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January 4, 2012

MEMORANDUM

TO: Fish and Wildlife Committee

SUBJECT: Update on Bonneville capital budget adjustments

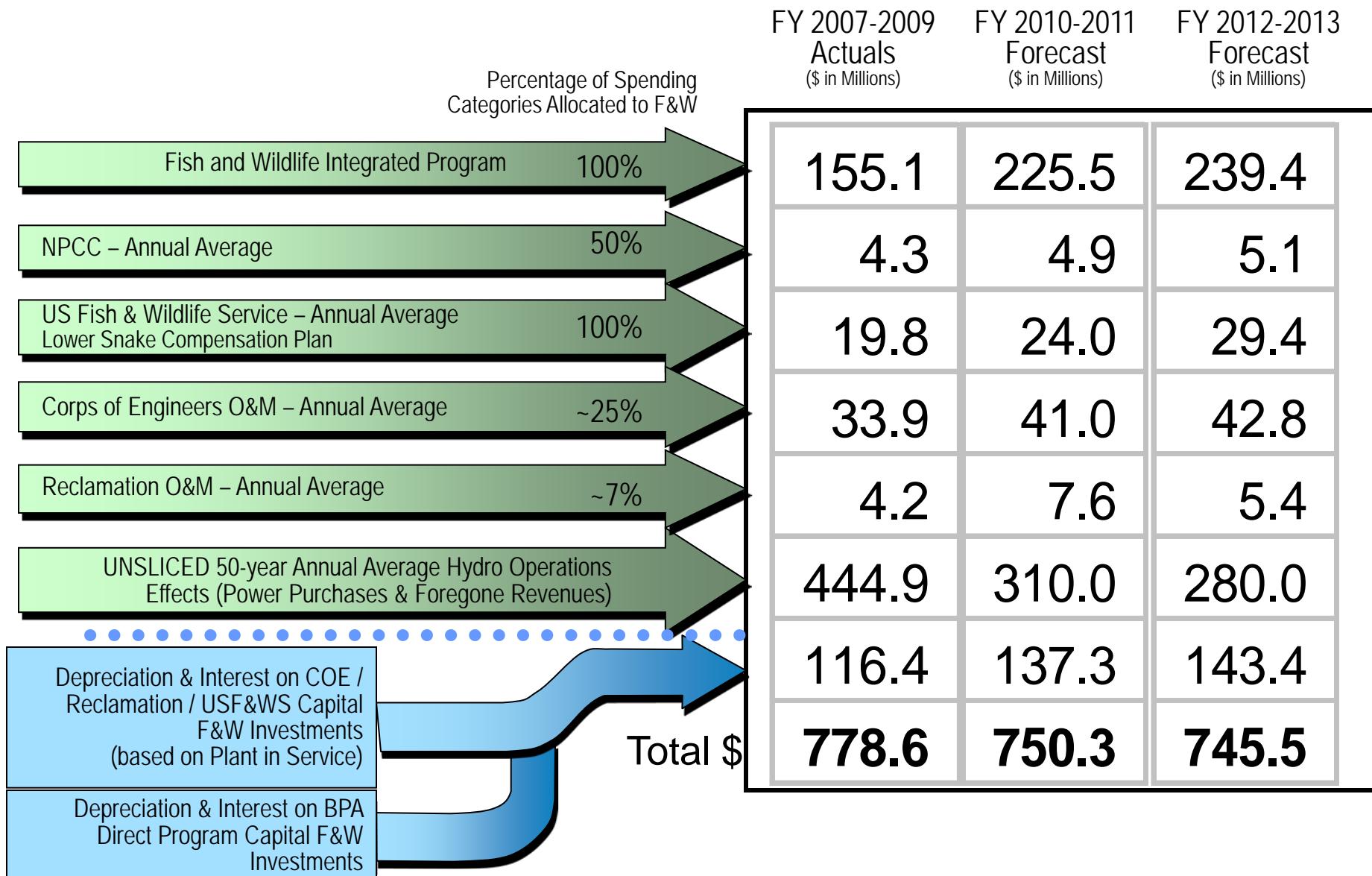
Lorri Bodi from Bonneville Power Administration will give a brief update on Bonneville's capital budget adjustments to the fish and wildlife committee.

