

**JUDI DANIELSON**  
**CHAIR**  
Idaho  
  
**Jim Kempton**  
Idaho  
  
**Gene Derfler**  
Oregon  
  
**Melinda S. Eden**  
Oregon  
  
**Steve Crow**  
Executive Director



**TOM KARIER**  
**VICE-CHAIR**  
Washington  
  
**Frank L. Cassidy Jr.**  
"Larry"  
Washington  
  
**Ed Bartlett**  
Montana  
  
**John Hines**  
Montana

## **Council Meeting Warm Spring, Oregon**

**July 15-16, 2003**

### **Minutes**

All were present. The meeting was called to order by chair Judi Danielson at 2:10 pm on 7/15 and adjourned at 3:25 pm on 7/16. Tom Karier moved that the Council meet, at the call of the Chair, in executive session to consider participation in civil litigation. Eden seconded, and the motion passed unanimously on a roll-call vote.

### **Reports from Fish and Wildlife and Power Committee chairs**

Ed Bartlett, chair, fish and wildlife committee; and Jim Kempton, chair, power committee;

Jim Kempton, chair of the Power Committee, reported the committee had heard presentations on the natural gas situation and on an internal Bonneville response to the agency's "Lessons Learned" paper. They discussed and accepted a discount rate for the upcoming Power Plan and will publish that information on the Council's website, he said. We also discussed the Council's authority vis-à-vis Bonneville and the Regional Dialogue on Bonneville's future, Kempton noted.

Ed Bartlett, chair of the Fish and Wildlife Committee, reported that the committee discussed the mainstem implementation work plan, trying to put together a schedule and a matrix on when and where to get funding. We'll have the work plan on the agenda at every committee meeting, he stated. We also talked about establishing FY 2004 and FY 2005 budgets, Bartlett indicated. Therese Lamb of Bonneville coined a new phrase to deal with what to do with dollars and projects carried over from year to year, he said. She calls it "reschedule," and the committee liked the term, Bartlett noted. Bonneville's idea is to have a \$13 million "bandwidth" we can use from year to year, he explained. We are also still concerned about what projects get funded, Bartlett added. The committee was told that the subbasin planning efforts will be completed on time, and it heard a status report on wildlife crediting, and tribal comments on the ISAB supplementation report, he reported.

## **Report on Columbia Basin Trust**

Tom Karier, Washington Council Member.

Tom Karier reported on a trip he took with the chairs of the two committees to meet with the Columbia Basin Trust in Canada and tour some of their projects. Some of the issues the Canadians said they want to work on with the Council, he said, are: 1) renegotiation of the Columbia Basin Treaty; 2) Var Q operation and its negative impacts on river and lake levels in Canada; 3) subbasin planning across the border; 4) dissolved gas problems; and reintroduction of salmon above Grand Coulee. We'll ask a delegation of the Trust to come to the Council's meeting in Missoula to follow up on these issues, Karier said.

### **1. Presentation from the Confederated Tribes of the Warm Springs Reservation**

Bobby Brunoe, natural resources general manager; Terry Luther, fish and wildlife manager; Mark Berry, project manager at Pine Creek; and Chris Brun, monitoring project leader.

Representatives from the Confederated Tribes of the Warm Springs Reservation made a presentation to the Council on the tribes' fish and wildlife recovery activities. Bobby Brunoe, general manager of the Dept. of Natural Resources, gave an overview of tribal organization, discussed how they managed their lands, and explained what the concept "government-to-government relationship" means. Mark Berry gave a presentation on the Pine Creek Ranch wildlife habitat and watershed management project, a mitigation project for the building of John Day Dam. The 34,000-acre ranch was acquired using Bonneville funds in 1999.

Terry Luther discussed the losses caused by the building of dams and what the tribes have done to compensate. He recounted the history of the Warm Springs hatchery and the acquisition of wildlife mitigation properties. We are currently struggling to get adequate funding for these projects, Luther said. He described some problems they have had with Bonneville involving funding of tribal projects and sought Council support to assure that Bonneville will provide funding for the tribes' mitigation projects in the future.

Eden asked him for a list of the amounts of O&M funding needed for the mitigation properties, and he said he would provide it to her. A member of the audience asked Luther if what he had described has "improved the lot of fish." We are seeing the fish runs improving, and one reason is the projects on the ground that have been getting positive results, Luther replied.

### **2. Update on water marketing**

Gail Achterman, executive director; Deschutes Resource Conservancy; and Bruce Aylward, manager of the Deschutes Water Exchange

Gail Achterman of the Deschutes Resources Conservancy and Bruce Aylward of the Deschutes Water Exchange (DWE) gave a presentation on their programs' efforts to develop water markets

in the Deschutes Basin in Oregon. The Conservancy created the DWE to create and promote water markets in the Deschutes basin as a cost-effective way to reallocate water rights to restore streamflow, avoid additional net water withdrawals, and generate revenue for the Conservancy.

Achterman explained the mission and history of the DWE, noting that the Deschutes Basin is the second largest watershed in Oregon and is experiencing rapid population growth. Hydro development and irrigation systems have dewatered critical areas of the basin and blocked fish passage, she said. Achterman described the four program areas of the DWE: information and valuation services, brokerage and administrative services, annual water leasing program, and groundwater mitigation program. We provide brokerage services so Bonneville and others can buy water to put into streams, she said.

