



Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208

OFFICE OF THE ADMINISTRATOR

JUN 9 1983

In reply refer to: PKI

Contract No. DE-MS79-83BP91290

Mr. Robert Bonner, Chairman  
British Columbia Hydro and Power Authority  
970 Burrard Street  
Vancouver, British Columbia  
CANADA V6Z 1Y3

Dear Mr. Bonner:

Representatives of the Bonneville Power Administration (Bonneville) and the British Columbia Hydro and Power Authority (B.C. Hydro) have discussed and arrived at a mutually beneficial arrangement for storing up to 132,100 cfs-days of water in non-Treaty storage space between elevations 1444.0 and 1446.0 in Arrow Lakes Reservoir (Arrow) and up to 213,000 cfs-days of water in non-Treaty space in the reservoir controlled by Mica Dam (Mica) during the period from June 1 through September 30, 1983.

Bonneville and B.C. Hydro anticipate that the water stored hereunder will be used to help initially fill inactive storage space in the reservoir controlled by Revelstoke Dam (Revelstoke) under the terms of an agreement between B.C. Hydro and Bonneville which will provide, among other things, for the initial filling of Revelstoke and which is currently being negotiated (Proposed Agreement).

Accordingly, the parties hereby agree to the following terms and conditions:

1. Term. This agreement will be effective at 2400 hours on May 31, 1983, and will remain in effect until 2400 hours on August 31, 1984; provided, however, that any balance on August 31, 1984, in any storage account established hereunder will be disposed of in accordance with the terms of section 4(b) of this agreement.

2. Storage of Water. When B.C. Hydro determines that it can store water in Arrow or Mica, it will notify Bonneville of the dates and extent to which storage space in Arrow or Mica can be used hereunder.

Between the dates specified in such notice, Bonneville may request that B.C. Hydro store water in such space to the extent that B.C. Hydro has made storage space available and Bonneville determines that water surplus to downstream requirements is available for such purposes.

3. Accounting. Water stored under this agreement shall be accounted for in special storage accounts ("U.S. Special Storage Account" and "Canadian

Special Storage Account"). Such storage accounts will be kept in units of water stored in Arrow and/or Mica. Water stored pursuant to this agreement shall be credited 50 percent to the U.S. Special Storage Account and 50 percent to the Canadian Special Storage Account.

4. Disposition of Stored Water.

(a) After September 26, 1983, when Revelstoke is available for filling, B.C. Hydro shall move all the water from the U.S. and Canadian Special Storage Accounts into inactive space at Revelstoke in equal amounts from each account. Water moved from the U.S. and Canadian Special Storage Accounts shall be credited to Bonneville and B.C. Hydro under their respective accounts which the parties expect will be established pursuant to the Proposed Agreement. B.C. Hydro may temporarily move water from the U.S. and Canadian Special Storage Accounts into other reservoirs on the Columbia River in Canada for the purpose of retaining such water in reservoirs so that it can be moved into inactive space at Revelstoke prior to the expiration of this agreement.

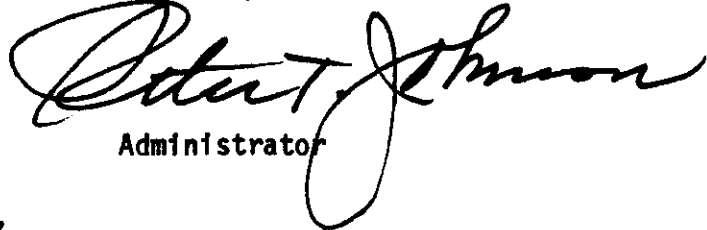
(b) If the parties fail to successfully complete negotiation of the Proposed Agreement prior to the expiration of this agreement, or if Revelstoke does not become available for filling prior to the expiration of this agreement, B.C. Hydro shall, at the first opportunity following the expiration of this agreement, release the water stored hereunder downstream into the U.S. at times when flow conditions downstream in the U.S. are similar to the conditions under which the water was stored, as mutually determined by B.C. Hydro and Bonneville, or at times otherwise agreed by B.C. Hydro and Bonneville.

5. Relation to the Columbia River Treaty. The use of Columbia River Treaty (Treaty) space and the use of all other facilities at Mica and Arrow and downstream U.S. projects to fulfill the requirements of the Treaty shall receive priority over all uses provided for in this agreement. The Treaty Operating Committee has been instructed to insure that any filling or drafting of the additional Arrow or Mica storage does not conflict with implementation of the Treaty operating plans. The U.S. and Canadian Entities have reviewed this agreement and are satisfied that the operations adopted by the parties are not in conflict with the Treaty operations and the Canadian Entitlement Purchase Agreement.

6. Effect on Future Agreements. Nothing in this agreement shall be a precedent for future agreements relating to storage in, or withdrawal of water from, inactive storage space, non-Treaty storage space, or storage space provided under the Treaty.

If the above terms and conditions are satisfactory to B.C. Hydro, please indicate your acceptance in the space below and return one copy of this letter to Bonneville. The remaining copy is for your files.

Sincerely,

  
Administrator

ACCEPTED:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

By 

Title Chairman

Date 15 June 1983

(WP-PKI-1787c)