

TESTIMONY OF JOHN HAIRSTON
ADMINISTRATOR AND CHIEF EXECUTIVE OFFICER
BONNEVILLE POWER ADMINISTRATION

SUBCOMMITTEE ON ENERGY, CLIMATE, AND GRID SECURITY
COMMITTEE ON ENERGY AND COMMERCE
UNITED STATES HOUSE OF REPRESENTATIVES

January 30, 2024

Good morning, Chairman Duncan and members of the Subcommittee. I am John Hairston, Administrator and Chief Executive Officer of the Bonneville Power Administration (Bonneville). Bonneville is a Federal Power Marketing Administration within the United States Department of Energy and is headquartered in Portland, Oregon. I am pleased to be here with you today.

My testimony describes commitments of the Bonneville Power Administration that are defined in the Columbia River Salmon Agreement between the United States Government and non-Federal parties in the litigation on operations of the Federal Columbia and Snake River dams. I will also briefly describe Bonneville's role for marketing electric power from the Federal

Columbia and Snake River dams, for funding and implementing the operations and structural improvements for anadromous fish passage through the Columbia River System, and for funding and implementing significant mitigation programs for fish and wildlife impacts due to the development and operation of these dams.

Bonneville serves a 300,000 square mile area that includes Oregon, Washington, Idaho, western Montana, and parts of northern California, Nevada, Utah, and Wyoming. Bonneville markets the electric power produced from 31 Federal hydroelectric projects operated by the U.S. Army Corps of Engineers (Corps) and the Bureau of Reclamation (Reclamation). In addition to hydropower generation, these dams are operated to meet multiple specified purposes, including flood risk management, navigation, irrigation, fish and wildlife conservation, recreation, and municipal and industrial water supply.

It is important to emphasize that Bonneville is not for profit. Bonneville recovers its costs from sales to its power and transmission customers, and finances capital expenditures, that also are recovered through rates, through the U.S. Treasury. Various organic legislation, including the Bonneville Project Act of 1937, the Transmission System Act of 1974, and the Pacific Northwest Power Planning and Conservation Act of 1980, govern BPA's mission related to energy conservation, renewable energy resources, capital fish facilities, and other purposes. Bonneville does not receive annual appropriations.

The Federal Columbia and Snake River dams—along with other development activities in the Pacific Northwest, harvest, ocean conditions, and a changing climate—have had adverse impacts on salmon, steelhead, and other native fish populations in the Basin. These fish have tremendous value to the region and to Tribal Nations in the Basin. As a result, Bonneville and the Corps have made extensive modifications and operational changes to protect and mitigate the impacts

of the system's construction and continued operation on fish and wildlife. Since the 1980 Northwest Electric Power Planning and Conservation Act, Bonneville has invested billions of dollars in improved configuration and operation of the dams, as well as in offsite restoration efforts for the benefit of fish and wildlife sponsored by Tribes, states, and rural communities.

Bonneville recognizes that salmon, steelhead, and other native fish and wildlife species are particularly significant to Northwest Tribal communities and are an integral part of Northwest ecosystems. Bonneville is committed to working with Tribes in the region and alongside other Federal agencies and Northwest states on comprehensive and collaborative approaches to protect, mitigate, and enhance fish and wildlife populations that are affected by the construction and operation of the regional Federal hydropower system and to honor the Federal government's treaty and trust responsibilities to Tribal Nations.

Bonneville's fish and wildlife program has resulted in significant accomplishments for restoration of fish and wildlife habitat in the Columbia River Basin and for hatchery production to meet Tribal and state goals for harvest and rebuilding naturally spawning populations. Guided by the Columbia River Basin Fish and Wildlife Program of the Northwest Power and Conservation Council, and agreements under the Columbia Basin Fish Accords, the Upper Columbia Salmon Phase 2 Implementation Agreement, and the Columbia River Salmon Agreement, Bonneville funds over \$300 million in fish and wildlife project implementation each year. Since 2005, Bonneville-sponsored projects have:

- Improved more than 854,000 acres of habitat.
- Protected more than 1.2 million acres of land for wildlife and conservation.
- Restored or protected nearly 17,000 acres of estuary floodplain.

- Protected more than 49,000 acres for wildlife as focal species.
- Enhanced or restored 70 miles of estuarine tidal channels.
- Built eleven hatcheries.
- In the spring, downstream passage of juvenile salmon at each of the Mainstem Columbia and Snake River dams now achieve 96 to 99% survival rates.