Fish & Wildlife – Long Term Capital Investment Strategy

Lorri Bodi, VP Environment, Fish & Wildlife

January 10, 2012

Total Annual Average Cost of BPA Fish & Wildlife Actions



Fish & Wildlife Asset Strategy

- **BPA's Integrated Fish and Wildlife Program implements projects that meet BPA's fish and wildlife mitigation objectives under the Northwest Power Act, consistent with the Program adopted by the Northwest Power and Conservation Council. The projects also meet BPA's Endangered Species Act (ESA) offsite fish and wildlife requirements under biological opinions from the U.S. Fish and Wildlife Service and National Oceanic and Atmospheric Administration (NOAA Fisheries), and the commitments encompassed within the Columbia Basin Fish Accords.**
 - BPA meets its Power Act and ESA objectives in the Fish and Wildlife Program primarily through the negotiation and award of mitigation contracts to state, federal, and tribal entities. These contracts implement projects that meet BPA's objectives in the following categories: tributary and estuary habitat improvement, hatcheries, harvest, research, monitoring and evaluation, and predator control. Project outcomes are credited and accounted for as contributions toward the recovery and mitigation obligations of BPA.
 - The Fish and Wildlife Program is carried out in partnership with the Northwest Power and Conservation Council. The Council in cooperation with BPA reviews and updates the Program and makes funding recommendations to BPA for projects to implement in support of the program objectives.
 - **BPA's capital asset strategies and funding fit within this overall framework.**

Long Term Capital Goals & Strategic Initiatives

Goals

Hatchery/Major Construction

Fund construction on numerous hatchery facilities in accordance with Accord agreements and BiOp commitments



Strategic Initiatives

F&W management will work with Accord partners to develop a comprehensive hatchery construction schedule. Timeslots with fiscal year spending bounds will be developed for each hatchery.

Land Acquisitions

Continue to fulfill wildlife mitigation requirements and resident fish agreement for habitat improvements



Strengthen coordination with sponsors and Realty Services to optimize opportunities to make acquisitions in the fiscal years desired to align with budgets. Settlement agreements are being pursued to define remaining obligations and financial commitments.

