



Department of Energy

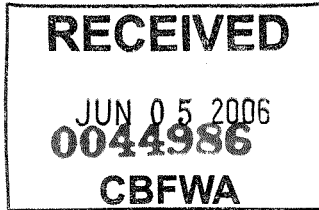
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENVIRONMENT, FISH AND WILDLIFE

June 1, 2006

In reply refer to: KE-4

Ms. Rhonda Whiting, Chair
Fish and Wildlife Committee
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, OR 97204-1348



Dear Ms. Whiting:

For many years, the Northwest Power and Conservation Council (Council) and Bonneville Power Administration (BPA) have worked together to assure that implementation of the Fish and Wildlife Program retains its critical integration of the Northwest Power Act and Endangered Species Act (ESA) by addressing key factors that limit improvements for both ESA listed and non-listed fish and wildlife. Also in support of this objective, state and federal representatives, together with representatives of tribal sovereigns, are actively engaged in the collaboration on the remanded 2004 FCRPS Biological Opinion.

You recently asked BPA to provide our ESA implementation priorities, as an important input into the ongoing FY07-09 project evaluation process. At the Council's April meeting in Whitefish, we committed to giving you a list that reflects BPA's existing ESA implementation commitments and an estimation of new work that we anticipate will be a priority in addressing limiting factors for ESA-listed fish. Since your request at the April meeting, we have been asked by others to articulate BPA's position and direction regarding the integration of current and proposed ESA-related projects – driven by the FCRPS BiOp Remand Process – into the FY07-09 Solicitation Process. Some parties have asked how we intend to fund this ESA-related work in light of the Council's proposed provincial budget allocations, and the effect of applying the Program's 70/15/15 allocation to BPA's Program expense budget. Others have asked how we intend to fund needed BiOp-related RM&E in light of BPA's commitment to redirect some current RM&E funding to more on-the-ground mitigation activities.

As you are aware, a complete and specific listing of prioritized needs is not possible at this time because a full suite of actions that are BPA's responsibility has yet to be identified through the remand collaboration. With this letter, we are providing a list of projects that currently implement the Updated Proposed Action (UPA) and 2004 BiOp (which is still in place pending conclusion of the remanded BiOp). We will continue to comply with the existing UPA, as well as implement the priorities identified in the U.S. Fish and Wildlife Service BiOp for the Kootenai River White Sturgeon. Enclosure 1 lists the proposals that contain tasks that are listed in these BiOps. As such, while these ongoing projects address limiting factors identified in the

2004 UPA or BiOp for the Kootenai River White Sturgeon, they may also include new or expanded work that goes beyond what is necessary to meet BiOp priorities.

We also articulate in this letter our perspective regarding the integration of needs arising from the Remand Process into the project selection process to ensure that we truly have an Integrated Program for FY07-09. In particular, it is critical that state and tribal participants in the Remand Collaboration process also actively engage in the project selection process. Additionally, we want to continue working closely with you in developing a path to move from the current Program allocation to an allocation of geographic emphasis and work types for implementation during the '07 to '09 period that better integrates both Program and emerging ESA needs (see Enclosure 1).

Inherent to the overall integration challenge are a number of related issues that we addressed in both Power Function Reviews I and II, but feel it is appropriate to further elaborate on now.

- **Common Basis for Decisions in the Remand and Program Solicitation:** The remand collaboration and Program solicitation processes are each grounded in much of the same technical information. In particular, many of the limiting factors identified in sub-basin plans and draft recovery plans are both priorities in the Solicitation Process and starting points for the development of a new Proposed Action (PA). As Council Chair, Tom Karier, said in a recent remand collaboration meeting, there are a phenomenal number of proposals in the FY07-09 solicitation process that focus on listed species being addressed in the remand. Some of these projects could likely address BPA's component of the habitat, hatchery and research, monitoring and evaluation responsibilities under the new FCRPS PA (see Enclosure 2). To provide for the needed ESA integration into the Program, it is very important that the representatives of the four Northwest states - via their Council members, governors' offices and resource management departments - ensure that the priorities they seek in the remand are the same as in the Program, and vice versa.
- **Timing for Implementation of Remand-Driven Projects:** For new and specifically-identified remand-driven projects that are BPA's responsibility to begin in FY07, BPA and the Council will need these actions identified during the summer of 2006. If it is not possible to identify these actions by this coming summer, there are at least two alternative approaches that could be taken. One approach would be for the overall suite of projects recommended by the Council for BPA funding to be applicable to FY07 only, thereby allowing for implementation of new or alternative actions consistent with a new PA in FY08. Alternatively, project models similar to that of the National Fish and Wildlife Foundation Water Transactions/Conservation Easement project could be utilized to provide a more programmatic and flexible approach for implementing specific actions that are identified as a high priority and included in the new PA. Of course, any new work arising from Remand Collaboration would still require Independent Scientific Review Panel review.
- **Provincial Budget Recommendations:** BPA continues to believe that budget allocations should be driven by prioritized biological objectives rather than historical

