

2013-2014

FWCP ANNUAL REPORT

PEACE REGION



FISH AND WILDLIFE
COMPENSATION PROGRAM

The FWCP is a partnership of BC Hydro, the Province of B.C.,
First Nation, Public Stakeholders, and Fisheries and Oceans Canada.



2014

MESSAGE FROM THE BOARD CHAIR



On behalf of the FWCP-Peace Board, I welcome you to read our Annual Report for Fiscal Year 2014 covering the period April 1, 2013 to March 31, 2014. The FWCP-Peace program is dedicated to advancing objectives of the FWCP partnership – conservation, sustainable use and community engagement – in watersheds impacted by the initial construction of BC Hydro generation facilities in the Peace region.

Fiscal Year 2014 (F14) was a significant year for the FWCP-Peace with the development and completion of the Peace Basin Plan and six Action Plans through a strategic planning process. We formed the Strategic Planning Working Group to guide our activities to identify priorities for the future and we convened meetings to seek input to those plans with agencies, First Nations, Public and educational institutions through fish and wildlife technical working group meetings, First Nations Working Group meetings, public meetings in communities in the region and an on-line survey.

We initiated the first call for application funding in November 2013 using a sub-set of draft action priorities while

continuing to finalize the Basin and Action Plans, and we received strong support and interest from proponents who submitted a total of 38 applications. Proponents demonstrated a diverse interest in carrying out project activities that would contribute to fish and wildlife research, habitat enhancement, educational outreach and data collection in support of conservation. The Board approved seven projects that aligned with our defined priorities. Available funds that were not allocated in the funding cycle remain available for allocation through future proposal calls.

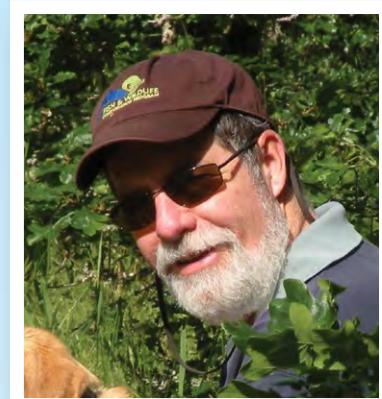
First Nations participation has been clarified through the establishment of the First Nations Working Group and greater presence on the Board. In addition, we completed the FWCP Governance Manual that provides clear guidance on the roles and responsibilities of members and how the Board, technical committees and First Nations Working Group will function.

Many thanks need to be said this year to all those who contributed to the Program through participation in the strategic planning process at technical,

public, First Nations Working Group and Strategic Planning Group meetings, and to those who submitted advice by survey. Board members put in an extra effort as they played a key role in directing the activities throughout the year. Additional thanks go to the interested applicants who worked with us as we initiated our first application intake process and learned along the way. We now have established priorities and a program structure in place to deliver on our vision of thriving fish and wildlife populations, in healthy and sustainable ecosystems.

Yours truly,

Ted Down
FWCP-Peace Board Chair



1. ORGANIZATIONAL OVERVIEW

INTRODUCTION

The Fish and Wildlife Compensation Program (FWCP) was established to compensate for the impacts resulting from the construction of BC Hydro dams by conserving and enhancing fish and wildlife in the Peace, Columbia and Coastal

regions of British Columbia. The Program operates as a partnership between BC Hydro, the Province of BC, Fisheries and Oceans Canada (DFO), First Nations, and the Public including local communities, organizations and groups.

The FWCP has invested more than \$118 million and delivered more than 1,600 projects that increase understanding and conserve and enhance fish, wildlife and their supporting habitats affected by the creation of BC Hydro owned and operated generation facilities in the Coastal, Columbia and Peace regions of British Columbia.

The Peace program was established in 1988 to support the conservation and enhancement of fish, wildlife and habitat in watersheds impacted by the footprint created by the impoundment of the Peace River and creation of the Williston and Dinosaur reservoirs (Figure 1). In the Peace and Columbia regions, the Program is in place as a mechanism to implement conditions in BC Hydro's water licenses issued under the provincial Water Act.

This Annual Report provides an overview of the activities of the FWCP-Peace for Fiscal Year 2014, covering the period April 1, 2013 to March 31, 2014, including a report on financial performance, project funding summary, alignment of the year's work with strategic objectives, and some highlights from the year.