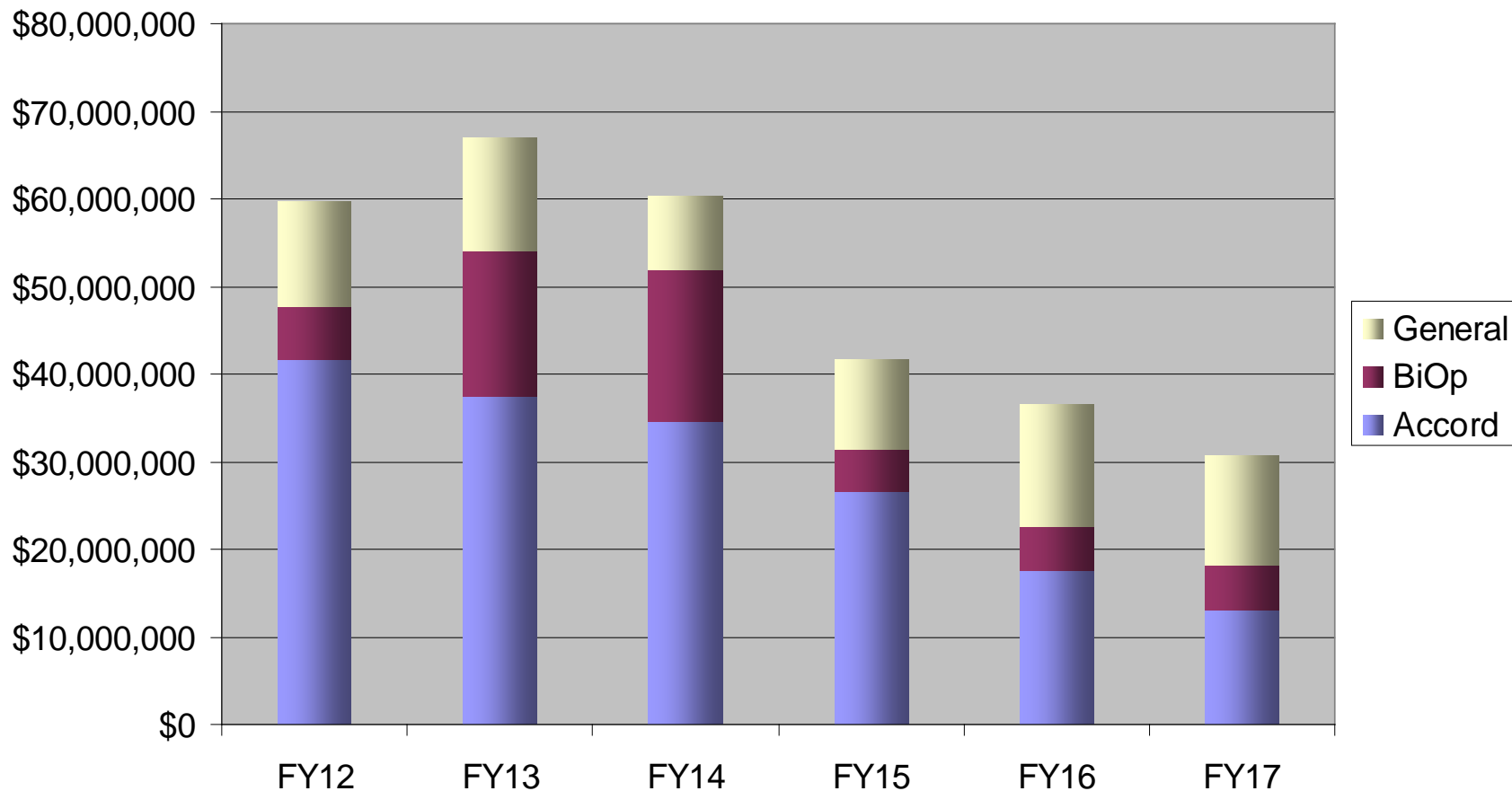
Tributary Passage Improvements

Supports the implementation objectives of the BiOp for reducing limiting factors or removing barriers that impede listed populations