



July 10, 2009

Bill Booth, Chairman  
Northwest Power and Conservation Council  
851 S.W. Sixth Avenue, Suite 1100  
Portland, OR, 97204

Re: Draft Eighth Annual Report on Expenditures of the Bonneville Power Administration

Dear Bill:

Thank you for the opportunity to submit these comments on your Draft Eight Annual Report to the Governors on fish and wildlife program expenditures. It is an excellent compilation of the tremendous investment of \$11.9 billion made to date by the region's citizens to improve fish and wildlife. It provides governors, congressional leaders, other decision makers and the public with critical information on the investment being made, program measures and information on salmon and steelhead in the Columbia River Basin. As a broad based coalition of river users, RiverPartners cares deeply about the investment and wants to see it is being well-spent to benefit fish and wildlife. Ultimately, it is the region's families and businesses that pay for these costs through their electric rates.

The draft report is very helpful in establishing the relative magnitude of fish and wildlife expenditures last year. Last years' total investment has now climbed to over \$940 million. This figure clearly illustrates the significant commitment that the region's electric customers are making to protect and recover fish and wildlife affected by the construction and operation of the federal hydropower system. It is also significant that revenues lost due to changes in hydropower operations (flow and spill) represent 58 percent of the total investment.

RiverPartners is aware that some argue that "lost revenues" are not legitimate for inclusion in the Council's Fish and Wildlife Expenditures Report. They are very legitimate because they clearly affect BPA's power rates which in turn affect the rates paid by Northwest citizens. In fact, lost revenues that result from reductions in BPA's ability to generate power directly leads to less income for the agency. Any reduction in income, assuming costs remain unchanged, directly leads to increases in power rates in order for BPA to maintain cost-based rates and recover all of the agency's costs, as required by law.

Conversely, increased revenues can result in a reduction in BPA's power rates. For example, implementation of the 2008 BiOp which allows spill to be curtailed if few fish are present in the river could result in a rate reduction. The point is that generating capability and associated

revenues losses, or gains, should be included in any accounting of the region's investment to ensure that families and businesses get full credit for their investment as reflected in BPA's rates.

To this end, the Council should request that BPA provide it with its wholesale power rate estimate of fish and wildlife program costs done each rate period for the Council's report. BPA also should provide the Council and staff with the underlying analysis to ensure accuracy and reproducibility. Our understanding is that BPA can provide the Council with this information for the FY 2010-2011 rate period at month's end, and that regional fish and wildlife program costs represent 35 percent of BPA's wholesale costs (similar to the 2008-2009 rate period).

In light of this, we do not believe that the statements on page 5 of the draft -- that the total cost of the program is expected to be 20 percent of BPA's annual net revenue requirement over the next five years, translating to \$5.00 per month for a typical public utility residential customer bill -- are accurate. RiverPartners asks that you modify the cost information in the report to comport with BPA's wholesale rate information. It is important that the Council and BPA have the same approach and information on this critical topic.

In closing, RiverPartners also wants to point out that a significant unintended effect of the region's efforts to protect fish has led to a substantial reduction in renewable hydropower production. This reduction not only can result in lost BPA revenues and higher rates, but also increases the production of carbon-dioxide (CO<sub>2</sub>) as fossil-fired generation replaces the lost hydropower. The Council helped the region to better understand this relationship in its "Carbon Footprint" paper, November 2007. I understand the Council is very busy developing a draft power plan, however, asking the staff to do a quick refresher analysis and reminder of how the impacts of flow/spill at the federal dams leads to increased CO<sub>2</sub> production would help to inform the broader debate as the region struggles to respond to climate change concerns.

RiverPartners commends the Council for producing this valuable report. It can help to better inform and influence future actions. We believe that with rigorous accounting of expenditures, combined with objective measures of biological effectiveness, the Council can help ensure that the region's investments in fish and wildlife are science-based and cost-effective, key goals. Without achieving these simultaneous goals, resource protection and recovery will be delayed, and families and businesses scarce dollars wasted. Thank you for this opportunity to comment on this critically important report.

Sincerely,



Terry Flores  
Executive Director, Northwest RiverPartners

Cc: NPCC members  
Bonneville Power Administration representatives  
Congressional Offices