Eden asked what kinds of water rights are involved. The opportunity is greatest to acquire rights from irrigation districts and individuals because we can help them improve water use efficiency, replied Achterman.

Hines asked if Oregon water laws have a use-it-or-lose-it provision. Leasing instream water counts as using it in Oregon, replied Achterman. She said an important part of their program is outreach -- explaining to people what their water rights are worth.

Aylward explained the “reverse auction,” in which water rights owners submit bids on what they would lease their water for, and the DWE builds a supply curve using that information, which makes it possible to decide what it should try to buy. It’s a way to find out about the market and to achieve water conservation savings, he noted.

What we’ve learned is that you need to make investments in the infrastructure so that you can make the best deals, said Achterman. It’s the regional cross-fertilization on these ideas and approaches that gets cost-effective results, she said.

### **3. Briefing on SN CRAC power rates and implementation plans**

Paul Norman, VP, Bonneville Power Administration.

Bonneville’s Paul Norman updated the Council on his agency’s financial situation and its effect on the Safety Net Cost Recovery Adjustment Clause (SN CRAC). In 2001, Bonneville had a choice of setting a high rate without the possibility of adjustments or a low rate with lots of CRACs, and we chose the latter course, he said.

The “last of the CRACs,” the SN CRAC, was supposed to be used in “fairly extraordinary circumstances” – that was what we expected and customers expected, Norman noted. But earlier this year, we found we had to trigger the SN CRAC, he said. We were frustrated by constraints the *ex parte* rule placed on our making of this important public policy decision – we would have liked to discuss it more with “people like you,” but were unable to, Norman told the Council.

Bonneville has filed the SN CRAC with FERC, and the rates will go into effect in October, he reported. Norman also said that Bonneville’s financial situation is improving and that the “power net revenue gap” has substantially closed. In March, we predicted a \$920 million loss in FY 02-06 net revenues, and now it looks like only \$139 million, he pointed out. In March, we

thought we'd have only \$52 million in reserves at the end of FY 2003, but instead, we'll have \$384 million, according to Norman. There's now a 100 percent chance we can make our Treasury payment this year, and an 80 percent probability of making the payment over the FY 04-06 period, he added.

Runoff is the biggest reason for the financial turnaround, Norman stated, pointing out that March predictions of 75.6 MAF runoff have turned into today's 89 MAF. Other factors he credited include cost cutting and the Enron settlement. Taking all the CRACs into account, the average increase over FY 2003 rates is 5 percent over the next three years, compared to the 16 percent projected in Bonneville's initial rate proposal in March, Norman said. What is that 5 percent in terms of dollars? asked Derfler. It's \$100 million a year, so it's \$300 million over the next three years, Norman replied.

If you are conservative in your revenue projections for the next three years, and it turns out revenues come in higher, can you adjust rates? Hines asked. Yes, rates will be automatically reduced, and if we do so well we don't need the SN CRAC, we have agreed to make a rebate to our customers, Norman replied.

Norman summarized issues customers raised in the rate case, such as the argument that the Northwest is in a recession and can't afford a rate hike, and that Bonneville should reduce its costs more and use its cash tools to hold rates down. He presented some hypothetical rate outcomes, compared to the currently projected 5 percent average rate increase for FY 04-06. For example, the final SN CRAC proposal, with a \$40 million net revenue improvement, would mean a 3.5 percent increase, Norman said.

The IOU settlement has a huge rate impact, he noted. The final SN CRAC proposal with an IOU settlement along the lines being discussed today would result in a rate decrease of 4.8 percent, according to Norman.

If there were no SN CRAC in FY 04-06 and no IOU settlement, rates would drop by 4.6 percent, but the probability of making the Treasury payment would go down to 41.4 percent, he continued. No SN CRAC with an IOU settlement pencils out to an 8.7 percent rate decrease and a 58.4 percent Treasury payment probability. Under a "tilt" alternative, suggested in the rate case by some customers, Bonneville would "tilt" rate adjustments so there would be no SN CRAC in 2004, a rate formula in FY 05-06, and an attempt to meet an 80 percent Treasury payment probability, Norman said. He called that scenario, which would result in a 9.6 rate increase and a 71.2 Treasury payment probability, a "rate shock" that would hurt the Northwest economy.

What could change between now and when the SN CRAC is implemented, other than the IOU settlement? Karier asked. Between now and October 1, the biggest variables are the settlement and the amount of secondary revenues, but there could also be changes in the costs for the Columbia Generating Station and Corps and Bureau of Reclamation operation and maintenance (O&M) costs, replied Norman.

Danielson asked if Bonneville had capped some costs. We have, such as those for conservation and the residential exchange, but we didn't cap others, like fish and wildlife (fish and wildlife), and the costs of operating the nuclear plant because of the need to meet Nuclear Regulatory Commission requirements, Norman replied. "We decided not to tickle that tiger, he concluded.

#### **4. Update from Business Practices Committee on fish and wildlife project implementation**

Patty O'Toole, program implementation manager; Rod Sando, Columbia Basin Fish and Wildlife Authority; and Therese Lamb, Bonneville Power Administration.

CBFWA Director Rod Sando reported “really good progress” by the “Business Practices Committee,” an interagency group of representatives from CBFWA, Bonneville, fish and wildlife managers, and Council staff to improve fish and wildlife project contracting and institute better business practices in the overall management of the fish and wildlife program in the Columbia Basin. “Bonneville has really dug in and worked on this,” he said.