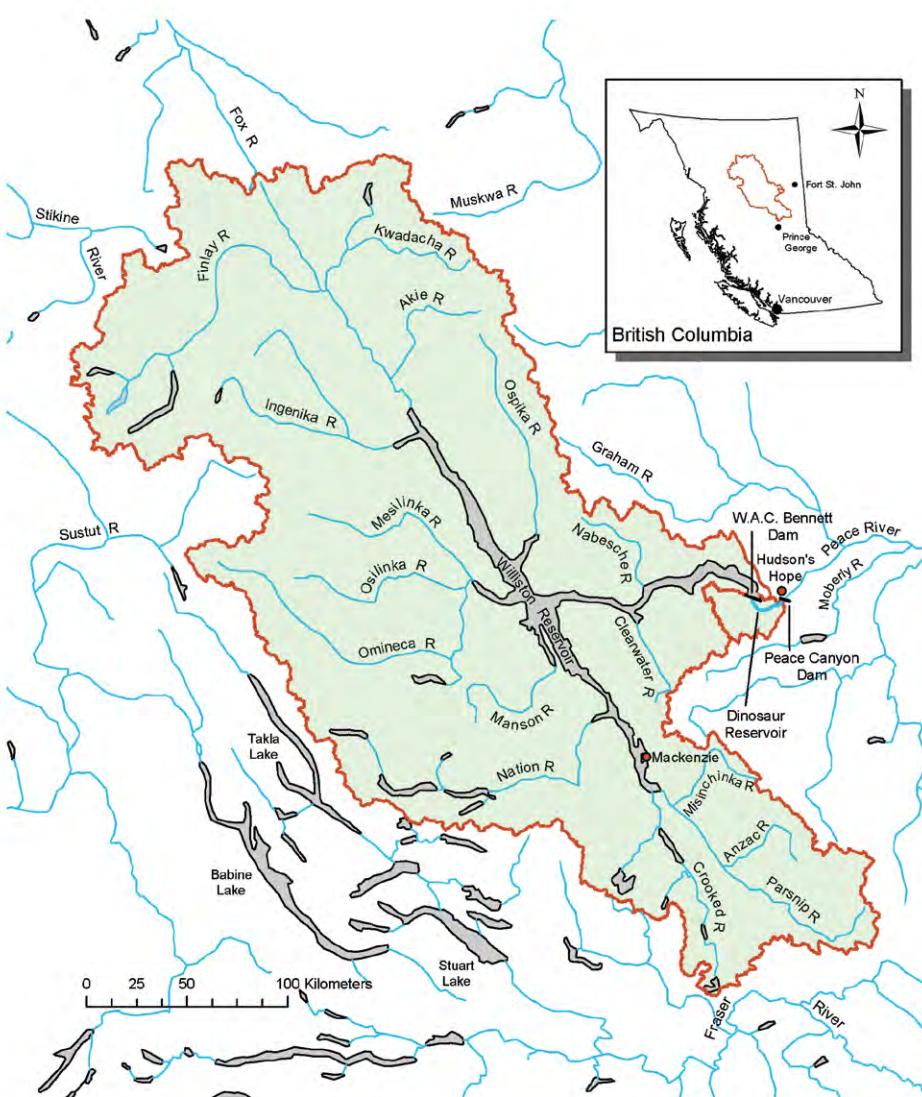


Figure 1.1 – Peace Program Area Map



FWCP-Peace Board

GOVERNANCE

The FWCP is governed through a framework that recognizes the regulatory accountabilities of the agency partners (BC Hydro, the Province of BC and DFO) and ensures active participation and input from First Nation and Public partners. Specifically, each region has a Board to provide local oversight to the planning and implementation of the FWCP at the regional level and to make local decisions on strategic priorities and on annual expenditures and investments by the Program. The FWCP governance document can be found on the Program website at FWCP.ca.