spending. While it is important that the provinces prioritize among the pertinent project proposals, and the Council's current budgets provide a framework within which to do this, we believe that the individual provincial budgets should not be viewed as rigid and unretractable. In developing its recommendations, BPA encourages the Council to allow for flexibility to reprogram funding between different provinces based on prioritized biological objectives. Similarly, we will base our funding decisions on biological priorities that take into account our remand obligations under ESA.

- Research, Monitoring and Evaluation:** It is important that BPA and the Council make progress in increasing a programmatic emphasis on on-the-ground actions that address biological priorities for fish and wildlife. Among other actions needed to achieve this objective, we need to reduce the proportion of our spending on RM&E. We believe a subset of the overall Program expense budget should be established for RM&E, and that Program-related RM&E should be sized and fit into a specific RM&E budget. We had previously proposed a 70/25/5 allocation in the PFR meetings, and recommend a phased approach to meeting this allocation over the entire 2007-09 rate period as appropriate; but the fundamental issue is that the more the Region spends on collecting and analyzing information, the less funding is available for mitigation that addresses limiting factors for fish and wildlife. To this end, all BPA-funded RM&E should be consistent with the Regional RM&E framework proposed by the Council. In addition, it is critical that the project selection process clearly define which regional entities should be responsible for funding what types of RM&E.
- Increases in Requested Budgets for Ongoing Projects:** As you may have noted, proposed project budgets requests for FY07-09 projects have increased substantially. On average, requested funding for ongoing work increased 32 percent from FY06 start of year budgets. This increase stems from a variety of factors including inflation, indirect and overhead rate increases, and the addition of new work to ongoing project proposals. While some increases in project funding may be appropriate, there will likely be circumstances where significant downward adjustments from requested budgets should occur. Therefore, we reiterate the importance of the work that Council and BPA staff are continuing to undertake to carefully review the scopes of work and budgets proposed for existing projects and new proposals.

The Overall Program Budget

BPA is aware that some stakeholders in the region have urged that fish and wildlife costs used in setting power rates be significantly increased to what they believe will be necessary for implementing agreed-upon actions coming out of the Collaborative Process, recovery planning, and subbasin plans. Similarly, some have also suggested that BPA revisit its overall FY07-09 Integrated Program expense budget of \$143 million in light of our improving financial conditions.

First, it is important to note that while our FY06 net revenue projection is currently about \$250 million greater than that assumed in our initial power rate proposal, our initial FY07-09 rate

proposal did not reflect an assumption that the Court-ordered spill levels would continue after FY06. Some parties to BPA's ongoing rate case have urged that BPA incorporate, into its final rate proposal, an assumption that the Court-ordered spill would occur through FY09. BPA is considering this change as we develop our final rate proposal. If made, the cost of this change would negate much of the improvement in this year's financial situation.

We also believe that many of the actions identified in this letter can create the opportunity to commit more spending to habitat and hatchery efforts and provide more room for on-the-ground benefits to both listed and non-listed fish and wildlife, within the \$143 million budget. If these approaches are insufficient, BPA can also use the same financial tools it has available to deal with other BPA Program costs that increase beyond planned budget levels in the FY07-09 rate period.

In closing, we look forward to continuing our collective ongoing work to address these issues and integrate Power Act and ESA priorities into a single plan of program implementation, management, and reporting. We will bring more information to you as it becomes available, but we also encourage you to work closely with your state representatives working in the collaborative process to ensure that our collective priorities are identified and addressed.

