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December 1, 2005

MEMORANDUM

TO: Council Members

FROM: Doug Marker

SUBJECT: Funding adjustment for evaluation of Libby and Hungry Horse dam operations

On September 6, 2005 Montana Fish, Wildlife and Parks (MFWP) submitted a FY 2006 within-year funding adjustment for their ongoing evaluation of the biological responses to dam operations at Libby and Hungry Horse dams. The cost associated with this request is \$360,336. The project assesses the effects of dam operating strategies called for by the 2003 NPCC Mainstem Amendments¹ for fish, habitat, and productivity in the Flathead and Kootenai Rivers and Hungry Horse and Libby Reservoirs.

The proposal was developed by MFWP in 2004 to evaluate the biological effects on the fisheries upstream and downstream of Hungry Horse and Libby Dams. As you recall in the Council's Mainstem Amendments, operational strategies at Libby and Hungry Horse are proposed as an experiment, and call for monitoring and evaluation of the operations to determine the benefits to resident fish from the dam operations. The following are the principle objectives associated with the project to address the Council's program:

Objective 1. Evaluate the potential response of listed bull trout and resident fish resulting from the Council's reservoir drafting strategy.

Objective 2. Evaluate alterations in native fish habitat associated with dam operations in the Flathead and Kootenai Rivers.

The proposal was favorably reviewed by both the ISRP and CBFWA. Bonneville worked with MFWP and agreed to begin funding in the summer of 2004 because of the importance of the study and the need to begin developing some baseline information. Due to the time constraints to initiate the proposal in 2004, and the desire to have a study in place before

¹ The amendments propose implementing a different summer operation at Libby and Hungry Horse for the benefit of resident fish in the reservoirs behind the dams and rivers below.

operations were implemented, Bonneville funded the project through the Power Business Line (PBL) and anticipated that further funding of the proposal would be accomplished through the normal budgeting process.

This initial level of funding will be completed in 2006. MFWP submitted for the above referenced within-year funding request to the BOG to continue the monitoring and evaluation of the operations of these dams during the critical 2006 operating season. The timing is such that MFWP needs a Council decision before the first of the year so that appropriate planning and necessary monitoring sites can be put in place before the operational season begins in 2006.

On October 7, 2005 the Budget Oversight Group (BOG) reviewed the request and verified that it was a within-year request, but deferred to the Policy Group (BPA, NPCC and CBFWA) for direction due to the unusual nature of the project's history². It was anticipated by the BOG that unless directed differently the request would be addressed as part of the quarterly review process in January.

At the request of the Policy Group, the Council staff recommends that the Council approve the request to evaluate the biological effects on fisheries of dam operating strategies at Libby and Hungry Horse for a total of \$360,336. This recommendation is conditioned on the understanding that the future scope and objectives of the project will be reviewed and prioritized as part of the FY 2007 - 2009 project selection process.

This recommendation is conditioned on the understanding that the federal agencies are considering testing spill at Libby and conducting gas bubble evaluations for white sturgeon. If this potential need for gas monitoring is requested the Council anticipates an additional funding decision in the near future.

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² Even though this is technically a within year request, it is unique in that it has no history in the normal project selection process. However, the project is noted and called for in the Council's fish and wildlife program, and has been approved by the ISRP and CBFWA.