

Draft

**Direct Fish and Wildlife Costs
for the BPA Rate Case**

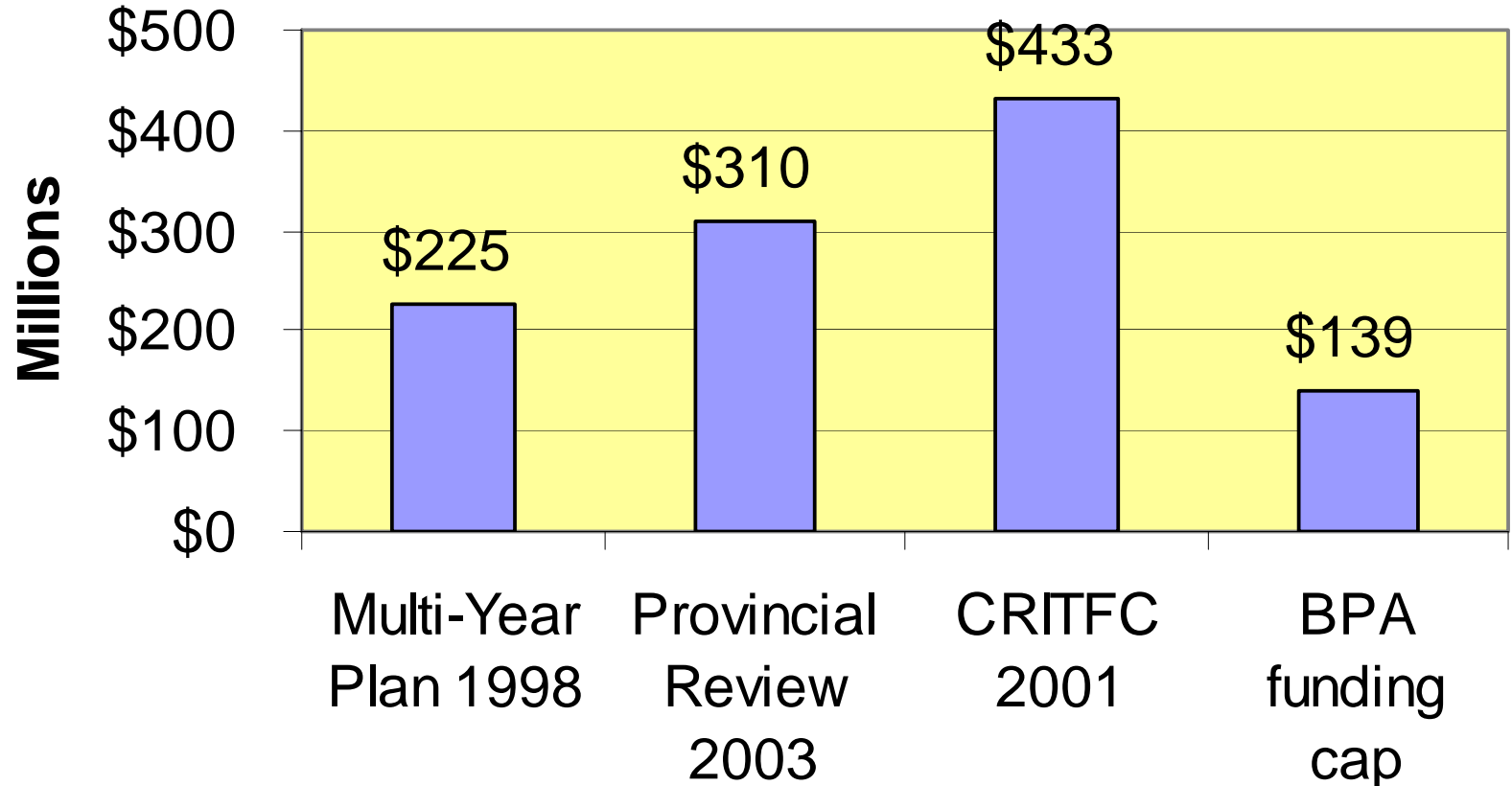
February 2005

Purpose of Presentation

- ◆ Background
- ◆ Summarize Process to develop fish and wildlife costs
- ◆ Discuss key issues
- ◆ Seek expedited consent mail process

BPA Funding vs. Needs

Funding Needs vs. BPA Cap



Fish and Wildlife Uncertainties

Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec

BiOp Litigation

NPPC Subbasin Plans

NPPC Program Amendment?

