Bruce A. Measure Chair Montana

Rhonda Whiting Montana

W. Bill Booth Idaho

James A. Yost Idaho



Dick Wallace Vice-Chair Washington

Tom Karier Washington

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Council Meeting Portland Oregon

January 12-13, 2010

Minutes

Bill Booth called the meeting to order at 1:40 p.m. on January 12th and adjourned it at 10:45 a.m. on January 13th. All members were present.

Reports from Fish and Wildlife, Power and Public Affairs committee chairs:

Rhonda Whiting, chair, fish and wildlife committee; Melinda Eden, chair, power committee; and Dick Wallace, chair, public affairs committee.

Rhonda Whiting reported that the Fish and Wildlife Committee received an update on the RM&E categorical review and fast-track Biological Opinion (BiOp) project review process and discussed the draft fish and wildlife program monitoring, evaluation, research, and reporting framework. We also had a presentation on the Kootenai River Habitat Restoration Project and an update on Idaho's plan to develop a new sockeye salmon production hatchery, she said, and the committee made decisions on eight Columbia Basin Fish Accord proposals.

Melinda Eden reported on two Power Committee meetings, one held by teleconference on January 8. At the January 8 meeting, the committee discussed updated CO₂ risk scenarios, the power plan's needs assessment, and conservation supply curves and measures. At its regular meeting, the committee had an update on the wholesale power price forecast, scenarios to meet certain carbon targets, and the resource strategy, Eden noted. She said the committee is planning to meet once or twice by phone before the Council's February meeting.

Dick Wallace reported that the Public Affairs Committee is working on the next issue of the Council Quarterly and that the document on the history of energy efficiency is almost done. He noted that the comment period on the Council's annual report to Congress will end on February 28.

1. Discussion on Kootenai River Habitat Restoration Project #2002-002-00: Sue Ireland, Kootenai Tribe of Idaho; Greg Delwiche, Bonneville Power Administration; and Frances Coffey, U.S. Army Corps of Engineers.

Greg Delwiche and Holly Harwood of Bonneville kicked off an update on the progress of the Kootenai River Habitat Restoration Project. Harwood described the project, noting the Kootenai River white sturgeon was listed as endangered in 1994. The recovery plan priority actions, she said, include flow augmentation, conservation aquaculture, and re-establishing suitable habitat conditions to increase survival past the egg/larval stage. Bonneville has funded actions through the Council's fish and wildlife program in the amount of about \$7 million annually, Harwood noted.

She recounted the history of the Libby Dam BiOps, starting in 1995, noting there have been three BiOps. Harwood said the most recent Reasonable and Prudent Alternative (RPA) addresses operations to achieve temperature, depth, and velocity attributes, a spill test if needed, operational and structural improvements for water release temperature management, and support for the Kootenai Tribes' efforts to implement the Kootenai River Habitat Restoration Project master plan.

Sue Ireland of the Kootenai Tribe of Idaho described the restoration project and master plan, which analyzes limiting factors and presents specific restoration strategies for each river reach. She said the plan would be carried out in three phases, starting in 2012. Ireland described funding for the project, noting it is also phased. Phase 1 funding from 2010 to 2013 will come from the Council's fish and wildlife program and from the Corps of Engineers' Section 1135 program, she said.

Beth Coffey of the Corps described the agency's Section 1135 environmental restoration projects. She noted the cost-sharing elements of the program and how Section 1135 funds would contribute to the Kootenai River Habitat Restoration Project.

Ireland reported favorable Independent Scientific Review Panel (ISRP) comments about the project. She also said the project will not have to go through the Council's three-step review process and that the tribe is preparing new proposals for the Council to consider.

Karier asked how current recovery efforts are going and whether the problem was "being narrowed down." We have found that fish we released at one to two years old have survived very well, Ireland said. We didn't have as much success with fish released at a smaller size, and this project will help address that, according to Ireland.

2. Council decision on Project Reviews:

Mark Fritsch

Staffer Mark Fritsch presented funding requests for eight Columbia Basin Fish Accord projects.