Staffer Patty O'Toole said the committee has been meeting monthly and will write a “white paper” outlining recommendations to Bonneville and the Council on “best business practices.” CBFWA’s Tom Iverson said the group had adopted a charter in April that said “let’s clean up how we implement the fish and wildlife program.” The goals, he stated, are to improve the business practices of all participants, including Bonneville and project sponsors. We’re working on data base management and contracting practices, and we are building templates to get more uniformity in proposal implementation, according to Iverson.

Therese Lamb of Bonneville said the group has been “a great sounding board” for Bonneville. She outlined Bonneville’s commitment to the process, including the agency’s pledge to stay focused on “the two objectives we hear are most important to our contractors” – consistent contract implementation and timely processing. We are trying to reduce the administrative burden for both Bonneville and project sponsors, and we hope that translates to reduced overhead, Lamb stated. She said Bonneville would hold six contractor workshops in July, with more to be scheduled in the future. Lamb presented a detailed list of what Bonneville is doing to decrease contract-processing time, reduce inconsistencies, and ensure availability and accuracy of financial data.

“This is heading in a great direction and will make great improvements on both Bonneville’s end and the project sponsors’ end too,” said O'Toole. “This is an encouraging report,” agreed Karier. “I’m quite impressed, and I agree that without the leadership of Therese, this wouldn’t be going forward,” stated Danielson. “You’re showing good leadership,” she told Lamb.

#### **5. Council decision on findings for Mainstem Amendments**

John Shurts, general counsel.

Staffer John Shurts said that the last legal step to complete the mainstem amendments process is for the Council to adopt findings on the recommendations submitted to the Council on the mainstem amendments. The Council needs to approve two documents, he said: the Findings, and an Adequate, Efficient, Economical, and Reliable Power Supply “AEERPS” paper. The AEERPS paper relates to the fact that under the Northwest Power Act, the Council has to assure the region “an adequate, efficient, economical, and reliable power supply,” Shurts stated.

The AEERPS paper looks at the effect of the mainstem amendments on the power system, he said. Since the Council’s fish and wildlife program incorporates the 2000 BiOp, which has substantial effects on the power system, the Council has to analyze them, Shurts indicated.

Staffer John Fazio conducted that analysis, which concluded that the power system is expected to be adequate and reliable in the near future, but that there's a potential for long-term problems if certain issues aren't addressed, Shurts explained. The analysis calls for the Council's Fifth Power Plan to address those long-term issues, he said.

The Findings document has to explain why the various recommendations submitted were not adopted by the Council, Shurts continued. He said he used a different approach in the Findings document this time than was employed in previous years. Instead of addressing each recommendation individually, Shurts said he grouped recommendations into categories and addressed them. I think this approach works, he told the Council.

Shurts asked for an editorial committee to be appointed to review the two documents. Hines, Kempton, Eden, and Karier were appointed.

Eden asked about exceeding the one-year time limit for the amendment process and whether the document addressed this question adequately. When it was clear we wouldn't meet the one-year timeline, we provided notice to the region, and no one objected, replied Shurts, adding that he thinks the explanation in the document is sufficient.

Karier moved that the Council:

- Approve as part of the fish and wildlife program the findings on the recommendations for mainstem amendments to the program;
- Approve as part of the mainstem amendments to the fish and wildlife program the final paper analyzing the adequacy, efficiency, economy, and reliability of the power system;
- Authorize a committee of Members to work with the staff in making final editorial and conforming changes; and
- Direct the staff to give appropriate notice of the Council's action.

Bartlett seconded, and the motion passed on a unanimous roll-call vote.

## **6. Presentation by and discussion with the Columbia River Inter-Tribal Fish Commission.**

Olney Patt, Jr., executive director, CRITFC, and others.

Olney Patt, Jr., executive director of the Columbia River Inter-Tribal Fish Commission (CRITFC) introduced a panel to talk about Bonneville's commitment to fish and wildlife costs, a new MOA, and the Independent Scientific Advisory Board (ISAB).

Leo Aleck, representing the Yakamas, expressed concern about the independent scientists' criticisms of the Cle Elum hatchery, and the fish wastage being caused by the scientists' insistence on having a hatchery control line at the facility. A letter from the Yakamas urged the Council to exercise greater oversight over its "independent scientific review committees" and "lessen their ability to use the specter of 'defunding' effective programs in order to force implementation of their largely theoretical desires." A staffer for the Yakamas said supplementation success stories and good fish returns recently must not be used as an excuse to avoid the hard choices that need to be made to restore fish.

Ken Hall of the Umatillas' fish and wildlife Committee said of the ISAB, "we have ideas we've shared, but they've fallen on deaf ears." "We're jumping too quick for credit for the good returns," he stated, pointing out it will take several generations to determine if things are getting better. Congress is watching the Northwest more than in the past, and we can do better, Hall said. He told the Council, "let's talk more often and not be so formal." Let's really work with each other and try to make the dollars go further by sharing information and reducing duplication, Hall stated.