ESA Recovery Plans

F& W Cost

BPA Workshops

BPA Rate Proposal

Fish and Wildlife Cost Process

- ◆ Council and BPA projected changes
 - Reviewed each component
 - » Factors that would increase and decrease costs
 - Habitat and production needed more analysis
 - » CBFWA formed workgroup
- ◆ Managers developed costs for subbasin plans
- ◆ CBFWA Review and approve draft: February 4th
 - Reviewing feasibility, checking costs and assumptions
- ◆ Consult with Council, BPA, others: February 4th through February 11th
 - Looking for better information and assumption
- ◆ CBFWA adopts fish and wildlife costs: Mid-February
- ◆ BPA management decisions: late-February
- ◆ BPA Fish and Wildlife Workshops: March ? April 5th and 12th

Draft Assumptions for Future F&W Program Costs

F&W Program Compartment	Recent Spending (FY01-04 Avg.)	“Ongoing” (from Project Appraisal)	Budget Drivers (UP)	Budget Drivers (DOWN)	Net Change Assumption
M&E	\$30 M	\$9.3 M	Bi-Op driven large-scale monitoring; Mainstem evaluations; Future subbasin planning; Fall chinook monitoring (?)	Efficiencies in project scale monitoring from regional M&E plan; Reprogramming short-term assessments	No net change
Research	\$11 M	\$2.1 M	Bi-Op life-stage research; NPCC Research Plan; Innovative category	Better focus, less opportunistic research; Emerging issues (e.g., toxics, invasive species)	Minor Reduction
IMCA	\$11.7 M	\$10.9 M	Watershed coordination support (~\$2M); Regional data mgmt. (~\$2M); Harv/Hab/Prod integration (~\$0.5)	Little opportunity	Increase
Production	\$39.6 M (includes some capital)	\$32.5 M	O&M for new facilities (Chief Joe, NEOH, Klickitat, Mid-C coho, Walla Walla, Klickitat), not including capital, (~\$3M); Bi-Op hatchery improvements (~\$2M)	Efficiencies in project-scale operations; Completion of some construction	Increase
Mainstem	\$6 M	\$4.6 M	BiOp increases in predator control (~\$1M); Lamprey work (~\$1M)	Little opportunity	Increase (+\$2M)
Habitat	\$35.8 M	\$12.1M	Subbasin plans; BiOp off-site mitigation	Reprogramming based on subbasin plans	Increase (+\$\$??)
Total	\$134 M	\$71.5 M			Increase from recent spending

Key Issues

- ◆ Level of effort
 - Subbasin plans
 - Address all habitat and production needs
- ◆ Pace of Implementation
 - Ten, Twenty-five, or 100 years?
- ◆ BPA hydro responsibility
 - How much should BPA pay for?
- ◆ Mainstem configuration

Level of Effort

◆ Subbasin Plans

- Developed costs to implement plans
- Comprehensive?
 - » Some plans do not include biological modeling
 - » Some plans are being revised

◆ All Habitat

- Developed costs to protect and enhance
 - » Based on stream miles, habitat conditions, costs

Subbasin Plan Cost Methodology

- ◆ Costs for 30 subbasin plans
 - 28 from fish and wildlife managers
 - 2 from Council
- ◆ Assigned costs to each budget category
 - Habitat and production
- ◆ Compiled subbasins into Provinces
 - Extrapolated costs to include all subbasins
- ◆ Also developed wildlife costs
- ◆ Total subbasin plan costs: \$2.6 billion

Habitat Costs Methodology

◆ Protection

- Number of stream miles in subbasin plans
- Costs of purchase or easements for buffers
 - » Assumed payments not regulation

