



## Department of Energy

Bonneville Power Administration  
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ENVIRONMENT, FISH AND WILDLIFE

June 6, 2012

In reply refer to: KEW-4

To Fish and Wildlife Program project sponsors:

Over the last several months the Bonneville Power Administration (BPA) has been tracking Fish and Wildlife Program spending closely. The purpose of this letter is to describe the current situation and to ask your help and support as our partners who are making the Program happen on the ground.

First, some background. Extremely low wholesale prices for natural gas have depressed the price of wholesale power. This in turn has significantly reduced BPA's revenues from sales of surplus power. We recently sent out a paper on natural gas prices and the affect on BPA revenues, which you can access [here](#). These revenue reductions combined with the economic downturn and infrastructure maintenance, bring tremendous pressure on BPA to manage spending and power rates.

At the same time, the Fish and Wildlife Program is now ramped up to full implementation and we must manage the annual shape of our spending to available budget amounts. Since the beginning of the fiscal year (FY) (October 2011), Fish and Wildlife Program expense spending has significantly exceeded what we planned or anticipated based on past experience. For FY12, and extending into FY13, it appears that there is more potential spending than money available to support it.

To help meet the current need, BPA has increased the FY12-13 expense budgets by \$13 million (approximately \$246 million each year, rather than the rate case level of \$237 million in FY12 and \$241 million in FY13). Given the financial pressures on BPA, this additional \$13 million is a big help, but we still have work to do to stay within our available budget. While we intend to fully meet our fish and wildlife commitments, we must look for ways to meet them within these annual budget levels of approximately \$246 million.

We are asking for your help to manage the shape of FY12 and FY13 spending within these budget limitations. We are not looking to cut project budgets for work that is already contracted for this FY. We are looking for efficiencies, timing adjustments, and low priority items – not changes in fundamental commitments. Our overall goal is to make sure all work is aligned with program priorities and wherever possible find ways to fulfill our commitments at a lower cost.

In the next several weeks, we have asked our Contracting Officer's Technical Representatives to work with project sponsors to develop FY13 work statements and budgets with a careful eye to budget management. If you have any ideas for tasks that can be postponed and/or re-designed to

be more efficient, we welcome them. By working together, building on the collaborative and productive working relationships we have created together over the past few years, we can continue to deliver on the Program and its benefit for fish and wildlife.

Looking ahead to FY14 and FY15, the Integrated Program Review includes proposed expense spending levels of \$254 million and \$260 million, respectively. These are the same amounts we have been estimating for FY14 and FY15 since the last rate case, so they represent a continuation of our previous budget commitments, notwithstanding our larger financial challenges.

We share a common goal of doing good work to benefit fish and wildlife. The Columbia River Basin Fish and Wildlife Program provides unparalleled benefits to fish and wildlife resources across the Basin, and your excellent work and collaboration is what has made this Program so successful. I am asking for your continued support in working through this challenging period. We will keep you informed as the year progresses.

Sincerely,

*/s/ W.C. Maslen*

William C. Maslen  
Director, Fish and Wildlife