In F14, the FWCP-Peace added eight new First Nations members to the Board and one additional Public member bringing the total to sixteen members representing First Nations, the Public, Province of BC and BC Hydro. The Board members are:

FIRST NATION REPRESENTATIVES

- Luke Gleeson, Tsay Keh Dene
- Teena Demeulemeester, Saulteau
- T. Rosemarie Sam, Nak'azdli
- Alec Chingee, McLeod Lake
- Luke Vince, Kwadacha
- Cec Heron, West Moberly
- Robin Tsakoza, Prophet River
- Alveena Acko, Doig River
- Jason Lee, Treaty 8 Tribal Association

PUBLIC REPRESENTATIVES

- Debbie Beattie, Public
- Michael Nash, Public
- Ross Peck, Public

AGENCY REPRESENTATIVES

- Ted Down, (Chair), Ministry of Environment
- Norm Bilodeau, Ministry of Forests, Lands and Natural Resource Operations
- Patrice Rother, BC Hydro
- Rian Hill, BC Hydro

The Board reports to the Policy Committee, representing the federal and provincial government regulators (DFO and the Province) and BC Hydro, which exists to allow the Agencies to provide oversight on a range of fish and wildlife-related issues relevant to BC Hydro including but not limited to the FWCP.

The Policy Committee members are:

- Edie Thome, Director of Environmental Risk Management, BC Hydro
- Mark Zacharias, Assistant Deputy Minister, BC Ministry of Environment
- Bonnie Antcliffe, Regional Director Pacific Region, DFO.

In F14 the Board was supported by two Technical Committees, one for wildlife projects, and one for fish projects. The primary roles of the Technical Committees are to provide a technical advisory role including provide fair and objective technical review, evaluation and ranking of fish and wildlife project proposals; support the development of strategic plans; assist in the development and oversight of directed projects; and provide advice on the effective implementation of action plans.

In each region, program management and operations are implemented by a full-time Program Manager who administers all aspects of program delivery including contribution agreements and contracts. During F14, the FWCP-Peace Program Manager was Dan Bouillon. The Program Administrator for all three FWCP regions was Lorraine Ens.

2. FWCP'S STRATEGIC FRAMEWORK

The FWCP uses a strategic framework to guide overall planning for compensation investments. The framework (Figure 2.1) has guided the development of strategic plans (Section 3) for each watershed within the FWCP program area, which are in turn informing action plans that focus on specific priorities within each watershed.

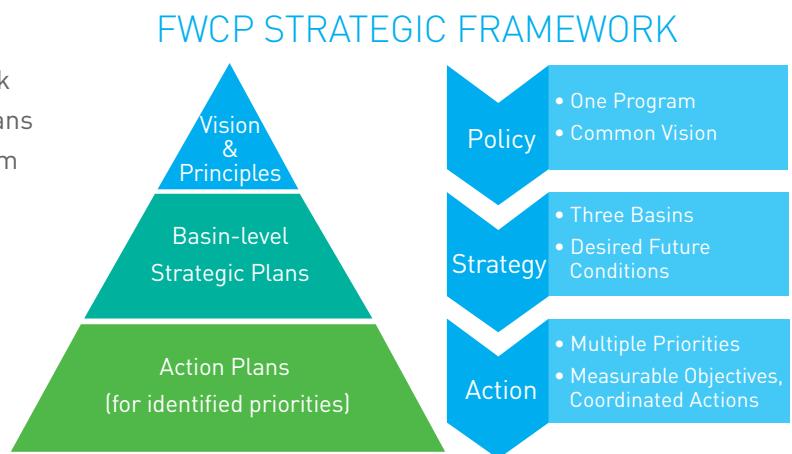


Figure 2.1: Relationship between the FWCP Strategic Framework, Watershed and Action Plans.

VISION

Thriving fish and wildlife populations in watersheds that are functioning and sustainable.

- An effective program will support the maintenance of healthy fish and wildlife populations in basins significantly altered by hydroelectric development. Actions taken should satisfy both the conservation and sustainable use objectives and, where possible, restore ecosystem function, making species more resistant to emerging pressures such as climate change.

MISSION

The FWCP compensates for the impacts to fish, wildlife and their supporting habitats affected by BC Hydro owned and operated generation facilities.

3. FWCP STRATEGIC OBJECTIVES AND STRATEGIC PLANS

3.1 STRATEGIC OBJECTIVES

The strategic objectives for the Fish and Wildlife Compensation Program reflect a synthesis of the core objectives and mandates of the partner agencies as they relate to mitigating impacts associated with hydro-power generation in British Columbia:

Conservation

- Maintain or improve the status of species or ecosystems of concern.
- Maintain or improve the integrity and productivity of ecosystems and habitats. This addresses the concept of ecosystem integrity, resiliency and the functional elements of ecosystems, including efforts to optimize productive capacity.

