BONNEVILLE POWER ADMINISTRATION

Integrated Program Review

Fish and Wildlife Program

July 17, 2012

3:00-4:00 pm

BPA Rates Hearing Room, 911 NE 11th Ave Portland, OR

To participate via phone dial 503-230-5566, when prompted enter access code 4433#

Overview

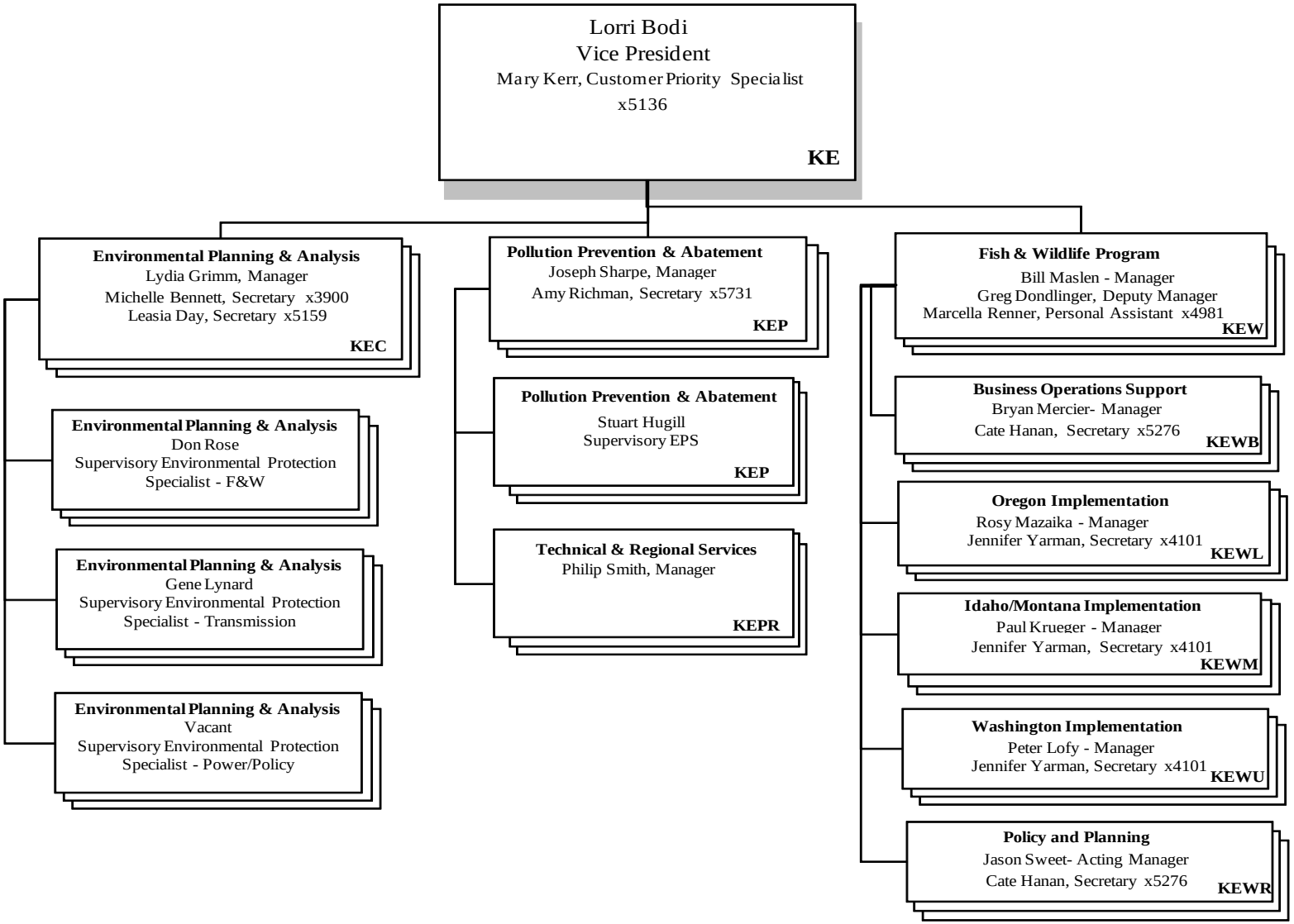
- Presentation in response to 8 comments received through IPR public comment period:
  - CBFWA (re: BPA Overhead, Fish Accords, F&W mitigation)
  - NRU (re: budget trends and RME spending)
  - PPC (re: mandatory vs. discretionary funding)
  - PNGC (re: mandatory vs. discretionary funding)
  - Spokane Tribal Natural Resources (re: budget trends and tribal trust responsibility)
  - NWEC (re: "Total Annual Average Cost of BPA Fish & Wildlife Actions" slide)

