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BONNEVILLE POWER ADMINISTRATION

Obligations to Fish and Wildlife in the Pacific Northwest

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Highlights

Highlights of GAO-03-844T, a report to the Senate Committee on Indian Affairs

Why GAO Did This Study

The Bonneville Power Administration produces a large portion of the Pacific Northwest's electric power, largely from hydroelectric projects in the Federal Columbia River Power System. Bonneville also has obligations to protect, mitigate, and enhance fish and wildlife populations affected by these hydroelectric projects. In the past several years, Bonneville has experienced financial difficulties, in part because of rising costs of providing power, lower-than-projected revenue from selling surplus power, and drought conditions. Bonneville's financial situation may adversely affect fish and wildlife. Stakeholders have expressed concern that Bonneville has effectively reduced spending on fish and wildlife programs.

This testimony addresses (1) Bonneville's statutory and other obligations to support fish and wildlife programs, (2) Bonneville's historical spending and other efforts in support of fish and wildlife, (3) Bonneville's current financial condition, (4) Bonneville's recent actions that affect fish and wildlife programs, and (5) challenges Bonneville faces in supplying electricity to the region while simultaneously protecting, mitigating and enhancing fish and wildlife.

www.gao.gov/cgi-bin/getrpt?GAO-03-844T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jim Wells at (202) 512-3841 or wellsj@gao.gov.

What GAO Found

In accordance with the Pacific Northwest Electric Power Planning and Conservation Act of 1980, Bonneville must ensure an adequate, efficient, economical, and reliable power supply for the Pacific Northwest while also protecting, mitigating and enhancing fish and wildlife. Under other laws and presidential directives, Bonneville is also required to consult with Indian tribes and fulfill trust responsibilities for fish and wildlife. Finally, Bonneville must comply with the Endangered Species Act as it pertains to fish and wildlife that have been listed as either endangered or threatened.

Between fiscal years 1997 and 2001, Bonneville spent over $1.1 billion to support fish and wildlife programs, primarily salmon and steelhead. These expenditures funded fish and wildlife projects undertaken by Bonneville, other federal agencies, Indian tribes, private and state entities. Bonneville has also funded related operations, maintenance, and capital costs for the Army Corps of Engineers, the Bureau of Reclamation, and the Fish and Wildlife Service. Additionally, Bonneville estimates that spilling water from dams to enhance fish survival has resulted in over $2.2 billion in foregone revenue or increased power purchases.

Bonneville is currently in a financial crisis. Cash reserves have fallen and Bonneville estimates an increased risk that it will miss future Treasury debt payments. To avoid defaulting on Treasury debt and to cover its costs, Bonneville has increased its power rates by more than 40 percent since fiscal year 2001, and is considering further increases.

Recent Bonneville actions appear to have caused financial difficulties for some fish and wildlife programs. Representatives of the Northwest Power Planning Council and some Indian tribes have pointed out that a change in Bonneville's budgeting approach resulted in the loss of around $40 million in fish and wildlife funding for fiscal year 2003. Bonneville described the change as necessary to improve management controls over fish and wildlife program funding. Bonneville has also placed on hold plans to acquire land to be used as habitat for fish and wildlife.

Bonneville's two roles, as supplier of economical and reliable power and as protector of fish and wildlife, inherently conflict. Bonneville spills water to benefit fish and directly funds fish and wildlife projects. These actions reduce power revenue and increase costs. On the other hand, demands on Bonneville to supply greater amounts of power put pressure on fish and wildlife, through more intensive use of generating facilities at the expense of spilling water, and reduced revenues available for funding fish and wildlife programs as has occurred during the current crisis. Given Bonneville's dual roles, conflicts are inevitable and will likely become more intense if growing power demands bump up against increased efforts to mitigate damage to fish and wildlife.