 Project #2007-007-00, Determine Status and Limiting Factors of Pacific Lamprey in Fifteenmile Creek and Hood River subbasins, Oregon The first, he said, is from the Confederated Tribes of the Warm Springs Reservation of Oregon (CTWSRO) for \$2,540,388 from FY 2008 through 2017 to determine the status and limiting factors of Pacific lamprey in the Fifteenmile Creek and Hood River subbasins. Fritsch pointed out that the ISRP suggested the project incorporate a study of toxic contaminants as a limiting factor in lamprey production.

Eden asked about statements indicating that some future decisions with respect to the project would be "taken care of in contracting" at Bonneville. I think water contamination is an issue that should be addressed, she said.

Staffer Tony Grover described other efforts dealing with limiting factors and lamprey restoration that are coming up in the region in the future, including work by the Columbia River Inter-Tribal Fish Commission. We all recognize that contaminants are a major issue, and this project is part of a much larger set of projects, he said.

Whiting explained what Bonneville has said about how it will deal with issues to be addressed in contracting for the projects. The question is how to ensure follow-through and find out if things have been taken care of, she stated.

Measure moved that the Council recommend that Bonneville fund Project 2007-007-00, Determine Status and Limiting Factors of Pacific Lamprey in Fifteenmile Creek and Hood River Subbasins, as presented by staff and recommended by the Fish and Wildlife Committee. Eden seconded, and the motion passed.

- Project #2008-904-00, Salmon River Basin Nutrient Enhancement
 Fritsch said the second project is for \$2,650,845 from FY 2009 through 2017 requested by the
 Shoshone-Bannock Tribes to assess the effectiveness of nutrient enrichment treatments in upper
 Salmon River subbasin streams. Measure moved that the Council recommend that Bonneville
 fund Project 2008-904-00, Salmon River Basin Nutrient Enhancement, as presented by staff and
 recommended by the F&W Committee. The recommendation is conditioned on coordination
 between the project sponsor and Idaho Dept. of Fish and Game (IDFG) with respect to ISS and
 ISEMP, and IDFG nutrient projects. Any project-related issues between the project sponsor and
 IDFG that cannot be resolved are to be returned to the Council for further consideration and
 action. Whiting seconded, and the motion passed.
- **Project #2008-111-00** (70k PDF), *Twin Lakes Enhancement Proposal*Fritsch said the third project is for \$2,000,816 from FY 2008 through 2017 requested by the Confederated Tribes of the Colville Reservation to improve summer habitat for native redband trout in the Twin Lakes by enhancing dissolved oxygen levels in bottom waters. Measure moved that the Council recommend that Bonneville fund Project 2008-111-00, Twin Lakes Enhancement, as presented by staff and recommended by the F&W Committee. Joan Dukes seconded, and the motion passed.
- Project #2009-009-00, Basinwide Supplementation Evaluation Phase I
 Fritsch said the fourth project is for \$7,922,849 from FY 2008 through 2017 requested by
 CRITFC to support recommendations from the Ad Hoc Supplementation Workgroup for a basinwide evaluation of the long-term effects of hatchery supplementation on the productivity of naturally spawning anadromous salmonid populations. Measure moved that the Council

recommend that Bonneville fund Project 2008-009-00, Basinwide Supplementation Evaluation, as presented by staff and recommended by the F&W Committee. Dukes seconded, and the motion passed.

Project #2009-002-00, Yakama Nation Status and Trend Annual Report (STAR)

Fritsch said the fifth project is for \$2,631,356 from FY 2008 through 2017 requested by the Yakama Nation to support mitigation described in the 2008 BiOp and the Council's F&W program by annually reporting progress toward salmon recovery efforts relevant to the Columbia Cascade province. Measure moved that the Council recommend that Bonneville fund Project 2009-002-00, Status and Trend Annual Reporting, as presented by staff and recommended by the F&W Committee. Whiting seconded, and the motion passed.

- Project #2009-001-00, Expanded Multi-Species Acclimation in the Wenatchee/Methow Basins

Fritsch said the sixth project is for \$4,845,345 from FY 2008 through 2017 requested by the Yakama Nation to develop an expanded acclimation program for existing spring chinook and steelhead hatchery mitigation programs in the Wenatchee and Methow basins. Eden asked about the acclimation ponds, and Fritsch explained that the idea is to explore the use of multi-species acclimation. Eden asked why the project did not trigger the step review process, and Fritsch said it is because it is an existing production project.

How long will it take to know if multi-species acclimation works? Eden asked. In 2014, we'll have a performance check-in, Fritsch replied.

