

Questions and Answers
Topic: BPA Fish & Wildlife Program
Power Function Review Meetings
April 5 & 18, 2005

Q. Slide 8: please provide the backup calculations for the \$356.9 million estimate of hydro ops effects.

A. 50-yr Average - FCRPS Cost of 2004 BiOp Operation for FY2007

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Annual
aMW	832	1129	1153	1817	1211	2495	1282	897	1038	-233	-313	911	1018
\$Millions	31	42	46	83	65	66	26	9	-1	-22	-11	33	367

The average cost for the FY2007-2009 period was estimated to be \$356.9 million after reducing the FY2007 cost by about \$10 million per year in FY2008 and FY2009 for expected additional surface passage improvements.

Q. Slide 24: please provide a copy of the 1976 engineering report that supports the specific adult return goals for the Lower Snake Comp Plan. Have the costs of these hatcheries been compared with the costs (per returning adult) of other hatcheries with the same or similar objectives? If so, please provide the studies.

A. There are numerous publications, updated through time, that specify adult return goals associated with the lower Snake River dams. Copies of these publications are available from the Corps of Engineers either at their web site or from the Corps of Engineers Walla Walla District Office. BPA is aware of cost analysis studies that attempt to compare the costs associated with anadromous fish returns in the Columbia River basin. Although useful, the validity of the information conveyed is hampered by the enormous variability within the system and admitted data gaps, and needs. One such study, titled: Artificial Production Review – Economic Analysis Phase I is available at: (www.nwcouncil.org/fw/ieab). (see Table 1)

Q. Slide 27: please provide the criteria that determine the ability to capitalize investments in the "O&M++" option.

A. The current direct funding agreement between BPA and the USFWS is for O&M expense items only. Congress originally authorized the Corps to design and construct these facilities. We believe that is the appropriate mechanism for meeting further capital requirements for these LSRCF facilities.

Q. Separate handout for Slide 33: please provide a rough breakdown of the costs included in the BPA overheads, e.g., Bonneville staff FTE and their activities, contractor FTEs and their activities, etc.

A.

	2004	2003	2002	2001
BPA Program Support	\$7,462,675	\$8,125,466	\$7,060,844	\$6,094,706
Salaries				
Travel				
Training				
Awards				
Contractors				
Shared Services				
Project Support	\$2,816,774	\$3,882,264	\$2,203,091	\$1,318,213
Legal				
NEPA				
External contracts				
Environmental Compliance				
Contracting/TBL support				
Total	\$10,279,449	\$12,007,730	\$9,263,935	\$7,412,919

Q. Slide 34: how much of the RM&E budget is normally (recently and planned) awarded pursuant to competitive bids and/or peer review by the ISAB/ISRP?

A. Request for Studies only are competed; the remainder are sole source. All projects are reviewed by the ISRP; ISAB conducts “programmatic” reviews.

Q. Slide 35: please provide a copy of the contract with CBFWA regarding an analysis of RM&E, or a copy of the report if that is available.

A. <http://www.cbfwa.org/FWProgram/ResultProposal.cfm?PPID=SW2003000035033>

Q. Separate handout for Slide 41: what criteria will BPA use to shift the distribution of spending on the Integrated Program toward the goal of 70/25/5? Who will make decisions on which RM&E is cut, and how? Who will make decisions on how additional funds are spent "on the ground", and how?

A. We will use the Council's project solicitation process to select and review projects. Projects will be reviewed using allocation guidelines; the Council would then make a recommendation to BPA; BPA would ultimately be the decision maker.

Q. Slide 55: which hatcheries are slated to be closed, why, and what will the budget impact be?

A. None are scheduled to be closed.

Q. Slide 67: please provide the DOD audits associated with the \$300 million in costs "being held"

A. See summary of DOD audit at <http://www.dodig.mil/audit/reports/FY05/05008sum.htm> and link to the actual report titled Report No. D-2005-008(PDF). The issue is addressed in detail starting on page 9 in the actual report, but it does not specifically mention the \$300M portion that's "mitigation analysis", which is a current (rounded) Corps' estimate, but references the total CIP at the time of the audit.

Q. Slide 69: please provide the assumptions behind Scenarios A and B: which investments at which projects are assumed to go in to service in which years, and how are the \$300 million in "held" costs treated each year? What are the criteria that would be used to determine whether Scenario A or B will be pursued?