Sustainable Use

- Maintain or improve opportunities for sustainable use, including harvesting and other uses. This objective focuses on the Program's role in restoring or enhancing the abundance of priority species and in providing information to resource management decision makers related to providing opportunities for harvesting and other uses. Harvesting includes First Nations, recreational and commercial harvests. Other uses may include cultural, medicinal, or non-consumptive uses such as wildlife viewing.

Community Engagement

- Build and maintain relationships with stakeholders and aboriginal communities. This objective stems from BC Hydro's social responsibility policy, the provincial Ministry of Environment's shared stewardship goal and the approach of Fisheries and Oceans Canada's Stewardship and Community Involvement Program. This recognizes the importance of engaging aboriginal communities, local stakeholders, and other interest groups to contribute toward making good decisions and delivering effective projects.



3.2 STRATEGIC PLANS

The FWCP-Peace strategic planning process was a primary focus of the Program in F14 and resulted in the completion of the Peace Basin Plan and six Action Plans. Compass Resource Management, Ecofish Research and Ecologic Research supported the stakeholder and First Nations engagement process and development of the Plans. The Action Plans provide direction, and identify areas of focus in the FWCP-Peace, for the next five years. The Plans are considered living documents that will be reviewed and refined as required on an ongoing basis, as determined by the Board. The Plans can be found on the Program web site at FWCP.ca.

Action Plans:

- Streams;
- Reservoirs;
- Lakes;
- Uplands;
- Riparian and Wetland; and
- Species of Interest.

The process to initiate Peace strategic planning began with a kick-off scoping meeting in the previous year (October 2012) and was followed in F14 with a series of workshops designed to engage interested parties in dialogue to identify Program priorities for the future. A brief chronology of the process is provided below:

- A scoping workshop to initiate FWCP-Peace strategic planning was held October 29-30, 2012 in Prince George.
- A Strategic Planning Group (SPG) was formed which met an additional two times in April and July 2013. The SPG was composed of representatives from eight First Nations and the Treaty 8 Tribal Association, Public representatives from Prince George and Hudson's Hope, and representatives from MOE, FLNRO, BC Hydro and DFO (observer).
- The Fisheries Working Group and Wildlife Working Group were formed, made up of provincial agency, BC Hydro and First Nations representatives. Each of these groups met two times in May and June 2013 to develop, review and assess priority actions and projects.
- The First Nations Working Group met two times in April and June 2013 to develop, review and assess priority actions and projects. Two additional meetings were held in May and July 2013 with Board members to establish roles and responsibilities of the FNWG and review governance.
- A public session workbook was developed and public meetings were held in Prince George, Mackenzie and Hudson's Hope June 4, 5 and 6, 2013, respectively.
- A public survey was developed and advertised through various media and results incorporated in the public session discussions.
- First drafts of the Basin and six Actions Plans were delivered in September 2013, the final drafts were delivered by the consultants in December 2013. The FWCP-Peace Board reviewed the Plans and gave final approval March 31, 2014. The Plans will be reviewed by the Policy Committee and will guide the Program's priorities after endorsement.

The Peace Basin and Action Plans complete the strategic framework envisioned in Figure 2.1 and align planning and program delivery in the Coastal, Columbia and Peace regions. The Basin Plan sets forth the strategic direction for the Fish and Wildlife Compensation Program in the Peace region. In brief, it outlines the Program's vision, principles, policy context and strategic objectives that form the foundation of the FWCP. Supporting the Basin Plan are the six Action Plans that identify a priority-setting process with associated actions. When the **Basin and Action Plans** are combined, they present the priorities for investments in compensation activities within the Peace Basin.

4. REPORT ON PERFORMANCE

4.1 RESULTS OF THE FIRST PEACE PROJECT APPLICATION INTAKE

The Program's first project application intake deadline under the new delivery model was November 28, 2013. Prior to the completion of the Basin and Action Plans, the FWCP-Peace Board approved a Priority Action Table in September to provide proponents with guidance and direction on a sub-set of the Program's key developing priority actions. Proponents were instructed to align their project applications with the priorities identified in the Priority Action Table. The Board chose this interim step to build the proponent awareness base and initiate the new delivery model, acknowledging that the first intake to be guided by completed Basin and Action Plans would occur in F15.