Eden noted this is another project where some questions from the ISRP are being "bumped into the 'we'll handle it with contracting bin." Grover noted that when the Council does geographic project reviews, it will look at the multi-species projects. The PUDs and others in this geographic area have paid for tracking salmonids in the system, and "we'll have more data than we know what to do with," he said.

What the Council is saying is that we want to see accountability with these projects, said Booth. We are putting a lot of faith in Bonneville's Taurus system, he added.

Measure moved that the Council recommend that Bonneville fund Project 2009-001-00, Expanded Multi-Species Acclimation in the Wenatchee/Methow Basins, as presented by staff and recommended by the F&W Committee. Wallace seconded, and the motion passed.

- **Project #2008-458-00**, *Upper Columbia Kelt Reconditioning Program*Fritsch said the seventh project is for \$5,661,448 from FY 2008 through FY 2017 requested by the Yakama Nation to enhance the abundance and life-history diversity of naturally produced steelhead in the Upper Columbia River by taking advantage of their unique ability to repeat spawn. He explained the project proposes to recondition post-spawned steelhead (kelts) in captivity under a long-term treatment program, monitor them, release them to spawn naturally, and track their post-release contribution to natural spawner abundance.

The ISRP did not provide a favorable review of the project and said that the benefits of such a project are not established and that it is uncertain whether this fish culture technique can rehabilitate steelhead kelts that reproduce successfully in the natural environment, Fritsch noted.

Staff is recommending that the proposal proceed and that there be a check-in in 2014, he said. Fritsch described five reasons the staff thinks the project should be funded. One is that, by collaborating with other PUD-funded studies, it is a chance to address some of the remaining uncertainties regarding the reproductive success of long-term reconditioned kelts. Another, he noted, is that the project proposes to recondition natural-origin, Endangered Species Act-listed broodstock at Wells hatchery that otherwise would have been killed at the time of spawning. This project "beats burying these fish," according to Fritsch.

The F&W Committee discussed this project extensively, Booth noted. Council members have concerns, but the committee voted to approve it, he said. The Yakama Nation has the premier experts on reconditioning, and these experts want to give it a shot, Grover added. Steve Parker, on behalf of the Yakama Nation, described more about the project's studies.

This project needs to happen, Karier said. I have major concerns, Eden stated, noting that a similar project done by the Yakamas downstream had raised ISRP concerns. If it hasn't worked lower down, why would it work upstream? she asked. In this project, we don't propose short-term reconditioning -- we are proposing long-term reconditioning which has shown to be successful, Parker replied.

By statute, we have an ISRP to make recommendations to us, Eden said. "It pains me" to see a memo indicating the ISRP says one thing and that our staff believes differently, she added.

It's good that we are struggling with this, said Wallace. The question is what is an acceptable level of risk, and that's a policy call, he noted. It's important to recognize this is risky and also to look at the risk of not doing it, he said. I favor doing it, Wallace added. Tom Scribner, representing the Yakamas, read excerpts from the BiOp about the project and noted that NOAA's National Marine Fisheries Service recognizes that kelt reconditioning is in a developmental phase.

Measure moved that the Council recommend that Bonneville fund Project 2008-458-00, Upper Columbia Kelt Reconditioning Program with a performance check-in in 2014, as presented by staff and recommended by the F&W Committee. Karier seconded, and the motion passed.

- Project #2008-301-00, Deschutes River Restoration Program

Fritsch said the eighth project is for \$3,087,532 from FY 2008 through 2017 requested by the CTWSRO to improve habitat for all aquatic species, along with holistic watershed restoration aimed at factors limiting salmonid production, in the Deschutes River subbasin. He explained that the ISRP found the project did not meet scientific review criteria and suggested a new proposal with additional information be submitted.

Staff recommends that Bonneville and the project sponsor work to develop and resubmit for further ISRP review a revised proposal during FY 2010, Fritsch said. Are we giving them another chance to write a proposal? Eden asked, and the answer was yes.

Measure moved that the Council recommend that Bonneville continue work with the CTWSRO to develop an overarching habitat restoration plan for the Warm Springs Reservation that addresses concerns raised by the ISRP, noting that future implementation recommendations will be dependent on favorable ISRP review. Wallace seconded, and the motion passed.