- Written responses provided for the following comments:
  - Pacific PUD (re: Land Acquisitions)
  - Unknown (re: Overhead allocation)

Fish & Wildlife Overhead

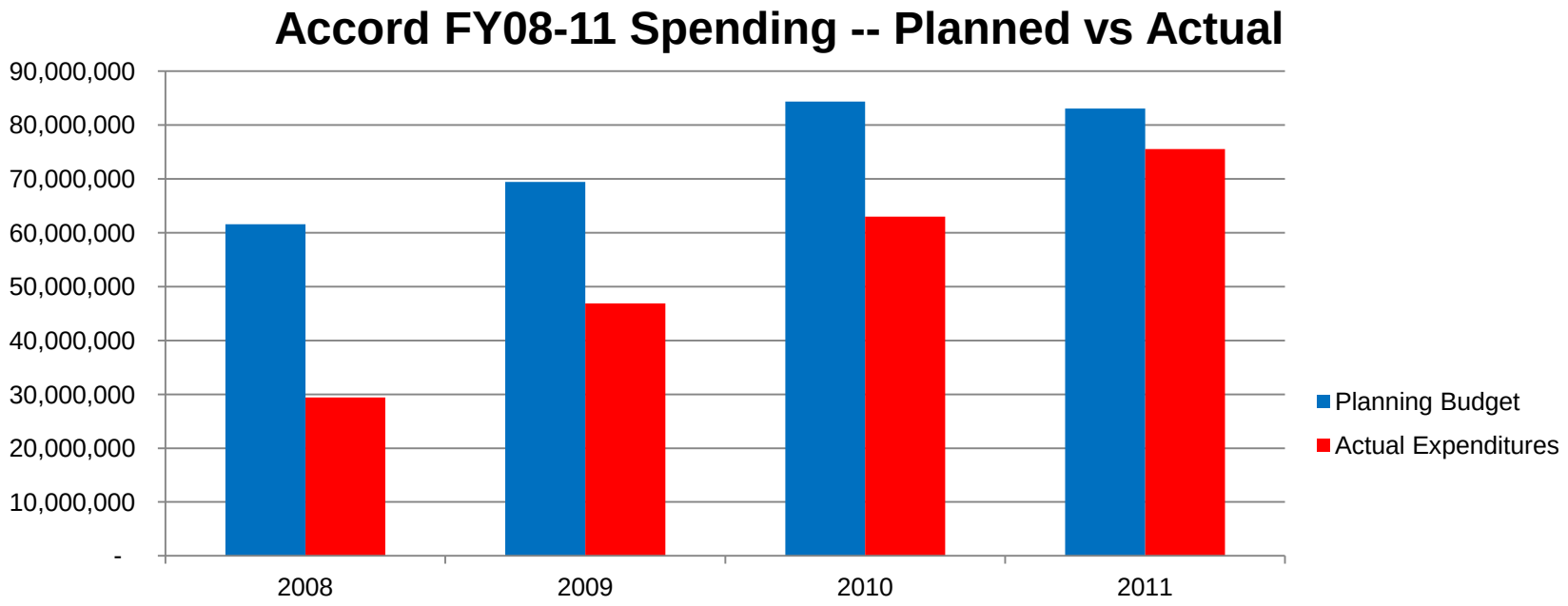
- BPA F&W Division overhead, actual and projected costs, from 2008 through 2017 with organizational chart (CBFWA)
  - BPA overhead is 7% ($16.8 million) of the Integrated Fish and Wildlife Program expense budget in FY 2012.
    - Program Administration ($14.6 million)
      - Salary and benefits -- $8.2 million
      - G&A allocations (IT, Security, Workplace Services, Public Affairs, etc.) -- $2.2 million
      - Supply Chain (program contracting) -- $1.1 million
      - NEPA/Cultural Resources -- $0.8 million
      - Other (Travel, Training, Legal, etc) -- $2.3 million
    - Technical support contracts ($2.2 million)
      - 12 projects that provide professional services http://www.cbfish.org/Portfolio.mvc/Projects/28
  - BPA overhead is currently projected to be $16.6 million/year in FY 2013-17.
    - Reduction in travel and training
    - Reduction in technical support contracts