Thirty-eight applications were received by the November 28, 2013 deadline representing a diverse range of interests including the province of BC, First Nations, non-profit societies, conservation groups, university and consultants. Review criteria were developed and the applications evaluated by the Program Office, the Fish or Wildlife Technical Review Committee and the First Nations Working Group, with final decision made by the Board February 19-20, 2014.

In its first year of project application review the Board carefully reviewed the proposals and selected a small set of projects for approval that clearly aligned with the Priority Action Table, demonstrated partnership and adequate communication with First Nations and local communities and were of a high technical quality with high likelihood of success. Seven project applications were approved for a total investment of \$248.8K. These results will be reported on in the F15 Annual Report.

4.2 FINANCIAL REPORT

The FWCP is funded by BC Hydro through a notional fund which is indexed to the consumer price index. For Fiscal Year 2014 (F14) spanning the time period April 1, 2013 to March 31, 2014, the annual funding allotment through the notional fund for FWCP-Peace was \$1.41M.

Each year, current annual funding is allocated by the FWCP-Peace Board toward fish and wildlife projects and other Program costs. In F14 these other costs included administrative (e.g. salaries, travel, office, communication, safety and warehouse), community engagement (e.g. consultation and partnership, donations), annual planning (committee costs) and strategic planning (e.g. consultant fees, meeting costs for Strategic Planning Group, FNWG, Fish and Wildlife Technical Working Groups and public meetings). Any unallocated funds are carried forward ("unspent surplus budget"), and available for new spending in future fiscal years.

