

JUDI DANIELSON
CHAIR
Idaho

Jim Kempton
Idaho

Frank L. Cassidy Jr.
"Larry"
Washington

Tom Karier
Washington

Steve Crow
Executive Director



MELINDA S. EDEN
VICE-CHAIR
Oregon

Gene Derfler
Oregon

Ed Bartlett
Montana

John Hines
Montana

Council Meeting **Helena, MT**

March 9-10, 2004

Minutes

All were present. The meeting was called to order by Council chair Judi Danielson at 4:30 p.m. on March 9, 2004 and adjourned at 2:45 p.m. on March 1, 2004. Melinda Eden moved that the Council meet in executive session to discuss internal Council policies and matters that may be protected under the civil litigation exemption. Jim Kempton seconded, and the motion passed unanimously on a roll-call vote.

Discussion of Council policies and business practices

Steve Crow, executive director; Sharon Ossmann, business manager; and Bill Hannaford, senior counsel.

Staffer Bill Hannaford explained how the Hatch Act affects Council members and staff and what activities are permitted and not permitted under the provisions of the Hatch Act. Staffer Sharon Ossmann explained changes that have been made in the Council's travel policy and responded to questions from Council members.

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

Ed Bartlett, chair, fish and wildlife committee; Jim Kempton, chair, power committee; and Larry Cassidy, chair, public affairs committee.

Kempton, chair of the Power Committee, reported that the committee's power plan-related activities included a review of the results of the portfolio analysis, a presentation on the conservation resource, and a discussion of risk analysis. The committee also talked about the future role of Bonneville and was updated on the Regional Representatives Group (RRG) process, he said, noting "the region is trying to find some middle ground between RTO West and what would actually work on a more practical basis." Kempton reported the committee received a staff briefing on relieving transmission constraints on resource development in the region, particularly the integration of Montana coal. The committee decided transmission constraints affecting southern Idaho should be included in the next phase of the analysis, he said.

Ed Bartlett, chair of the Fish and Wildlife Committee, reported the committee had discussed fish and wildlife staff workload in light of this year's upcoming subbasin planning work. He said the committee discussed the long-term fish and wildlife funding agreement and thinks "there's a need to make some progress soon on that agreement, whatever we decide to call it." The committee is "still dealing with all the issues we've been dealing with" for the FY 2005-2006 fish and wildlife budget, Bartlett said. There was a good presentation on Montana Instream Flow Incremental Methodology, which is a two-dimensional habitat model, he reported. The model depicts how habitat changes occur in a river channel when changes in flow take place, Bartlett said. We also had an "intriguing" presentation on Bonneville's fish and wildlife Process Improvement Initiative, he stated.

Tom Karier asked how the Council will fund and review FY 2005 fish and wildlife projects. There's a plan and a timeline that will enable the Council to use the subbasin plans to springboard us into funding individual projects, Bartlett replied. Many subbasin planners expect that when the plans are completed, the Council will start funding projects, maybe as soon as 2005, Karier said. We aren't proposing a new project selection process for 2005, responded staffer Doug Marker. We are working with the provinces to determine the status of the Council's existing recommendations and to see how much has been accomplished up to now, he added. As various projects are closed out, what happens to the dollars that are freed up? Karier asked. We've been talking with project sponsors whose projects were delayed due to Bonneville's financial crisis, and we are trying to prioritize those, replied Marker.

Presentation on preliminary conclusions from the portfolio analysis for the Fifth Power Plan:

Dick Watson, director, power division; and Michael Schilmoeller, senior power systems analyst.

Our preliminary studies suggest that DR could significantly reduce both the risk and cost of different resource portfolios, but we need to learn more about the costs and implementation potential, explained staffer Michael Schilmoeller. Conservation additions at levels above those determined by market price reduce risk at little expected cost, he stated. The region appears to have sufficient conventional resources for the next four to five years, although individual load-serving entities or customers may have vastly different risk-management situations, according to Schilmoeller.

He discussed the value of conservation, noting that if you want substantial amounts of conservation, you have to start taking action early. We are assessing the value of pursuing conservation beyond that induced by market price, Schilmoeller stated. Our study shows there would be two kinds of value in having that additional conservation: "the value captured when prices spike," and "the value of reducing the magnitude of price spikes," he explained. In the various futures we looked at that included additional conservation, the conservation helped in many more cases than it hurt, Schilmoeller noted. A lot of the value of conservation stems from the fact "we're there when the price spike occurs," he said.