Sincerely,



Gregory K. Delwiche
Vice President, Environment, Fish, and Wildlife

Enclosures

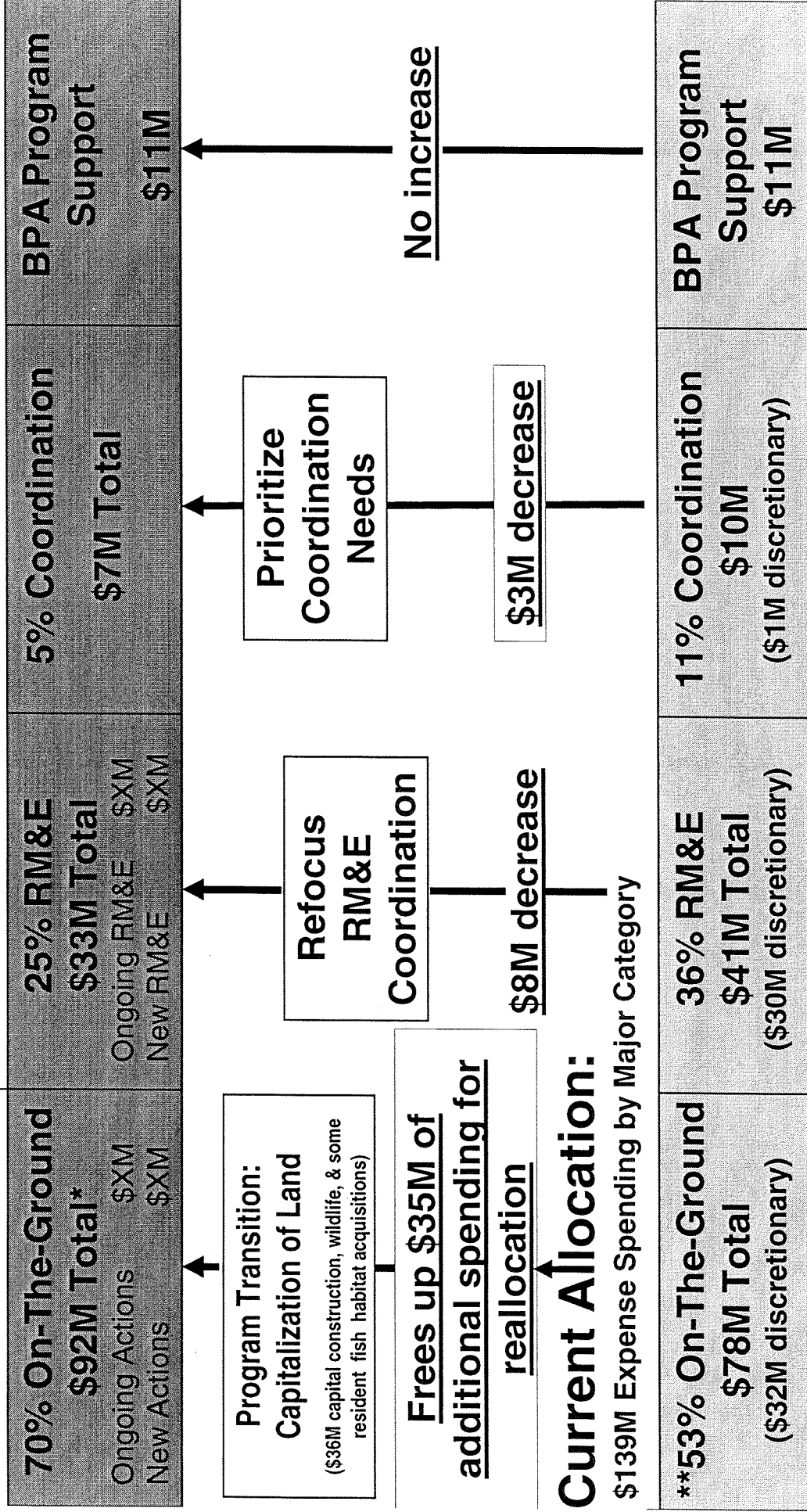
cc.:

Doug Marker, Northwest Power and Conservation Council
Mark Fritsch, Northwest Power and Conservation Council
Patty O'Toole, Northwest Power and Conservation Council
Stacy Horton, Northwest Power and Conservation Council
Tony Grover, Northwest Power and Conservation Council
Kerry Berg, Northwest Power and Conservation Council
Carl Weist, Northwest Power and Conservation Council
Joanne Hunt, Northwest Power and Conservation Council
Brian Lipscomb, Columbia Basin Fish and Wildlife Authority
Amy Langstrom, Columbia Basin Fish and Wildlife Authority
Tom Iverson, Columbia Basin Fish and Wildlife Authority
Rebecca Miles, Chair, Nez Perce Tribe
Lavina Washines, Chair, Yakama Indian Nation
Ron Suppah, Chair, Confederated Tribes of the Warm Springs Reservation
Antone Minthorn, Chair, Confederated Tribes of the Umatilla Indian Reservation
Mary Verner, Upper Columbia United Tribes
Warren Seyler, Upper Columbia United Tribes

Implementation Goals

- More \$\$ available to implement SBP and ESA Priorities
- More focused RM&E and Coordination/Data Management Categories
- More \$\$ available/focused on prioritized biological objectives (e.g., actions directly benefiting target priority populations of fish & wildlife)
- Clean slate review for existing projects

Desired Allocation:
 \$143M Expense Spending by Major Category



* This money could be allocated to BiOp projects with changes to the preliminary provincial allocations
 ** Current allocation figures from the '04-'05 Base Program Appraisal

**Enclosure 2. Kootenani R. White Sturgeon BiOp and 2004 UPA Projects
as Proposed in the FY07- FY09 Solicitation**

Proposal #	Project Title^a	Sponsor	Province^b	FY06 Start of Year Budget^c (\$)	FY07 Requested Budget^d (\$)	% Change from FY06 SOY to FY07 Request
198331900	New Marking & Monitoring Tech	National Oceanic & Atmospheric Administration (NOAA)	Mainstem/Systemwide	800,000	768,685	-3.9%
198335000	Nez Perce Tribal Hatchery Operations & Maintenance	Nez Perce Tribe	Mountain Snake	2,474,000	2,033,220	-17.8%
198335003	Nez Perce Tribal Hatchery M&E	Nez Perce Tribe	Mountain Snake	1,816,000	1,996,183	9.9%
198343500	Umatilla Hatchery Satellite Facilities O&M	Confederated Tribes of the Umatilla Indian Reservation	Columbia Plateau	1,018,147	1,059,166	4.0%
198712700	Smolt Monitoring By Non-Feder	Pacific States Marine Fisheries Commission (PSMFC)	Mainstem/Systemwide	2,239,743	2,345,710	4.7%
198805301	Grande Ronde/Imnaha Endemic Spring Chinook Supplementation – Northeast Oregon Hatchery	Nez Perce Tribe	Blue Mountain	5,000,000	9,809,858	96.2%
198805303	Hood River Production M&E - Ws	Confederated Tribes of Warm Springs Reservation of Oregon	Columbia Gorge	516,646	585,897	13.4%
198805304	Hood River Production Program - ODFW M&E	Oregon Department of Fish & Wildlife (ODFW)	Columbia Gorge	415,000	536,935	29.4%
198805305 ^e	Northeast Oregon (NEOH) Outplanting Facilities Master Plan	Oregon Department of Fish & Wildlife (ODFW)	Blue Mountain	30,000	18,870	-37.1%
198805307	Hood R Prod O&M - Ws/Odfw	Confederated Tribes of Warm Springs Reservation of Oregon	Columbia Gorge	589,000	270,282	-54.1%
198806400 ^e	Kootenai River Native Fish Restoration and Conservation Aquaculture	Kootenai Tribe of Idaho	Mountain Columbia	1,395,000	1,970,800	41.3%
198806500 ^e	Kootenai R White Sturgeon Inve	Idaho Department of Fish & Game	Mountain Columbia	951,697	1,165,360	22.5%
198903500	Umatilla Hatchery Operation and Maintenance and Fish Liberations	Oregon Department of Fish & Wildlife (ODFW)	Columbia Plateau	875,000	951,664	8.8%
198910700	Statistical Support For Salmonid Survival Studies	University of Washington	Mainstem/Systemwide	239,625	371,546	55.1%

