

# Fiscal Year 2002

In general, 2002 was a much better year for salmon and for Bonneville than 2001, when the energy crisis and the drought combined to create a financial crisis for Bonneville and poor environmental conditions for fish and wildlife. As the result of extremely low rainfall and runoff in the Columbia River Basin from the fall of 2000 through the spring of 2001, hydropower generation was reduced by about 4,000 megawatts. Extremely high power prices made matters worse as Bonneville's estimated value of power purchases and forgone revenues to offset the power that was not generated due to fish operations at Columbia and Snake river dams rose dramatically. Even though these operations were significantly reduced in 2001, because of high prices they still totaled \$1.4 billion. In 2002,

when runoff and demand for power were close to normal, Bonneville's power purchases and forgone revenues totaled \$160.4 million.

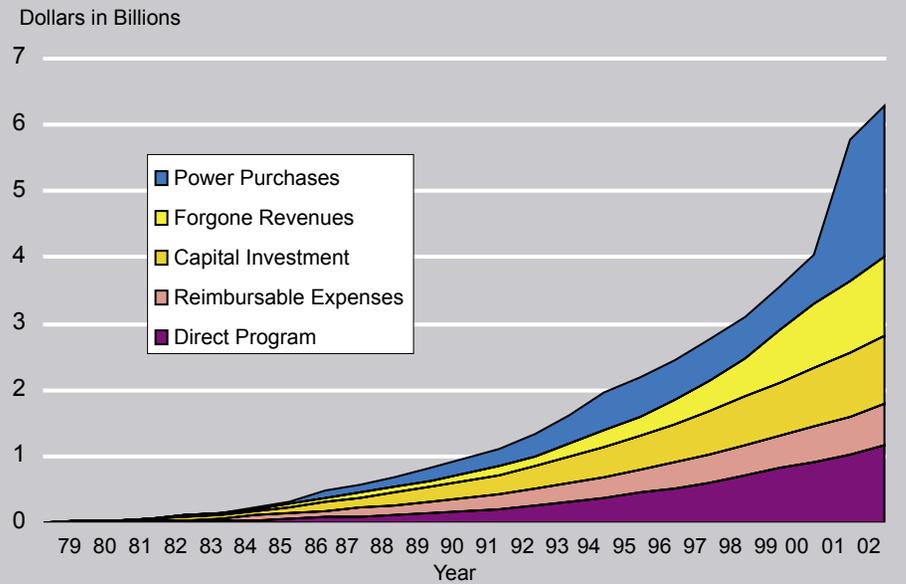
However, the energy crisis left Bonneville mired in a financial crisis, primarily as the result of the extraordinary power purchase costs in 2000 and 2001 and lower-than-expected surplus power sales in 2001. Bonneville raised its rates three times in response.

The financial crisis affected Bonneville's fish and wildlife expenditures to implement the Council's program. In December 2002, Administrator Steve Wright announced he would cap fish and wildlife spending in Fiscal Year 2003 at \$139 million in direct expenditures

and \$36 million in borrowing. This was problematic for the Council because Bonneville earlier committed to a higher annual level of expenditures for the current five-year rate period — \$150 million in direct expenditures and \$36 million in borrowing. Further complicating the matter, Bonneville carried over some \$40 million in spending obligations from the previous rate case period.