The value of additional conservation depends on the extent to which we believe we can anticipate problems and the size, duration, and frequency of any "price excursions," Schilmoeller

continued. We are still trying to achieve consensus about the idea that the additional increment of conservation really does provide that value, he stated.

Our recommendations for the plan at this point are to continue research into the potential and cost of DR, pursue some level of conservation in addition to that justified by current market prices, and discourage additional regional resources, beyond what is now in development, until after 2008, Schilmoeller said. We need to nail down how much additional conservation we want to pursue, if any, beyond what is market-driven, he stated.

What would make the conservation occur? Cassidy asked. There isn't a regional policy to make the average person weatherize a house, he noted. Usually, it's money, said Watson. Part of the conservation analysis for the plan is to identify the steps needed to make conservation happen, he added. With people facing higher electricity prices than in the past, we are trying to figure out which conservation measures would be best, how they can be implemented, and the policies that are needed – all that will be part of the plan, Watson said. The plan will include Model Conservation Standards that will set a template for state building codes, Karier noted.

Briefing on and description of the demand response resource

Ken Corum, senior economist, economic analysis.

Staffer Ken Corum delved into the details of demand response and how it might play a role in the fifth Power Plan. He said demand response is a “change in demand for electricity that corresponds to a change in the power system's cost of electricity.” It's important because without it, loads are “too high” at peak, and more generation has to be built and operated, according to Corum.

He said there are more than 1,700 MW of generating capacity in the region that serve 10 hours a year or less, at costs ranging from \$6.49 to \$11.44/KWh. Because these costs are so high, this is an attractive target to go after, Corum stated. This is expensive power being provided to cover the last few hours of peak, and the question is, what if you could give people this information in a way that would motivate them to adjust the way they use electricity, he said.

Corum also pointed out that there are nearly 7,000 MW that serve 100 hours per year or less, at costs of \$0.68 to \$1.18/KWh. Building a unit that runs only 100 hours or 10 hours is a very expensive proposition, and if you can do something to change that, it would be good for the region, he said.

Corum explained the difference between DR and conservation, and he gave a rundown on the pros and cons of ways to achieve DR, including price mechanisms and payments for load reductions. Danielson asked if Puget's meter program has been a success. Puget's meters are cheaper to read, and Puget uses them for reasons other than DR, Corum replied. Puget experimented with a time-of-day rate, but “it wasn't a good test, and they dropped it,” he said.

Karier asked staff to provide the Council with a summary of the “real-world tests and pilots” for demand response, including Puget's. Kempton pointed out that 15 years ago, in his area, they put meters on for demand response, and at first, people thought it was a ploy by the utility. Then

they learned the meters would allow them to save money, and now, “you couldn’t tear those meters away,” he said.

Council staff will refine estimates of the size of the demand response resource and try to identify ways to bring demand response into utilities’ Integrated Resource Plans, Corum stated. We want to further explore regulatory issues and “have a real serious conversation” about what it would take to make price mechanisms more acceptable, he said.

Update on the future role of Bonneville

Dick Watson.

Power division director Dick Watson said the region resumed its dialogue on the future role of Bonneville in February, and that the Council is aiming to make its recommendations to Bonneville before the agency issues its proposal in June. The process is focused on several near-term issues; for example, that customers with contracts extending through 2011 want to stay with those contracts and don’t want any big changes “soon,” he noted. So Bonneville needs to establish policy on post-2011 loads, as well as deal with questions of service during the 2007-2011 period, Watson said.

Customers want to address Bonneville’s problems in the 2007-2011 period, but they also say that a long-term solution is needed, he stated. Customers plan to come before the Council and lay out a schedule to resolve the long-term issues, Watson said. That schedule will be longer than Bonneville’s policy process time frame and “longer than the Power Committee thinks is appropriate,” he noted.

