



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

POWER SERVICES

July 10, 2009

In reply refer to: P-6

Mark Walker, Director of Public Affairs  
Northwest Power and Conservation Council  
851 S.W. Sixth Avenue, Suite 1100  
Portland, OR 97204

Dear Mr. Walker:

I appreciate the opportunity to comment on the Council's June draft of its Eighth Annual Report to the Northwest Governors on Expenditures of the Bonneville Power Administration to Implement the Columbia River Basin Fish and Wildlife Program of the Northwest Power and Conservation Council.

Our comments are limited to a few summary statements in the Overview section that address BPA's fish and wildlife costs and their proportional share of BPA's overall costs and rates.

- Our analysts recently used our rate models to estimate the level of the BPA's preference rate in 2010 and 2011 with and without inclusion of fish costs. The difference in the rate due to fish costs is approximately one-third, or about \$10 per megawatt hour, based on our near-final rate studies. Likewise, there is a \$7 per MWh effect on the Industrial Power (IP) rate paid by our Direct Service Industries.
- In addition, we estimate that Residential Exchange Program benefits, primarily to the residential and small farm customers of investor-owned utilities, will be \$75 million per year lower in 2010 and 2011 they would be without fish and wildlife costs.
- We believe that the figures above are a more accurate representation of the BPA wholesale power rate effects of fish costs than those included in the draft report.
- Item 1 on page 1 for capital investments by the Corps and Bureau should be \$37.3 million instead of \$64.1 million. This number appears correctly on page 4.
- Regarding the amount of fish and wildlife expenditures to use for calculating an effect on the wholesale power rate that public utilities pay, we suggest that you use \$802 million for FY 2010 and FY 2011. Then, this amount should be reduced by \$99 million, the 2-year average of expected 4(h)(10)(C) credits. These are the amounts listed in the FY 2009 Congressional budget and that match the amounts in the power revenue requirement in the WP-10 rate case.

I hope you find this information helpful. Please call me at (503) 230-5399 if you have any questions.

Sincerely,

*/s/ Paul E. Norman*

Paul E. Norman  
Senior Vice President for Power Services