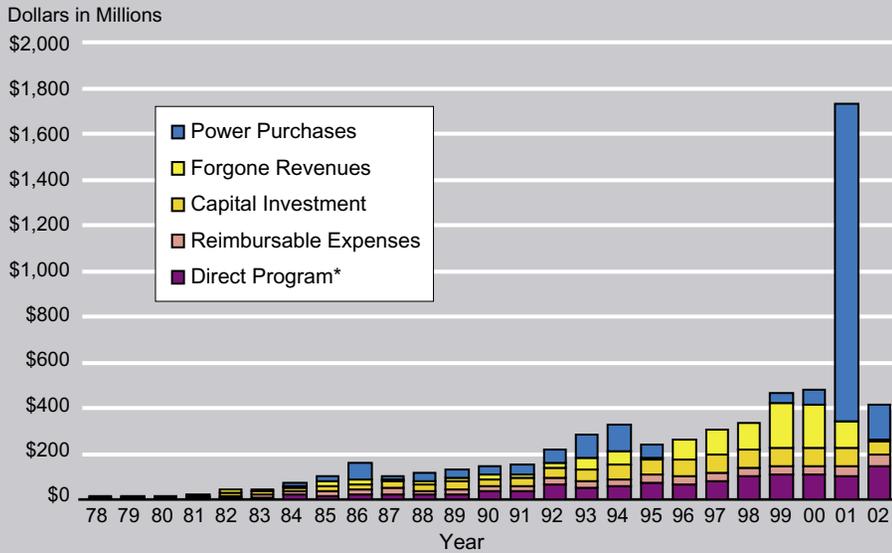


**FIGURE 1**  
BPA Fish and Wildlife  
Cumulative Expenditures  
1978-2002



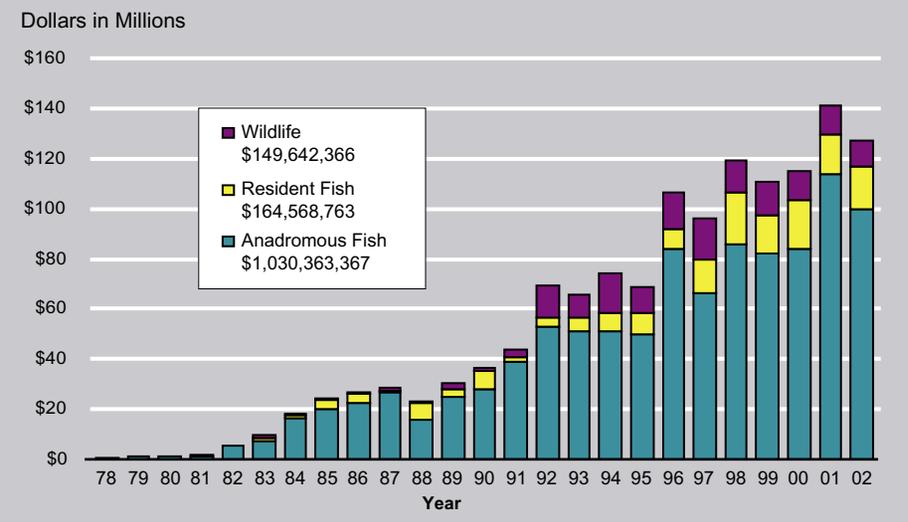
\* Action Plan and High Priority Data is included under Direct Program costs. See details in Table 1 on page 21

**FIGURE 2**  
**BPA Fish and Wildlife**  
**Total Annual Expenditures**  
**1978-2002**

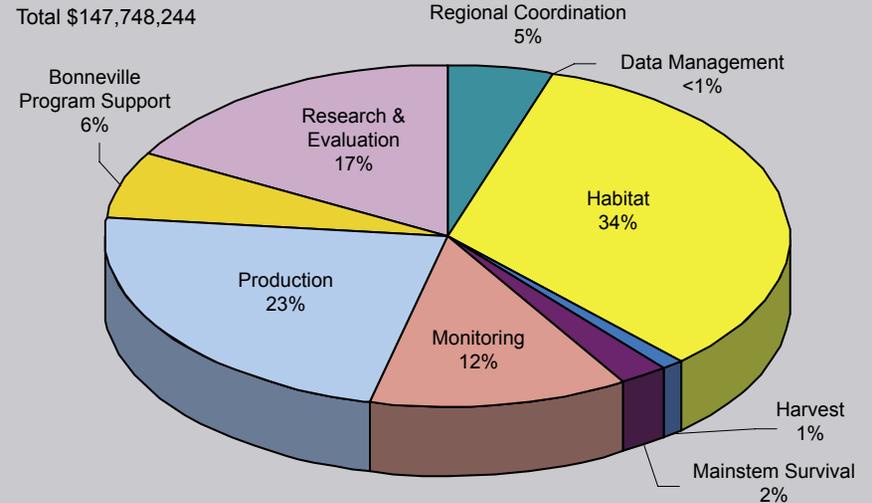


\* Action Plan and High Priority Data is included under Direct Program costs. See details in Table 1 on page 21

**FIGURE 3**  
**BPA Direct Program Budget**  
**Obligations by Species**  
**1978-2002**



**FIGURE 4**  
**BPA Direct Program Budget**  
**Obligations by General Purpose**  
**2002**



# Total Expenditures, 1978 - 2002

In Fiscal Year 2002, Bonneville spent a total of \$412.2 million on Columbia River Basin fish and wildlife recovery, compared to \$1.72 billion in 2001 and \$560 million in 2000. Bonneville's program budget includes five categories of expenditures, which are detailed on page 7. These include 1) the direct program, 2) reimbursable expenses, 3) fixed expenses, 4) power purchases that are necessitated by fish operations at the dams, and 5) forgone revenues that result from fish operations at the dams.