Proposal #	Project Title ^a	Sponsor	Province ^b	FY06 Start		% Change from FY06 SOY to FY07 Request
				Of Year Budget ^c (\$)	Requested Budget ^d (\$)	
199000500	Umatilla Hatchery - M&E	Oregon Department of Fish & Wildlife (ODFW)	Columbia Plateau	572,848	684,278	19.5%
199000501	Umatilla Basin Natural Production Monitoring and Evaluation Project	Confederated Tribes of the Umatilla Indian Reservation	Columbia Plateau	395,129	779,657	97.3%
199007700	Dev Of Systemwide Predator Control for Northern Pikeminnows.	Pacific States Marine Fisheries Commission (PSMFC)	Mainstem/Systemwide	3,770,000	3,884,045	3.0%
199008000	Columbia Basin Pit-Tag Information System.	Pacific States Marine Fisheries Commission (PSMFC)	Mainstem/Systemwide	2,431,442	2,531,577	4.1%
199102800	Pit Tagging Wild Chinook	National Oceanic & Atmospheric Administration (NOAA)	Mountain Snake	350,000	591,990	69.1%
199102900	Research, monitoring, and evaluation of emerging issues and measures to recover the Snake River fall Chinook salmon ESU	US Fish & Wildlife Service (USFWS)	Mainstem/Systemwide	356,375	499,731	40.2%
199105100	M&E Statistical Support For Life-Cycle Studies	University of Washington	Mainstem/Systemwide	394,655	473,086	19.9%
199107100	Snake River Sockeye Salmon Habitat and Limnological Monitoring	Shoshone Bannock Tribes	Mountain Snake	455,756	450,900	-1.1%
199107200	Redfish Lake Sockeye Salmon Captive Broodstock Program	Idaho Department of Fish & Game	Mountain Snake	2,406,638	1,086,118	-54.9%
199107300	Idaho Natural Production Monit	Idaho Department of Fish and Game	Mountain Snake	884,640	960,900	8.6%
199204000	Redfish Lake Sockeye Salmon Captive Broodstock Rearing and Research	National Oceanic & Atmospheric Administration (NOAA)	Mountain Snake	980,000	824,994	-15.8%
199302900	Survival Estimates for the Passage of Juvenile Salmonids Through Snake and Columbia River Dams and Reservoirs	Northwest Fisheries Science Center	Mainstem/Systemwide	1,884,200	1,688,376	-10.4%
199405000	Salmon River Habitat Enhancement	Shoshone Bannock Tribes	Mountain Snake	245,000	408,910	66.9%
199601900	Technical Management Team (TMT)	University of Washington	Mainstem/Systemwide	264,075	597,642	126.3%
199604300	Johnson Creek Artificial Propagation Enhancement Project	Nez Perce Tribe	Mountain Snake	923,887	1,275,001	38.0%
199606700	Manchester Spring Chinook Captive Broodstock Project	National Oceanic & Atmospheric Administration (NOAA)	Multiprovince	767,200	795,407	3.7%