A. The first part of the question cannot be answered directly here, There are currently about 140 separate actions (active or being held) in CIP which could go into service at various times over the next 10 years will go into service. Scenario A assumes all backlog studies that could not readily be tied to future construction actions would go into service as soon as practical after a change in the "hold" policy was made. Scenario B assumes continuing the holds on those types of studies to 2014. The decision will be criteria that will need to be in accordance with Corps' regulations and accounting principles.

Q. The Northwest Power and Conservation Council's (NWPCC) annual budget is estimated to be \$9.1 million, of which F&W pays 50 percent. How does that figure compare to the statutory limit on the NWPCC's budget? Have they reached the cap?

A. Funding for the Council's annual budget is provided for in section 4(c)(10)(A&B) of the NW Power Act. A minimum annual funding level for the Council is established at .02 multiplied by the kWh of firm power forecast to be sold by the Administrator during the year to be funded. The Act allows the Administrator to increase this level up to .10 mill multiplied by the kWh of forecasted firm power. This higher funding level is subject to a showing by the Council that the lower amount will not allow the Council to perform its duties required under the Act.

The Council has not been able to carry out its functions and responsibilities under the Act at the 0.02 multiplier specified in Section 4(c)(10)(A). Accordingly, the Council has submitted annual justifications to BPA describing the need for additional funding to perform its responsibilities under the Northwest Power Act. For at least the past 17 years, BPA has funded the Council at the higher level as provided in 4(c)(10)(B) of the Northwest Power Act.

At the same time, since electricity deregulation, BPA's forecast loads provide a much less certain basis for budgeting. For the first 20 years after the Northwest Power Act was signed into law, BPA was committed to serve loads under 20 year power sales contracts. Today, the industry is more affected by market prices and BPA's loads are less predictable. For example, in the spring of 2001, BPA forwarded to the Council the forecast of BPA's firm power sales for OY2002 through 2006. The forecast for OY2002 was 9400.9 aMW. By summer of 2001, loads for OY2002 were estimated to be 8303 aMW.

To provide stability to the Council and BPA budgets, the two parties signed a budget agreement effective for FYs 2003 through 2006. The following budgets have been agreed to: \$8.5 million annually in FYs 2003 and 2004, and \$8.7 million annually in FYs 2005 and 2006.

Q. How is it determined who funds new hatchery capital – BPA or the Corps?

A. Projects at the Corps of Engineers' hydro facilities are funded through appropriations. BPA then pays the hydro portion of the investment to the Treasury.

Projects pursued as part of BPA's responsibility to mitigate for the impacts of the FCRPS are funded by BPA.

For the Lower Snake River Compensation Plan program, funding for capital expenditures would currently be available only through appropriations from the COE.

TABLE 1 ^{*1}

**HATCHERY REQUIREMENTS NECESSARY TO PRODUCE THE REQUIRED NUMBERS OF ADULT
CHINOOK SALMON AND STEELHEAD TROUT**
(Northwest Fish & Wildlife Agencies)

	Fall Chinook	Spring and Summer Chinook	Summer Steelhead
Adult Loss Level for Basing Hatchery Size	18,300 ^{*2}	58,700	55,100
Percent Survival, Smolt to Adult	0.20	0.87	0.50
Number of Smolts	9,160,000	6,750,000	11,020,000
Smolts per pound (Weight)	90	15	8
Pounds of Smolts ^{*3}	101,800	450,000	1,377,500
Percent of Survival, Eggs to Smolt	80%	70%	65%
Number of Eggs Needed	11,450,000	9,650,000	16,950,000
Eggs per Female	5,000	4,500	5,000
Number of Females Needed	2,290	2,145	3,390

1. COE, Special Report Lower Snake River Fish and Wildlife Compensation Plan (June 1975)
2. Reduced figure derived through negotiation between Corps and fish and wildlife agencies.
(The 66,300 and 34,400 figures are based on the highest percent of McNary count to enter Snake (some 68%). While this was an actual figure, it was twice as high as the next highest percent of McNary count to enter the Snake (33.5%) Thus, the second highest level was used as being more representative:
$$[97,500 \times 33.5\%] - 5,000 \times 48\% + 5,000 = 18,300.$$
)
3. Pounds of smolts reared is the most significant item, both with respect to hatchery cost and eventual adult production. Size and numbers may be adjusted to hatchery practice.