



Department of Energy

Bonneville Power Administration
P.O. Box 3621
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ENVIRONMENT, FISH AND WILDLIFE

March 19, 2002

In reply refer to: KEW-4

Mr. Frank L. Cassidy, Chairman
Northwest Power Planning Council
851 SW Sixth Avenue, Suite 1100
Portland, OR 97204-1348

Dear Chairman Cassidy:

Enclosed are Bonneville's funding decisions on the Mountain Columbia Province fish and wildlife mitigation and recovery proposals submitted through the Northwest Power Planning Council's (Council) Provincial Review. The Council provided their formally adopted funding recommendations to Bonneville on October 19, 2001. We are pleased that there is overall broad agreement on the funding priorities for the Mountain Columbia Province. With the aid of subbasin summaries, a suite of ongoing and new projects that will have substantial benefits for the fish and wildlife resources affected by the Federal Columbia River Power System (FCRPS) has been recommended for funding. These projects provide Bonneville with the opportunity to meet the goals of the Council's Fish and Wildlife Program, as well as obligations under the U.S. Fish and Wildlife Service's 2000 Biological Opinion (USFWS BiOp). The Council's project specific recommendations along with the ISRP's final recommendations have also provided project implementation guidance.

When Bonneville filed its comments on the Mountain Columbia Province in May 2001, we commented that the following eight projects were "Potentially Fundable After Completion of Subbasin Planning." The Council recommended funding for these projects in advance of subbasin planning. While Bonneville intends to move forward with implementation, at this time funding will be committed on a one-year basis. Out-year funding will be based on the project's specific deliverables, other qualifications and the overall status of subbasin planning within the Mountain Columbia Province as described below.

The eight projects are divided into two groups – the first of which we intend to partially fund at this time. The second group includes projects, which we intend to fully fund when the specific requirements described below are met. The first group includes a single project and Bonneville is working diligently with the project sponsor to clarify the project's scope and funding. The project is:

- *24018 Secure and Restore Critical Fish and Wildlife Habitat.* Bonneville will proceed with funding the watershed coordination and ongoing resident fish components of this project and project 24019 as recommended. We will work rapidly to resolve the issue surrounding the land acquisition portions of this project with the project sponsor. Limited land acquisition may be funded as focused on resident fish mitigation priorities consistent with resident fish loss assessments and mitigation plans for Hungry Horse and Libby. Funding of acquisition activities within the project will proceed as soon as this issue is resolved.

The second group includes seven projects that will receive full funding as recommended, but with the general and specific funding qualifications as described below.

- *24005 Smith Creek Restoration.* Although this project occurs in advance of subbasin planning, it appears that it will provide clear benefits to native fish species and will have a distinct planning and implementation phase with minimal out year costs. Bonneville will fund this project anticipating a 2002 planning and design phase and a 2003 implementation phase, with a small budget for monitoring and evaluation beginning in 2002 and continuing at least through 2006.
- *24012 Riparian Habitat Preservation, Weaver Slough and McWinegar Slough.* Bonneville requested documentation from the Council clarifying and confirming that this project addresses riparian protection/restoration for aquatic purposes with substantial benefits to bull trout and cutthroat trout. This is to avoid duplicating the obligation undertaken by the State of Montana for mitigation for construction and inundation losses to wildlife arising from Hungry Horse and Libby dams through the Montana Trust Agreement. Documentation has been provided referencing the record as established during the Provincial review process including the ISRP site visit. Bonneville is satisfied that this project can be implemented as resident fish mitigation consistent with the resident fish loss assessments and mitigation plans for Hungry Horse and Libby dams.
- *24015 Wetland/Riparian Protection, Restoration, Enhancement and Maintenance in the Coeur d'Alene Subbasin.* Bonneville intends to fund this project pending discussions with the project sponsor in the following areas. Any acquisitions that solely benefit wildlife must be credited to a hydro-project with quantified wildlife losses. All other acquisitions are to show a clear link to protection or restoration of fishery habitat or associated fish related water quality concerns. Portions of this project should be combined with ongoing project 1990-044-00, Implement Fisheries Enhancement on the Coeur d'Alene Reservation. Bonneville will work with the project sponsor to ensure that the M&E and I&E portions 24015 will be managed in coordination with 1990-044-00. In addition, acquisitions made under 24015 will be coordinated with the first phase of documentation and reporting on historical accomplishments of 1990-044-00.
- *24017 Restoring Bull Trout Habitat in the Blackfoot River's North Fork.* Bonneville believes this project will have substantial biological benefits to bull trout in the Blackfoot watershed and will proceed with implementation in advance of subbasin planning. We are concerned, however, that a subbasin summary was never completed for the Blackfoot and request that particular attention is paid to addressing this deficiency in subbasin planning.
- *24023 Purchase Conservation Easements from Plum Creek Timber Company (PCT) along the Fisher River.* Funding will be provided on a yearly basis, and only after project deliverables are verified. Bonneville will require assurances that prescribed land and water management activities (such as meeting water allocations in all years and flow conditions, and adherence to prescribed forest management practices) can be adequately enforced.
- *24008 Genetic Inventory of Bull Trout and Westslope Cutthroat Trout in the Pend Oreille Subbasin.* Bonneville believes this project will supply valuable information to the subbasin planning process. Consequently it will be important that the project is completed in a timely manner and that reports and recommendations are accessible to the subbasin planners for potential future project development.