These accomplishments represent significant collaboration with Tribal, state, and Federal agencies as well as, in many cases, with local communities.

In addition, last September, and prior to the Columbia River Salmon Agreement, Bonneville and other federal signatories entered into a memorandum of understanding and settlement agreement with the Confederated Tribes of the Colville Reservation, the Coeur d'Alene Tribe, and the Spokane Tribe of Indians related to the blocked area above Chief Joseph and Grand Coulee dams. Bonneville agreed to provide \$200 million over 20 years for these Tribes' second phase of studies to assess reintroducing specific non-Federally protected salmonid stocks above Chief Joseph and Grand Coulee dams in the upper Columbia River Basin.

The Columbia River Salmon Agreement of December 14, 2023, was signed by the U.S. Government, including Bonneville, the Confederated Tribes and Bands of the Yakama Nation, the Confederated Tribes of the Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation of Oregon, the Nez Perce Tribe, the State of Oregon, and the State of Washington, collectively referred to as the "Six Sovereigns," and a coalition of environmental advocacy groups led by the National Wildlife Federation.

Bonneville has already planned, through its fish and wildlife program, to add at least an additional \$20 million in combined capital and expense funding in Fiscal Years 2024 and 2025 for fish and wildlife efforts throughout the Columbia River Basin on top of its annual program funding and the September commitments to the upriver Columbia River Tribes. In the Columbia River Salmon Agreement, Bonneville's commitments include and are limited to:

- \$200 million over 10 years in additional capital funding will be available to be directly funded by Bonneville to the U.S. Fish and Wildlife Service for Lower Snake River Compensation Plan hatchery modernization, upgrades, and maintenance, as guided by the priorities of other fishery managers including the Six Sovereigns.
- An additional \$100 million in funding over 10 years for projects that contribute to the restoration of salmon and other native fish populations. To implement this commitment, Bonneville will provide an annual \$10 million payment to the Six Sovereigns in a manner to be agreed upon, to distribute to specific projects, as prioritized by the Six Sovereigns.
- Bonneville will initiate a pilot with the Six Sovereigns to expand the use of grant and multi-year agreements within the Six Sovereigns' portfolio of projects in Bonneville's fish and wildlife program as appropriate, based on the type of planned work. Implementation of the pilot will begin in Fiscal Year 2025 and would replace eligible, current agreements as they expire. Bonneville estimates that roughly a third of the current Six Sovereign portfolio could be applicable for the pilot.

The Columbia River Salmon Agreement also provides an agreement on hydropower operations over the term of the agreement which will benefit Bonneville customers and the regional economy.

The Columbia River Salmon Agreement also states: “Nothing in these USG commitments or any implementing agreement is intended to affect BPA’s reimbursement obligation regarding the Columbia River Fish Mitigation and O&M costs associated with the CRS project funds provided by the Corps or Reclamation. The USG and agencies, however, intend that all other funds committed by the agencies in support of the USG Commitments are non-reimbursable funds by BPA, whether or not expressly stated. The Federal agencies agree to coordinate before incurring any new reimbursable expenditure in support of the USG Commitments. In the event that Congress appropriates funds that require reimbursement by Bonneville for one of the specific USG Commitments identified in this document, and that type of reimbursement does not arise from BPA’s current reimbursement obligations, then that reimbursed amount will count toward Bonneville’s total \$300 million funding commitment.”

Bonneville’s preliminary rate assessment of these commitments is attached.

Bonneville is proud of its record of collaboration with regional partners to market the most carbon free power system in the U.S., promote energy efficiency, interconnect new clean energy resources, improve fish survival through the Federal Columbia and Snake River dams and to achieve additional benefits for fish and wildlife populations throughout the Columbia Basin ecosystem.

This concludes my testimony, Mr. Chairman, and I would be happy to respond to any questions.

ATTACHMENT

BPA PRELIMINARY RATE ASSESSMENT

DISCLAIMERS

The following analysis is a high-level assessment of the rate impacts of the Columbia River Salmon Agreement relative to existing rates. It is not a determination of the actual rate impacts of the Agreement in any year. Actual rate impacts may be higher or lower depending on the pace of execution of capital projects, inflation, depreciation, and the associated rate case cost forecast developed for the applicable year.