access to upstream spawning or rearing habitat.



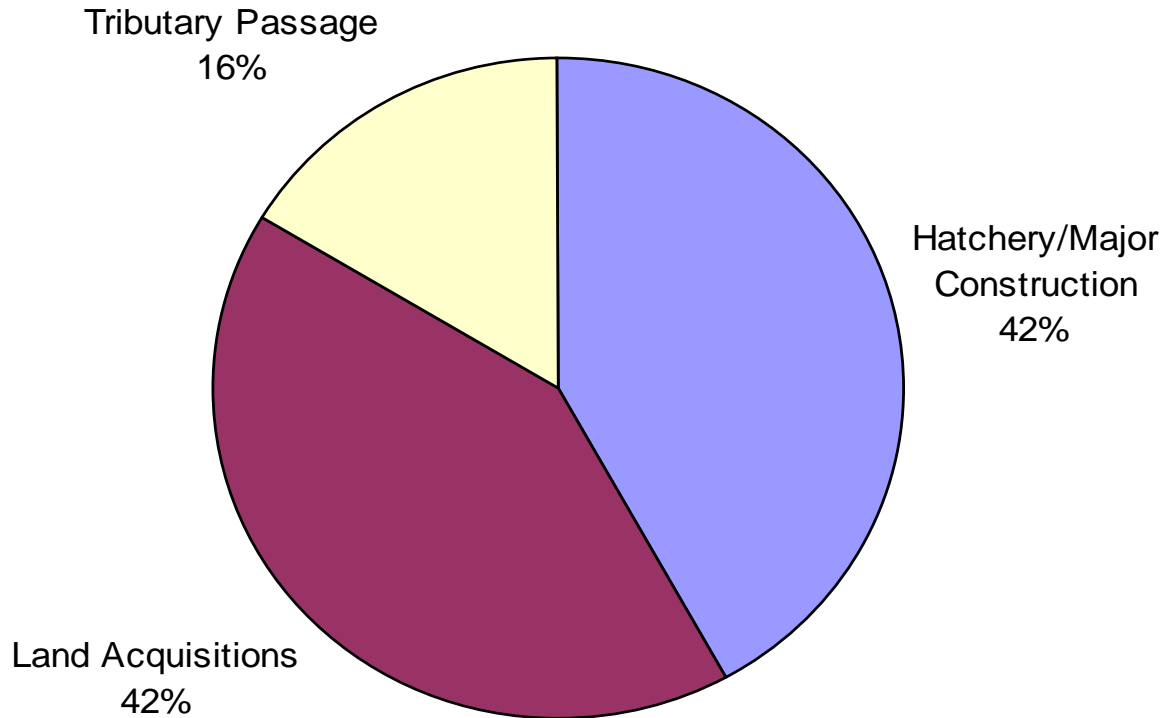
Continue working with willing land owners for access and coordination throughout drainage sub-basins.

