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November 13, 2002

MEMORANDUM

TO: Council members

FROM: John Harrison, Information Officer

SUBJECT: Presentation by the Columbia Basin Trust: Update on Trust activities in the transboundary area and elsewhere in the Canadian Columbia River Basin

The Columbia Basin Trust is an agency of the Province of British Columbia, created in 1995 by the Legislature to spend a portion of the downstream benefits from the sale of hydropower under the Columbia River Treaty to mitigate the impacts of the three Treaty dams in Canada. In that sense, the Trust and Council have similar missions. Mitigating fish and wildlife impacts of the dams is a key part of the Trust's mission. But the Trust goes farther than the Council in terms of mitigation to also include the social and economic impacts of dam construction and operation.

The Trust has an 18-member Board of Directors. Regional Districts (like our county governments) within the Columbia/Kootenay river mainstem drainage area appoint 10 members, the Ktunaxa/Kinbasket Tribal Council (it's pronounced too-NAH-kha) appoints two members, and the Province appoints six. The Trust headquarters are in Castlegar, and there are offices in Cranbrook, Golden and Nakusp.

As a result of the construction of Keenleyside, Mica and Duncan dams, some 2,300 people and 13 communities were forced to relocate from the areas inundated by reservoirs. In 1995, the Legislature committed \$295 million to the Trust through 2024, when the Treaty expires. This amounts to about 8 percent of the revenue the Province expects to receive during that time in payment for its share of the downstream benefits.

Of the \$295 million endowment, \$45 million is dedicated to non-power investments and \$250 million to hydropower investments. The Province also committed to transfer an additional \$250 million for the power projects.

Non-power projects include investments in environmental restoration, tourism facilities including a golf course and a ski resort, environmental education programs and an early childhood support program. A subsidiary created in 2000, CBT Energy, is developing and managing the investments in hydropower projects, including the recently

completed, 170-megawatt Arrow Lakes Generating Station at Keenleyside Dam on the Columbia, and the 100-megawatt expansion of Brilliant Dam (it's 108 megawatts now) on the Kootenay River. Both dams are near Castlegar. CBT Energy also plans to boost the output of Waneta Dam, at the mouth of the Pend Oreille River, from 288 megawatts to 380 megawatts.

In 1996, a year after the Trust was formed, the Council initiated contacts with the Trust to explore the possibility of joint initiatives in the transboundary reaches of the Columbia and its tributaries. This led to the creation of a formal relationship with the vice chairs of the two agencies designated as liaisons. The Trust and the Council agreed to meet periodically to exchange information and explore project opportunities. Two current areas of interest are subbasin planning in the Intermountain and Mountain Columbia provinces and joint habitat mapping across the international border in those areas.

Last August, Vice Chair Judi Danielson met with Trust officers for a tour of Trust-funded projects near Creston, Kimberly, Cranbrook and Golden and to share information about the Council and its activities. At the time, she invited the Trust to send a delegation to meet with the Council at the Coeur d'Alene meeting to provide an update on Trust activities.

The following Trust officials will brief the Council in Coeur d'Alene:

Josh Smienk, Trust Chair

Garry Merkel, Trust Vice Chair

Don Johnston, Trust CEO

Two staff members also will attend. These are Kindy Gosal, Manager of Water Initiatives, and Jodi Lamb, Manager of Communications.

Two other CBT officials may attend: Ron Ozust, a Trust board member from Golden, and Ken Epp, CEO of CBT Energy.