Proposal #	Project Title ^a	Sponsor	Province ^b	FY06 Start of Year Budget ^c (\$)	FY07 Requested Budget ^d (\$)	% Change from FY06 SOY to FY07 Request
199700100	Idaho Chinook Salmon Captive R	Idaho Department of Fish & Game	Mountain Snake	509,000	594,773	16.9%
199701501	Innaha River Smolt to Adult Return Rate and Smolt Monitoring Project	Nez Perce Tribe	Blue Mountain	263,246	324,987	23.5%
199702400	Avian Predation on Juvenile Salmonids in the Lower Columbia River	Oregon State University	Mainstem/Systemwide	470,000	700,000	48.9%
199800702	Gd Ronde Supp Lostine O&M/M&E	Nez Perce Tribe Dept. Fisheries Resource Management Watershed Division	Blue Mountain	581,215	622,578	7.1%
199800703	Grande Ronde Supplementation Operations and Maintenance	Confederated Tribes of the Umatilla Indian Reservation	Blue Mountain	684,454	766,699	12.0%
199800704	Grande Ronde Basin Endemic Spring Chinook Supplementation Project: Northeast Oregon hatcheries implementation-ODFW	Oregon Department of Fish & Wildlife (ODFW)	Blue Mountain	206,048	222,041	7.8%
199801001	Grande Ronde Captive Brood O&M	Oregon Department of Fish & Wildlife (ODFW)	Blue Mountain	723,718	829,250	14.6%
199801004	Monitor and Evaluate Performance of Juvenile Snake River Fall Chinook Salmon from Fall Chinook Acclimation Facilities	Nez Perce Tribe	Blue Mountain	307,176	371,780	21.0%
199801005	Pittsburg Landing Fall Chinook Acclimation Project (FCAP)	Nez Perce Tribe	Blue Mountain	729,635	760,629	4.2%
199801006	Captive Broodstock Artificial Propagation	Nez Perce Tribe	Blue Mountain	175,718	182,861	4.1%
199801400	Ocean Survival Of Salmonids	National Oceanic & Atmospheric Administration (NOAA)	Mainstem/Systemwide	1,820,600	2,499,879	37.3%
199801600	Salmonid Productivity, Escapement, Trend, and Habitat Monitoring in the John Day River Subbasin	Oregon Department of Fish & Wildlife (ODFW)	Columbia Plateau	880,000	997,800	13.4%
199900301	Evaluate Spawning of Fall Chinook and Chum Salmon Just Below the Four Lowermost Mainstem Dams	Oregon Department of Fish & Wildlife (ODFW)	Mainstem/Systemwide	779,586	1,183,925	51.9%
199902000	Analyze Chinook Salmon Spatial and Temporal Dynamics and Persistence	US Forest Service (USFS) - Rocky Mt Research Station	Mainstem/Systemwide	100,000	88,154	-11.8%
199902500	Sandy River Delta Habitat Restoration	US Forest Service (USFS) - Hood River	Lower Columbia	235,000	188,350	-19.9%
200001700	Recondition Wild Steelhead Kelt	Columbia River Inter-Tribal Fish	Mainstem/	400,000	945,906	136.5%

Proposal #	Project Title ^a	Sponsor	Province ^b	FY06 Start of Year Budget ^c (\$)		FY07 Requested Budget ^d (\$)		% Change from FY06 SOY to FY07 Request
				Commission (CRITFC)				
200001900	Tucannon River Spring Chinook Captive Broodstock Program	Washington Department of Fish and Wildlife (WDFW)	Systemwide		126,500	125,000		-1.2%
200100300	Adult Pit Detector Installatio	Pacific States Marine Fisheries Commission (PSMFC)	Mainstem/Systemwide		200,000	245,491		22.7%
200105300	Reintroduction of Chum Salmon into Duncan Creek	Pacific States Marine Fisheries Commission (PSMFC)	Lower Columbia		294,949	326,113		10.6%
200200200 ^e	Restore Natural Recruitment of Kootenai River White Sturgeon	Kootenai Tribe of Idaho	Mountain Columbia		700,000	3,452,000		393.1%
200200800 ^e	Reconnect Kootenai River with the historic floodplain	Kootenai Tribe of Idaho	Mountain Columbia		259,973	241,500		-7.1%
200201100 ^e	Kootenai Floodplain Operational Loss Assessment	Kootenai Tribe of Idaho	Mountain Columbia		465,548	774,699		66.4%
200202700	Forecasting Hydrosystem Operations to Benefit Anadromous Fish Migration	US Department of Energy (DOE)	Mainstem/Systemwide			446,547		NA
200203200	Snake River fall Chinook salmon life history investigations	US Geological Survey (USGS) - Cook	Mainstem/Systemwide		131,000	4,416,192		3271.1%
200300600	Effectiveness Monitoring of Estuary Restoration in the Grays River and Chinook River Watersheds	Columbia River Estuary Study Taskforce (CREST)	Columbia Estuary		80,000	163,946		104.9%
200300700	Lower Columbia River and Estuary Ecosystem Monitoring	Lower Columbia River Estuary Partnership (LCREP)	Columbia Estuary		625,000	1,557,223		149.2%
200300900	Canada-Usa Shelf Salmon Survival Study	Canada Department Of Fisheries & Oceans	Mainstem/Systemwide		250,000	604,400		141.8%
200301000	Historic Habitat Opportunities and Food-Web Linkages of Juvenile Salmon in the Columbia River Estuary and Their Implications for Managing River Flows and Restoring Estuarine Habitat	National Oceanic & Atmospheric Administration (NOAA)	Columbia Estuary		606,000	769,214		26.9%
200301100	Columbia R/Estuary Habitat	Lower Columbia River Estuary Partnership (LCREP)	Columbia Estuary		1,000,000	1,532,265		53.2%
200301700	Integrated Status and Effectiveness Monitoring Program (ISEMP): The design and evaluation of monitoring tools for salmon populations and	Northwest Fisheries Science Center	Mainstem/Systemwide		2,840,000	3,950,858		39.1%

