



news & views

from Lincoln Electric Cooperative, Inc.

Your Touchstone Energy® Cooperative 

Now Comes the Hard Part

Negotiations between the U.S. and Canada to modernize the Columbia River Treaty have potential sticking points

By Curtis Condon

On more than one occasion the Columbia River Treaty renewal process has been compared to a marathon. The first time was more than six years ago, even before the Northwest recommendations for a new agreement were finalized in 2013.

How prophetic.

The process has now entered the negotiating phase and—just as the last miles of a marathon are often the most difficult—chances are this could be the hardest part of the renewal effort.

Let the Wrangling Begin

U.S. and Canadian treaty negotiators met for the first time in Washington, D.C., on May 29-30, 2018.

“Good treaties make good neighbors,” Francisco Palmieri, state department acting assistant secretary for Western Hemisphere Affairs said in a statement released in advance of the first negotiating session. “The United States and Canada have a long, positive history of engagement on the Columbia River. We expect to continue that cooperative spirit when we engage in negotiations starting today.”

State Department Chief Negotiator Jill Smail leads the U.S. negotiating team. The team also includes negotiators from the Bonneville Power Administration, the Army Corps of Engineers, the Department of Interior and the National Oceanic and Atmospheric Administration.

Members of the media were briefed by conference call following the two-day session in May and asked to refer to the unnamed negotiators and other officials as “senior U.S. government



Libby Dam in Montana is one of four dams built as a result of the original Columbia River Treaty. The other three are in Canada.

officials.”

“We’re in the beginning stages, reaffirming cooperation,” a senior official said. “We are laying out what our future objectives are at this point.”

The officials declined to provide specifics. Instead, they described their primary objectives in broad terms, which include ensuring reliable and economical hydropower production, managing flood risk and addressing ecosystem concerns.

They also reiterated they are using the 2013 regional recommendations as a blueprint for the negotiations.

An official characterized the first round of negotiations as “very productive.”

With talks off to a good start, many watchers are hopeful of a quick outcome. However, if history is any indication, there are miles still to go.

Negotiations of this magnitude

always take time. The original Columbia River Treaty took nine rounds of talks during the course of almost a year before a final agreement was reached. Back then, there were two primary issues: flood control and hydropower.

Negotiations may take even longer this time around, given there seems to be more moving parts. In addition to flood control and hydropower, negotiators want to better address ecosystem and other concerns. Both sides have different ideas about what those things are and how best to achieve them, which presents lots of opportunities for sticking points.

The Canadian Entitlement

Perhaps no issue is more likely to be contentious than the Canadian entitlement. The term refers to the annual electricity payments the U.S. sends

Continued on page 5

LINCOLN ELECTRIC COOPERATIVE, INC.

The Power of Growing Up Co-Op

I love the feeling of being able to walk into my favorite locally-owned shop, restaurant or store knowing that the profit, product and labor can make positive impacts on my community. The spirit of main street is embodied in these local businesses, just like it is in Lincoln Electric.

Electric cooperatives are as local and community centered as they come. Founded as a way to bring electricity to communities that didn't interest investor-owned utilities (or IOUs), electric cooperatives have been a cornerstone of community and economic development in rural America and beyond for decades.

That feeling I get when I frequent local businesses in our community is the same feeling I get when I walk into work at Lincoln Electric every day. It is a feeling of pride. I am proud to be a part of an organization that serves the community in which we live, instead of

a group of shareholders who may never have set foot in our service territory.

Living on co-op lines is more than just knowing there are people out there working to bring you safe, reliable and affordable electric service. Living on co-op lines is an investment in our community and its members.

As you know, Lincoln Electric is a not-for-profit business. When we make more money than we need to keep the lights on safely, affordably and reliably, we return it back to our members (that's you!) in the form of capital credits. This means after all co-op expenses are paid, any additional money we earn goes back into our community, instead of going into a shareholder's pocket, which is pretty great!

And because we are owned by you, our members, we have a vested interest in making sure our community is prosperous. We do this by investing in economic development and community service projects and programs.