ENVIRONMENT, FISH & WILDLIFE GROUP



Columbia Basin Fish Accords

- An up-to-date accounting of the Fish Accords FY 2008-11 planned and actual spending would be useful in reviewing and evaluating the BP-14 rate drivers. (CBFWA)



	2008	2009	2010	2011	
Planning Budget	61,562,383	69,410,933	84,330,755	83,052,475	
Actual Expenditures	29,409,690	46,855,799	62,955,558	75,543,399	
	32,152,693	22,555,134	21,375,197	7,509,076	**83,592,100**

Future Fish & Wildlife Mitigation

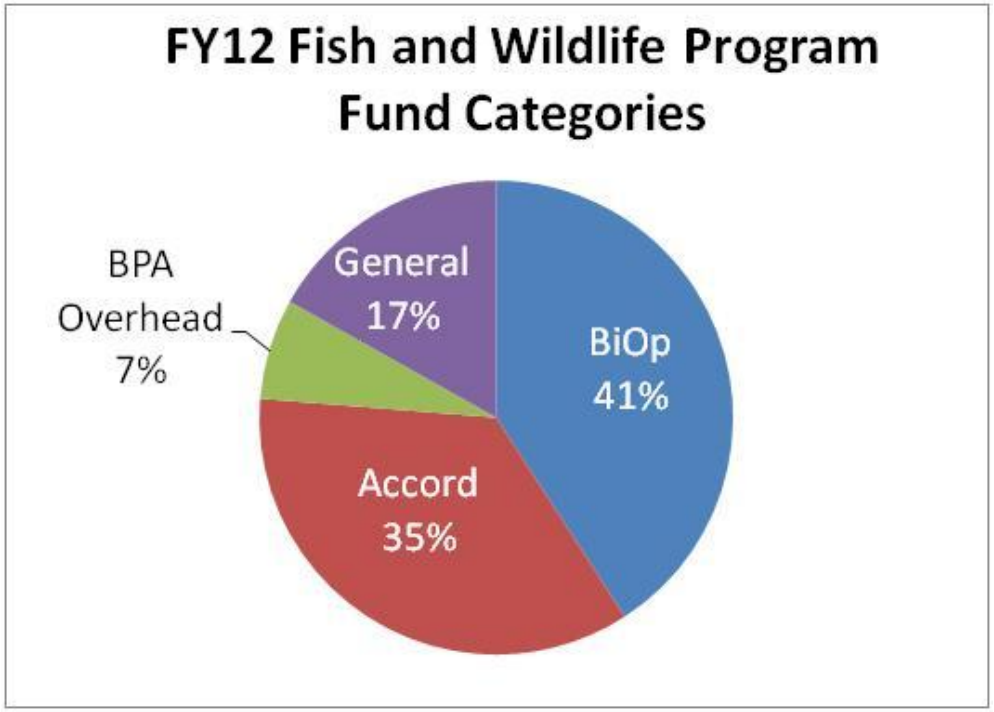
- How will BPA meet future fish and wildlife mitigation if funding levels are not going to increase? (CBFWA)
  - The Integrated Fish and Wildlife Program is a fully mature program with approximately 70% of the program directed to anadromous fish, 15% to resident fish, and 15% to wildlife. Program spending (expense) has grown from approximately $120 million to $250 million in 10 years.
  - BPA will meet future fish and wildlife mitigation through continued implementation of the Program, project efficiencies (such as benchmarking and streamlining), and reprogramming certain Research, Monitoring and Evaluation (RM&E) to on-the-ground work.
- Has BPA performed an analysis to estimate potential outstanding resident fish and wildlife obligations? (CBFWA)
  - BPA will continue to work with the Northwest Power and Conservation Council (NPCC) and other regional sovereigns (States and Tribes) to identify and implement mitigation actions to address outstanding obligations. BPA anticipates the possibility of additional long-term fish and wildlife agreements in the future, similar to existing Accords and other settlement, though none are currently in active negotiation.