3. Update on RM&E category review and fast-track process:

Lynn Palensky, Program Planning and Special Projects Coordinator.

Staffer Lynn Palensky gave an update on the research, monitoring, and evaluation (RM&E)/artificial production categorical review of F&W projects, as well as the review process for fast-track BiOp projects. The Council has begun a process to review F&W projects for funding in FY 2010 and beyond, which will start with a categorical review of projects that are similar in nature and intent, and it will be followed by a review of projects in specific geographic areas, she said.

Work groups involving Bonneville, the Council, and action agencies are developing a framework for the categorical review, Palensky explained. Work is also ongoing to make sure Bonneville's Taurus system is ready to support the RM&E review, she noted. There may be up to 200 projects included in the categorical review, according to Palensky. While we wait for all of the pieces of this effort to come together, managers have been asking us for dates so they can plan their work, and we are working on trying to schedule some interim workshops, she said.

As for the fast-track BiOp project reviews, the call for fast-track proposals to meet high-priority Reasonable and Prudent Alternative (RPA) gaps went out to select project proponents in December, and the Bonneville/Council/action agency work groups have now identified 27 projects, Palensky reported. Council staff assisted Bonneville in developing the process and schedule to solicit, review, and recommend proposals ahead of the larger RM&E categorical review, she noted.

The projects are intended to be implemented this spring so permits are essential for immediate implementation, Palensky stated. If there are permitting delays, some of these projects may fall off and go into the RM&E categorical review, she said. Palensky circulated a schedule that calls for the Council to approve a final set of fast-track projects in April.

Wallace described how the fast-track project list was developed. If these are BiOp projects, do they have the endorsement from Bonneville and NOAA Fisheries? Karier asked. Yes, and from the F&W managers as well, Palensky replied.

4. Update on Idaho's plan to develop a new sockeye salmon production hatchery and to discuss the Council's 3-step process:

Paul Kline, Idaho Department of Fish and Game.

Paul Kline of the IDFG updated the Council on the state's efforts to acquire a new sockeye salmon production hatchery capable of rearing up to 1 million sockeye salmon smolts annually and to initiate the step review process for this Accord project.

We made an offer to purchase the Springfield hatchery near American Falls, Idaho from the Idaho Fish and Wildlife Foundation, and they accepted, he said. Bonneville is reviewing the property appraisal, Kline noted.

Idaho is ready to initiate the step review process for the new production facility, he said. We hope to finalize the purchase agreement by April and then start work on the Step 1 Master Plan, which will take six months, Kline said.

5. Summary of power plan changes:

Terry Morlan, director, power division.

--see next item---

6. Working session on Draft Sixth Power Plan Issues:

Terry Morlan.

We are pretty far down the road of completing the Sixth Power Plan, Power Committee chair Melinda Eden told her colleagues. "We are pretty darn close," agreed Booth. We definitely want to get the plan approved next month, he said.

Staffer Terry Morlan said one of the main items up for review at this point is Chapter 10, the resource strategy. It's entirely new compared to what was in the draft, he said. The plan's strategy has five elements: efficiency, renewables, natural gas, infrastructure, and preparing for a low-carbon future, Morlan stated.

Efficiency costs less than half of generating resources and mitigates risk from volatile fuel prices and unknown carbon costs, he said. The plan's efficiency goal is 5,900 average megawatts (aMW) by 2030, with a near-term target of 1,200 aMW in the period between 2010 and 2014, according to Morlan.

The plan says meeting state renewable portfolio standards (RPS) will require an additional 1,450 aMW of wind or other renewable electricity generation, and it encourages the development of small-scale local renewable generation, he noted. After efficiency, natural gas is considered by the plan as the most cost-effective resource to provide additional energy and capacity, Morlan said.

The plan notes that individual utilities may need new gas generation sooner than the region as a whole due to limited access to markets or transmission, he explained. Natural gas can play a key role in displacing coal and reducing carbon emissions in the near term, Morlan added.

With respect to infrastructure, the plan calls for improved operation of the existing power system, especially with the integration of wind, he noted. Other key recommendations involve making transmission system investments and preserving the capability of the hydroelectric system "to the extent we can," Morlan said. Looking out to the future, the plan calls for encouraging new technologies, including smart grid, demand response, renewables, storage, advanced nuclear, and carbon sequestration, he summed up.