- *24003 Acquire and Conserve High Priority Bull and Westslope Cutthroat Habitat in Trestle Creek.* Bonneville intends to fund this project as recommended.

Bonneville will fund eight projects as recommended to meet requirements of the USFWS's BiOp as described in the Action Agencies 2002 Annual Implementation Plan. These include:

- 199101903 Hungry Horse Mitigation
- 24009 Assess Feasibility of Enhancing White Sturgeon Spawning Substrate Habitat
- 198806400 Kootenai River White Sturgeon Studies and Conservation Aquaculture
- 198806500 Kootenai River Fisheries Recovery Investigations
- 199404900 Improving the River Ecosystem
- 199500400 Mitigation For The Construction and Operation of Libby Dam
- 24001 Lake Pend Oreille Predation Research
- 199404700 Lake Pend Oreille Fishery Recovery Project.

However, we note the following clarification on project 199404900 Improving the Kootenai River Ecosystem. This project contains elements that implement the USFWS BiOp and one element that is not within the scope of the BiOp. Objective 2, Arrow Reservoir fertilization will be funded, but not as a USFWS BiOp requirement. We believe that after the initial three year funding cycle Arrow Reservoir fertilization should be reviewed for a substantial cost share from B.C. Hydro before it is reconsidered for funding.

Bonneville acknowledges that in our comments of May 2001, we also identified 24010 Reconnection of Floodplain Slough Habitat to the Kootenai River and 24021 Implement Floodplain Operational Loss Assessment, Protection, Mitigation and Rehabilitation on the Lower Kootenai River Watershed Ecosystem as USFWS BiOp related projects. After subsequent review we have determined that these projects are not within the scope of the USFWS BiOp. However, Bonneville intends to fund the projects as recommended with the following qualifications.

- *24010 Reconnection of Floodplain Slough Habitat to the Kootenai River.* Bonneville intends to fund the feasibility phase of this project because it will fill an important information gap identified in the subbasin summary. Future funding will be based upon the M&E results of the feasibility phase and the results of subbasin planning.
- *24021 Implement Floodplain Operational Loss Assessment, Protection, Mitigation and Rehabilitation on the Lower Kootenai River Watershed Ecosystem.* Bonneville will fund the project as recommended but will explore the possibility of linking this project with proposal 24010 - Reconnection of Floodplain Slough Habitat to the Kootenai River to ensure that no redundancies exist between the projects.

Lastly, two ongoing projects will require special attention in their implementation.

- *199004400 Implement Fisheries Enhancement Opportunities on the Coeur d'Alene Reservation.* This ongoing project proposed a budget increase from \$728,000 in FY2001 to \$1,174,365 in FY2002. The expansion of funding will be phased in based on complete reporting of the historic project accomplishments and implementation status on all current project sites. In addition, expansion will be contingent upon development of a clear set of goals and objectives and a subsequent monitoring and evaluation plan to validate project hypotheses and measure results as

recommended by the Council. Habitat restoration should focus on completion of ongoing or previously planned projects and operation and maintenance of existing projects.

- *199608720 Focus Watershed Coordination in the Kootani River Watershed.* Bonneville's concern that the project sponsor had not adequately involved the entire watershed in this project has been addressed. At this time the Kootenai River Network is implementing on behalf of the project sponsor. Bonneville will assess project implementation success by the Kootenai River Network on an annual basis and will confer with the Council before authorizing funding for subsequent years.

The enclosed table presents the Mountain Columbia projects that appear in the Council's October 19, 2001, recommendations. The table identifies the Council recommended budget and also indicates whether or not Bonneville intends to fund the projects. Specific qualifications to funding are detailed in the letter above. Where Bonneville suggests a different FY02 budget, estimates of FY03 and FY04 funding levels are not presented but will be negotiated over the course of the fiscal year with council staff. Otherwise, at this point, Bonneville is assuming the same out-year budgets as has the Council, recognizing the potential for out-year budget changes based on changing Basin-wide priorities, as influenced by the Endangered Species Act and Subbasin Planning.

We hope that this information is helpful and, as always, are willing to discuss any issues that you may have with our decision for project funding in the Mountain Columbia Province. Please give me a call if you have any questions.

Sincerely,

/s/

Sarah R. McNary
Director for Fish and Wildlife

Enclosure

cc:

Ms. Jann Eckman, Columbia Basin Fish & Wildlife Authority
Mr. Bill Shake, U.S. Fish and Wildlife Service
Mr. Doug Marker, Northwest Power Planning Council