Fish & Wildlife budget trends

- Why does it appear that costs are now in an increasingly upward trajectory? Is this pattern expected to continue in 2014 and 2015? What are BPA, States, and Tribes doing to live within the Accord targets? (NRU)
  - As noted previously, BPA views the integrated program as a well funded program and does not generally expect increases other than inflation. BPA will continue to meet its Fish and Wildlife program obligations through a combination of incremental budget increases and program efficiencies. BPA and Accord partners are working closely to ensure that Accord obligations are met while remaining within the overall financial commitment.
- The Department is concerned that spending levels for the Spokane Tribe will remain flat and challenges the assertion in slide 38 that tribal trust responsibility has been satisfied. (Spokane Tribal Natural Resources)
  - BPA works with sponsors, including the Spokane Tribe, to ensure that mitigation measures are adequately funded and would note that the budget for the overall Fish and Wildlife program is increasing. BPA did not intend to imply that its trust and treaty responsibilities have been satisfied. The statement in slide 38 of the IPR Kickoff presentation is intended imply a continuing application of trust and treaty obligations.

Mandatory vs. Discretionary

- Please provide information explaining which costs are mandatory fish and wildlife expenditures and the reason they are they considered mandatory. (PPC, PNGC)
  - BPA costs for the Fish and Wildlife Program support mandatory responsibilities under the Northwest Power Act (General and Fish Accord) and the Endangered Species Act (BiOp and Fish Accord). There exists a certain level of discretion regarding the timing and sequence in meeting certain obligations, which BPA relies upon the Northwest Power and Conservation Council to facilitate.



Total Fish and Wildlife Costs

- In the handouts from June 6, this is shown on slide 39, entitled, "Total Annual Average Cost of BPA Fish & Wildlife Actions." Similar charts were produced in previous IPRs and have been used widely in the region. We would like to discuss each line item in the chart and how the values are calculated. (NWEC)

Total Annual Average Cost of BPA Fish & Wildlife Actions [1/]

	Percentage of Spending Categories Allocated to F&W	FY 2010-2011 Actuals ($ in Millions)	FY 2012-2013 BP-12 Final Proposal ($ in Millions)	FY 2014-2015 Forecast ($ in Millions)
Integrated Program	100%	210	239	257
NWPCC – Annual Average	50%	5	5	5
US Fish & Wildlife Service – Annual Average Lower Snake Compensation Plan	100%	24	26	31
Corps of Engineers O&M – Annual Average	~19%	38	43	45
Reclamation O&M – Annual Average	~4%	5	5	6
UNSLICED Annual Average Hydro Operations Effects (Power Purchases & Foregone Revenues)		318	280	TBD [2/]
Depreciation & Interest on COE / Reclamation / USF&WS Capital F&W Investments (based on Plant in Service)		125	143	163
Depreciation & Interest on BPA Direct Program Capital F&W Investments				
Total $		**726**	**743**	**456**

[1/] FY 2014-2015 data is based on the proposed IPR spending levels.

[2/] Hydro operations effects will be determined in the BP-14 rate case.

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Financial Disclosure

This information has been made publicly available by BPA on July 16, 2012 and contains information not reported in agency financial statements.