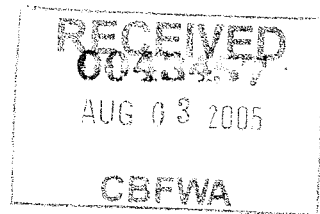




Department of Energy

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



ENVIRONMENT, FISH & WILDLIFE

July 21, 2005

In reply refer to: KEW-4

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

Dear Mr. Nigro:

I want to acknowledge your letter of June 8, 2005, to me and Doug Marker regarding the role of Columbia Basin Fish and Wildlife Authority (CBFWA) staff in the Budget Oversight Group (BOG). Bonneville Power Administration (Bonneville) and the Northwest Power and Conservation Planning Council (Council) share your interest in having an open forum and process for managing Fish and Wildlife Program budgeting and spending during the course of a fiscal year that is consistent and transparent. Recently, Council, Bonneville and CBFWA staffs have developed a revised Within-Year Process for presentation to the Council. The revised process may address your concerns.

I would like to respond briefly to the three main points that you have raised in your letter.

The BOG members do not have the project level information and experience necessary to make fair and informed decisions regarding the full list of requests.

1. BOG members have never asserted that they alone have all of the project level information and experience necessary to make fair and informed decisions on issues that come before the group. BOG members rely heavily on Bonneville's Contracting Officer's Technical Representatives (COTRs), project sponsors and contractors, as well as CBFWA staff and Council central and state staff. The project-specific information that is gathered in this manner is used to reach consensus among BOG members as to whether or not the request should move forward. The "decision" that BOG makes is whether or not to request a Council recommendation on the sponsor's request.

Allocation decisions should consider all projects within the Program that have submitted requests during the start-of-year process, as well as projects making requests in the within-year process.

2. Your second point is a good one. Ideally, we would all know at the beginning of the fiscal year exactly how much additional spending was going to be available, if any, and which projects were going to request these funds during the course of the fiscal year. The

reality is that we don't have this information at the beginning of the fiscal year, but evaluate spending availability and project needs as they come up during the year. The information on both fronts gets better and better as the fiscal year progresses until the end of the fiscal year when we know exactly how many and which projects needed funds and how much additional spending we had available. By then, it's too late to use that information well. As a fallback, the BOG has worked as a team to make its best estimate for purposes of seeking funding recommendations from the Council on a month-to-month basis. With this approach, there is a risk that Project A, that CBFWA ranked lower than Project B, ends up receiving a budget increase and Project B does not. With a limited Program budget available, I do not see a way to avoid this risk. The proposed process would have BOG making recommendations on a quarterly basis and would allow Bonneville to make funding decisions on projects that are within scope and where the request is less than 10 percent of the project's overall budget not to exceed \$75,000.

The CBFWA has recommended in the past a formal within-year process for consideration by NPCC and BPA that appropriately included the fish and wildlife managers in the prioritization process.

3. There's a fundamental challenge with the formal prioritization process as you have described it in the August 2002 document. All requests for budget increases do not arise at the beginning of the fiscal year. Specific project budget needs arise throughout the fiscal year and can happen at any time. For example, the budget modification requests that come in during October could be prioritized (and I believe that CBFWA's role in that would be very important) and funded. However, there may be (most likely will be) requests that come in the following March and they may have a different and higher priority than the ones funded as a result of the November prioritization.

I am hopeful that the proposed Within-Year Process that will be presented to the Council and that was developed by CBFWA, Council and Bonneville staff, will meet the needs of the Fish and Wildlife Program and the needs of CBFWA. We look forward to working with you as the Fish and Wildlife Program is implemented.

Please feel free to contact either John Rowan at 503-230-4238 or me at 503-230-5549 for further information or if you have any questions.

Sincerely,



William C. Maslen
Manager, Fish and Wildlife

cc

Mr. Doug Marker, Northwest Power and Conservation Council