

factsheet

June 2008

Cost and rate impacts of Columbia Basin Fish Accords and the 2008 FCRPS BiOp

Background

BPA, the U.S. Army Corps of Engineers and the Bureau of Reclamation signed 10-year agreements – known as the Columbia Basin Fish Accords – with four Northwest tribes and two states on May 2, 2008. These historic agreements provide specific hydro, habitat, hatchery and other measures that will address recovery needs and provide measurable biological benefits for fish.

On May 5, NOAA Fisheries included the Fish Accords measures in its 2008 Biological Opinion (BiOp) for the Federal Columbia River Power System (FCRPS) for salmon and steelhead listed under the Endangered Species Act (ESA).

This fact sheet describes the costs of the Fish Accords and the new BiOp. Most of these costs will be paid by BPA ratepayers.

Benefits of Fish Accords

In addition to the benefits they provide for fish, the Fish Accords benefit the people of the Pacific Northwest.

For the tribes and states, they provide an opportunity to share scientific expertise, build partnerships and have funding stability for key fish programs.

For the region, the Fish Accords turn the focus to implementation rather than litigation. They also provide substantial cost predictability for BPA ratepayers.

For more information on the Fish Accords and the benefits they provide, see the May 2008 fact sheet, “Federal agencies announce proposed agreements to benefit fish.”

1. ACCORD COSTS

Listed and nonlisted fish funding

- Approximately 70 percent of the Fish Accords funding will be applied to benefit ESA-listed salmon and steelhead, supporting implementation of the new BiOp. As a result, Fish Accords costs overlap with BiOp costs as described below.
- The remaining 30 percent will provide other important benefits – for nonlisted salmon, lamprey, sturgeon, wildlife and resident fish.

Ongoing and new funding

- Approximately 40 percent of the Fish Accords costs are currently included in the current Northwest Power and Conservation Council Fish and Wildlife Program and in BPA’s rates for the same period. These costs allow for continued funding of ongoing projects that provide new/additional benefits to fish. For example, a long-term funding commitment to an existing riparian habitat project not only allows work currently under way to be completed with certainty but also provides funding for restoration of additional stream miles.



- Approximately 60 percent of the Fish Accords costs funds expansions of projects currently in the program or new fish mitigation projects not currently included in BPA’s FY 2007-2009 rates.

Total Fish Accords funding by entity

The table below illustrates BPA’s funding commitments in direct support of the project commitments in the Fish Accords, except for inflation.

Tribe	Expense	Capital	Total
Three tribes ¹	\$516	\$132	\$648
Colville	\$158	\$46	\$204
Idaho	\$52	\$13	\$65
Montana	\$0.05	\$16	\$16
Total	\$726	\$207	\$933

¹ Includes Confederated Tribes of the Umatilla Indian Reservation, Confederated Tribes of the Warm Springs Reservation, Confederated Tribes and Bands of the Yakama Nation and the Columbia River Inter-Tribal Fish Commission.

(This summary does not include a prescribed annual inflation rate of 2.5 percent set to begin in FY 2010 or the potential for shifts between expense and capital categories. It does not describe the timing of capital investments or the timing for BPA’s payment of debt service on those investments – including BPA’s repayment to the U.S. Treasury of any power costs attributable to Corps or Reclamation actions in support of the Fish Accords.)

FY 2008 and 2009 funding for the Fish Accords will be less than the described annual budgets because there is a ramp-up or phase-in period for new projects due to contracting and permitting activities and the front-end of new work.

Review of Fish Accords projects

Some projects included in the Fish Accords have already been through regional and scientific review. For others, the agreements expressly acknowledge the continuing role of the Independent Science Review Panel and the Council in reviewing projects. The

parties will be working together to streamline this process – for instance, by considering groups of BiOp and Fish Accords projects at the subbasin level.

Should science review suggest modifications to a particular project, BPA and the implementing entity will consider reasonable adjustments to the project scope on a mutually agreeable basis or consider a replacement project, if appropriate.

2. BiOp COSTS

Direct program costs

Many of the habitat and hatchery actions in the BiOp will be accomplished through the Fish Accords so some of the new BiOp costs shown below are part of the Fish Accords. Below are the estimated breakouts:

Expense	FY 2008	FY 2009	FY 2010
New BiOp costs ²	\$13	\$40	\$63
Non-BiOp projects in the Accords	\$6	\$17	\$20
Total new BiOp and Accords	\$19	\$57	\$83

¹ These figures will differ from the planning budgets shown in the MOAs due to ramp-up assumptions, inflation adjustments, etc.

² Includes BiOp projects in the Accords.

Hydro operations costs (foregone revenues and power purchases)

The estimated hydro operations costs (foregone revenues and power purchases needed during fish operations) associated with anticipated operations under the BiOp have increased by about \$11 million annually compared to those under the 2004 FCRPS BiOp – from \$343 million to \$354 million.

It should be noted, though, that the BiOp commits BPA to biological performance standards for fish survival through the dams. If our ongoing research and testing show that different operations are needed to meet the standards, these costs could decrease or increase.

3. RATE IMPACTS

Potential rate impacts from Fish Accords and BiOp

In FY 2008, BPA does not expect its new fish commitments to affect rates. The bulk of the work in FY 2008 will be in support of existing and new BiOp project commitments already budgeted for in BPA's FY 2007-2009 rates. Additional projects will be supported first through available fish and wildlife direct program funding –including financial flexibility carried over from prior years – and then through reserves if necessary.

After the initial ramp-in period, the new work in the BiOp results in an estimated 3 percent increase in BPA's costs. Together, the Fish Accords and the BiOp are expected to result in about a 4 percent increase in BPA's costs. (As shown above, some Fish Accords costs overlap with estimated BiOp costs.) These increased costs will be reflected in the rates BPA sets for FY 2009 and beyond.

The 4(h)(10)(C) credits, which are applied to the annual payment BPA makes to the U.S. Treasury, will reduce this incremental impact on BPA rates. These credits reimburse BPA for costs it has paid for non-power-related impacts on fish and wildlife attributable to the multipurpose federal dams.

The above estimates do not include potential costs from additional agreements or BiOps – including new BiOps for the Willamette projects or for sturgeon at Libby Dam – or court orders.

BPA is open to signing additional agreements that would help meet our obligations for listed and nonlisted fish, and we are still talking with tribes and states that have expressed interest. BPA would address how any such new costs would affect rates at the time the costs are identified.