◆ Enhancement

- Number of miles in fair and poor condition
- Costs for habitat treatment

◆ In-stream flows

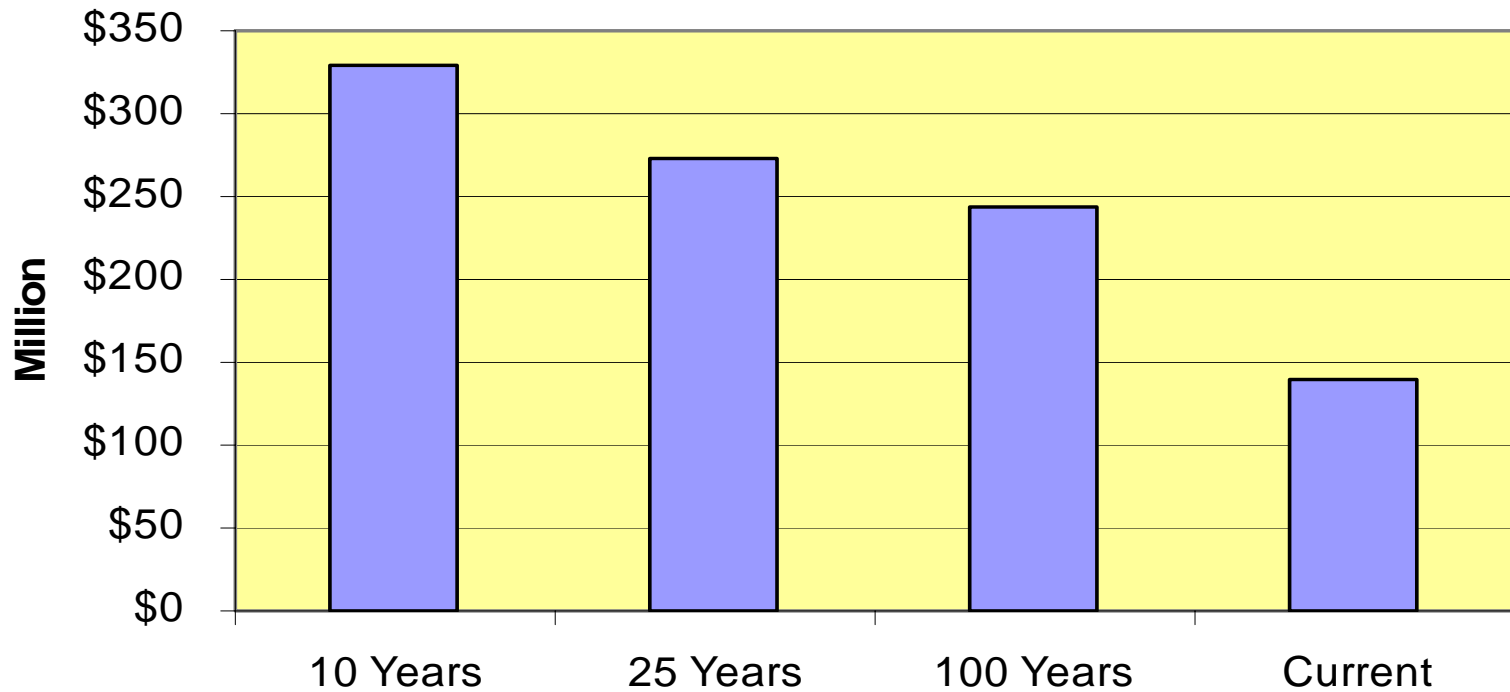
- Assumptions about increasing flows
- Costs of acquiring water

Pace of Implementation

- ◆ Alternatives: 10, 25, 100 years
- ◆ Biological risks increase if protection and mitigation are delayed
- ◆ Costs of land and mitigation increase with inflation
- ◆ Rate impact of increase: \$2 per month
- ◆ Other considerations
 - 20 years since Pacific Salmon Treaty
 - 25 years since Northwest Power Act
 - 155 years since Treaties signed

