

Committee on Resources

Witness Testimony

Testimony of

JACK ROBERTSON

Deputy Chief Executive Officer

Bonneville Power Administration

United States Department of Energy

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Committee on Resources

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Chairman Young, thank you for the opportunity to present the views of the Bonneville Power Administration (BPA) before the House Committee on Resources. I am Jack Robertson, Deputy Chief Executive Officer of BPA.

My statement today will include a brief discussion of BPA's history. I will also provide information to the Committee on the amount of fish and wildlife funds that are

(1) appropriated to other federal agencies and repaid by BPA, and

(2) spent directly by the BPA to administer, implement, conserve and protect endangered or threatened species or funding of efforts to prevent species from needing the protection of the Endangered Species Act (ESA).

Profile of Bonneville

Bonneville was created to market power from the Federal hydroelectric resources in the Columbia River Basin. Bonneville's operations are completely funded by revenues from the sale of energy and transmission services. Under the 1974 Federal Columbia River Transmission System Act, Bonneville deposits revenues from energy and transmission sales into the Bonneville Fund at the United States Treasury (Treasury), and is responsible for repaying the Federal investment in the Northwest hydroelectric system with these revenues. BPA does not receive annual Federal appropriations. The Federal investment which Bonneville is responsible for repaying does include investments made by other Federal agencies (Corps of Engineers, Bureau of Reclamation, United States Fish and Wildlife Service (USFWS)) in hydroelectric facilities including measures designed to mitigate for Federal hydroelectric development damage to the fishery resource.

In 1980, the Northwest Electric Power and Planning Conservation Act (Northwest Power Act) was signed into law. That law, as well as other statutory directives, requires that Bonneville provide mitigation to the fish and wildlife resources damaged as a result of Federal hydroelectric development within the Columbia River Basin. The Act also establishes the Northwest Power Planning Council (Council), a body composed of two representatives from each of the states of Washington, Oregon, Idaho, and Montana. The Council is entrusted with the responsibility of developing a fish and wildlife program that protects and enhances fish and wildlife in the Columbia Basin.

The Region's 13 tribes believe the program helps fulfill the United States' treaty and trust responsibilities. Bonneville is required to act consistent with the program developed by the Council. The Council has adopted a series of fish and wildlife programs, the most recent of which was adopted in December 1994. Consequently, Bonneville has fish and wildlife mitigation responsibilities that extend beyond those required under the ESA. Prior to 1990, the Council program included significant measures designed to improve the health of salmon as well as other fish and wildlife. Despite these actions particular salmon stocks continued to decline. In 1990, the first petition for the listing of a Columbia Basin salmon stock was received by the National Marine Fisheries Service (NMFS). By 1993, NMFS had decided to list three Columbia Basin salmon stocks as threatened or endangered: Snake River sockeye, Snake River spring/summer chinook and Snake River fall chinook. In addition, in 1994 the USFWS listed the Kootenai River white sturgeon as an endangered species. During the petition processes and following the listing decisions the Council developed new fish and wildlife programs that incorporated additional measures to aid salmon and sturgeon recovery.

Starting in 1993, NMFS issued the first of several biological opinions identifying measures that are necessary to avoid threats to the continued existence of the species. There is significant overlap in the measures called for in the NMFS biological opinions and the Council program.

BPA Funding of ESA Related Activities

Since 1991, BPA's fish and wildlife expenditures have increased dramatically. These increases, along with dramatically decreasing prices from alternative electric power suppliers in 1994 and 1995, led BPA customers to consider buying electric power from entities other than BPA. In order to help assure a healthy BPA and a recovery of dwindling salmon runs in the Northwest, Administration officials developed a plan for identifying the actions necessary for the fisheries while limiting the exposure of BPA ratepayers to increasing fish and wildlife costs. Those discussions resulted in an October 1995 letter from Office of Management and Budget Director Alice Rivlin to Senator Mark Hatfield that established expected BPA funding levels for all its fish and wildlife mitigation responsibilities and fallback mechanisms should court orders lead to additional costs for BPA. Under that agreement, BPA will, over the next six years, provide an average of approximately \$250 million per year in direct expenditures and will incur an average of approximately \$183 million annually in power costs and foregone revenue. These annual power costs and foregone revenues could range from approximately \$90-280 million depending on weather and water conditions and the prices of alternative electric power supplies. The Administration believes that with these funds

(1) adequate measures will be taken to protect ESA listed salmon and sturgeon stocks in the Columbia Basin,
(2) the hydrosystem operations prescribed in the NMFS and USFWS opinions will be met,
(3) the implementation of the Council plan will proceed unimpeded, and
(4) BPA will be able to continue to repay the Treasury for Federal appropriations provided to other Federal agencies for fishery activities that mitigate damage caused by Federal hydroelectric facilities. BPA's submittal to you of March 14 identifies estimated costs incurred by BPA that are required by the ESA. In addition, in an attachment, it identifies the total expenditure BPA is making for fish and wildlife activities under all its statutory obligations. These total costs, estimated to average \$435 million over the six years, FY 1996 through FY 2002, are based on the Rivlin to Hatfield letter mentioned earlier and are consistent with the estimates provided to you by the Council. There are essentially three types of fish and wildlife mitigation actions that create costs for BPA. These actions are;

(1) operational changes to the hydroelectric system designed to increase river velocity or improve dam passage,
(2) direct expenditures by BPA for measures such as fish hatcheries,
(3) expenditures made by other Federal agencies for which BPA has the responsibility to repay. It is important to note that in the absence of the ESA, many of the costs identified by BPA as required by the ESA might still be undertaken as a result of BPA's obligations under the Northwest Power Act or other statutes. It should also be noted that the Administration has agreed that costs incurred by BPA, which should have been allocated to other non-power purposes, will be credited to BPA ratepayers. When BPA makes expenditures for fish and wildlife it does so on behalf of the entire Federal hydrosystem, including non-power purposes such as irrigation, mitigation and flood control. Yet, BPA ratepayers by law are not responsible for paying for costs associated with the non-power features of Federal hydrosystem facilities. The Administration agreement, therefore, also will lead to an approximate \$60 million annual credit to BPA's payment to the Treasury. This further reduces the effect of fish and wildlife expenditures on ratepayers.

Conclusion

BPA recognizes that there are others variables involved in mitigation and recovery such as harvest, habitat and hatcheries. Others, such as fishermen, are also paying in terms of reduced catches, however, BPA believes the costs of fish and wildlife mitigation for the Federal hydroelectric system are appropriately borne by the beneficiaries of that system. The Administration is proud to have reached an agreement which should provide adequate funding to mitigate for damage done by Federal hydroelectric facilities to the Columbia River fish and wildlife resource, including threatened and endangered species within the system, while also limiting the exposure for Northwest ratepayers.

Mr. Chairman, this concludes my formal statement. I welcome any questions you may have.

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