaty) is an international agreement between Canada and the United States of America for the cooperative development and operation of water resource regulation for the Columbia River basin.

The Columbia River Treaty (Treaty) grew out of two major challenges facing both Canada and the U.S. in the 1940s:

1. periodic and sometimes devastating flooding to the area due to insufficient reservoir capacity on the Columbia River, and
2. an upswing in the post-war economy and population requiring greater energy resources.

To solve both of these challenges, a main component of the Treaty required Canada to provide 15.5 million acre-feet of storage in the higher-elevation reaches of the Columbia Basin by building three dams: Duncan (1968), Arrow (1969), later renamed Hugh Keenleyside, and Mica (1973). The Treaty also provided the United States the option to construct the Libby Dam which was completed in 1973. Libby Dam, located on the Kootenay River in Montana, was included as part of the Treaty because its reservoir extends 42 miles into Canada; the Kootenay is a major tributary of the Columbia River. Together, these four dams more than doubled the

storage capacity of the Columbia River basin at the time, and greatly increased the ability of the collective system to regulate river flows to reduce flooding and increase power generation.

The Treaty continues to provide flood control and power production benefits in both countries by regulating the water flow in the Columbia River. Sharing the benefits of cooperative water management was an integral part of the Treaty's design.

The Columbia River Treaty between Canada and the United States has brought significant flood control and power benefits to both countries through coordinated river management for more than 40 years. The Treaty has no specified termination date however, either Canada or the United States can terminate the Treaty any time on or after September 16, 2024, with a minimum 10 years written notice. Because either country may give notice to terminate the Treaty, government agencies in Canada and the United States are beginning the process to evaluate future options regarding the Treaty. The review provides an opportunity to consider whether it is appropriate and in both countries' best interests to update coordination arrangements to reflect current water management interests that extend beyond power and flood control.



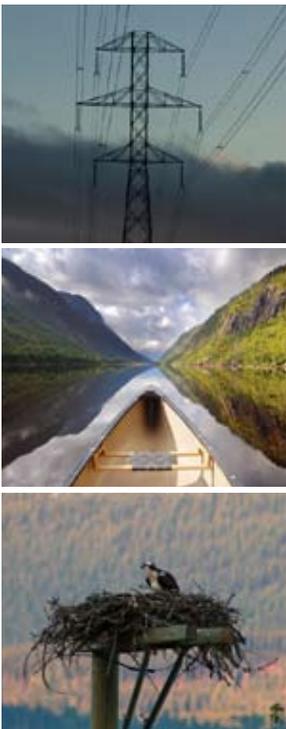
From top to bottom:  
Duncan Dam  
Hugh Keenleyside Dam  
Mica Dam  
Libby Dam

## PAYMENTS FOR BENEFITS

The three Canadian Treaty storage projects reduce flooding in Canada and the United States and increase power generation at U.S. power plants (the “downstream benefits”). The principal applied in the Treaty was to share these benefits equally.

In this manner, Canada was paid 50 per cent of the estimated future value of U.S. flood damages prevented. Instead of receiving an annual payment for the flood control benefits, Canada elected to receive lump sum payments totalling U.S. \$64.4 million when each of the three Canadian dams became operational, plus a bonus payment for the early completion of Duncan and Hugh Keenleyside dams. The U.S. \$64.4 million was payment for flood control benefits through to September 2024.

In exchange for providing and operating the Treaty storage projects, Canada also receives an entitlement to one-half of the downstream power benefits. Canada initially sold its share of this extra power for U.S. \$254 million to a group of U.S. utilities for a period of 30 years. The sales agreement expired completely in 2003, and the Canadian Entitlement power from downstream benefits is now being fully returned to the Province of B.C. The U.S. \$254 million payment from the American utilities for downstream power benefits, together with the U.S. \$64 million payment from the U.S. Government for flood control, helped to fund the construction of the three Treaty dams in Canada.