Virgil Holt of the Nez Perce Tribe said, "the insistence that funding be the driving force for recovery is hard for the tribes to understand when it comes to the resource and to our way of life." The Council has helped the tribes to understand it takes fiscal responsibility to ensure recovery can happen, he noted. You'd be surprised to see the level of resource recovery that is happening on our lands, Holt said. We have many projects on the ground, but "we need a commitment to the efforts we have in place," he continued. "There are no Republicans, no Democrats, only salmon – there are no political parties, only life, and that which makes up life," Holt said. We see the dilution of our efforts by a "stripping away of support," he concluded.

Terry Courtney, Jr., of the Warm Springs Tribes said the tribes need to be considered co-managers in the Columbia River Basin. Basically, he said, "there's been a failure to communicate between two cultures." Whatever happens to the salmon happens to the tribal people, Courtney stated.

Paul Lumley of CRITFC said CRITFC requests more policy-level discussions with the Council about the future role and responsibilities of the ISAB and "whether we need the ISAB as it's made up today." Since the last MOA was concluded, the fish and wildlife recovery program has been frustrated by funding uncertainties and contracting problems, he stated. We are concerned about Bonneville's conflict of interest in funding the fish and wildlife program while also having to provide the region "with cheap electricity," according to Lumley. "We even bring to the table the idea of taking the fish and wildlife program away from Bonneville," he added.

The amount of funding for fish and wildlife being provided by Bonneville is "substantially lacking," Lumley continued. We're frustrated by the lack of a coherent capital funding program, he said. We want to see stability of funding through the development of a long-term MOA, Lumley stated. There's a need to address how to accommodate Endangered Species Act (ESA) needs in the MOA, he noted. While it's hard for the Council and tribes to get involved in federal agency budgets, we need to do that in this case, Lumley said.

The Council is interested in the MOA as a way to stabilize funding and make it more predictable, responded Karier. Your offer about coordinating efforts to get federal government funding is a good one – the Northwest needs to have a coordinated appeal for funding, he added. You've said a lot of important things we'll need to respond to, Karier told Lumley.

With respect to the MOA, there's a certain amount of money that can be spent on fish and wildlife – there's not an unlimited amount of money that can be allocated, said Hines. I agree with your suggestions that we can become more efficient in how we spend the money, he stated. We need to allocate the funds in the best manner to get the most fish recovered, Hines added. Our goals are the same – we both want to see recovery and healthy stocks, Danielson told the panel.

## **7. Presentation by federal agencies on revised BiOp implementation plan**

Jim Athearn, U.S. Army Corps of Engineers; and Bob Austin, Bonneville Power Administration.

Bob Austin of Bonneville said Bonneville, the Bureau of Reclamation, and the Corps of Engineers are “seeking input” from the Council and others by July 31 as they put together the 2004-2008 BiOp Implementation Plan for the Federal Columbia River Power System (FCRPS). The plan will address the four “Hs,” as well as research, monitoring, and evaluation (RM&E), he noted. It will “add detail” to the one-year 2004 plan, make whatever adjustments are needed to the more general 2005-2007 planned actions, and include actions planned for 2008, according to Austin. We are looking for suggestions on how to better carry out the BiOp and improve coordination with the region, he said.

Jim Athearn of the Corps noted that the federal agencies are making more effort to solicit timely input on the plan and are using venues such as the Regional Forum and the Council. Marker said the BiOp Implementation Plan needs to address the mainstem amendments the Council passed earlier this year. I’m also concerned that you are not planning to have a draft document we can comment on, he stated. We think this should be a dialogue, and we are concerned we will not get “the mesh” of BiOp implementation planning with FCRPS off-site mitigation measures that is needed, said Marker. We think there should be more coordination with the states and tribes, he added.

The plan also needs to include a “focused discussion” on the next phases of hatchery reform, so we are “all lined up on hatchery reform together,” according to Marker. We need a plan that shows how RM&E is going to be addressed, he said.

The BiOp says September 1 is the due date for the plan, and there will be opportunities for the Council to provide input to the document in September, Athearn stated. “To the extent we haven’t considered the Council’s comments sufficiently in the past, we will try to remedy that this time,” he said.

Derfler asked Marker to expand on his comment that BiOp planning seems to be making progress, “but not very satisfactorily.” I’d like to see an assessment of RM&E progress in a draft implementation plan so that if we have disagreements, we can resolve them before a final document is put out, Marker responded. We’re not satisfied yet with the level of coordination, he added. The implementation plan is “a critical point of discussion,” and I’m worried there’s never going to be a point of engagement on the issues and disagreements, Marker stated. As we said about the plan last year, there needs to be an open discussion with the region to see, “are we in agreement on how to implement the BiOp?” and how we intend to deal with disagreements, he added.

Athearn noted the Corps is working with the Independent Scientific Review Panel (ISRP) on reviewing the Corps’ research program, and he told Marker “these decisions aren’t being made behind closed doors.” We will address the mainstem amendments in the discussion on how we implement the BiOp, Athearn stated. We are engaging in processes like the Technical Management Team and the Implementation Team, he said, adding that Council staff “has been very absent in these meetings.”



How does Judge Redden's schedule affect this process? Karier asked. We still don't know what the judge's required quarterly reports will need to contain, but we hope not to duplicate ongoing efforts, replied Kathy Fisher of Bonneville. In the meantime, we're carrying out this planning process until we hear otherwise, said Athearn.

What will happen in September? Eden asked. NOAA Fisheries will make a finding on the adequacy of what we submit to them, and the deadline for that is December, replied Athearn.

