

## Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

April 30, 2003

In reply refer to: KEW-4

Ms. Judi Danielson, Chair  
Northwest Power and Conservation Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97204-1348

Dear Ms. Danielson:

I am pleased to provide Bonneville Power Administration's (Bonneville) funding decisions for the fish and wildlife mitigation, enhancement, and recovery project proposals recommended for implementation through the region's provincial reviews for the Estuary, Lower Columbia, Columbia Cascade, Middle Snake, and Upper Snake Provinces (Five Provinces). This decision letter acknowledges the receipt of the Northwest Power and Conservation Council's (Council) project recommendations for these Provinces dated October 30, 2002, as adopted at its September 11, 2002, meeting.

The attached table encompasses the projects that appear in the spreadsheets that accompany the Council's final recommendation for funding projects in the Five Provinces, as noted above. The table identifies the Council recommended budget from the start of the FY03 fiscal year, an FY03 spending cap based on the recently completed Council review of expenditure estimates, Bonneville's budget for projects contracted or to be contracted in FY 03, and Bonneville's decisions/conditions relative to each project.

As you are aware, Bonneville has also underscored the need to integrate the requirements of the Federal Columbia River Power System (FCRPS) Biological Opinions with the region's fish and wildlife mitigation efforts under the Council Program, particularly with regard to the NOAA Fisheries biological opinion check-ins in 2003 and 2005. This necessary integration is critical, and while it is as yet incomplete, it remains a work in progress requiring continued collaboration, deliberation, and refinement. Bonneville sincerely appreciates the continued efforts of the Council to work toward that integration.

Bonneville remains committed to the regional development and implementation of a collaborative and unified approach for project selection and funding that, together with the agency's trust and treaty obligations, will fully integrate Council Program measures with those of the FCRPS Biological Opinions, in a manner that is scientifically, financially, and legally credible and defensible. Our success should be based on the measurable contributions of actions that protect and mitigate the natural ecological functions, habitats, biological diversity, and productivity of fish and wildlife of the Columbia River Basin affected by the construction and

operation of the FCRPS. In light of the increasingly troublesome and problematic financial circumstances confronting the region and Bonneville, it is more important than ever that emphasis is placed on prioritization of actions aimed at achieving well-defined objectives at least cost.

We are grateful for your continued attention to the need to refine your Program recommendations to shape future Bonneville expenditures to fit within a \$139 million yearly expense budget and a \$ 36 million yearly capital budget. As we have recently discussed with the Council and regional parties, all contract renewals and newly executed contracts for this and future fiscal years will be issued with contractually enforceable fiscal year expenditure limitations (spending caps). As described in Steve Wright's letter to the Council of March 28, 2003, we are phasing in the implementation of the Council's recent recommendations to manage our financial exposure in FY 2003 ([www.efw.bpa.gov/cgi-bin/FW/Fish\\_Wildlife\\_Funding.cgi](http://www.efw.bpa.gov/cgi-bin/FW/Fish_Wildlife_Funding.cgi)). Some projects in the Five Provinces fall within Phase 3 of Bonneville's implementation of these recent recommendations. Phase 3 is action to be taken upon:

- 1) conclusion of the Council's FY 2003 reallocation (or reconciliation) process referenced above; and,
- 2) an initial estimate of an FY 2004 expense accruals assuming implementation of the current Council recommendations for FY 2004.

If the revised FY 2003 and initial FY 2004 accrual estimates indicate sufficiency, these projects will proceed to implementation with the caveat described below. The projects subject to the Phase 3 contingencies are identified in the attached spreadsheets.

There is a subset of the projects included in Phase 3 that will require additional discussion between Bonneville and the Council prior to any decision by Bonneville on whether to proceed with implementation. These are projects Bonneville identified in our comments of July 23, 2002, that did not appear to meet an FCRPS mitigation responsibility. While we recognize the Council further considered how these projects may relate to the FCRPS mitigation responsibility, we remain concerned about use of FCRPS funding and will re-engage with the Council on this issue prior to making a final decision. These projects needing further discussion are identified in the attached spreadsheets.

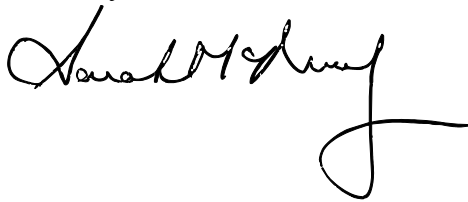
I would also like to bring to your attention Project Number 200207600, "Protect and Restore Lower Columbia River Estuary," which has been designated by NOAA Fisheries at Category 1 "non-discretionary projects that are specifically called for in the BiOp and are critical to meeting the FY 2003 check-in called for in the BiOp." Bonneville let the contract for this project in FY 2002 to implement RPA 159, failing at that time to notify the Council of our action. We apologize for this oversight and will henceforth adhere to our practice of notifying the Council on the rare occasion when we implement actions outside of the regional review process to which we are committed. We are providing a copy of the relevant contract with this decision letter for your information and are advising you with this letter that we will proceed with implementation

of this necessary project in the Estuary Province as a critical element of meeting Bonneville's requirements to meet the NOAA Fisheries Biological Opinion FY 2003 check-in.

In providing these decisions, I would like to take the opportunity to acknowledge and express appreciation for the value provided to our implementation decisions by the Council-led Provincial Review Process. The review process to develop these project recommendations has been extensive and remains uniquely and publicly inclusive. We recognize its value as an important expression of the individual and collective priorities of the tribes, states, federal agencies, and local interests in the region. It is also aided by the scientific review for technical merit of each project proposal by the Independent Scientific Review Panel. I also acknowledge the challenges we face together as we work to integrate the traditional scope of the Council's Fish and Wildlife Program with the Endangered Species Act priorities arising from the Implementation Plans for the 2000 Biological Opinions. Through a collaborative and flexible relationship, we believe that successful integration can be achieved to successfully serve both the fish and wildlife interests and the ratepayers. We look forward to continuing to work with the Council on this important effort.

We hope that the information contained in this decision letter is helpful and, as always, are willing to discuss any issues or questions you may have regarding these decisions. Please feel free to call either Bob Austin or me at (503) 230-4981.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah R. McNary". The signature is fluid and cursive, with a long, sweeping tail that loops back under the main body of the name.

Sarah R. McNary  
Director for Fish and Wildlife

Enclosures (2)

cc:

Mr. Doug Marker, Northwest Power and Conservation Council  
Mr. Ed Bartlett, Northwest Power and Conservation Council  
Ms. Melinda Eden, Northwest Power and Conservation Council  
Mr. Larry Cassidy, Northwest Power and Conservation Council  
Mr. Jim Kempton, Northwest Power and Conservation Council  
Mr. Gene Derfler, Northwest Power and Conservation Council  
Mr. John Hines, Northwest Power and Conservation Council  
Mr. Tom Karier, Northwest Power and Conservation Council  
Mr. Rod Sando, Columbia Basin Fish and Wildlife Authority  
Mr. Rob Walton, NOAA Fisheries  
Mr. Brian Brown, NOAA Fisheries