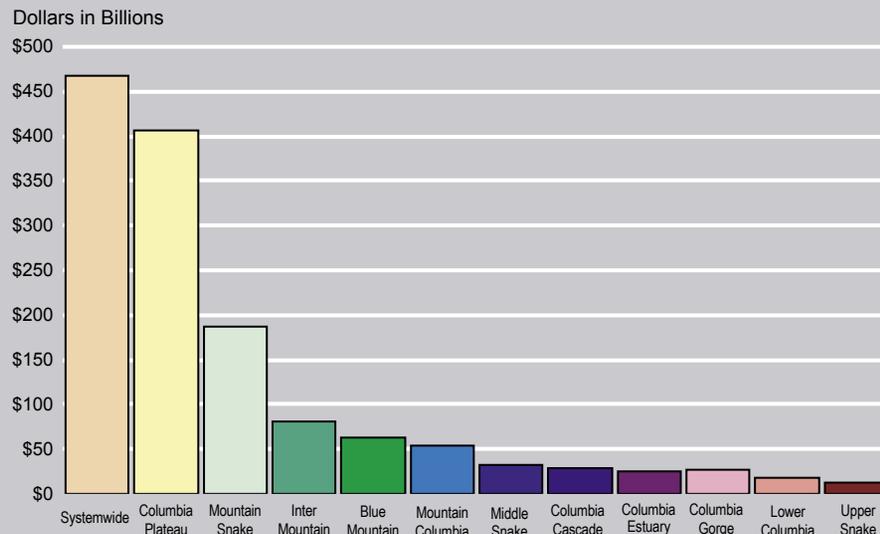
The 2002 expenditures bring the grand total since 1978 to \$6,426,000,000. Here is the breakdown:

- \$1,157,300,000 for the Council's direct program (\$137 million in 2002, plus \$7.1 million for high-priority projects designed to assist threatened and endangered species affected by the drought and subsequent river and dam operations in 2001). The direct program includes on-the-ground efforts such as habitat improvements, habitat purchases, research, hatcheries, construction and installation of fish diversion screens on irrigation withdrawals. Many of the projects that implement the program also address actions required under

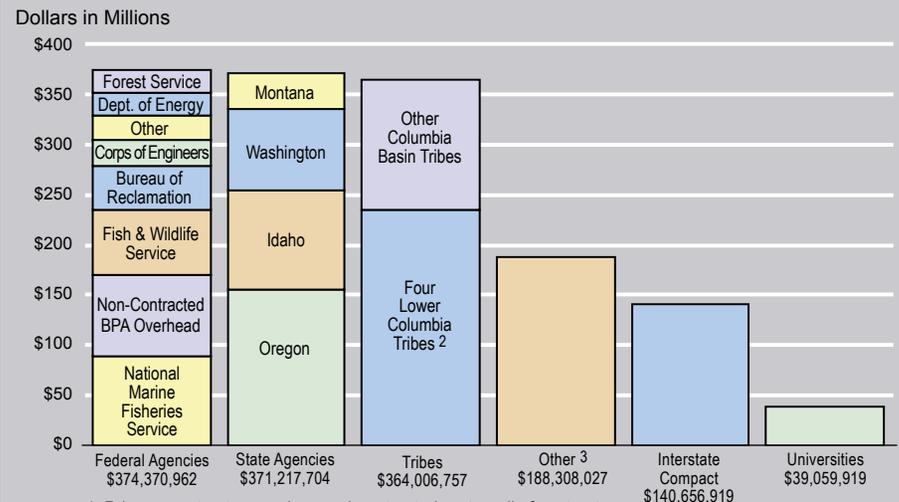
the Endangered Species Act to protect threatened and endangered populations of salmon, steelhead, Kootenai River white sturgeon and bull trout. The Council has been working to integrate these federal mitigation efforts with those in the fish and wildlife program in order to avoid duplication of effort and increase the cost-effectiveness of the overall fish and wildlife recovery effort in the Columbia River Basin. Information on the direct program, including details of projects that implement the program, is available at the Council's website, [www.nwcouncil.org](http://www.nwcouncil.org).

- \$634,000,000 in reimbursable costs (\$51.1 million in 2002). These expenditures reimburse the U.S. Treasury for the power share of other federal agency efforts, including those of the U.S. Army Corps of Engineers, Bureau of Reclamation, and U.S. Fish and Wildlife Service for research, operation and maintenance costs related to fish and wildlife facilities.
- \$1,014,000,000 in fixed expenses (\$56.6 million in 2002). These expenditures primarily are for debt service on federal bonds issued by Bonneville to pay for capital investments at the dams.

**FIGURE 5**  
BPA Direct Program Budget Obligations by Province 1978-2002



**FIGURE 6**  
BPA Direct Program Budget Obligations by Prime Contractor 1 1978-2002



1 Primary contractor may have subcontracted part or all of contract  
 2 Includes: Yakama, Warm Springs, Nez Perce, and Umatilla  
 3 These are identified in Appendix A, Figures 6A & 6B, pages 23 and 24

- \$2,317,900,000 in power purchases (\$147.8 million in 2002). These are purchases Bonneville must make in order to meet load requirements in response to required river operations that reduce hydropower generation. The river operations, detailed in the biological opinions on hydropower operations, require certain flows, spills and other operations at dams, such as lowered forebay elevations, when fish are migrating to the ocean, primarily in the spring and early summer, but also in the late summer. These requirements reduce the generating capability of the power system by about 1,000 megawatts.
- \$1,292,000,000 in forgone revenue (\$12.6 million in 2002). This is the calculated value of hydropower that was generated and consequently could not be sold because of required river operations to improve fish survival, such as water spills at dams.