

**Henry Lorenzen**  
Chair  
Oregon

**Bill Bradbury**  
Oregon

**Guy Norman**  
Washington

**Tom Karier**  
Washington



## Northwest **Power** and **Conservation** Council

**W. Bill Booth**  
Vice Chair  
Idaho

**James Yost**  
Idaho

**Jennifer Anders**  
Montana

**Tim Baker**  
Montana

August 16, 2017

### MEMORANDUM

**TO:** Council members

**FROM:** John Harrison, Information Officer

**SUBJECT:** Release Fiscal Year 2016 report to the Governors on Bonneville's fish and wildlife costs following public comment

#### **BACKGROUND:**

Staff requests that at this meeting you approve the [fish and wildlife costs report](#). Staff conducted a public comment period from Thursday, June 15 through Friday, July 21 and received one comment. The comment, from the Bonneville Power Administration, is copied below.

In response to the comment, staff made one change in the text, on Page 5. The original draft text said that approximately 25 percent of Bonneville's 2016-2017 wholesale rate of \$33.75 per megawatt-hour is estimated to be associated with its fish and wildlife program. In the final draft, "approximately 25 percent" is changed to "approximately one-third." This is because Bonneville commented that approximately \$167 million in costs had been inadvertently left out of the calculation provided to Council staff earlier. Including those costs raises the percentage to approximately one-third of the total.

July 20, 2017

Mr. Henry Lorenzen, Chair  
Northwest Power and Conservation Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97215

RE: Draft 2016 Columbia River Basin Fish and Wildlife Program Costs Report

Dear Chair Lorenzen:

Thank you for the opportunity to comment on the Northwest Power and Conservation Council's draft 2016 Columbia River Basin Fish and Wildlife Program Costs Report. The Bonneville Power Administration appreciates the Council's efforts to develop the report and has two clarifications to suggest for the final version.

As drafted, page five of the report contains the statement:

*Approximately 25 percent of Bonneville's 2016-2017 wholesale rate of \$33.75 per megawatt hour is estimated to be associated with its fish and wildlife program.*

Unfortunately, the 25 percent figure excludes some fish costs contained in the O&M budgets of the Bureau of Reclamation and U.S. Army Corps of Engineers (\$55 million) along with additional depreciation and amortization above and beyond what is earmarked in the Cost of Service Analysis as fish-related (\$112 million). Omission of these costs led to an understatement by Bonneville, which made it into the Council's draft report. We therefore are requesting that the Council adjust the figure to account for the excluded costs by changing it to "about one-third" in the report when comparing to the BP-16 Tier 1 rate of \$33.75/MWh.

In addition, Bonneville continues to believe that the most accurate method for describing fish cost estimates as a component of its rate design is to discuss it in terms of how much lower the rate would be if fish costs were not included, as has been done in previous cost reports. The revised statement would therefore read:

*Bonneville's 2016-2017 wholesale rate of \$33.75 per megawatt hour would have been about one-third lower if fish and wildlife program costs were not included.*

We appreciate your consideration of these suggested clarifications and would be happy to discuss the final language in more detail.