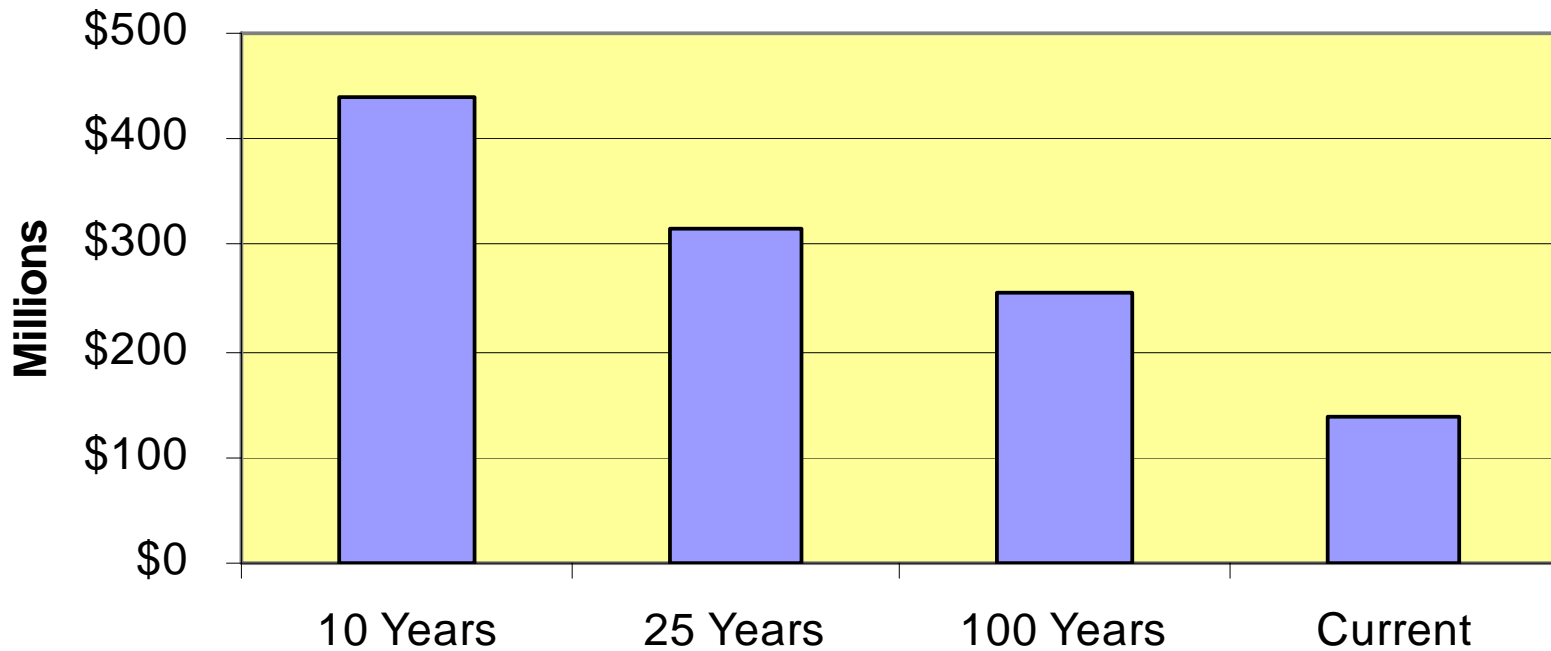
Costs of Alternatives

Annual Costs of Alternatives



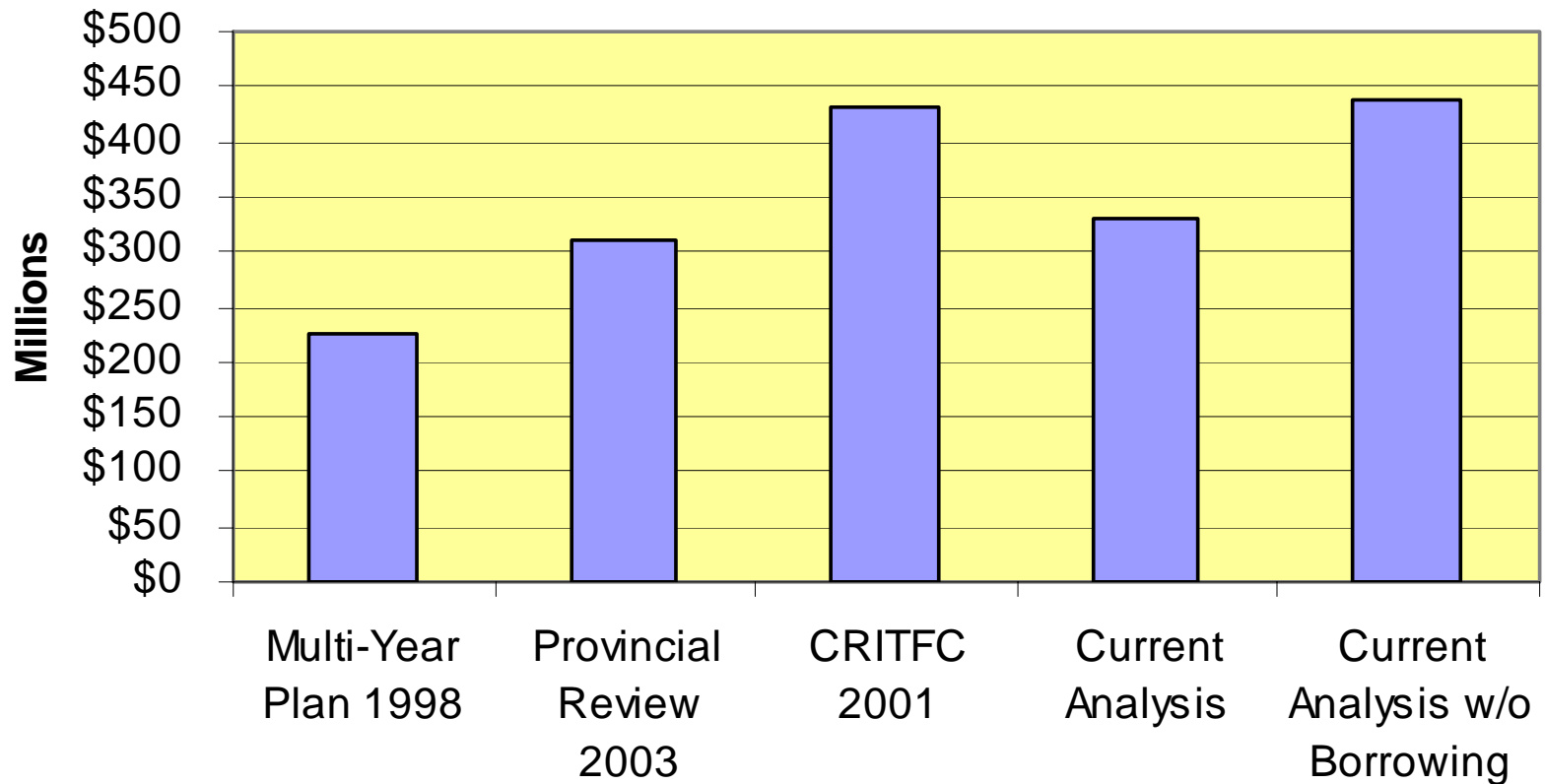