Danielson asked the Council if staff should prepare a letter of comment to the federal agencies similar to the letter the Council sent last year, updated with the new concerns Marker spelled out, and Council members nodded assent.

Jim Fodrea of Reclamation urged Council support for a bill that Senator Gordon Smith has introduced, SB 1307, which would give Reclamation authority to do offsite mitigation work on non-Reclamation land. It's important that Council members look at this bill, stated Danielson.

## **8. Briefing on summer spill analysis and operations**

Bruce Suzumoto, manager, special projects; and John Fazio, senior power systems analyst

Staffer John Fazio kicked off a discussion of the fish and energy impacts that could result from reductions in summer bypass spill by noting that only four projects provide summer spill: John Day, The Dalles, Bonneville, and Ice Harbor. He said the highest electricity prices, around \$40/MWh, occur in August, driven by the Southern California market. We're nearing the peak of bypass spill costs this year, Fazio noted.

His charts pegged the average annual cost of the current bypass spill program at \$142 million, with \$68 million for summer spill. Bonneville's analysis of summer spill puts the price tag at \$110 million, Fazio noted. Bonneville used different bypass spill levels and pricing, but Bonneville's figures "are in the same ballpark" as the Council's, he said. There isn't an inconsistency between the two cost estimates, Fazio stated, pointing out that if he did the analysis again, "we'd probably say \$90 million to \$100 million." Using a 115 percent gas limit for summer spill "doesn't save much" in the way of costs, about \$9 million, he indicated.

Staffer Bruce Suzumoto reported on the fish impacts of reductions in summer spill. He pointed out that a request from the state of Montana to reduce spill this summer and evaluate the effects is currently pending in the Regional Forum process.

Suzumoto presented a chart of spill at Bonneville Dam last year and said it shows that about 90 percent of migrating fall chinook had passed the dam by June 20, 2002, but spill continued even though there were relatively few fish that might have been benefiting from it. While the migration pattern differs at each dam, most outmigration is completed by the end of August, he noted.

Our analysis compared fall chinook survival at 2000 Biological Opinion (BiOp) spill levels to a scenario with no bypass spill in July and August, and a scenario with no bypass spill in August only, and we did the analysis for a dry, average, and wet year, Suzumoto explained. We used the

SIMPAS model, and the University of Washington helped in the study, using the CRiSP model, he said.

Among the examples presented, Suzumoto said if you start with 1,000 juveniles, with no spill in July or August, the SIMPAS model shows that under average flow, you would lose one additional Snake River fall chinook; CRiSP says three. For Upper Columbia fall chinook, SIMPAS estimates a loss of 30 fish, and CRiSP says 20. For Lower Columbia chinook, both models indicate a loss of 13 fish. These are in addition to the impacts that occur under the BiOp, he noted.

In a scenario with no spill in August, the numbers decrease even more, said Suzumoto. For example, if you start with 1,000 juveniles, the SIMPAS model shows that under average flow, you would lose 0.2 fish, and CRiSP shows a loss of one. For Upper Columbia fall chinook, SIMPAS estimates a loss of 11 fish; CRiSP says two. For Lower Columbia chinook, both models indicate a loss of four fish.

Gene Derfler asked if staff modeled the Snake River without transportation, and Suzumoto said no because the BiOp maximizes transportation at all facilities. I thought it was only maximized in dry years, said Tom Karier. In the summer, they “transport everything they can get their hands on,” Suzumoto stated. If flow were to be over 85 kcfs, they would go to another option, but it’s never over 85 kcfs, he said.

Suzumoto explained the assumptions the analysis employed to calculate total number of juvenile and adult losses, pointing out staff used NOAA Fisheries’ estimates of 2003 juvenile outmigration. We assumed a 1 percent smolt-to-adult survival, but it probably would have been better to use a range, he said.

The study shows that of the 2.1 million Snake River juvenile fall chinook outmigrants, with no summer spill, 1,500 fish would be lost, and with no spill in August, 500 would die. Of the 22.2 million Upper Columbia juvenile fall chinook outmigrants, with no summer spill, 680,000 fish would be lost, and with no spill in August, 240,000 fish would die.

As for adult fish, under average flow, with no summer spill, there would be a loss of 15 Snake River fall chinook, and with no spill in August, a loss of five fish. For Upper Columbia fall chinook adults, with no summer spill, 6,800 would die, and with no spill in August, 2,400 would die.

In terms of harvest for Snake River fall chinook, no summer spill would mean a decrease of seven fish, and no spill in August would mean two fewer fish. The harvest for Upper Columbia fall Chinook would be reduced by 3,000 fish with no summer spill, and by 1,000 fish with no spill in August.

The Council made a commitment that whatever changes we propose to the spill program would have no net impact on salmon, stated John Hines. That means dollars from the power system savings that result from changes to spill would be used to mitigate for fish losses, he said.

Suzumoto explained there are some uncertainties and risks associated with reducing or stopping summer spill; for example, it may increase the number of fish falling back through the turbines. He listed these benefits of reducing or stopping summer spill: the effect on listed stocks is very

low; the stocks that are affected are generally healthy; and it may help adult migration. It also may be possible to “use the saved revenues more cost-effectively for fish,” Suzumoto noted.

What is the potential effect on non-listed stocks? asked Melinda Eden. Generally, they are considered healthy; otherwise, the harvest rates on them wouldn’t be where they are now, replied Suzumoto.