The Council’s focus has to be on the long term, and getting the roles and relationships set up in a way that is durable so customers have certainty, according to Watson. The Power Committee has asked staff to develop recommendations to Bonneville that have a long-term focus, but also a sense of urgency about the need to get changes in place sooner rather than later, he said. As a result, we have an aggressive schedule that calls for the Council to formulate draft recommendations in April, with final recommendations to be made in late April or early May, Watson stated. Among the considerations in play is whether there is legislation that could be recommended that doesn’t open up other risks, he continued.

The region “is teetering on the edge” of making recommendations that would involve Congressional action to change the Power Act in a number of areas, such as Bonneville acquiring resources, tiering and allocation of the system, durability of contracts, and the IOU exchange, said Kempton. We need to see if there are any other tools available before “there’s a cascade of legislative requests from the region,” he stated, adding “if we start down that road, we’re in for quite a journey.” We should look for some middle ground “before we march off to Congress to change provisions of the Act,” Kempton said.

We are asking Bonneville to change the ways it does business and to limit its role, and there are difficult allocation issues, stated Karier. The customers lack confidence in Bonneville’s good faith to implement contracts and rate cases, and the Council has to push forward in the face of all

this, he said. We have to think of a way to move Bonneville toward progress on these issues, Karier added.

This is a momentous change, and Bonneville and all parties will need help, agreed Hines. We'll have to work with all the interest groups in the Northwest to get a long-term viable plan in place, he said. It will help the customers if the Council stays involved and asks them to share their progress with us regularly, suggested Watson. It's imperative that the Council step up to the plate and be pragmatic in the face of all the polarization in the region, Danielson said.

Presentation on Bonneville's new financial disclosure policy

Scott Hampton, Bonneville Power Administration.

Scott Hampton of Bonneville said the agency has adopted a new financial disclosure policy as of March 1 that governs the release of financial information to outside parties. While most information will be disclosed in standard financial reports released according to a regular schedule, "more detailed and ad hoc financial information" not contained in standard reports "may be released if it has the proper authorization and is properly labeled," he stated. The new policy affects requests to Bonneville for fish and wildlife information, Hampton said, adding that some information will now carry footnotes saying:

"This information has been made publicly available by Bonneville on [month/day/year] and does not contain Agency-approved Financial Information."

The quality of the information will still be the same, he told the Council. Something like this usually relates to a "nuisance standard," observed Kempton. What has necessitated this procedure? he asked. The General Accounting Office came in and asked questions about some audit information, and no one could remember where it was sourced from, replied Hampton, adding "this policy will help remedy that."

One key component of the discussion about Bonneville's future role is giving customers greater control over Bonneville costs, said Hines. This policy seems to be going in the opposite direction, he stated. There needs to be greater access to Bonneville information, Hines said.

Are you saying the information you give us will be qualified as "may not be accurate?" asked Larry Cassidy. No, accuracy is not the issue, this policy is directed to getting more consistency in the distribution of information, replied Hampton. So we won't get information until it is "authorized?" Cassidy asked. No, but I'll have to give it this footnote before it comes to you, replied Hampton. "This doesn't say anything about the quality of the data," he reiterated.

"Why are you telling us this?" Cassidy asked. I'm explaining it because the Council makes a lot of requests to Bonneville, and so that when you get this footnote on the information, you'll know what it is, Hampton replied. Won't people in the agency become less interested in distributing information if it is "unofficial?" asked Kempton. "I'm comfortable with the information we are providing," responded Hampton.

“I’m starting to have a major problem with the way Bonneville makes policy in private,” and I think other Council members share that concern, Eden stated. I understand you are “between a rock and a hard place,” being pushed one way from the Council and another from internal management, she told Hampton.

Jim Curtis [Bonneville’s Chief Financial Officer] didn’t mention this policy at the last meeting he had with us, and I request that he come to our April meeting and discuss with us “what’s private, what’s public, and the rationale for it,” Eden said. If someone has to put an official stamp on information, who will do that, and would that person come talk to us? she asked. It will be someone in the Chief Financial Officer’s office, replied Hampton.

How does this fit with the Act’s requirement for Bonneville to provide information to the Council? Karier asked. You will receive any information you ask for – it will just have this footnote, replied Hampton, adding “the amount of information flowing out won’t change.”