Costs of Alternatives w/Barrowing

**Annual Costs of Alternatives w/o using BPA
Borrowing Authority**



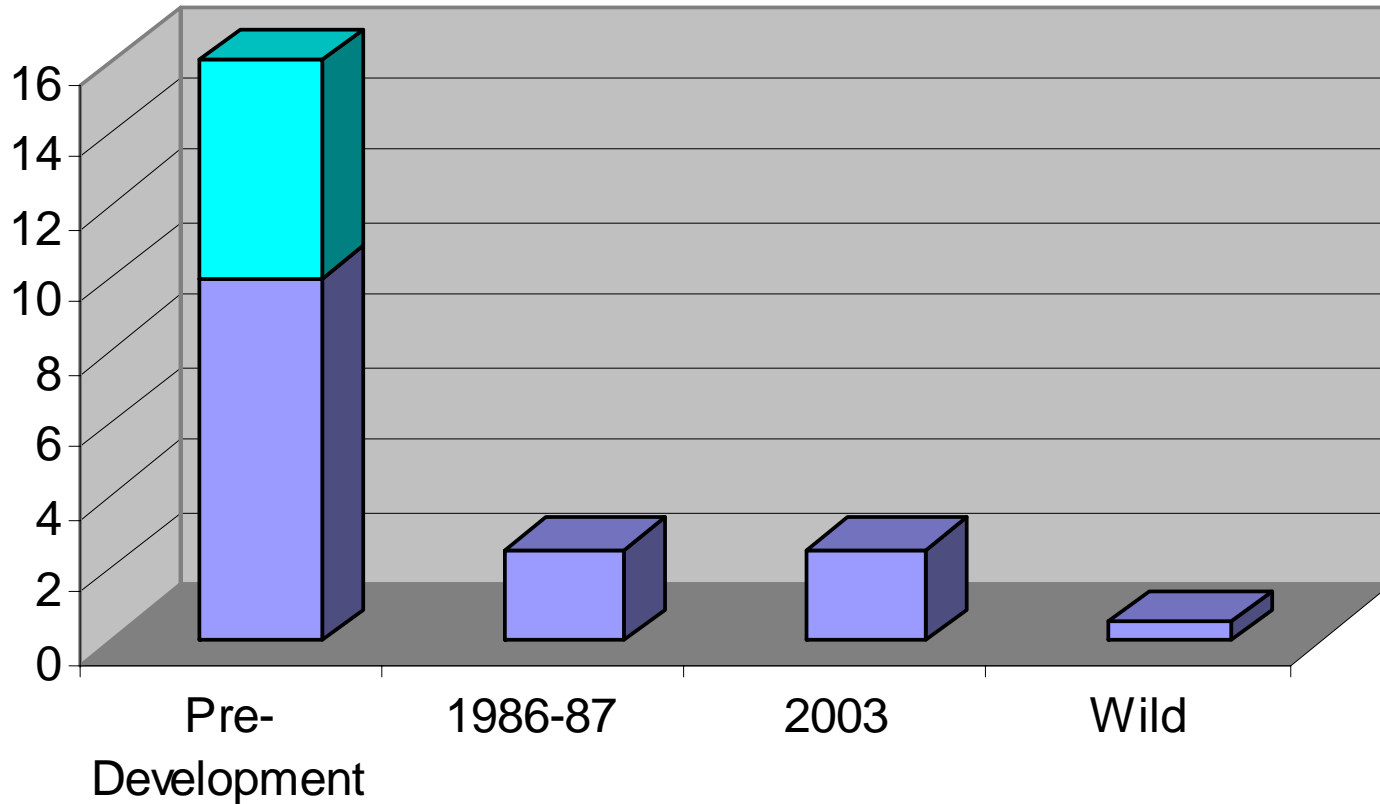
Comparison of Recent F&W Costs

BPA Integrated (Direct) Program Costs



Salmon Losses

Salmon Returning to Columbia River (millions)