He summed up his presentation by suggesting some alternatives to current summer spill levels, such as a more flexible summer spill program based on actual juvenile outmigration and adult returns. For example, this year, the outmigration may be a week or so early, and spill could be reduced in concert with that, rather than having the spill program “hard-wired in,” Suzumoto said.

Other alternatives to the current summer spill program include: trying to do more to reduce predation on the fish; increasing hatchery production through supplementation; considering less costly passage improvements at the dams, like removable spillway weirs; reducing harvest, with compensation, either to increase the value of the catch or paying people not to fish; protecting more habitat; or any combination of these, he concluded.

Where is the Council on this issue right now? asked Larry Cassidy. Are we proposing to reduce summer spill? he asked. “If we don’t move, it’s going to be gone,” Cassidy added. We recommended doing some serious experiments with spill in our mainstem amendments, said Judi Danielson. But now “we’re losing daylight,” and there are ratepayers interested in seeing the experiments take place this summer, she said. It behooves the Council to take a serious look at this, Danielson added.

“This is a serious area for this Council to step into,” observed Cassidy, indicating he agreed with Hines’ comments about mitigation for fish losses. Before we make a policy decision, I’d have to see more information on how we would measure and mitigate fish losses and how we would share the benefits of the dollar savings, he said. I’m not opposed to working on this, but I’d have to see “some equating benefits to fish,” Cassidy added.

I agree and suggest we work with the utilities to get them to understand “the quid pro quo” and have them start working with Bonneville on this, said Hines. The Council needs to follow up on its own program, said Karier. If we wait for the federal agencies to do it, it won’t happen like the Council intended it to, he added. “We want to make sure we are not erring on the side against fish,” Karier stated. We need to be more aggressive and ask staff to look at the issues holding this up, he added.

There are technical issues, such as the need for a monitoring component to enable us to count fish in the summer and a method for making in-season adjustments, Karier continued. And there’s the policy question of how much mitigation is the right amount – would it be 50-50 mitigation? he said. We need to see the options, and this information needs to get out to lower the expectations about the cost savings possible with summer spill reductions, Karier indicated.

I share Montana’s frustration with the need to get on with designing some experiments, said Eden. “The Council needs to spend more than 45 minutes hashing out this issue,” she stated. We need comment on the presentation we had today from interested parties, such as the

Columbia Basin Fish and Wildlife Authority (CBFWA), Eden said. We need to be aggressive in getting the experiments designed, she added.

We didn't schedule this presentation today because we have a request pending in the Regional Forum, said Ed Bartlett. Regardless of what happens with that, we want the Council to take up this issue, he stated. We aren't going to walk away from the mainstem amendments we passed – we need to keep issues like this on the front burner, Danielson said. This issue has divided the region, and a dialogue needs to occur, she added.

The Council needs to begin to facilitate the development of a more substantive experiment for next season, said Hines, suggesting a further discussion at the Council's August meeting. There's no decision today, but we've received "a whole bucketful of information" to consider, and the dialogue will continue, summed up Danielson.

## **9. Council decision on subbasin work plans**

Lynn Palensky, subbasin planning coordinator and Peter Paquet, manager, wildlife and resident fish.

Staffers Lynn Palensky and Peter Paquet presented two subbasin contracts for Council approval.

Karier moved that the Council authorize the Executive Director to negotiate a contract amendment for Idaho Level II subbasin planning coordination in an amount not to exceed \$107,113 to fund the Coordinator position and cover travel costs for the Level II Steering Committee through June 2004, observing the terms and conditions of the Council's Master Contract with Bonneville for subbasin planning and the Council's standard contracting policies and procedures. Eden seconded, and the motion passed unanimously.

Karier moved that the Council authorize the Executive Director to negotiate a contract amendment with the Northwest Habitat Institute to continue providing technical support to subbasin planners in the biological assessments throughout the Columbia River Basin in an amount not to exceed \$78,000 through May 28, 2004, observing the terms and conditions of the Council's Master Contract with Bonneville for subbasin planning and the Council's standard contracting policies and procedures. Hines seconded, and the motion passed unanimously.

## **Briefing on implementation of Council's name change**

Larry Cassidy, Washington Council Member.

Serenaded by kazoos, Cassidy unveiled the new Northwest Power and Conservation Council logo, which he distributed in the form of navy ball caps to Council members.

## **10. Update on assignments from the Northwest Governors' letter**

Doug Marker, director, fish and wildlife division; Dick Watson, director, power division.

In a session devoted to following up on the recommendations made by the four Northwest governors at their meeting in June, staffer Dick Watson said one of those recommendations,

“clarifying Bonneville’s future,” is the most important issue to come before the Council in a decade. The governors instructed Bonneville to work with the Council and get going on a Regional Dialogue on the future of Bonneville that will try to resolve such issues as long-term contracts and how to reduce uncertainties for Bonneville and customers, while “protecting the region from external assault,” he stated.

Bonneville and the Council held Regional Dialogue meetings last year, but when the SN CRAC “hit the critical point,” people lost interest in talking about those issues, and “the process went dark,” Watson said. The question now is whether the region is ready to resume the dialogue, he stated.

