

February 23, 2018

Bonneville Power Administration
ATTN: Lorri Bodi, VP Environment, Fish, and Wildlife
905 NE 11th Ave.
Portland, OR 97232
(Submitted electronically at bpa.gov)

RE: Wildlife Habitat Stewardship and Restoration Agreement for Albeni Falls Dam

Dear Ms. Bodi:

The Public Power Council (PPC) appreciates the opportunity to comment on the proposed Wildlife Habitat Stewardship and Restoration Agreement for Albeni Falls Dam. As your primary power customers, PPC members and their consumers are concerned about BPA's current costs, and longer-term cost trajectory. On the precipice of a dire financial situation, BPA must assure its customers that there are both legal reasons and a business case for agreements like these, and that they provide a compelling benefit to BPA cost management and reduction.

We understand this proposed agreement with Idaho to extinguish BPA's Northern Idaho wildlife obligation is the culmination of a multi-year negotiation and considers the system benefits of the pool flexibility of Lake Pend Oreille provided by Idaho in an earlier agreement. While there appears to be capacity value in the pool flexibility and the cost certainty of extinguishing BPA's wildlife obligations in Idaho, PPC nevertheless has concerns about the bigger picture strategy and long-term trajectory of the fish and wildlife program.

As BPA attempts to enter a new era of financial discipline per its recently released strategic plan, it must ensure that this, and like agreements, comport with that vision. Ratepayers need to fully understand the value BPA is getting for these agreements, the risks and costs they are avoiding, and how the agreements are aligned with the strategic plan's fiscal responsibility.

The proposed agreement payment schedule appears to fit into current budgets without creating increases in the integrated program. That said, customers are expecting reductions across BPA's business, and the fish and wildlife program is an important part of that holistic look since it is one of the largest single budget areas contained in power costs. In this example, although the expense related costs may fall off BPA's books within ten years and capital-related costs are paid within 15 years, there appears to be an opening for a new slate of costs related to Albeni Falls with the reconsideration of operational impacts after 30 years appears. Therefore, it appears that BPA's mitigation responsibility is not truly extinguished by this agreement. Cost certainty is a

valuable component of this agreement in its first 30 years but we are concerned that value may be lost in the long-term.

In addition, PPC would like to see BPA provide more and clearer information regarding the replacement ratios within this agreement. With respect to habitat mitigation, BPA has long held its responsibility to be at a 1:1 ratio. Due to the arcane comparison of acres and habitat units when determining the mitigation responsibility, the ratio of 1:1 in lost acres to replacement is not evident. Maintaining this principle should be applied as it is both fair and keeps the precedent should future wildlife mitigation negotiations take place.

As BPA tries to set a new course in cost control, it must ensure these principles apply across its business, including all new settlement agreements. With fish cost uncertainty driven by ongoing litigation, BPA needs to earnestly control its fish related costs and provide assurances to its customers that agreements like this one provide equal value to both parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bo Downen', with a long horizontal flourish extending to the right.

Bo Downen
Senior Policy Analyst