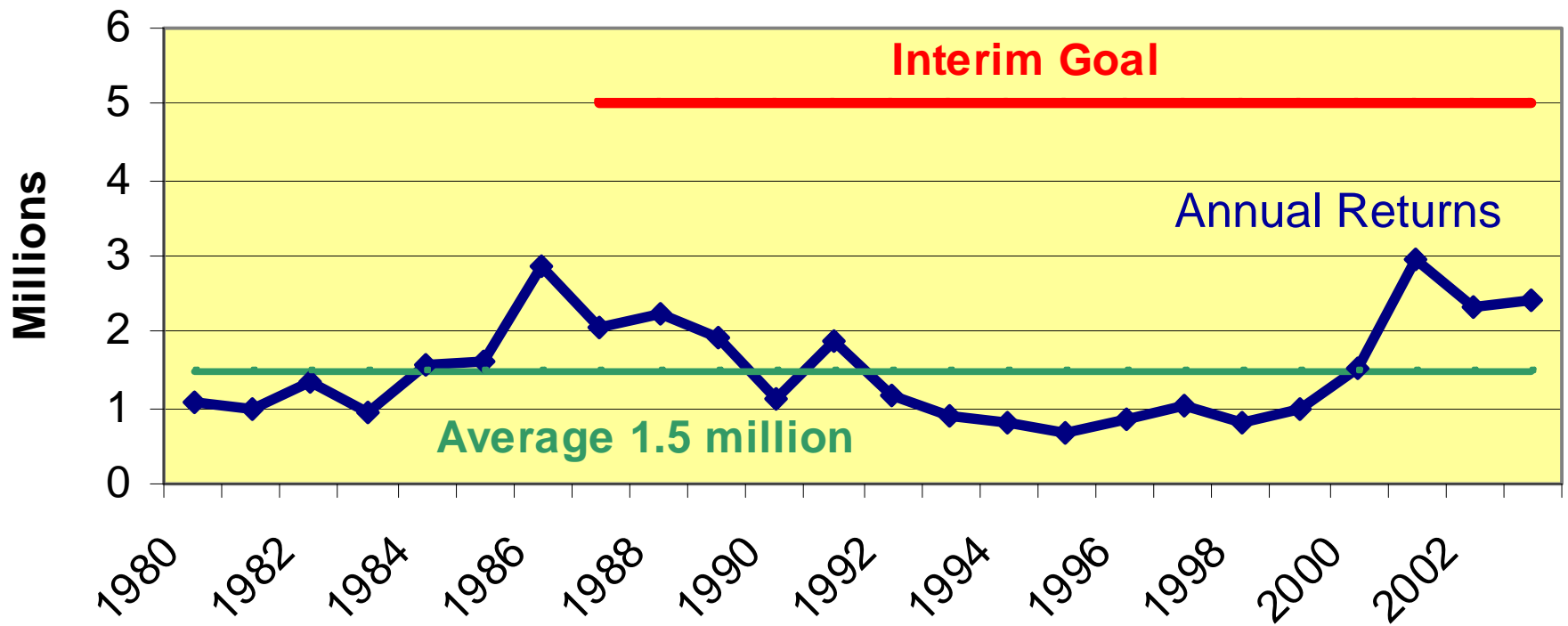


BPA Hydropower Responsibility

- ◆ Dams were responsible for 5 to 11 million of the salmon and steelhead loss
- ◆ Interim Goal: Double the Runs
 - From 2.5 to 5 million returning to Columbia
- ◆ Council would review goal once interim level achieved

Progress Toward Doubling Goal

Returns vs Interim Goal



Hydro Responsibility Assumptions

- ◆ BPA relying on off-site mitigation to address damage caused by dams
 - In some basins, this will require protection and enhancement of federal and private land
 - In other cases, managers assumed no funds for federal lands
 - Managers did not include costs for litigation or other management
- ◆ Managers recommend biological modeling of plans
 - BPA should fund up to 5 million salmon
 - » Support other funding where it is available
 - If runs exceed 5 million
 - » Council should review in a Program Amendment

Recommendations

- ◆ Implement subbasin plans in ten years
 - \$340 million per year* with ramp up:
 - » \$200 FY 06,
 - » \$250 FY 07,
 - » \$300 FY 08,
 - » \$350 FY 09
 - Assume current dam configuration
- ◆ Develop comprehensive habitat plan
 - Address all habitat needs
 - Develop workplan and budget
- ◆ Analyze expected and actual results
- ◆ Provide flexibility to address additional needs

*Assumes BPA capitalizes production and habitat

Next Steps

- ◆ Consent mail with February 4th deadline
- ◆ Review draft with other parties
- ◆ CBFWA adopts fish and wildlife costs:
Mid-February
- ◆ BPA management decisions: Late-February
- ◆ BPA workshops: March ? April 5th and 12th