Chapter 10 also discusses meeting a specific carbon target, Morlan pointed out. The plan considers what it would take for the region to reduce its carbon emissions to 40 million tons per year by 2030, he said. Morlan described three carbon-reduction scenarios the staff analyzed. The first, "carbon risk," is what was in the draft plan, he noted. It looks at carbon prices ranging from \$0 to \$100 per ton, with an average of \$47 by 2030, Morlan said.

The second scenario assumes a fixed carbon price of \$45 per ton starting in 2010, although the chances of passing a \$45 carbon tax this year are not too high, he stated. The third scenario, "coal retirement," assumes a phase-out of 54 percent, or 2,708 aMW, of the region's coal generation, Morlan explained. Our analysis showed that conservation is vital to reducing carbon emissions in the region; that's a point that was lost in the draft so we tried to make it clearer in this version, he said.

The coal-retirement scenario results in a higher probability of meeting the carbon target, and it implies that while there would be fewer coal plants in the region, the remaining ones would operate at a higher capacity factor than they do now, according to Morlan.

Here's what needs to be done to meet a target of 40 million tons of emissions per year, he said: carbon prices have to be at \$45 per ton or higher to reduce coal dispatch enough to meet the target, or the region needs to retire 58 percent of the existing coal plants; and achieve a 5,900 aMW conservation target and meet state RPS requirements. To put it another way, the region has to do conservation, build enough renewables to meet the RPS, and retire some coal plants, Morlan summed up.

What is the time period for the scenario to reduce coal capacity by about half? Karier asked. From 2012 to 2019, meaning it would be done by 2020, Morlan replied. There are questions about how plants could be phased out, and the plan doesn't say which plants should be retired, he said.

The Power Committee discussed the question of reliability if over 50 percent of coal plants were retired, Eden noted. Staffer John Fazio said he would do an analysis to help us deal with that issue, she said.

When you retire coal, the model replaces it with some more conservation and quite a bit of natural gas, both new plants and higher use of existing plants, Morlan pointed out. It also changes the way energy is imported and exported from the region, and on net, we would export less energy, he said.

If a coal plant is forced to run less, there is a question about when the plant becomes uneconomical, and I can look into that, Fazio said. Coal plants operate best at high capacity, and whether a plant can operate at lower levels is a very plant-specific question, added Morlan. The model saw that some plants would be retired because it would become uneconomical to operate them at lower levels, he said.

Morlan said several "flotillas" of paperwork relating to the plan have been going back and forth from staff to Council members. We plan to send out a new flotilla next week, he said. Chapter 10 is the chapter to focus on if you are interested in the basic message of the plan, Morlan noted.

The Council took up Appendix M, which deals with integrating F&W and power planning. We got a lot of comment on Appendix M, staffer John Shurts stated. In response to comments, the section in Appendix M on calculating the cost of F&W operations to the power system was modified substantially, and now the only costs shown are those calculated by Bonneville, Morlan pointed out.

Shurts said Karier had drafted a page of text titled "Assessing F&W Costs," which describes how Bonneville understands its costs. It would be inserted into Chapter 13 of the plan, which deals with Bonneville's obligations, and staff recommends the text be added, Shurts noted. Karier said his intent was to put a discussion of the policy issues related to assessing F&W costs into the plan itself, "rather than burying it in an appendix."

Joan Dukes said she is comfortable with what Karier drafted. This is clear and succinct in saying what the obligations are, she added. Eden said while she is also comfortable with what Karier drafted and Appendix M in principle, she wants to review the details "after the flotilla arrives." She noted that the Power Committee is planning to hold one or two conference calls before the February Council meeting and that Appendix M could be a topic for one of the calls.

I think we should periodically do our own independent evaluation of Bonneville's numbers for calculating the cost of F&W operations, Yost said. The Council needs to provide that check-and-balance, and I'd like the plan to say that somewhere, he stated.

I agree, said Karier. How Bonneville calculates these costs is a complex process, and we do need to understand it, he added.

7. Council decision on adoption of final Sixth Power Plan (tentative): Terry Morlan.

---deferred---

8. Council Business:

Approval of minutes

Measure moved to approve the minutes of the December 8-9, 2009 Council meeting held in Portland, Oregon. Whiting seconded, and the motion passed.