The people who are negotiating the IOU settlement are the same people who will be engaged in the Regional Dialogue, and they have asked to hold off the discussions about Bonneville’s future until they get through the settlement issue, Watson reported. If the settlement isn’t successful, the degree of acrimony within the utility community will be so high it won’t be possible to have any dialogue, so we are planning to hold off until September, he stated. In the meantime, we’ll be having informal consultations with various parties, Watson added.

The enthusiasm customers had last year for giving up their current contracts and signing new 20-year contracts starting in 2007 has dissipated, he said. The real issue here for utilities and developers of resources is the uncertainty regarding Bonneville’s role in serving additional power needs, according to Watson. “That is paralyzing a lot of decisionmaking in the region,” he said. If Bonneville can’t do something before 2011 about its contracts, the question is what it will do in its rates in 2005 to reduce the uncertainty, Watson stated. Bonneville now says it will put out a draft proposal on future power supply in February 2004, with a final decision in July 2004, he added.

The other recommendation from the governors deals with Bonneville establishing priorities within its operations, Watson continued. A major impediment to customers signing long-term contracts has been their concern about their lack of input on cost control at Bonneville, he said. They are reluctant to give up “the one lever” they have on costs, which is to threaten to take load off Bonneville; without it, they think they won’t have a way to address Bonneville’s costs, Watson told the Council.

Bonneville is hiring a consultant to help conduct a priority-setting activity for the agency, he reported. Bonneville chief operating officer Ruth Bennett will attend the Council’s August meeting to brief you on that, Watson said. The longer-term issue of cost oversight and control will need to be resolved in the Regional Dialogue, he added.

I’m concerned about the characterization of what’s going on as “waiting until September,” said Karier. We are moving ahead on a variety of things and can lock up positions on such things as Slice contracts and conservation and renewables, he stated. We should keep pushing Bonneville to lay out positions and circulate them for reaction, Karier said. Bonneville and the Council are working on these issues – now what we need is for customers to be working on them, he commented.

I’m disappointed in Bonneville’s approach to this, said Derfler. It’s been over a year since we started this process, and Bonneville has lost a lot of opportunities that we’ll try to regain, he stated. The Council is in a position to bring things together, and the Council can find out what it

will take to bring customers back, Derfler said. We can find out what information they need from Bonneville for cost control – we can be the catalyst, and we should start doing that now, he added.

Why is Bonneville going to hire an outside consultant? Derfler continued. The governors asked Bonneville to consult with the Council about this, he said. I hope the Council takes an aggressive stance on this and gets going, Derfler stated.

Bartlett suggested the Council send a letter to the governors saying, “here’s what we think our list of assignments is, and we’ll keep you advised.” I also think we shouldn’t overemphasize the cost study of Bonneville to such an extent we overlook all the other assignments we have, he said.

Why don’t we send a memo to Bonneville spelling out the kind of information on cost control that the Council would like to see? Eden suggested. We want to know what customers think they need in order for them to have confidence in Bonneville, and Council members may want to ask for other things, Watson said.

We can ask for certain kinds of information so at least it comes out in public view, Eden stated. We can ask customers what they need and what kind of plan they want so they are comfortable that Bonneville “won’t take advantage of them in the future,” Derfler said.

Staffer Doug Marker reported work has not yet begun on the governors’ recommendation to develop a new fish and wildlife funding agreement to be in place beginning in October 2003. Some people in the region want to pursue a longer Memorandum of Agreement (MOA) of a much bigger scope than the previous MOA, he said. I’d like approval from the Council to start talking with other parties in the region about the scope, duration, and formality of the MOA, Marker stated.

Cassidy said the MOA is needed for the next rate case, but in the longer term, Bonneville’s financial picture may improve, and if that were to happen, it could offer more opportunities for funding an MOA. The governors gave us an October 1 deadline in order to get some stability, stated Danielson. I think the governors want us to help drive the input and schedule for this, commented Karier. We are identified as one of the leaders, and we have to push this issue, he said.

The Council agreed staff should draft a letter to the governors that explains what the Council is going to do to respond to their recommendations.

## **11. Presentation on state/tribal/federal collaboration on regional monitoring and evaluation**

Steve Waste, manager, program analysis and evaluation; and Dave Powers, US Environmental Protection Agency.

Staffer Steve Waste and Dave Powers of the Environmental Protection Agency briefed the Council on efforts under way since November 2000 to develop a Pacific Northwest aquatic monitoring partnership. State and federal monitoring specialists have been exploring how to

better integrate and coordinate our respective watershed condition monitoring programs, Waste said. The potential for integration has been identified in the areas of sample design, adoption of common field attributes and protocols, and data, sharing, management, analysis, interpretation and reporting, he explained.

Although our original focus has been on watershed condition monitoring, future coordination efforts may expand to include fish population monitoring and fish and wildlife project implementation monitoring, Waste stated. The Council, Bonneville, and CRITFC are participating in this effort, he noted. CBFWA hasn't participated so far, but they are perfectly situated to be part of this, Waste added.

Our mandates are to monitor the condition of aquatic resources over time and provide information for management decisions, he continued. The group has drafted a White Paper addressing guiding principles and giving an overview of the state-federal monitoring partnership, Waste pointed out.

He said the group envisions that a Pacific Northwest Monitoring Coordination Workgroup will be able to: combine data to protect and restore natural resources; share costs and amplify benefits; answer monitoring questions more effectively; and increase the accountability of natural resource management actions. Millions of dollars are being spent each year on monitoring in the Northwest, but we still can't answer large landscape-scale questions, Waste stated. We've got tons of data, but it's not in a form that enables one to do the simplest data manipulation, he added.

