



Communicating Fish and Wildlife Costs to the Region's Ratepayers

August 31, 2006

- BPA consistently establishes and sends inaccurate figures and messages on behalf of utility interests
- CBFWA, NWPCC, GAO, and other natural resource interests consistently send messages to refute or correct inaccuracies
- Deadlines for decisions are coming quickly and the BPA/utilities message is already being heard at the NW delegation and WA D.C. level
- Does CBFWA want to strategize sending a different message?

Current Misperception on Costs

BPA establishes the

message supporting utility interests

- Foregone Revenue is a cost to ratepayers
 - Projected F&W est. for FY 07 = \$700M
- F&W costs are 30% of total rates
- F&W costs are second only to nuclear debt
- ESA costs are 15-20% of consumers retail bills

Fish and Wildlife Interests

Ed Sheets, NWECC, etc.

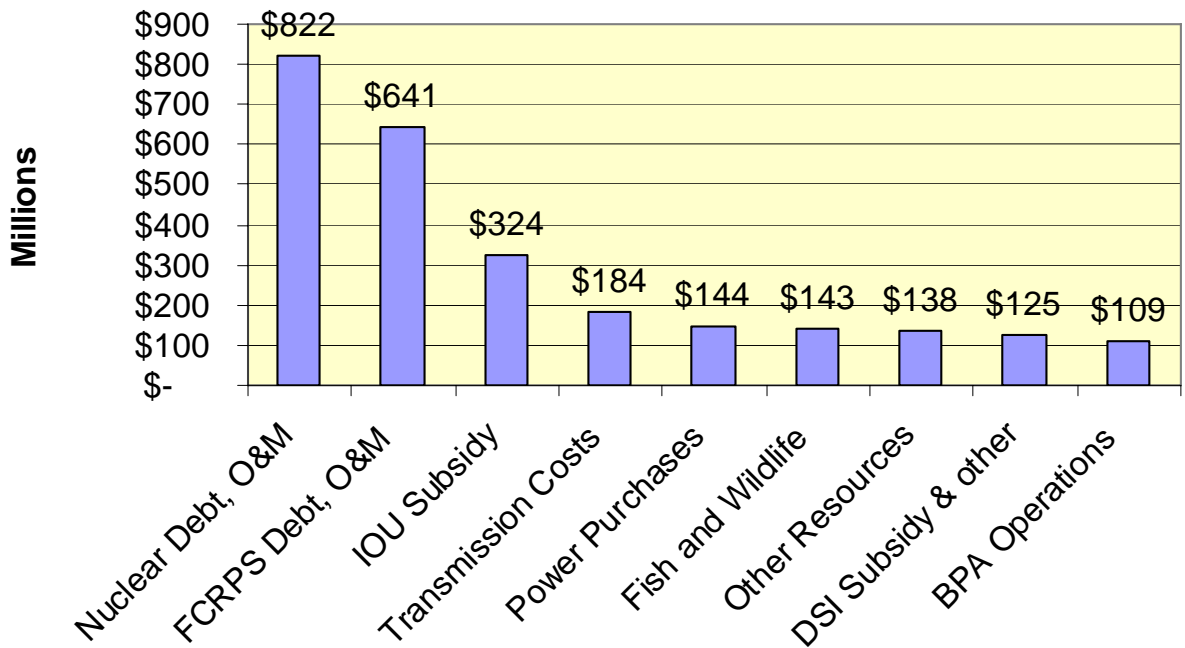
- BPA's rates are 59% below market average (\$27MWh vs. \$45-55MWh)
- BPA's greatest burdens are nuclear costs and over commitment of the FCRPS
- BPA's actual net F&W costs are \$234M
- BPA estimates \$356.9M in forgone revenue and power purchases alone

Over-committing the FCRPS

- Forgone revenue is still being communicated as a cost
 - While forgone revenue and power purchases are an agreement in the Power Act, it was intended to be a cost of doing business and should be calculated in their rates
 - Other non-power uses of the river are not considered, such as irrigation (\$180M), flood control, recreation, etc.
- GAO: Forgone revenue and excessive power purchases are the result of over-committing the FCRPS

BPA Future Costs

BPA Expenses 2007-2009



Current Fish and Wildlife Costs

(Millions)	FY 2007-2008	4(h)(10)(C)	Net
Expenses			
Integrated Program	\$143	-\$32	\$111
Program Capital	\$36*	-\$8	\$28
Reimbursable	\$66		\$66
Capital on dams	<u>\$129</u>		<u>\$129</u>
Total Expenses	\$342		\$234
BPA includes			
River operations	\$360	-\$45	\$315

* Rate impact is \$4 million

CBFWA's Historical Comments

- Numerous post-MOA (2001) consent mail letters to the region stressing equal treatment of fish and wildlife and the need to fund the NWPCC F&W Program
- Feb. 3, 2004 consent letter to BPA, COE, and BOR rebutting federal investments in ESA compliance (attached)
 - Response from BPA disputing CBFWA comments (attached)
- May, 2004 CBFWA staff white paper, “BPA Fish and Wildlife Program: 26 Years of Funding” (attached)

Schedule for Fish and Wildlife and BPA Decisions

2006

2007

Fish and Wildlife Processes

2006 Operations
Litigation

FCRPS BiOp Remand

Prepare Recovery Plans

BPA Processes

Proposal and Record of Decision for
Power Allocation & Contracts

Negotiate new 20 Year Contracts

PRF 1

PFR 2

BPA Rate Case

New BPA Rates
FY 2007 to 2009

Power Decisions Before Fish Decisions

- BPA finalized electricity rates for FY 2007-2008 in July
- BPA final decision on allocating all of its electricity sales for 20 years in January 2007
 - Regional Dialogue Long Term Proposal Deadline is Sept. 29
- FCRPS Biological Opinion scheduled for February 2008

McMorris Legislation Update

HR 4857, introduced by representative Cathy McMorris (R-WA), would “better inform consumers regarding costs associated with compliance for protecting endangered and threatened species under the Endangered Species Act of 1973.” In essence, BPA’s ESA costs would be included on consumer’s monthly power bills.

- Recently passed the House Committee on Resources Subcommittee on Water and Power 17-10
- Pertinent July 7 testimonies attached
 - BPA*, River Partners, NPT, NVEC
- Would go to the House next, no time frame
- ESA costs are only one cost

* It should be noted in Steve Wright’s testimony, that BPA supports including ALL fish and wildlife costs in consumer’s monthly power bills (pp. 4, 1st para).

Summary

- Real costs to rate payers
 - When BPA oversells the firm output of the FCRPS and has to purchase power at higher than average costs
 - When BPA is overly reliant on secondary revenues creating the “foregone” syndrome
 - Other non-power uses of the FCRPS are not considered in the forgone calculation
 - Still paying for IOU settlement
 - Nuclear costs, especially WPPS
- ***BPA establishes a distorted message supporting utility interests***
- ***BPA’s message has consistently been disputed by the fish and wildlife managers, GAO, NWPCC, etc.***

Proposed Action

CBFWA Members direct the Members Advisory Group to strategize to ensure that the *real* costs of fish and wildlife are communicated effectively.