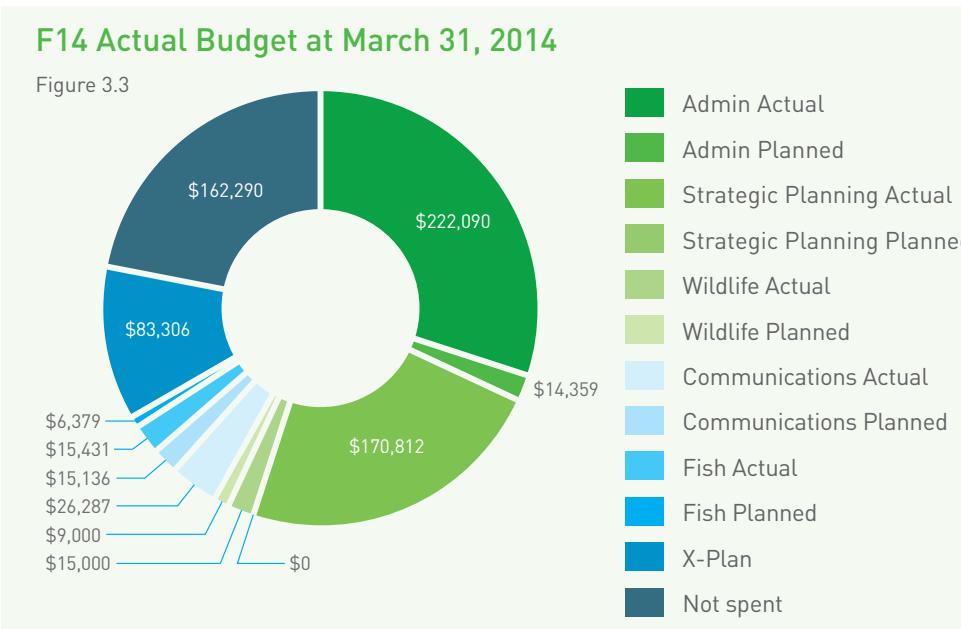
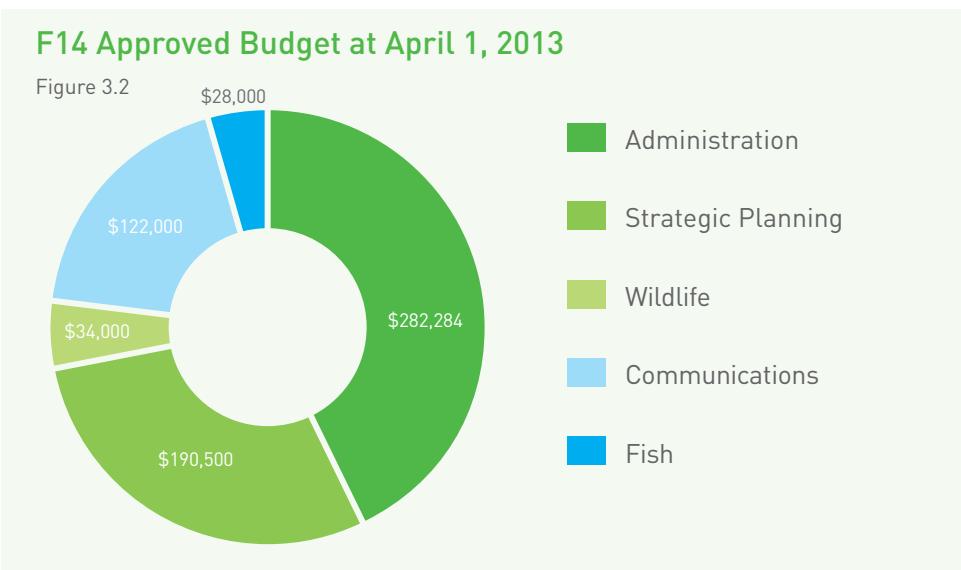
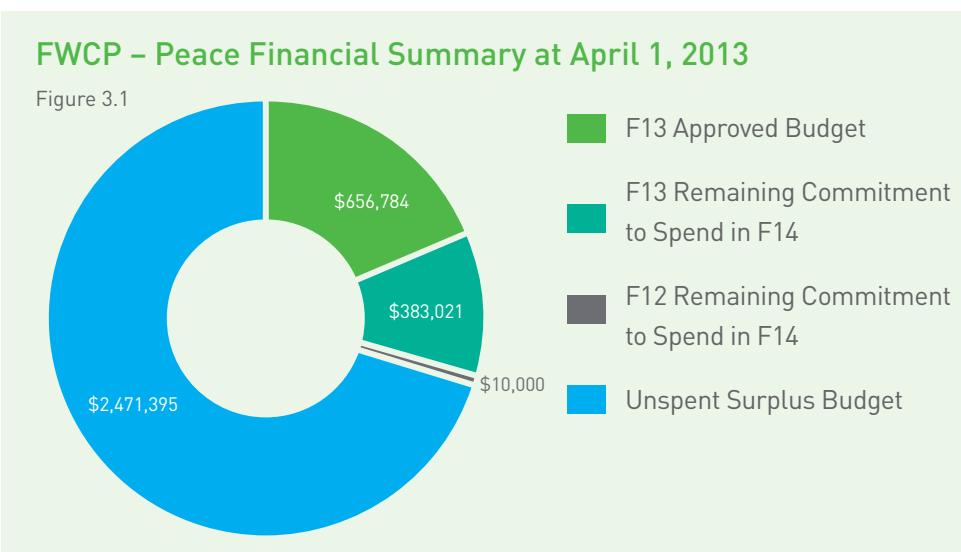
Similarly, not all allocated funds are expended by the end of a given fiscal year, due to the seasonal nature of the field-based projects. The difference between planned spend and actually spent funds ("committed funds") are carried forward as a liability on the balance sheet and remain available for spending on the respective committed projects to ensure payment in full. All allocated funds are associated with the fiscal year in which the spending was approved, and tracked separately. In F14 the FWCP-Peace had a primary focus to implement the new delivery model through the development of a strategic plan so project investment was mostly limited to the continuation or completion of projects with existing historical investment.

The FWCP-Peace financial summary at the start of F14 (April 1, 2013), is illustrated in Figure 3.1 and shows a Board-approved budget of \$656.8K. Project funding was restricted primarily to continuing investment in ongoing projects, not starting new projects, until strategic planning identified new program priorities. Funding commitments from previous years include \$383K for F13 and \$10K for F12. At the start of the year there was an unspent surplus of \$2.471M. The unspent surplus is expected to grow until strategic planning is complete and there is new investment in identified priorities.

Figure 3.2 illustrates a breakdown of the approved F14 budget at the start of the fiscal year. Funding was allotted primarily toward strategic planning (including consultant fees, and support for participation from committees, the public and First Nations), administration, communications and support for ongoing investments in fish and wildlife projects. A complete project list for F14 is found in section 4.3.