Why should we expect “unofficial” information with a footnote? “I don’t get that,” said Cassidy. We should get the best, most accurate information from Bonneville, he stated. What do I tell my governor – “that we are going to get half-baked stuff from Bonneville from now on?” Cassidy asked. You could tell him this policy is for documentation purposes, Hampton suggested. Bonneville doesn’t do things without a purpose, Cassidy said. I agree with Melinda – I want Jim Curtis to come back and talk to us about this, he stated.

It isn’t lost on us that after our meeting last month [with Curtis], this policy has now come out, said Danielson. It’s clear the “nuisance” that Jim [Kempton] referred to is the Council, she stated. The point is, with this policy, you’re not responsible for any of this information – there is “deniability of the numbers,” Danielson said. The reason it would be labeled unofficial relates to the level of detail, responded Hampton.

“The Council doesn’t accept this policy well at all,” Danielson said. It puts us in a bad position because we have a responsibility for fish and wildlife numbers too, she stated. It’s unacceptable to us, and we’ll expect to see Jim Curtis about it, “and he can bring his boss too, if he wants,” Danielson said.

I’m not as concerned as my colleagues are because the relationship we have with Bonneville is positive and good and comes from the Act, said Bartlett. Whatever we get from you, we’ll rely on it and consider it official, regardless of what the stamp says because that’s what the Act requires, he told Hampton. This policy is “curious,” but it doesn’t cause me great concern, Bartlett said.

It’s very disturbing, and it makes our work more difficult, Danielson stated. “This is a good way to get the Act re-opened,” she added. A business wouldn’t give you unofficial information, would it? she asked Hampton. Probably not, but Bonneville’s finance people have asked “why would we give them that level of detail,” and I said “to be as transparent as possible,” he responded.

Before we did the MOA, Bonneville wouldn’t give us financial information, and we had to guess about it, Marker stated. I worry that Bonneville is taking us back to the era when we operated in the dark, he said. We’re still a long way from getting back to the transparency we had in 1997-

1999, Marker said, adding that he would ask, “is Bonneville pulling up the drawbridge on access to information?” I’m very troubled by a policy that suggests information is “a luxury” for us to have, that it needs to be caveated, and that the information will have deniability with respect to accuracy, he stated.

The policy was created to help Bonneville because it has had so many information requests, said Hampton. This is a way to provide a documentation trail – it’s not a way to limit information, but a way to classify it, he stated. My goal is to get the information certified as official, but there will be an interim period of time when there will be “that funny footnote,” Hampton added.

Eden asked Hampton to explain Bonneville’s new \$25,000 accrual threshold policy for fish and wildlife projects. That is the minimum amount to be booked as a year-end accrual, and it will only impact smaller contracts, he said, adding the final decision on that policy has not yet been made. The policy would affect the amount of dollars going into FY 2005 to the tune of about \$3 million, according to Hampton. For example, using this policy in FY 2003-2004 would have meant that \$25 million of \$28 million would have been booked, and it will be about the same this year, he explained.

So in the fish and wildlife program, we are really managing to \$136 million? Eden asked, and Hampton replied yes. “We don’t like that either,” responded Eden.

Are you getting the sense that this unilateral decisionmaking isn’t acceptable? Hines said to Hampton. Bonneville’s CFO came to us last month, and there were two potentially substantive measures he had to know about, but he didn’t tell us about, Hines stated. If we are now managing to \$136 million, that’s a serious change, and we want to talk to the CFO about these policies before final decisions are made, he said.

Karier asked why the accrual threshold policy is needed this year. It has to do with the Power and Transmission Business Lines, which process many more transactions than the fish and wildlife program, Hampton said. “It looks capricious,” commented Karier.

If Bonneville acted like a business, the contracting officers could track these small contracts, said Eden. There’s a general frustration that Bonneville is making policies in private, even though it’s a public agency, she stated. We have to do policymaking in public, and Bonneville should too, Eden said. “I’ll convey that,” responded Hampton.

Three million dollars may be “chump change” to the highest level of financial management at Bonneville, but it isn’t a small amount of money to people involved in the fish and wildlife program, Cassidy said. You need to pay attention to every dollar, he told Hampton. Bonneville needs to remember why the Council was created before it “gets back into the bunker mentality,” advised Danielson.