## FUTURE OF THE TREATY

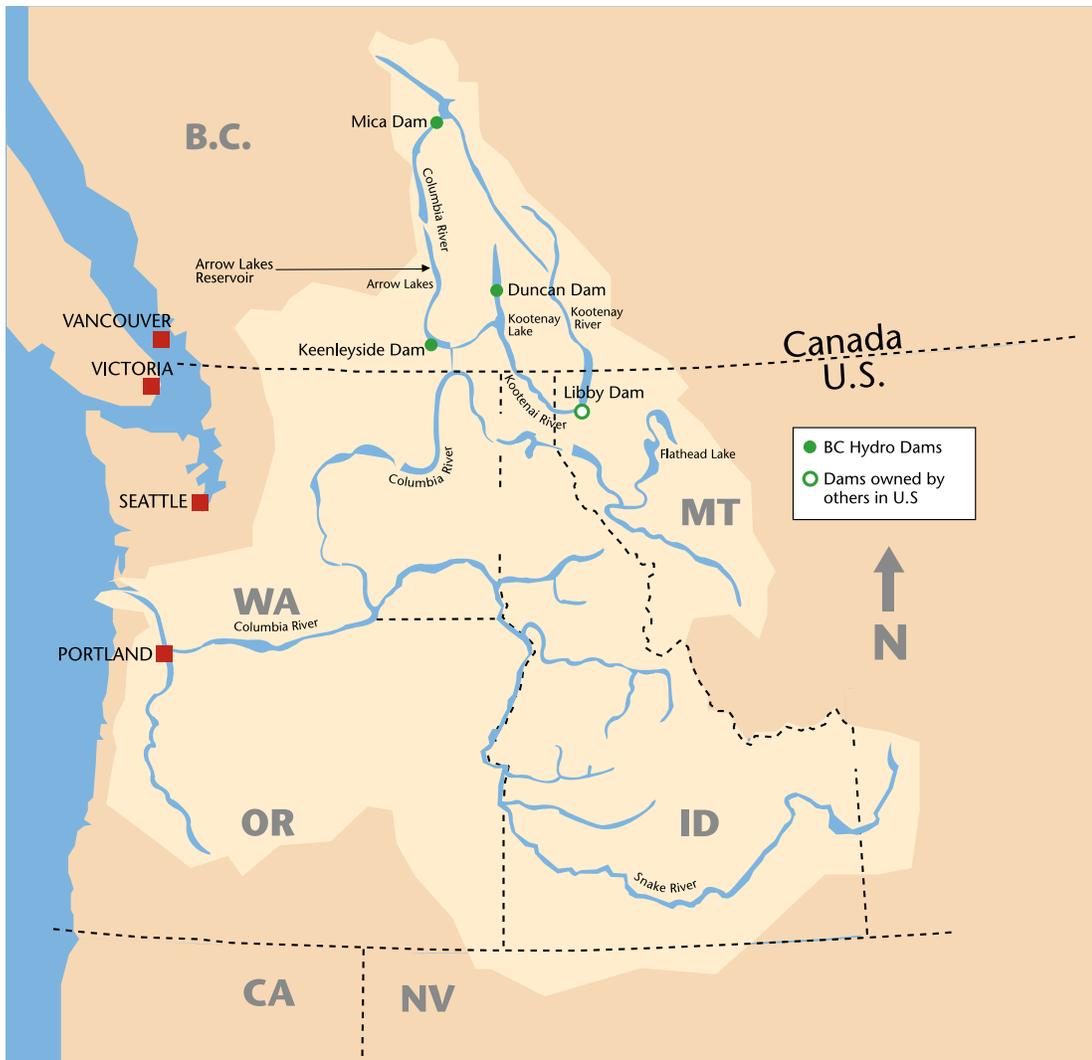
The Treaty has no specified termination date; either Canada or the United States can terminate the Treaty at any time on or after September 16, 2024, with a minimum 10 years written notice. Unless it is terminated, most of the provisions of the Treaty continue indefinitely. The terms for flood control under the Treaty, however, will change automatically in 2024.

After 2024, Canada will still be required to provide some operations for flood control in the United States whether or not the Treaty is terminated. However, the United States will be required to provide additional reimbursement to Canada for their lost power benefits and operational costs due to the requested flood control operations. If the Treaty is terminated, the United States will no longer be obligated to pay Canada its entitlement to one-half of the downstream power benefits realized in the United States.

Many regional interests are influenced by the Columbia River Treaty including:

- ▶ hydro power,
- ▶ flood control,
- ▶ fish and wildlife,
- ▶ recreation,
- ▶ cultural resources,
- ▶ irrigation,
- ▶ navigation, and
- ▶ water supply.

Given the importance of properly considering these interests and ensuring appropriate coordination with stakeholders, Canada and the United States have begun the process to evaluate future options regarding the Treaty. Canada and United States are participating in joint technical studies in 2008/2009. These studies will



provide the information needed to initiate a future public consultation phase with government agencies, regional interest groups and other stakeholders.

## THE RIVER

The Columbia River is the fourth largest river in North America as measured by average annual flow and is the most powerful river in North America. Only about 15 per cent of the 259,500 square miles (697,000 square km) of the Columbia River Basin is in Canada. About 38 per cent of the average annual flow, however, and up to 50 per cent of the peak flood flows at The Dalles in the U.S. come from

Canada. Historically, variations in river streamflows at the border caused significant flood and hydropower problems that were largely resolved by building the Canadian Treaty storage dams.

## THE TREATY PLAYERS

The Treaty established the U.S. and Canadian Entities as the implementing agencies for each government. BC Hydro was appointed by Parliament as the Canadian Entity responsible for the three Canada Treaty dams and the annual operating plans.

In the United States, the Entity consists of the Administrator of Bonneville Power Administration (BPA) and the Division Engineer, North Pacific Division, U.S. Army Corps of Engineers. BPA is responsible for marketing power from the U.S. Federal projects in the Columbia basin while the Corps of Engineers oversees flood risk management and other major civil engineering works on the Columbia River.

While the U.S. and Canadian Entities have been given broad discretion to implement the Treaty, they are not authorized to modify the terms of the Treaty or to terminate the Treaty. A Permanent Engineering Board (PEB) was set up by the two governments to monitor and report on the results being achieved under the Treaty. The PEB also assists in reconciling differences concerning technical or operational matters that may arise between the Entities. The two PEB members for the U.S. are appointed by the Federal Department Secretaries of Army and Energy. The governments of Canada and British Columbia each appoint a Canadian member.

## **WHO IS MAKING DECISIONS ABOUT THE FUTURE OF THE COLUMBIA RIVER TREATY?**

In Canada, international treaties are within the prerogative of the executive branch of the federal government. In some cases, like the Columbia River Treaty, a treaty may be ratified by parliamentary resolution. In Canada, the Canada-BC Agreement of July 8, 1963, requires Canada to obtain the agreement of the Province of British Columbia before terminating the Treaty.

In the U.S., authority over international treaties rests with the President, who must seek the advice and consent of the U.S. Senate. The U.S. Department of State assists the U.S. government in foreign relations matters and is primarily responsible for international negotiations.

