



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

SEP 9 1983

In reply refer to: PKI

Contract No. DE-MS79-83BP91642

Mr. Hugh J. Goldie  
Vice President, Electrical Operations  
British Columbia Hydro and Power Authority  
970 Burrard Street  
Vancouver, British Columbia  
CANADA V6Z 1Y3

Dear Mr. Goldie:

It now appears that the Revelstoke Project (Revelstoke) will be ready for closure before representatives of the Bonneville Power Administration (Bonneville) and the British Columbia Hydro and Power Authority (B.C. Hydro) can complete negotiations of an agreement between B.C. Hydro and Bonneville which will provide, among other things, for the initial filling of Revelstoke (Proposed Agreement).

Without this agreement or some alternative agreement, Bonneville, B.C. Hydro, and purchasers of power from the five non-Federal hydroelectric generating facilities on the Columbia River in the United States may lose some opportunities to store energy into the inactive storage space created at either Revelstoke or in the Mica Reservoir (Mica) by the closure of Revelstoke.

Representatives of Bonneville and B.C. Hydro have discussed a mutually beneficial arrangement whereby certain of the terms of the Proposed Agreement can be implemented on an interim basis pending completion and approval of the Proposed Agreement.

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

1. Term. This agreement will be effective at 2400 hours on September 26, 1983, and will remain in effect until 2400 hours on April 14, 1984; provided, however, that any balance on April 14, 1984, in any storage account established hereunder will be disposed of in accordance with the terms of section 6(b) of this agreement.
2. Definitions.
  - (a) "Detailed Operating Plan" means those hydroelectric operating plans prepared in accordance with Article XIV Section 2(k) of the Columbia River Treaty.

(b) "Daily Conversion Factor" means the incremental rate, in kilowatts per cfs, at which water being stored under this agreement could have been converted to energy at specified projects. The incremental rate at which water could have been converted to energy at each project shall be based on a change in water release equivalent to the amount of water being stored and shall be computed on the same day as the storage.

3. Availability of Storage Space. Subject only to the availability of operable storage space at Revelstoke after project closure, B.C. Hydro shall make available for use under this agreement up to 1.87 million acre-feet (MAF) of storage space (Inactive Storage Space) at Revelstoke and, by displacement of water currently stored in Mica, at Mica. The 1.87 MAF so made available represents 2.3 MAF of inactive storage space which the parties intend will be made available under the Proposed Agreement less 0.43 MAF which has already been stored in Mica and the Arrow Reservoir (Arrow) under Bonneville Contract No. DE-MS79-83BP91290. One-half of the Inactive Storage Space so made available shall be available to B.C. Hydro for the purpose of storing water pursuant to this agreement and the other half shall be available to Bonneville for such purpose.

4. Storage of Water by B.C. Hydro.

When B.C. Hydro determines that:

- (i) it has energy available for storage under this agreement, and
- (ii) it can accept flow reductions at the affected B.C. Hydro storage reservoirs and hydroelectric generating facilities (B.C. Hydro Projects);

and if Bonneville determines that:

- (i) it can accept such energy, and
- (ii) it can accept the resulting reduction in flow at the eleven Federal and non-Federal hydroelectric generating plants on the Columbia River in the United States (Downstream U.S. Projects),

B.C. Hydro shall reduce the release of water from Revelstoke or Mica below the levels which would otherwise occur as a result of operation pursuant to the Detailed Operating Plan and make a corresponding reduction in flow of the Columbia River at the U.S.-Canadian border on the same day; and B.C. Hydro shall schedule to Bonneville the energy that would have been produced at Downstream U.S. Projects, based on the Daily Conversion Factor, if such reductions had not been made, at delivery rates and times as agreed upon in advance by the Parties.

Prior to scheduling energy hereunder, B.C. Hydro shall give Bonneville as much notice as is practicable as to the amounts of energy that it expects to have available for the following day or days, and Bonneville shall give B.C. Hydro similar notice of the amounts of energy that it expects to be able to accept.

Water stored pursuant to this section shall be accounted for in units of water (kcfs-days) in a special storage account (B.C. Hydro Inactive Storage Account). The amount of water stored in such account shall not exceed the amount of Inactive Storage Space made available to B.C. Hydro pursuant to section 3.

5. Storage of Water by Bonneville.

When Bonneville determines that:

- (i) it can accept reductions in energy generated at Downstream U.S. Projects, and
- (ii) it can accept flow reductions at Downstream U.S. Projects;

and if B.C. Hydro determines that:

- (i) it can accept the resulting reduction in energy generation on its system, and
- (ii) it can accept the resulting reduction in flow at affected B.C. Hydro Projects,

B.C. Hydro shall reduce the release of water from Revelstoke or Mica below the levels which would otherwise occur as a result of operation pursuant to the Detailed Operating Plan and make a corresponding reduction in flow of the Columbia River at the U.S.-Canadian border on the same day.

Prior to storing water hereunder, Bonneville shall give B.C. Hydro as much notice as practicable of the amounts of water that it expects to store during the following day or days, and B.C. Hydro shall give Bonneville similar notice of the amounts of water that it expects to be able to accept.

Water stored pursuant to this section shall be accounted for in units of water (kcfs-days) in a special storage account (Bonneville Inactive Storage Account). The amount of water stored in such account shall not exceed the amount of Inactive Storage Space made available to Bonneville pursuant to section 3.

6. Disposition of Stored Water.

(a) If the parties complete negotiation of and execute the Proposed Agreement, water stored in the B.C. Hydro Inactive Storage Account under this agreement shall be credited to the B.C. Hydro Inactive Storage Accounts under the Proposed Agreement and water stored in the Bonneville Inactive Storage Account under this agreement shall be credited to the Bonneville Inactive Storage Accounts under the Proposed Agreement.

(b) If the parties fail to complete negotiation of and execute the Proposed Agreement 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. If water is released from the B.C. Hydro Inactive Storage Account pursuant to this subsection, Bonneville shall generate and deliver to B.C. Hydro the energy which can be generated at the six Federal Downstream U.S. Projects from water released from such account. In addition, Bonneville shall take all reasonable efforts to obtain from the purchasers of power from the five non-Federal Downstream U.S. Projects the energy which can be generated at those projects from the water released from such account. To the extent that Bonneville obtains such energy, Bonneville shall deliver such energy to B.C. Hydro.

7. 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 Revelstoke or Mica storage pursuant to this agreement 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.

8. 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.

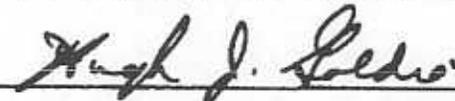
Sincerely,



Assistant Administrator for  
Power and Resources Management

ACCEPTED:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

By 

Title Vice-President, Electrical Operations

Date September 21, 1983

(WP-PKI-1955c)