We sponsor a member's child for the Youth Tour to Washington, D.C. each year. As employees and trustees, we volunteer at community events, for youth

programs, and service organizations. We belong to the Chamber of Commerce and help to entice businesses to locate in our area. At the Annual Meeting each year, we award Luck of the Draw scholarships funded by unclaimed capital credits. We perform safety demonstrations for students and emergency responders.

This fall, we are partnering with the Montana Cooperative Development Council, Interbel Telephone Cooperative and Whitefish Credit Union to a host a Cooperative Impact Day at Lincoln County High School. We will be educating students on the cooperative business model and career opportunities.

I hope that you view Lincoln Electric not just as your electric utility provider, but as a local business that brings pride and prosperity to our community. We love being a part of this community, and we hope you feel the same way too!

Ray



Manager's Notes
by Ray Ellis

News & Views

Published monthly by Lincoln Electric Cooperative, Inc.

Lincoln Electric's Board of Trustees hold regular meetings monthly at the Eureka office. These are typically scheduled on the third Monday of each month at 7 pm. All members are encouraged to attend. If you have any items of interest, please contact the general manager prior to the meeting.

Next Meeting Date:

Monday, September 17, 2018

Board of Trustees

- Mike Workman - President, District 6 Upper
- Wesly Loughman - Vice President, District 6 Upper
- Courtney Pluid - Secretary, District 6 Upper
- Myra Appel - District 7 Lower
- Becky Evins - District 6 Upper
- Joel Graves - District 6 Upper
- Marianne Roose - District 6 Upper
- Tina Taurman - District 7 Lower
- Troy Truman - District 6 Upper
- Ethel White - District 6 Upper

General Manager Ray Ellis

**In case of power outage:
Always call 406-889-3301**

312 Osloski Road
PO Box 628
Eureka, MT 59917
www.lincolnelectric.coop
info@lincolnelectric.coop

BUSINESS AND BOARDROOM BRIEFS

The regular meeting of the board of trustees was conducted on July 16, 2018. A quorum of trustees was present and the board took the following action:

- Approved a donation of \$450 to the Rocky Peterson Memorial Scholarship Fund.
- Authorized Trustees to attend the NRECA Region 9 Meeting.
- Approved a wage increase for the General Manager.

	Year to Date 06/30/2018	Year to Date 06/30/2017
Year to Date kWh Sales	62,267,951	64,520,424
Year to Date Revenue	\$ 5,741,595	\$ 5,561,823
Year to Date Cost of Power	\$ 2,856,533	\$ 2,789,456
Year to Date Operating Exp	\$ 2,831,009	\$ 2,581,481
Year to Date Margins	\$ 90,991	\$ 216,699
Number of Members	4,586	4,514
Number of Meters	5,942	5,849
Miles of Line	963	956
Total Utility Plant	\$ 32,356,382	\$ 32,467,571
Member Equity	\$ 9,025,810	\$ 9,025,990
June Average Residential Use (kWh)	744	724
June Average Residential Billing	\$94.05	\$87.40

Hard Part

Continued from page 3
to Canada as prescribed by the existing treaty.

Scott Corwin is the executive director of Public Power Council, which has long advocated for changes to the treaty, particularly as it relates to electricity payments to Canada.

“There is a lot at stake for citizens of the Northwest,” Corwin said, noting the treaty manages flows, controls flood risk and enhances power production. “For electricity ratepayers in the Northwest, it also determines how much hydropower is sent to Canada from U.S. dams.”

The treaty calls for half of the Columbia River’s downstream electricity to be sent to Canada—currently, about 450 average megawatts and 1,300 MW of capacity. Powerex, a power marketer and subsidiary of BC Hydro, sells the electricity to utilities in British Columbia and elsewhere.

“This is flexible hydropower that could otherwise be used to help meet load demands in the U.S. or help integrate more variable generation, like wind power,” Corwin explained.

The payments averaged \$250 million to \$350 million per year at their height, according to industry sources. They have since declined somewhat.