Presentation on federal agency budgets for Columbia Basin fish and wildlife restoration
Mark Walker, director, public affairs division.

The FY 2005 federal agency budget requests for Columbia Basin fish and wildlife restoration are quite similar to those of FY 2004; in fact, what we are seeing is “a flat funding request government-wide for the basin,” said staffer Mark Walker. The Corps of Engineers has requested \$98 million for Columbia River fish mitigation projects for FY 2005, 25 percent of which is research, he noted. Last year, the Corps received \$85 million, and the trend is for the Corps to come in with a higher request, which Congress then pares back, Walker said.

The Bureau of Reclamation has requested \$17.5 million, a \$2.5 million increase over the \$15 million it received last year, he stated. Reclamation’s hydropower request of \$6.4 million is the same as last year’s.

NOAA Fisheries’ request is \$41.4 million this year, compared to \$27.9 million last year, Walker pointed out. The increase relates to a \$13.5 million boost in “BiOp research, monitoring, and evaluation, and subbasin and hatchery planning and implementation,” he said. Danielson asked what specifically that money is used for. It is to help the agency ascertain whether the BiOp Reasonable and Prudent Actions (RPAs) are effective and whether NOAA Fisheries can claim credit under the Endangered Species Act for them, Walker replied. “It’s hard to get a good handle on the NOAA Fisheries budget,” he added.

Bonneville’s FY 2005 request is for \$297.9 million, compared to last year’s budget of \$282.7 million, Walker said. That includes \$139 million for the direct fish and wildlife program, he noted. Walker also provided figures on Bonneville funding by subprogram, which he said serves to remind people “how big Bonneville is.” “It’s a \$4 billion agency,” Walker noted.

In a discussion of “where Bonneville’s money goes,” he pointed out that the Power Business Line accounts for the agency’s largest expenses. In the past, it was Bonneville’s Treasury payment and “non-federal projects,” but due to the Energy Northwest refinancing, the nuclear plant debt has gone down, and proceeds from the refinancing have been used to prepay Treasury debt, Walker said. A chart of Treasury principal repayment from 1994 through 2003 showed the “magnitude of Bonneville’s debt optimization program,” which, he said, Bonneville has been doing to stretch out the borrowing it has available.

Bonneville customers are concerned the debt service extension was undertaken without consulting them, said Kempton. It drives their costs out into the future, but they had no voice in it, he stated. It would have been better if Bonneville had let interested parties discuss this, rather than making a unilateral decision, Kempton said.

There was some discussion in the region last year and a proposal from a customer group to have a certain amount of money set aside from the refinancing as a “rainy-day fund,” but Bonneville didn’t do that, Walker stated. Refinancing has pushed repayment of Energy Northwest debt from 2012-2015 and “stacked it into a big pile” to repay in 2017 and 2018, he said. Bonneville is also considering rescheduling the debt from WNP-2 for several more years so it would match up with the useful life of the plant, Marker added.

7. Status report on mainstem river operations

Doug Marker.

We expect to release “a specific proposal for a specific level of spill reduction and a package of offsets on or about March 26,” Bonneville’s Greg Delwiche told the Council by phone. We received many comments about the analysis of the impacts of summer spill alternatives and offsets to spill that we presented at the Council’s January meeting, he said. We are using those comments to formulate our proposal, Delwiche stated.

We anticipate having a one-week comment period after March 26, he said. We will respond to comments received and then take a modified proposal to the Regional Executives’ meeting on April 16, Delwiche told the Council. We’ll get input from the executives and the public, and then we plan to make a final decision the week of April 19-23, he said.

“It’s laid in stone to have a decision by then?” Danielson asked. Yes, replied Delwiche.

Staffer Doug Marker asked about a letter Bonneville and the Corps of Engineers recently sent to the four governors. The purpose of the letter is to indicate our willingness to have high-level discussions about this matter, replied Delwiche. We sent that letter to the governors and tribal chairs, and we sent another letter to tribal representatives at the natural-resources-department level, noted Witt Anderson of the Corps. Did you ask a specific question of the governors or just express willingness to have a dialogue? Danielson asked. The latter, replied Anderson.