This analysis only reflects the specific cost identified in the Columbia River Salmon Agreement directly attributable to BPA. No other expenditures or commitments from other U.S. Government entities are included.

BPA assumes that the spending associated with the Lower Snake Compensation Plan will qualify for capitalization under accounting guidance. Each annual increment of spending is depreciated over 75 years, the rate for the existing hatcheries, for purposes of this analysis. BPA assumed that the spending will qualify for capitalization. The spending is assumed to be spread evenly over the duration of the program. Actual expenditures will depend on a subsequent agreement with the U.S. Fish and Wildlife Service and may occur at a different pace than assumed here.

High Priority CBRI refers to: "An additional \$100M in funding under the Bonneville Administrator's authority under 16 U.S.C. § 832a(f) over 10 years for projects that contribute to the restoration of salmon and other native fish populations. To implement this commitment, Bonneville will provide an annual \$10M payment to the Six Sovereigns in a manner to be agreed upon, to distribute to specific projects, as prioritized by the Six Sovereigns."

And Lower Snake Comp Plan refers to: "\$200M over 10 years in additional capital funding will be made available by Bonneville to the U.S. Fish and Wildlife Service (FWS) for Lower Snake River Compensation Plan (LSRCP) hatchery modernization, upgrades, and maintenance, as guided by the priorities of other fishery managers including the Six Sovereigns."

The Phase 2 Implementation Plan (P2IP) Associated Funding Agreements Estimate refers to BPA's commitment to developing long-term funding agreements with the Coeur d'Alene Tribe and Spokane Tribe of Indians. As those agreements are still in development, the costs are still preliminary, and the specifics are confidential. The final agreements and costs will be made publicly available once fully executed.

Columbia River Salmon Agreement

Columbia River Salmon Agreement										
(\$000s)										
	1	2	3	4	5	6	7	8	9	10
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
High priority CBRI										
Expense	10,000	10,247	10,500	10,751	11,009	11,273	11,539	11,806	12,075	12,345
Lower Snake Comp Plan										
Capital related costs	787	1,564	2,330	3,086	3,831	4,566	5,291	6,005	6,709	7,402
Total Change in Cost	10,787	11,811	12,830	13,837	14,840	15,839	16,830	17,811	18,784	19,747
Ops Ave. Revenue Increase	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net Cost	9,787	10,811	11,830	12,837	13,840	14,839	15,830	16,811	17,784	18,747
Percent Rate Change (%)	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Incremental Rate Impact (%)		0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
\$/MWh or mills/kWh impact	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Ave. Effective Tier 1 Rate \$/MWh 34.69	Ten Year Average Impact (%)			0.7						
Low Customer (\$/MWh) 25.79										
High Customer (\$/MWh) 40.15										

P2IP and Columbia River Salmon Agreement

P2IP w/Funding Agreements and Columbia River Salmon Agreement										
(\$000s)										
	1	2	3	4	5	6	7	8	9	10
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
P2IP	10,476	10,735	10,992	11,256	11,524	11,797	12,069	12,345	12,621	12,905
P2IP Associated Funding Agreements Estimate										
Expense	11,400	11,682	11,970	12,257	12,551	12,851	13,155	13,458	13,766	14,073
Capital related costs	935	1,849	2,741	3,612	4,461	5,289	6,095	6,880	7,643	8,385
High priority CBRI										
Expense	10,000	10,247	10,500	10,751	11,009	11,273	11,539	11,806	12,075	12,345
Lower Snake Comp Plan										
Capital related costs	787	1,564	2,330	3,086	3,831	4,566	5,291	6,005	6,709	7,402
Total Change in Cost	33,598	36,077	38,533	40,962	43,377	45,776	48,150	50,494	52,814	55,110
Ops Ave. Revenue Increase	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net Cost	32,598	35,077	37,533	39,962	42,377	44,776	47,150	49,494	51,814	54,110
Percent Rate Change (%)	1.6	1.8	1.9	2.0	2.1	2.2	2.4	2.5	2.6	2.7
Incremental Rate Impact (%)		0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.11
\$/MWh or mills/kWh Impact	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.9	0.9	0.9
Ave. Effective Tier 1 Rate \$/MWh 34.69										
Low Customer (\$/MWh) 25.79										
High Customer (\$/MWh) 40.15										
	Ten Year Average Impact (%)			2.2						