F&W Capital Spending by Funding Source FY12-17 Forecast



Distribution of Investments

**F&W Capital Spending by Category
FY12-17 Forecast**



Project Prioritization and New Initiatives

Priorities: Projects within the Fish & Wildlife program are prioritized by:

- BiOp
- Accords
- Land Settlements
- Other

New Initiatives: The following potential future initiatives are not included in the current capital spending forecasts:

- Idaho wildlife settlements (Southern Idaho, Albeni Falls)
- Montana resident fish settlements
- Hatchery upgrades (capital upgrades are not BPA funded)
- Uncertain outcomes from the BiOp litigation

Asset Management Plans: These have been or are being developed for:

- Land acquisition compliance and oversight
- Lower Snake River Compensation Plan

Current Long Term Capital Budgets

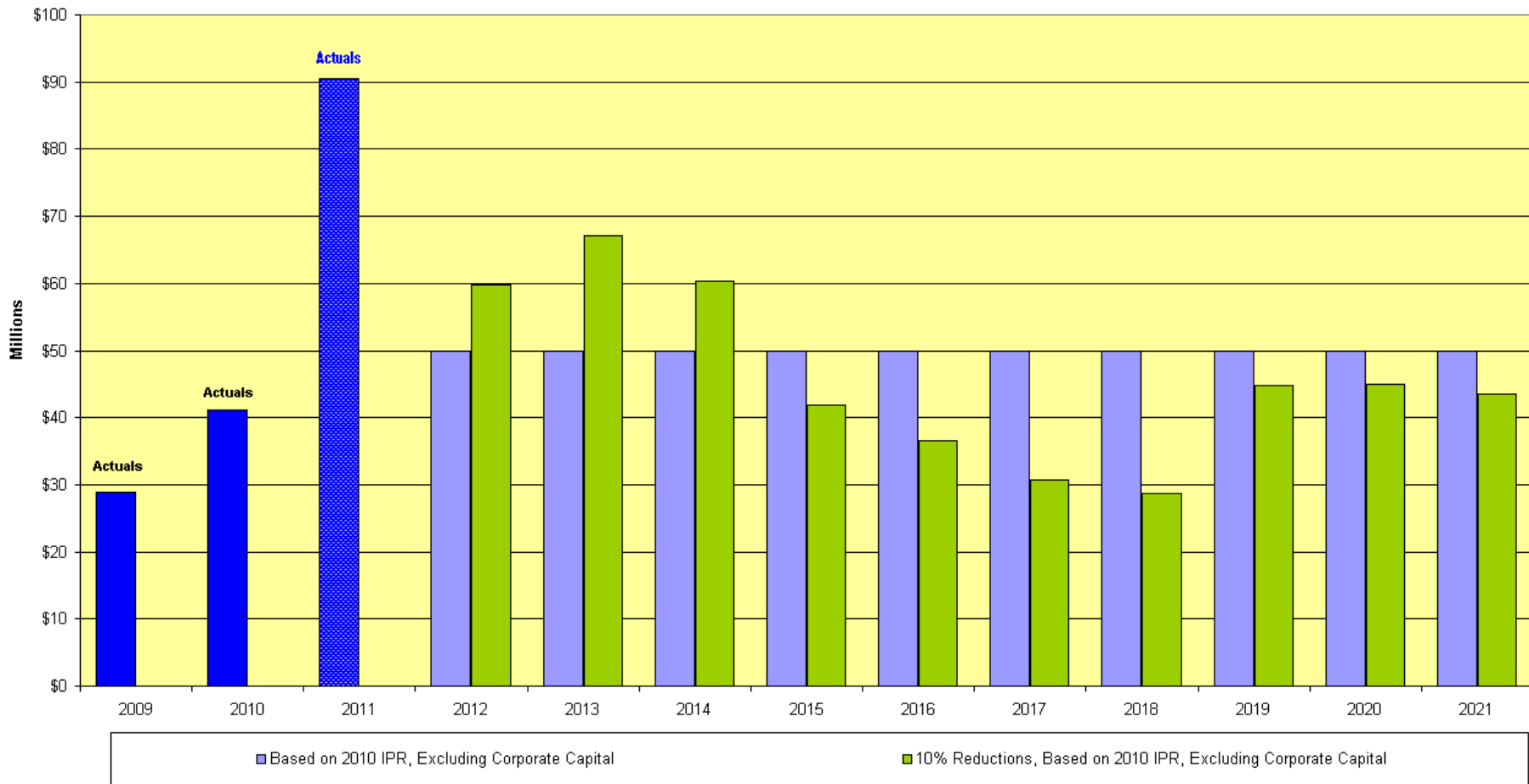
Agency-wide strategic review and 10% reductions for capital projects has resulted in changes and reshaping compared to the 2010 budget review:

- Program funding is front loaded to accommodate Accord hatchery construction
 - Accord funded hatcheries are expected to start or continue construction in FY 2012-2014. These include Chief Joseph and Snake River Sockeye among others.
- Capital reductions occur in out years as hatcheries are completed
 - Spending level reductions occur in FY 2016-2018. These reductions reflect current expectations for land acquisition and passage and may constrain new commitments in the out years.

| Fiscal Year | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------------------------|--------------|---------------|---------------|----------------|-----------------|-----------------|
| Fish and Wildlife, Base Scenario | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Fish and Wildlife, 10% Scenario | 59,785 | 67,145 | 60,275 | 41,807 | 36,650 | 30,795 |
| Net Increase (Decrease) in Capital Spending | 9,785 | 17,145 | 10,275 | (8,193) | (13,350) | (19,205) |

| Fiscal Year | 2018 | 2019 | 2020 | 2021 |
|----------------------------------------------------|-----------------|----------------|----------------|----------------|
| Fish and Wildlife, Base Scenario | 50,000 | 50,000 | 50,000 | 50,000 |
| Fish and Wildlife, 10% Scenario | 28,646 | 44,806 | 45,033 | 43,599 |
| Net Increase (Decrease) in Capital Spending | (21,354) | (5,194) | (4,967) | (6,401) |

Fish & Wildlife Capital Spending and Forecasted Levels



In Summary

- The entire capital budget essentially supports meeting the Accord, BiOp, or wildlife mitigation commitments.
- Current budget reductions are shaped into out years beginning in 2015 in order to allocate adequate funding to meet the existing near term commitments.
- Out year reductions may be impacted by the drivers previously described or an adverse outcome to the BiOp litigation.
- Scenarios for an additional 10% “across the board” reduction were run at customer request, and are not included here.