Approval of IEAB task order on potential economic impact of Quagga and Zebra mussel damage.

Morlan asked for a Council decision on a proposed task order to allow the Independent Economic Analysis Board (IEAB) to conduct an analysis of the potential economic effects of a quagga or zebra mussel infestation in the Columbia River Basin, with a focus on the Federal Columbia River Power System. He said the estimated cost of the task order is \$19,500 and that the IEAB would inform the Council and the region about the potential damage and related costs of a mussel infestation compared to the potential cost of programs to avoid or delay such an infestation.

This looks like it would provide useful information, Karier said. Stating that the task order "sounds like a big picture to go after," Dukes asked for more detail on what the IEAB would be looking at. The scope is big, agreed Morlan, noting the panel would identify areas that might be affected, how they would be affected, and what costs might be involved. An example would be an infestation at a fish passage facility, he said.

So the task would be focused on F&W and not on damage to the dams? Dukes asked. It would be both, Morlan replied. Does it pose a problem that no one on the IEAB has a power background? Dukes asked. I don't think it's a big problem with this analysis, Morlan said.

Will the money come out of the Council's F&W budget? Dukes asked, and Morlan said yes. I don't have a problem with this project, but I do have a problem with the bigger issue of the IEAB, Dukes stated. Its charter has expired so we don't really have an IEAB, and the charter we did have for the IEAB doesn't fit this work, she said.

If the Council decides it wants an IEAB, staff should rewrite the charter because it isn't relevant to the issues we are wrestling with, according to Dukes. I wish we could wait a month and get the broader issues with the IEAB sorted out, she said.

The emphasis for this is power, and the dollars are coming out of the F&W budget, Dukes stated. If the money isn't spent on this task order, it would be available for other F&W projects, she noted. I have a problem with taking F&W dollars and spending them on a power issue, Dukes added

There are a lot of issues the Council deals with that fall in the middle between F&W and power, Karier stated. I'm not going to support giving this task order to the IEAB because of procedural concerns -- "what we've got here is the cart before the horse," Eden said. Having economists look at this issue is important, but we need to re-evaluate this board's role vis-à-vis the Council, she stated. I don't see a problem with a month or two delay, Eden added.

The IEAB has value for both F&W and power, said Wallace. We do have a lot of work to do, he stated. We should look back at what value the IEAB has added in past assignments and use that information in putting together a new charter, Wallace said. We also want to have the IEAB's expertise match the charter, he noted.

We owe the IEAB a decision on this task order, Booth said. Measure moved that the Council approve the IEAB task order to "analyze the potential economic effects of a quagga or zebra mussel infestation." Dukes moved to amend the motion to split the cost equally between the power and F&W budgets, and Eden seconded. Dukes' motion passed unanimously on a roll-call vote.

Measure restated the original motion to reflect the funding split, Karier seconded, and the motion passed on a 7-1 roll-call vote. Eden voted no.

Election of officers

Booth moved to nominate Measure to serve as chair of the Council and said he is an experienced Council member with a strong knowledge of both fish and power issues. Karier seconded the motion and spoke in favor of it, noting Measure's leadership in working with small public utilities. The motion passed unanimously.

Measure said he would be proud to serve as chair and said he is seeing a new spirit of collaboration on F&W issues that bodes well for the region. He also mentioned the upcoming passage of a new power plan, with strong conservation goals.

Yost nominated Wallace to serve as vice-chair. He's proven to be an energetic and attentive Council member and will make an excellent vice-chair, Yost said. Eden seconded the motion, which passed unanimously. Wallace said he is looking forward to the job and to "working with our Canadian partners" on Columbia Basin Trust issues. I hope I can help that interaction continue to grow, Wallace stated.

Booth said he had enjoyed his two years as Council chair and that he is proud of what was accomplished. He said he was especially proud of developing a strategic plan with goals, metrics, and timelines both years that he was chair. We met those goals for every division, and it's been quite gratifying, Booth stated. "We ran this place in a businesslike fashion," he added.

Council members expressed appreciation to Booth. Eden said "I've enjoyed the vigor of the debate" and the emphasis you've placed on outreach to get the message of the Council "out to the world."

Approved this	10 th day	of February,	2010
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/s/ Richard Wallace			
Vice-Chair			
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