Is there a reason why the letter came from Bonneville and the Corps, but not other federal agencies? Ed Bartlett asked. NOAA Fisheries has had internal discussions as a follow-up to [Regional Administrator] Bob Lohn’s last visit to the Council, replied Delwiche. “They’re still cogitating on how to thread the needle” on this, and they are not ready to take a position yet, he said.

Does your agenda for the executives’ meeting include changing reservoir operations at Hungry Horse and Libby? asked Bartlett. I expect that we’ll discuss that, but we won’t be in a position to make a final decision, replied Delwiche.

It is “unfortunate” that the letter to the governors did not mention the Council’s mainstem amendments, said John Hines. Last year, Bonneville had changes in operations at Libby and Hungry Horse linked closely with spill operations, and I’d expect them to be linked this year, he stated. I’d like to have a discussion of the Council’s recommendations for summer operations at Libby and Hungry Horse before April 16, and I’d like the result of that to be part of the federal proposal on summer spill, Hines said. If it isn’t included, it will be difficult to have a “meaningful dialogue” on April 16, he added.

I’ll take that recommendation back for “serious consideration,” and we’ll do our best, replied Delwiche. I can’t say that will be part of our proposal, but we’ll try to make some progress, he said. “It will make regional unity so much easier,” observed Hines. “Message heard,” responded Delwiche.

Melinda Eden asked that the spill proposal include information on rate impacts. We prefer to see the rate impacts of all the spill options under discussion, but especially the proposal you put forward, she said. We hope to see an equitable sharing of the savings, Eden stated. And we haven’t forgotten about the rest of the Council’s mainstem amendments, such as those that deal with the Clean Water Act, she added.

Tom Karier pointed out that the Hanford Reach rearing protection operations, which were listed as one of the potential biological offsets for summer spill reduction, need to start in a few weeks. Even if the decision on summer spill isn't made by then, will you still implement that offset? he asked. Yes, replied Delwiche.

Karier said he had been told that the northern pikeminnow management offset could adversely affect juvenile fish. It has been suggested that reducing spill would increase predation because the pikeminnow would be able to move in under a dam, which they can't during spill, he stated. We'll try to be responsive to that comment – I can't speak to the specifics today, responded Delwiche.

Our biologists tell us the comment you heard about the pikeminnow offset's effect on juvenile fish "didn't ring true," but we are looking at the issue, stated Anderson. It's important to address it to move this forward, said Karier. Our biologists said there could be some increase in predation, but they said, more importantly, that we can target the implementation of the offset in a way that addresses any predation-increase effects, stated Therese Lamb of Bonneville.

Jim Kempton asked if the agencies plan to talk with Idaho Power about shaping. We'd like to be told what the benefits of that as an offset would be, replied Delwiche. The water is quite warm, and NOAA Fisheries' goal is to reduce water temperatures, he added. The shaping doesn't have to be fixed in the fall when the water is warmer – it could be in the spring, Kempton said.

The Council has had spill reduction and changes in operations at Libby and Hungry Horse as a combined recommendation for a year, stated Bartlett. I hope that you assume both items will be on the agenda when the Regional Executives meet and that you will take action, he said. We'll take it back and do "due diligence" on the comment, replied Anderson.

Update on Bonneville long-term fish and wildlife funding agreement

John Ogan, senior counsel; and Doug Marker.

We have been talking with Bonneville and the Columbia River Inter-Tribal Fish Commission (CRITFC) about a two-track work plan for the long-term agreement on fish and wildlife funding, and our goal is to get the agreement completed in June, before our work on reviewing and adopting subbasin plans begins, reported Marker. The first track involves developing a cost estimate for the rate case and trying to determine what's required to maintain the fish and wildlife investment the region has made over the past 20 years for programs like hatcheries, he said. We will meet with Bonneville and the Columbia Basin Fish and Wildlife Authority (CBFWA) about this next week, Marker noted.

We need to develop a framework for what it would cost to accomplish the goals of our fish and wildlife program in the next rate case and to define the basic strategies, he said. Marker used the example of how charitable organizations sometimes say "for \$20, you can feed a homeless person for three days." We are seeking "to have an accomplishment-driven framework" and to balance that against the effect on rates, he said.

The other track of the work plan involves policy issues, according to Marker. The tribes gave the Council a list of those last month, he noted. We need to determine which policy issues should be part of the long-term fish and wildlife agreement and which issues should be addressed in other arenas, Marker stated.

