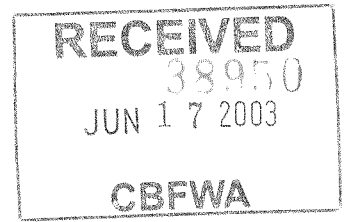




Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621



ENVIRONMENT, FISH AND WILDLIFE

JUN 12 2003

In reply refer to: KEW-4

Mr. Gregg Servheen
IDFG/IOSC
P.O. Box 25
Boise, ID 83707

Dear Mr. Servheen:

We have made our final funding decisions for the fish and wildlife mitigation, enhancement, and recovery project proposals recommended by the Northwest Power and Conservation Council (Council) for implementation in the Estuary, Lower Columbia, Columbia Cascade, Middle Snake, and Upper Snake Provinces (Five Provinces). Among our decisions, Bonneville Power Administration (Bonneville) has conditionally approved, but deferred, the immediate implementation of your project, Proposal No. 32011, Mitigation of marine-derived nutrient loss in the Boise-Payette-Weiser subbasin, in the Middle Snake Province in Fiscal Year (FY) 2003.

The decision to fund your project falls within Phase 3 of Bonneville's implementation of the Council's recommendations for managing fish and wildlife program expenditures through the remainder of this year within the limits of a \$139 million yearly expense budget. Among the actions we are taking to address the agency's cash flow concerns, we are closely monitoring total fish and wildlife program expenditures in order to assure the pace of implementation spending remains, in total, within the level of Bonneville's program funding commitment.

As described in the Bonneville Administrator's letter of March 28, 2003 to the Chair of the Council (http://www.efw.bpa.gov/EW/FishandWildlifeDocs_Post/FishWildlifeUpdates/HMoore/danielson_resp03_0328.pdf), because of the uncertainty inherent in this "cash-management approach," we are phasing-in our implementation of the Council's project funding recommendations. Within this constraint, we are delaying the immediate initiation of contracting for your project. Our preliminary Phase 3 funding approval is not a final decision and is contingent upon:

- a determination of the availability of sufficient program funds; and,
- a resolution of our concerns regarding the applicability of this project to Bonneville's Federal Columbia River Power System (FCRPS) mitigation obligations.

Bonneville will initiate contracting for Phase 3 projects following the conclusion of the Council's FY 2003 reconciliation and reallocation process and the development of an initial FY 2004 program expense-spending estimate. Your project will be considered for contract

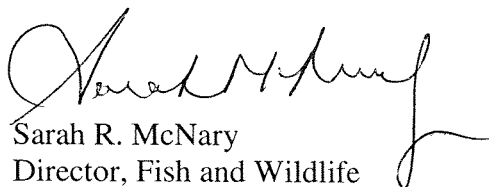
implementation if the revised FY 2003 and initial FY 2004 expenditure estimates indicate sufficient remaining available program funding.

Bonneville will make a final funding decision only after additional discussion and consideration of the relationship of your project to impacts of the federal hydropower system. We continue to have reservations, expressed in our formal comments for these provinces, regarding the scope of ratepayer responsibility for the implementation and support of projects addressed to impacts to fish and wildlife that are more directly or appropriately attributable to the actions of others and not to those of the FCRPS. Even assuming that additional funding remains available following the Council's reconciliation and the allocation of program support to other Phase 3 projects, additional dialogue will be required to address our concerns, consistent with our previous commitment to consider and respond to requests for funding the implementation of these projects on a case-by-case basis.

We are grateful for your patience as we work through the details of program budget reconciliation and funding reallocation with the Council. If we successfully resolve the policy issues regarding the extent of ratepayer responsibility and the relationship of your project to the impacts caused by particular federal hydropower projects or groups of projects and there is sufficient remaining available program funding, Bonneville will proceed expeditiously to contract implementation. At that time, should we proceed, a Project Manager will be assigned to you and we will provide additional implementation instructions.

If you have any questions, please contact Bob Austin at (503) 230-4748.

Sincerely,



Sarah R. McNary
Director, Fish and Wildlife

cc:

Ms. Patty O'Toole, Northwest Power and Conservation Council
Mr. Tom Iverson, Columbia Basin Fish and Wildlife Authority