



Bonneville Power Administration

INTEGRATED PROGRAM REVIEW

**Summary of Comments
for
FY 2009 Power Spending Levels
July 1, 2008**



Agenda

- Columbia Generating Station
- Corps/Bureau
- Renewables
- Conservation
- Internal Ops
- Fish & Wildlife



IPR Comments

Columbia Generating Station (CGS)

Comments Received:

The general comments received noted that the increases are of concern and that EN and CGS should work to reduce the costs. No specific reductions were suggested.

Summary of Comments Received:

- Concerned with proposed \$51 million increase.
- Additional background needs to be provided in a clear fashion.
- The CGS budget must undergo the same review and scrutiny applied to other projects and programs.
- BPA's efforts to influence the reduction of the proposed CGS budget are commendable.
- CGS Operating costs are the most significant upward cost driver in BPA's program levels for 2009.
- BPA and CGS should continue to work to identify cost reductions without hindering the safe and reliable operation of the plant.
- While the proposed increase in costs for CGS O&M are significant, we believe these expenditures are necessary. We note EN reduced its original funding request from \$65 million to \$51 million, and trust EN and BPA will continue to find positive ways to work together.
- EN and BPA should continue to develop a closer working relationship when it comes to the inclusion of EN costs in the BPA budgeting and rate making processes.



IPR Comments

Corps/Bureau

Summary of Comments Received:

- The FCRPS Hydro Program has a detailed, rigorous and structured asset management program, easy to follow and understand.
- The benefits of investment were well presented.
- We request BPA exercise diligence to identify projects or programs area where costs could be reduced to offset some of the impacts of the proposed asset management initiatives.
- The ramp up of capital expenditures in FY 2009 is significant, to catch up with lagging capital improvements, as well as reliance on increasingly costly hydro generation equipment. The agencies should be encouraged to broaden their supplier network so they are not captive to a small number of suppliers.
- O&M takes a substantial jump. We believe that the agencies should be encouraged to take steps to reduce or eliminate inefficient O&M, rather than just escalating O&M costs by a fixed amount.
- Re: Corps Cultural Resources Funding at Lake Roosevelt National Recreation Area - We are asking for an increase in funding for the protection of our significant cultural heritage, either through stabilization or the excavation of the many archaeological sites affected by dam operations. Funding has been constant since 1995 with no increase for approximately 13 years. Archaeological Surveys have documented the presence of at least 500 cultural resource sites in the LRNRA, most of which are being adversely affected by reservoir operations.



IPR Comments

Renewables

Summary of Comments Received:

- BPA should reverse the reduction in facilitation spending.
- There were concerns over cuts in renewable facilitation services and programs.
- BPA should be proactive in promoting and facilitating renewable project development. The cuts may leave BPA unable to assist its customers in acquiring needed resources at the very time state law begins to require them.
- With the growing importance of climate and renewable energy policy, BPA needs to dedicate appropriate resources to this area.
- Commend BPA for acknowledging the region's successes in developing renewable resources by reducing its facilitation budget. We urge BPA to continue to reflect the region's progress in renewable resources, and other areas, by adjusting its program budgets accordingly.
- Concur with BPA's decrease in renewables spending. There has been much progress in the region in developing renewables and the need for BPA facilitation is likely to be much less than it has been historically, given new state mandates.



IPR Comments

Conservation

Summary of Comments Received:

- There is no increase in BPA staff to ensure the increased budget will be used effectively to meet objectives.
- Conservation for FY 2009 programs need to be increased. If held constant, there is risk of losing cost effective energy savings, as well as sending the wrong message on the value of energy efficiency.
- I am extremely disappointed that there is no substantive increase in the budget for energy efficiency. The region and the planet are undergoing to greatest environmental challenge ever faced, and BPA refuses to take advantage of clear and cost-effective efficiency opportunities with any sense of priority. There is no excuse for the inaction on energy efficiency in the proposed budget, and it should be corrected before being finalized.
- BPA's proposed budget does not acknowledge the steep ramp up of programmatic and financial commitments that are needed now. We encourage BPA to adopt a more flexible budget approach that allows for more innovation and reaction to opportunity for more robust FY 2009 efficiency gains.
- We do not support the proposed increase in conservation spending above WP-07 levels.
- Because the region has demonstrated its ability to achieve conservation under current levels of BPA spending, we question the proposals for increases above the previously set budget for 2009.
- Specificity in the nature of some of these costs is needed to provide clarity to the programs ratepayers are funding. For example, the difference between "conservation" and "regional energy efficiency" is not evident. With BPA expecting these costs to increase, customers need greater clarity as to the differences and the reasons BPA believes it is necessary for these budgets to increase.
- BPA should be holding the line on conservation and renewables spending in anticipation of state conservation and renewable portfolio standards. Having BPA charge its customers for this program that those customers must spend time and money justifying their efforts just to get this credited back would seem to be a redundant, expensive waste of effort, resources and time.
- BPA needs to set conservation budgets taking into account that customers are responding to signals, which should decrease BPA conservation programs.



IPR Comments

Internal Operations

Summary of Comments Received:

- Internal costs are increasing dramatically overall, despite savings achieved in some areas. BPA should set reasonable caps for growth in internal operating costs, no higher than the annual rate of inflation, then live within those caps.
- General Counsel, Finance, Technology Innovation, among other internal ops costs, are going up. BPA could limit the net escalation in its internal operating costs to the rate of inflation. If the agency wants to add new functions, it should identify offsetting savings in other functions.
- Very concerned with the rate at which internal costs are increasing.
- Should look at these specific costs and find ways to reduce: CRO, TI, Internal Audit, Strategic Planning, Strategy Integration, General Counsel, Workplace Services
- BPA should set reasonable caps for growth, no higher than the annual rate of inflation, then live within those caps.
- It is unclear why, after EPIP, there would be a need for \$30M increase in Agency Services for 2009-2011 over FY 2007 actuals.
- BPA has not justified the proposed 14% increase in internal power costs



IPR Comments

Fish and Wildlife

Summary of Comments Received:

- Consider funding list of WDFW projects that we consider either critical and essential projects within the FY 2008-2009 funding decision, or necessary projects to begin to implement the recent BiOp in FY 2009.
- In addition to costs for BiOp, MOAs, LSRCP and current F&W program budget, BPA should budget sufficient dollars to fund the unmet needs identified by the Council in its FY 2007-2009 recommendations.
- We urge you to resolve the growing disparity between resident and anadromous fish mitigation funding.
- We are in support of the MOAs.
- BPA should carefully review proposed \$38 million increase and look for duplicate efforts or items that are not required. Results need to be results oriented.
- Uncertainties surrounding the Council Program, MOAs, BiOp, and other elements of BPA's fish and wildlife budget should not be an avenue for additional budget increases beyond those proposed for FY 2009.
- Some projects are currently funded by rate payers that have little relation to the effects of hydropower construction and operation and should be funded through other sources or eliminated. Funding should be seen as comprehensive for both fish and wildlife and the proposed budget should not increase beyond its current limit.
- Customers support a long term budget for the fish and wildlife direct program and believe that this is important for all parties.
- Customers request that BPA perform an analysis of whether it is appropriate to apply the inflation adjustment to the entire direct program, or only that portion of the program that is truly subject to inflation.
- Most of the FY 2009 increase is targeted to fund projects identified in the MOAs and elements of the BiOp. While the Coalition does not dispute the value of these projects, much of the funding will not go toward making the BiOp sufficient to restore endangered salmon and steelhead nor satisfy BPA's obligations in this arena.
- Presentation of F&W costs is misleading.