



Department of Energy

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

ENVIRONMENT, FISH AND WILDLIFE

April 22, 2005

In reply refer to: KE-4

Mr. Tony Nigro, Chair
Columbia Basin Fish and Wildlife Authority
851 SW Sixth Avenue, Suite 260
Portland, Oregon 97204

Dear Mr. Nigro:

Thank you for your letter of March 16, 2005, regarding future fish and wildlife program implementation cost estimates for the next rate period and requesting an increase in Bonneville Power Administration's (BPA) current integrated program budget. In responding for the Administrator, I want to provide the broadest possible context for BPA's perspective about estimating project implementation costs, and their relationship to establishing appropriate program levels as an input to setting wholesale power rates.

Let me first acknowledge the considerable effort invested by Columbia Basin Fish & Wildlife Authority (CBFWA) members and staff to develop an estimate of future program implementation costs based on subbasin plans. Your input will be among the many comments BPA will receive during the Power Function Review (PFR), convened by the Power Business Line, to examine BPA's program levels and discuss the policy choices that will influence future agency program costs. However, in order to serve as a useful influence on program levels in the PFR, funding estimates that project BPA's future costs must be more appropriately matched and accurately sized to BPA's protection, mitigation, enhancement and recovery responsibilities.

First, it is important to note that subbasin planning is designed to guide Council evaluation and recommendation of projects for the region to implement, and not just by way of funding by BPA. Consequently, an additive summing-up of a list of preferred management actions – implemented as projects addressed to a broad and historic range of impacts from human use and development of the Columbia River – is simply not an appropriate indication of an aggregate funding level that should be shouldered by BPA ratepayers alone. Although subbasin plans serve to guide the enhancement or offsite component of a comprehensive program under the Northwest Power Act, not all of the mitigation and recovery needs of fish and wildlife are attributable to impacts of the development and operation of the Federal Columbia River Power System (see Enclosure). To be complete, funding estimates to implement individual subbasin plans must include the costs of action and investment expected of others in the region who are also responsible for affecting the health of fish and wildlife populations and their habitat.

Like CBFWA, BPA has been encouraging the Council to take the time necessary to meaningfully “roll-up” the biological goals and objectives found in individual subbasin plans into broader provincial, geographic or population level biological objectives. Articulating biological objectives and clear performance expectations through roll-up will provide a solid foundation for Council project funding recommendations to BPA, and for better integration, allocation and pace of needed effort and associated funding responsibility to others.

However, a roll-up limited to the development of habitat or population-level biological objectives would still be incomplete absent the important additional component of prioritization. Prioritizing effort and investment at a provincial and basin-wide scale means more than a rigid or rank order of the importance of measures. In our view, prioritization entails determining:

- which actions address priority objectives or outcomes;
- priority in time or in the order in which actions need to occur (sequencing);
- what actions are outside the capacity of BPA to undertake, or that are within the scope of the responsibility of others; and
- pacing implementation to coincide with what those implementing the program, particularly BPA, can sustain through time.

We strongly believe subbasin plans represent a significant opportunity for improving the allocation of resources through prioritization, with better integration of effort and a shared responsibility for taking action and delivering results. Because the causes of fish and wildlife decline within individual subbasins go well beyond the impacts of the existence and operation of the federal hydrosystem, it is inappropriate to sum-up all future potential subbasin mitigation strategy costs and attribute these to a category of potential BPA “offsite mitigation” responsibilities. Consequently, we believe the funding estimates you have provided perpetuate a point-of-view: that the fundamental function of subbasin plans is to guide only BPA spending.

This limited outcome for subbasin planning is inconsistent with the system-wide emphasis of the Northwest Power Act. Plans are intended to identify action and who is to act, and to provide the information necessary to prioritize the efforts and investment choices of all subbasin participants. To be meaningful, cost estimates based on the plans need to articulate an unambiguous rationale not just for Council evaluation and prioritization of project funding recommendations to BPA, but also for a principled allocation of needed effort and associated funding responsibility to others besides BPA. We funded subbasin planning with the understanding that the plans would contribute to the foundation of Endangered Species Act recovery planning as well as help integrate the funding (and therefore responsibilities) of other entities.

As one of our principles in the MOU workgroup discussions, we have consistently called for a more explicit description of how to better leverage future fish and wildlife mitigation funding. BPA believes greater cost sharing is one strategy to leverage additional mitigation investment, particularly in cases where responsibilities are unclear or shared among several entities, and to create broader regional buy-in and commitment to fish and wildlife recovery strategies. Other MOU principles we have stressed include clarity about the roles and responsibilities of BPA, the Council, CBFWA and other participants in project solicitation, evaluation and selection. We have also proposed to manage overall program funding within allocations to specific categories,

in order to focus a greater proportion of actual spending to on-the-ground efforts that actually increase the abundance, distribution and diversity of fish and wildlife populations and their habitats.

We seek to maximize an effective application of shared investment in meeting Fish and Wildlife Program objectives. Our purpose in emphasizing cost-sharing is to enable the initiation of new work by broadening the base of financial support for implementation of a program that is truly regional in character. We are determined to promote and structure future project cost-sharing that supports opportunities to undertake important or priority mitigation initiatives, but that fairly allocates the cost of implementing projects that meet goals common to both BPA and its mitigation and recovery partners. Given the magnitude of the mitigation and recovery challenge before the entire region, we need a shared approach that maximizes the effective application of our collective resources.

I acknowledge the challenges inherent in fully engaging the commitment of the region to this broader perspective and purpose, and I look forward to continuing to work collaboratively on the issue of funding levels for the integrated program in the near-term. However, in terms of informing BPA on Integrated Program funding levels for the next rate period, the draft subbasin plan costs developed by CBFWA are unrealistically broad in scope since the basis of the cost estimate seems to reflect a presumption that all of the costs of meeting the collective responsibility of the region to meet the needs of fish and wildlife populations, are assignable in total to BPA.

I hope this letter provides additional insight into BPA's perspective about managing the implementation needs of the program into the future as well as feedback on CBFWA's approach to subbasin plan implementation costs. Thank you for your continued commitment to the success of the region's fish and wildlife mitigation and ESA recovery efforts.

Sincerely,

Signed by G. K. Delwiche

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

Enclosure

cc:

Ms. Melinda Eden, Northwest Power & Conservation Council
Mr. Doug Marker, Northwest Power & Conservation Council
Mr. Olney Patt, Jr., Columbia River Inter-Tribal Fish Commission
Mr. Warren Seyler, Upper Columbia United Tribes