Proposal #	Project Title ^a	Sponsor	Province ^b	FY06 Start of Year Budget ^c (\$)	FY07 Requested Budget ^d (\$)	% Change from FY06 SOY to FY07 Request
	habitat in the Interior Columbia River Basin.					
200303800	Evaluate Restoration Potential of Snake River Fall Chinook Salmon Spawning Habitat	Pacific Northwest National Laboratory	Mainstem/Systemwide	288,000	289,960	0.7%
200304100	Evaluate Delayed (Extra) Mortality Associated with Passage of Yearling Chinook Salmon through Snake River Dams	Northwest Fisheries Science Center	Mainstem/Systemwide	1,200,000	1,328,500	10.7%
200311400	Acoustic Tracking For Survival	Kintama Research	Mainstem/Systemwide	1,500,000	1,499,816	0.0%
200400200	Pnamp Funding	US Geological Survey (USGS) - Cook	Mainstem/Systemwide	120,000	50,000	-58.3%
200500100	Pilot Study for Research, Monitoring, and Evaluation of Subyearling Salmon in Tidal Freshwater of the Columbia River	Pacific Northwest National Laboratory	Lower Columbia	450,000	737,298	63.8%
200500200	Operation of the Lower Granite Dam Adult Trap	Northwest Fisheries Science Center	Mainstem/Systemwide	1,780,000	283,220	-84.1%
			Total Relative Budgets	57,224,069	75,490,642^f	31.9%

^a Project titles are self identified by the project sponsor and do not reflect BPA's position on their relationship to the UPA.

^b Province designations as of 1/30/2006.

^c Un-audited financial data.

^d Proposed budgets may reflect more work than is necessary to complete BiOp work elements. These budgets have not been reviewed by BPA.

^e Kootenai R. White Sturgeon BiOp

^f This total does not include the value for project number 200202700 because this projects did not have an FY06 SOY Budget, thus it is not relevant for comparison purposes.

Enclosure 3. Information presented by the Council to the Policy Working Group on Feb. 10, 2006

Number of proposals with ESU species as either primary or secondary focal species
(draft information)

Location/ESU	primary focal species	secondary focal species
Chinook: Deschutes River Summer/Fall ESU		2
Chinook: Lower Columbia River ESU (threatened)	24	11
Chinook: Mid-Columbia River Spring ESU	24	11
Chinook: Snake River Fall ESU (threatened)	24	11
Chinook: Snake River Spring/Summer ESU (threatened)	66	19
Chinook: Upper Columbia River Spring ESU (endangered)	22	5
Upper Columbia River Summer/Fall ESU	14	7
Upper Willamette River ESU (threatened)	7	4
Chum: Columbia River ESU (threatened)	12	15
Coastal Cutthroat: Southwest Washington/Columbia River ESU	2	12
Coastal Cutthroat: Upper Willamette River ESU	1	12
Coho: Lower Columbia River ESU (proposed threatened)	20	12
Sockeye: Lake Wenatchee ESU	1	1
Sockeye: Okanogan River ESU	4	3
Sockeye: Snake River ESU (endangered)	6	2
Steelhead: Lower Columbia River ESU (threatened)	21	8
Middle Columbia River ESU (threatened)	63	11
Snake River ESU (threatened)	61	15
Upper Columbia River ESU (endangered)	27	10
Upper Willamette River ESU (threatened)	2	4