

**DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION
FY 1997 CONGRESSIONAL BUDGET
Notes - Fish and Wildlife Investments Crosscut Table
Fiscal Years 1996 through 2001**

These notes support the display of the Pacific Northwest electric utility ratepayers' planned investment in fish and wildlife activities within the Columbia River Basin. The table represents a forecast of the annual expense for all fish and wildlife investments funded under the Federal Columbia River Power System (FCRPS) from a rate making, revenue requirement perspective for the period Fiscal Years (FY) 1996 to 2001. The forecast reflects, and is consistent with, the fish and wildlife budget agreement announced by the Administration in October 1995, that calls for Bonneville's fish and wildlife expenses to average \$435 million per year for the period FY 1996 - FY 2001. The details regarding the implementation of the budget agreement will be developed as an interagency agreement among the affected Federal agencies (Bonneville, National Marine Fisheries Service (NMFS), Corps of Engineers, and the Department of the Interior) in consultation with the Northwest Power Planning Council (Power Planning Council) and the Tribes.

The costs shown in the table are assumed to be budget outlays (obligations equal outlays) for the years shown. The title "Capital Investments," shown at the top of the table, is presented for information only. The annual expense (interest, amortization, and depreciation) associated with these capital investments is shown under the title "Program Related Fixed Expenses."

Bonneville has a mandate, under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), to undertake activities to enhance and support fish and wildlife resources adversely affected by the hydroelectric development of the Columbia River Basin. Under the Act, the Power Planning Council has adopted a Fish and Wildlife Program that oversees Columbia River basin-wide efforts to improve fish and wildlife survival. In conjunction with the Power Planning Council, affected states within the Bonneville service area, public agencies and Indian tribes, BPA identifies opportunities for effective actions to restore habitat and support fish and wildlife population, and provides funding for those activities.

Bonneville also has a mandate to implement measures called for under the Endangered Species Act (ESA). These measures are part of the Biological Opinions (BO) issued by NMFS and the U.S. Fish and Wildlife Service (USFWS) regarding the operations of the Federal Columbia River hydro electric system. The expenses associated with the calendar year (CY) 1995 NMFS BO, addressing measures regarding listed salmon species, and the CY 1995 USFWS BO, addressing measures concerning Kootanai River sturgeon and certain Snake River snails, are reflected in the table. As the other Federal agencies (that are part of the FCRPS) implement actions called for in the BO's, these expenses will also become part of Bonneville's repayment responsibilities as the costs are assigned to the power purposes of the Federal projects.

Bonneville funding of the Power Planning Council's Fish and Wildlife Program measures and BO measures called for under ESA, beginning in FY 1992, have increasingly become interrelated and as such, difficult to separately track. As a result, the ESA activities reported under the heading "BPA Direct Fish and Wildlife Program" are not separated in out-year forecasts that extend beyond the budget year FY 1997.

Bonneville's direct program "budget" is the source of funding the Council's Fish and Wildlife Program and certain ESA measures called for in the BO's. The ESA expenses identified in this table for FY's 1996 and 1997, include both expenditures specifically mandated by ESA and also those expenditures that, while not specifically mandated, are intended to assist in the recovery of ESA-listed species.

Bonneville's direct fish and wildlife budget is reflected in this table under two headings. The first is under "Capital Investments - BPA Fish and Wildlife" and reflects the capital portion of the direct budget. The second is under "Program Operating Expenses - BPA Direct Fish and Wildlife Program" and reflects the expense portion of the direct budget. (Because this table presents a "revenue requirement" view of Bonneville's overall fish and wildlife annual expense, only the fixed expenses associated with the capital investments are included in the total, as noted above.)

Within Bonneville's direct program, priority for funding will focus first on implementing the reasonable and prudent alternatives contained in the NMFS and USFWS BO's and second, on measures implementing the Power Planning Council's Fish and Wildlife Program. A current goal of the Power Planning Council, and one supported by Bonneville, is that all projects funded under both Bonneville's direct program as well as the reimbursable and capital investment components of the other Federal agencies (as reflected in the table) will be reviewed and prioritized as part of a Power Planning

Council initiated process. It is anticipated that such a process will be examined and considered as part of the Power Planning Council's 180-day review of governance for fish and wildlife within the FCRPS as called for in the FY 1996 Energy and Water Appropriations Act.

- Treasury credit adjustments for implementation of Section 4(h)(10)(C) of the Northwest Power Act are not reflected in the table. Bonneville will receive \$50 million to \$60 million a year as a Treasury credit to account for impacts on fish and wildlife of the nonpower purposes of the region's Federal hydro electric projects. An additional \$325 million in retroactive Treasury credit funds will be made available to Bonneville in the event of low-water years or court-ordered fish and wildlife spending that exceeds the \$435 million. This contingency fund represents money Bonneville ratepayers have already paid for fish and wildlife costs of nonpower uses of Federal hydro electric projects. Section 4(h)(10)(C) credits are based on analysis that shows Bonneville's power share is 73 percent and the nonpower (taxpayer) share is 27 percent.
- The table represents a "revenue requirement" view of Bonneville's fish and wildlife funding responsibilities except for foregone revenues. All expenses in these tables are paid for by Bonneville's ratepayers.
- Power purchases and foregone revenues reflect the average of 50 water year conditions. These expenses reflect operational measures called for in the CY 1995 National Marine Fisheries Service's Biological Opinion and the Power Planning Council's Fish and Wildlife Program (to the extent the Program measures are not in conflict with BO measures).

Footnotes

1/ Based on outlays associated for Bonneville's capital and expense budgets. The total amount shown in each fiscal year is consistent with the fish and wildlife budget agreement of \$435 million for the period FY 1996 - FY 2001. ESA expenditures are planned to continue beyond the budget year (FY 1997) but are not separately forecasted at this time.

2/ Based on plant-in-service estimates developed in conjunction with the Corps of Engineers and Bureau of Reclamation. The amounts shown are consistent with the fish and wildlife budget agreement of \$435 million for the period FY 1996 - FY 2001. These plant-in-service estimates reflect capital features that are projected to come on line and become subject to Treasury repayment by Bonneville under the FCRPS. These estimates do not reflect the COE's annual budget amounts for capital construction.

3/ Expenses are split 50/50 between net power purchases and foregone revenues for display purposes only and are based on the average of 50 water year conditions. Actual expenses will be determined by annual water conditions and the price for power. No attempt has been made at this time to break down the annual estimates into the four sub-categories. The amounts shown are consistent with the fish and wildlife budget agreement of \$435 million for the period FY 1996 - FY 2001.

4/ Reimbursable (Associated Projects) costs reflect the power share of the fish and wildlife O&M reimbursed to the Treasury and one-half of the budget estimated for the Power Planning Council. The amounts shown are consistent with the fish and wildlife budget agreement of \$435 million for the period FY 1996 - FY 2001. ESA expenditures are assumed to be imbedded in the other Federal agencies O&M (excluding the Council which has no ESA related expenses). These expenses, however, are not separately reported to Bonneville and therefore are not broken out in this table.

5/ Interest expense includes Bonneville's interest on bonds (for fish and wildlife) and interest on the Federal investment in fish and wildlife assigned to the power purposes of the Federal projects. Amortization reflects BPA's bonds and depreciation reflects the Federal investment in fish and wildlife. These amounts include expenses for interest during construction on federal investments. The amounts shown are consistent with the fish and wildlife budget agreement of \$435 million for the period FY 1996 - FY 2001.

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