We hope to do more outreach to tribes and formalize our efforts as an interagency group, said Waste, adding that Council support for their work would be helpful. I don't see why we wouldn't endorse this, said Karier. It's a huge problem that's existed for many, many years, he added. The governors have told us they want a plan for an integrated monitoring system in place this year, Karier said.

I agree, said Eden. These aren't sexy issues, but they are important, she stated. I applaud you for spending part of your working lives attacking these issues, Eden added. How will we ever know what we've been doing, given all the time and money that's been spent, without good monitoring and evaluation, said Danielson. That's why it's so very important, she stated. I appreciate your "full steam ahead" encouragement, responded Powers.

## **12. Council decision on project funding recommendations**

Mark Fritsch, fish production coordinator.

Staffer Mark Fritsch presented a series of staff recommendations for fish and wildlife project funding.

### **– Nez Perce Tribal Hatchery construction of additional raceways**

The first involved a funding request to add two intermediate rearing channels at the Nez Perce Tribal Hatchery. The bottom line is that these raceways are needed to ensure these fish are properly handled, he said. Karier moved that the Council recommend that Bonneville fund from FY 2003 capital funds two intermediate rearing channels for the Nez Perce Tribal Hatchery,

Project 1983-350-00, in an amount not to exceed \$124,000. Bartlett seconded, and the motion passed unanimously.

– **Walla Walla screening - Milton Ditch proposal**

Fritsch presented a request for funds to complete construction of the Milton Ditch project. Derfler asked if there is any assurance that Bonneville will capitalize the project, and Fritsch replied there is.

Karier moved that the Council recommend that Bonneville fund from FY 2003 capital funds construction of the Milton Ditch consolidation project as requested by the Confederated Tribes of the Umatilla Indian Reservation, Project 1996-011-00, in an amount not to exceed \$1,646,800. Eden seconded, and the motion passed. Hines and Bartlett were absent for the vote.

– **Hood River Production Program - construction of additional residence at Parkdale site**

Fritsch presented a request for funding for an additional residence at the Parkdale Fish Facility. Cassidy asked to see the documentation of all project costs once the project has been completed.

Karier moved that the Council recommend that Bonneville fund from FY 2003 capital funds an additional residence at the Parkdale Fish Facility, Project 1988-0531-07, as requested by the Confederated Tribes of the Warm Springs Reservation of Oregon, in an amount not to exceed \$200,000. Eden seconded, and the motion passed. Hines and Bartlett were absent for the vote.

– **Recommendation for additional work on regional data management**

Paquet presented a recommendation concerning FY 2003 funds for data management. Initially, the Council thought it would be using the funds for moving forward with the data protocols issue and follow-up from the Science Applications International Corporation (SAIC) report, he said. Now, after \$18,000 was directed to the completion of the SAIC contract, about \$232,000 remains, Paquet indicated. The managers propose to reallocate the funds to use for data management in FY 2003, he said.

Karier moved that the Council approve allocation of the remainder of FY 2003 funds identified as a placeholder for data management for the projects and in the amounts outlined by staff at the meeting. Cassidy seconded, and the motion passed unanimously.

**13.Public comment on Fiscal Year 2005 and Revised Fiscal Year 2004 Council Budget (Council document 2003-05).**

No one provided comments.

**14.Council business:**

– **Approval of minutes**

Karier moved that the Council approve the minutes for the June 10-12, 2003 meeting. Cassidy seconded, and the motion passed unanimously.



– **Approval of letter clarifying interim use of Libby loss assessments**

Staffer Doug Marker said staff has been working with the Montana members on a letter to Bonneville concerning capitalization of habitat acquisitions in Montana to address resident fish losses at Hungry Horse and Libby Dams. It is a Montana-specific issue and is not intended to create a precedent for the rest of the region, he said. We'll be talking more about it and report back to you at a later date, Marker told the Council.

I've heard people say Montana "is trying to do something unfair," said Bartlett. All we are trying to do is get two previously-approved projects funded in a way that doesn't create a precedent or a policy, he stated.

– **Council decision on appointment to Fish Passage Center Oversight Board**

The Fish Passage Center (FPC) Oversight Board provides policy guidance and assures accountability for the operations of the FPC, explained Suzumoto. In May, the Council put out a request for nominations to replace Rob Walton, who was the Council's appointment to the public-at-large seat on the board, he said. Shauna McReynolds was one of two names received, and staff is recommending her appointment to the board, Suzumoto stated.

McReynolds has been active in fish issues over the past 10 to 15 years and has a similar background to the person she would replace on the board, Suzumoto said. In addition, the Council received several letters of support for her appointment from Douglas and Franklin PUDs, Portland General Electric, Weyerhaeuser, and others, he noted.

That seat on the board has always been designated to utility interests, observed Cassidy. McReynolds is "the right person for the job, and I heartily support her," he added. She is "highly competent and energetic and will do a great job," said Karier. He moved that the Council appoint McReynolds to the public-at-large seat on the board, Eden seconded, and the motion passed unanimously.

Approved August 13, 2003

~

---

Vice Chairman

---

x:\jh\ww\minutesjuly03warmsprings.doc