We have established a working group, including Bonneville and tribal staff, which will meet before each Council meeting, he said, adding that some “working teams” will also be formed. People have asked the Council to provide meeting and facilitation support, Marker indicated.

Our progress reports to the Council will be the way the region can stay abreast of what’s going on with development of the agreement, he said. Marker listed several issues up for discussion, such as whether to use one number for the rate case and a different one for the agreement. The tribes have talked about transferring management of fish and wildlife funding away from Bonneville, he noted. The Council is interested in getting a “durable” agreement and exploring fish and wildlife program management issues, Marker said.

There is also the question of what form the agreement should take, he continued. Should it be signed by the Council and Bonneville, by cabinet secretaries, or by the governors, tribes, Bonneville, and the Council, Marker said. The tribes feel strongly about being a party to the agreement, he stated.

With respect to determining the costs, Karier said, I think there are three components: prior investments, for things like hatcheries and wildlife mitigation; the costs of implementing the subbasin plans; and the costs of implementing the Biological Opinions (BiOps). Bonneville has said it would like to have the budget based on what its obligations for fish and wildlife funding are, he noted. Has Bonneville determined those obligations? Karier asked. Bonneville remains interested in defining its obligations, but has acknowledged that is a broader question than a short-term funding agreement, replied Marker. An accomplishments-driven approach is attractive to the people we’ve been talking to, he added.

We are trying to keep the BiOps integrated with the program, Marker told the Council. As the BiOp remand goes forward, it could result in a different set of cost requirements, but we won’t know about that in the time frame we have set, he said. We’ll keep working closely with NOAA Fisheries and try to stay on top of it as best we can, Marker stated. If we decide to go with a broader agreement, we’ll need to include the Corps, U.S. Fish and Wildlife Service, and the Bureau of Reclamation in our discussions as well, he noted.

Besides the remand situation and the rate case coming up soon, there is also the issue of power sales contracts for Bonneville customers, Kempton said. With all these issues, is there any reasonable way to do a long-term fish and wildlife funding agreement in a short-term time frame? he asked. The rate case is expected to cover the 2007-2011 period, but it may be shorter, replied Marker. The “narrowest piece of work we have to do” is for the Council to comment on Bonneville’s revenue requirement number for fish and wildlife for the rate case, he said. There needs to be an effort to get a credible number – “that’s a bare minimum,” according to Marker. Establishing a long-term agreement depends on the Administrator’s willingness to enter into a such an agreement, he added.

If customers are talking about having a two-year rate case, would that make this a two-year fish and wildlife agreement? Karier asked. I don't think the duration of the rate case is that critical, replied Marker. I'd still recommend that the Council pursue a long-term agreement because these agreements are hard to negotiate, and we shouldn't have to do this every two years, he said.

Update on subbasin planning project

Doug Marker, director, fish and wildlife division.

Marker provided an update on subbasin planning, noting that staff has developed a schedule for the independent scientific review of subbasin plans and that a review checklist and comment template is being developed for that review. The Council's legal division, he said, is organizing a framework that Council members can use to make determinations required by the Power Act relative to subbasin plan amendment recommendations. The public comment period on the plans will run alongside the Independent Scientific Review Panel (ISRP) review, Marker noted.

Staffer John Ogan told the Council that staff will provide guidance on how Council members should keep track of discussions they have with outside groups about subbasin plans. We are trying "to clear our decks" to enable staff to be able to focus on the review and adoption of subbasin plans between June and December, Marker stated. We think we have the process organized in a manageable and transparent way, he said.

Council Business:

– Subbasin planning contract

Staffer Karl Weist presented information on a request from the Deschutes Resources Conservancy to add \$20,000 to their subbasin planning contract. Eden moved that the Council authorize the Executive Director to negotiate a contract amendment with the Deschutes Resources Conservancy in an amount not to exceed \$20,000 to complete additional EDT and QHA analysis for the assessment components and management plan for the Deschutes Subbasin, as approved by the Oregon Subbasin Planning Coordination Group. Cassidy seconded, and the motion passed unanimously.

Approved April 6, 2004

/s/ Melinda S. Eden

Vice-Chair

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