“In recent years, it has been around \$150 million (a year),” said Corwin.

Almost all of that is paid for by Northwest ratepayers, in the form of higher electric rates.

Corwin said that’s too much. He and others in the industry suggest payments should be about an eighth or a tenth of what they are today—more like \$15 million to \$18.75 million annually.

“We are cautiously optimistic,” Corwin said. “However, there should be a sense of urgency. Every one to three days there is the equivalent of \$1 million of U.S. ratepayer funds being sent to Canada.”

The next round of treaty talks is scheduled for later this month—August 15-16—in British Columbia, Canada.



U.S. President Dwight Eisenhower, right, and Canadian Prime Minister John Diefenbaker sign the Columbia River Treaty in January 1961. The treaty was implemented September 16, 1964.

Photo by White House Photo Office, Eisenhower Administration; courtesy National Archives

Answers to Questions You May Have About the Columbia River Treaty

What is the Columbia River Treaty?

It is the 1964 agreement between the U.S. and Canada to work together to manage the flow and storage of Columbia River waters, minimize flood risk and enhance hydropower production for the benefit of both countries.

What is all the fuss about now?

Major provisions of the treaty are set to expire in 2024 unless the two countries agree to renew it. If renewed, the treaty probably will look different than the original. Negotiators are hard at work to modernize it and better address ecosystem issues, as well as tweak the flood control and hydropower aspects of the treaty.

How long will negotiations take?

There’s no way to know how long this phase of the process will take, or if talks will be successful. Negotiations for the original treaty began in February 1960. Negotiators met nine times before an agreement was reached. U.S. President Dwight Eisenhower and Canadian Prime Minister John Diefenbaker signed the treaty January 17, 1961.

What is the likelihood the treaty will be renewed?

It’s too soon to tell. Both sides are hopeful of a smooth negotiating process and an equitable outcome. However, there are many more issues and challenges this time around, including additional ecosystem and cultural concerns.

Why should I care?

There are lots of reasons to care about the outcome of the treaty talks—such as flood protection, hydropower and salmon recovery efforts—but the one thing that directly affects all Northwest residents is the cost of electricity. A new treaty will impact how much you pay for electricity.

Lighting Labels and Lingo

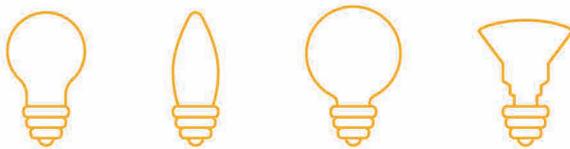
These days, consumers have endless options when it comes to purchasing light bulbs, but the labels can be confusing! Use the information below as a helpful guide for browsing bulbs.

Lighting Facts

Per Bulb

Brightness	655 lumens
Estimated Yearly Energy Cost	\$1.08
<small>Based on 3 hrs/day 11c/kWh Cost depends on rates and use</small>	
	
Life	22.8 years
<small>Based on 3 hrs/day</small>	
Light Appearance	
	
Energy Used	9 watts

Source: U.S. Department of Energy



Read the Label

Under the Energy Labeling Rule, all light bulb manufacturers are required to give consumers key, easy-to-understand information on bulb efficiency. Take advantage of the Lighting Facts label, which gives you the information you need to buy the most energy-efficient bulb to meet your lighting needs. The label includes information on the bulb's **brightness, energy cost, life, light appearance** and **energy used** (wattage).

Save Energy

Bulbs are available in **many shapes and sizes** to fit your home's needs. Choosing more efficient bulbs can help reduce energy consumption and save you money!

- LEDs use 25%-30% of the energy and last eight to 25 times longer than halogen incandescent bulbs.
- Purchase ENERGY STAR-rated bulbs to maximize energy efficiency.

Buy Lumens, not Watts

Lumens measure the amount of light produced by the bulb. Watts measure energy consumption.

Tip: To replace a 100-watt incandescent bulb, look for a bulb that produces about 1,600 lumens.



Incandescent
100 watt
1,600 lumens



LED
14 - 20 watt
1,600 lumens