As the focus this year was on completion of the strategic planning, supporting ongoing investments and minimizing other project activity, at the start of F14 the Board approved spending of 47% of the annual available funds (\$656.8K out of \$1.41M). As total administrative costs are somewhat fixed, they represent a larger proportion of the total annual budget (40%) than a typical year when it would be expected that most of the available funds are allocated.

Figure 3.3 illustrates Program expenditures up to fiscal year-end,



March 31, 2014 ('actual' amounts) compared to the planned spending, and indicates the total amount of the budget that will not be spent. During the year additional expenditures were identified and approved by the Board and are identified as 'x-plan'. The x-plan approved costs were for a Bull Trout Redd Count (\$34,700), Moose Collar Purchase (\$63,000), Prince George Warehouse Equipment Move (\$5,000) and Peace Canyon Warehouse Space Construction (\$4,100) for a total x-plan of \$106,800 of which \$83,306 was spent by March 31, 2014.

It should be noted that Figure 3.3 represents a "snapshot" in time of actual expenditures, as these values will change over the following months as F14 approved projects become finalized and final payments are issued. Any funds not spent during the fiscal year will be carried forward as unspent surplus budget and made available for future new project spending.

Table 4.1 provides a summary of expenditures and charges up to fiscal year-end March 31, 2014 (including x-plan) by major budget category, and shows the expected or planned payments and the resulting unspent funds. A total of 7% (\$53,962 out of \$763,584) of the total budget (including x-plan) was not spent by March 31 but expected to be invoiced in subsequent months. An additional 23.1% (\$176,696 out of \$763,584) was not spent and not planned to be spent, representing cost savings. These cost savings were achieved primarily in Administration and Strategic Planning. The saved costs in the Communications category are primarily due to a shift in program strategy during the year to carry out communications in-house rather than hire a consultant (\$75,000).

Table 4.1: F14 Actual Budget at March 31, 2014

Fund Category	F14 Approved Budget	Paid up to March 31, 2014	Planned Payments ¹	Unspent Funds ²
Fish	\$28,000	\$15,431	\$6,379	\$6,190
Wildlife	\$34,000	\$15,000	\$9,000	\$10,000
Administration	\$282,284	\$222,090	\$14,359	\$45,835
Strategic Planning	\$190,500	\$170,812	\$0	\$19,688
Communications	\$122,000	\$26,287	\$15,136	\$80,578
SUB-TOTAL	\$656,784	\$449,619	\$44,874	\$162,290
X-Plan	\$106,800	\$83,306	\$9,088	\$14,406
TOTAL	\$763,584	\$532,925	\$53,962	\$176,696

Note 1: Planned payments represent expected invoices for approved, ongoing projects that have not yet submitted final reports by March 31st.

Note 2: Unspent funds are carried forward and available for next fiscal year.

4.3 F14 LIST OF PROJECTS AND GRANT RECIPIENTS

As F14 was a year focused on the completion of the strategic planning, development of the Basin and Action Plans and development of the process for the first project application intake the only projects supported were those that were of an ongoing nature and represented a continuing investment. Table 4.2 provides a listing of the projects selected for funding during F14.

Table 4.2: F14 Projects and Grant Recipients

Project Description	Lead Applicant	Region ¹	FWCP Investment
UNBC Lecture Series	University of Northern BC	All	\$4,500.00
Peace Strategic Plan Completion	Compass Resource Management	All	\$78,000.00
Fish Stocking - 5 Lakes	Freshwater Fisheries Society of BC	PS	\$18,000.00
FWCP Project Completion and Data Mgmt	D. Cowie Consulting	All	\$10,000.00
Moose Collar Data Acquisition Extension	Ministry FLNRO	FL	\$4,000.00
Project Report Provincial Website Upload	Ministry of Environment	All	\$6,800.00
Mackenzie Migratory Bird Banding	Mackenzie Nature Observatory	PS	\$15,000.00
Bull Trout Redd Count	Ministry FLNRO	All	\$34,700.00
Moose Collar Purchase	Ministry FLNRO	All	\$63,000.00
TOTAL			\$234,000.00

¹ Region: FL = Finlay; PS = Parsnip; PC = Peace; DS = Dinosaur

Ministry FLNRO = Province of BC Ministry of Forests, Lands and Natural Resource Operations