

Bonneville's Fish and Wildlife Expenditures

Bonneville reports its fish and wildlife expenditures as the combined totals of spending on 1) the Council's direct program, 2) federal agency operation and maintenance costs that are funded directly by Bonneville (formerly reimbursed by Bonneville), 3) the repayment to the Federal Treasury of the power share of capital investments for fish and wildlife projects, and 4) revenue impacts, which are the estimated net impacts on Bonneville's revenue from

adjusting dam operations to benefit fish. These revenue impacts include forgone revenues and power purchases. Under the terms of a six-year memorandum of agreement (MOA) signed by federal agencies in 1996, Bonneville's annual fish and wildlife budgets were anticipated to average \$435 million, of which \$127 million was estimated for direct funding of the expense component of the Council's program, \$125³ million was estimated for capital investments and reimbursements,

and \$183 million was estimated for revenue impacts from adjusting dam operations to benefit fish. That agreement expired at the end of Fiscal Year 2001 and was not renewed.

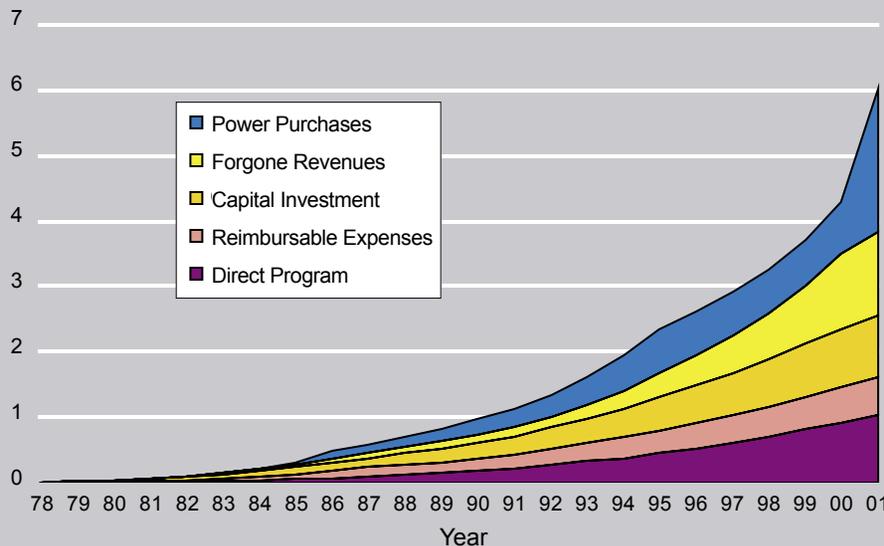
However, Bonneville committed to increase its spending to implement the Council's fish and wildlife program during the current rate case period, 2002-2006. In December 2001, Bonneville Administrator Steve Wright announced that the agency's target budget level for the Council's program, which integrates 2000 Biological Opinion measures, would increase in the new rate period to a range that averages \$186 million per year.⁴ The increase reflects 1) the fact that the Council's base program is growing as projects are implemented over multiple years, and 2) that implementation of the Council's program is being increasingly integrated with implementation of the reasonable and prudent alternatives of the 2000 Biological Opinions on operations of the Federal Columbia River Power System.

grows. Second, each year the Council will receive recommendations for new, scientifically sound projects that will have to compete with ongoing projects for funding. Third, a number of new projects will be designed to address both the Council's program and the requirements of the 2000 Biological Opinions on hydropower operations. Integrating those two planning efforts is an important long-term goal for the Council that would benefit all fish and wildlife in the basin. While acknowledging the challenges of prioritizing among competing demands, the Council will continue to work with Bonneville and the region to ensure that the projects recommended to implement the program are scientifically credible and economically responsible.

The \$186 million figure represents a substantial increase over spending commitments in the now-expired memorandum of agreement. Nonetheless, challenges remain for the Council in working within the funding guidelines. First, the base expenses for the program are growing as the program

FIG 2
BPA Fish and Wildlife
Cumulative Expenditures
1978-2001

Dollars in Billions



³ The \$127 million for the direct program comprised \$100 million in direct expenditures and \$27 million from the capital budget.

⁴ This figure includes \$150 million in expenses and \$36 million in capital borrowing per year.

