

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 Walla Walla, WA

May 11-13, 2004

Minutes

All were present. The meeting was called to order by Council chair Judi Danielson at 10:35 am on May 11th and adjourned at 11:40 am on May 13th. Melinda Eden moved that the Council meet in executive session on May 13 to discuss matters pertaining to civil litigation. Larry Cassidy seconded, and the motion passed unanimously on a roll-call vote.

1. Public comment on the Future Role of Bonneville issue paper.

Before the Council took public comments on its draft recommendations on the future role of Bonneville, Kempton said the Power Committee had carefully reviewed the comments received thus far, and as a result, recommended changing the document's recommendation about having a rulemaking. The region recommended not going that quickly to a rulemaking to resolve the issues, and the Committee has "respected that" by subordinating the place of rulemaking in its draft paper, he noted.

IOU consultant Jim Litchfield summarized the key points of written comments six IOUs submitted. The IOUs agree that the paramount goal for Bonneville is to preserve and enhance the benefits of the Federal Columbia River Power System (FCRPS) for the Northwest, he said. The best way to do that is to align the interests of Bonneville's customers, thus giving all customers a stake in working together, according to Litchfield. Without such alignment, the region is likely to remain mired in contentious litigation, he said.

An alignment of the interests of Bonneville and its customers is best achieved by implementing an allocation of federal system benefits that is stable, equitable, durable, and transparent over the long term, Litchfield stated. To preserve the value of the federal power system, it is important that Bonneville not meld higher-priced resources in with the existing system, he said. Bonneville is in load/resource balance right now, making it a good time to establish the principle that new loads placed on Bonneville must be served by new resources at the full cost of those resources, Litchfield continued.

Bonneville should not provide service at rates that meld in the cost of existing Bonneville resources to loads that preference customers annex or are otherwise taken over from IOUs, he said. The Council's proposal with respect to serving new publics would make it hard for utilities to plan, discourage the development of conservation, and require preference customers and residential and small-farm IOU customers to subsidize new publics, Litchfield said. It would "put customers at each other's throats" and lead to more litigation, he predicted.

Litchfield said the Council's decision not to recommend a formal rulemaking at this time had addressed one of the IOUs' concerns. The IOUs think it is important to start with a fundamental allocation of the federal power product, and after that, to let customers decide whether to purchase additional products, he stated. If you start with one uniform product for all customers, it will make it easier to identify what the incremental costs of additional products should be, Litchfield added.

As for the schedule, "there's not a lot of time to waste," he said. A number of utilities want to start planning their next round of resource development and conservation acquisition, but they need to know what their allocation of federal power is and how reliable it will be over the next 20 years, Litchfield stated. "You need to move quickly," he told the Council.

Kempton asked how "keeping new and annexed loads out" complies with the Northwest Power Act. The Act requires Bonneville to offer contracts to all of the region's utilities, not just the publics, replied Litchfield. Your question gets to the heart of the tiered rates discussion, he told Kempton. We recommend there be a one-time allocation for long-term contracts, but that isn't saying Bonneville can't serve new customers, Litchfield said. We recommend new customers be served through bilateral contracts under which those customers bear the costs and risks of the new resources needed to serve their loads, he stated. Melding imposes costs on other customers - it's unfair and destabilizing, added Litchfield.

The Power Act envisions a constant melding process, said Kempton. If we exclude melding, we move away from the provisions of the Act -- isn't that true? he asked. There is a discrimination of rates for different types of service under the Act, replied Litchfield. Tiered rates have been under discussion in the region for some time, he added. The biggest problem is the question of durability, Litchfield said. We need a policy on how Bonneville will serve new applications and whether there is going to be melding and blending or not, he stated.

What process would you recommend we use for the allocation? Gene Derfler asked. What the region has used in recent years hasn't worked, and that's why "people are at each other's throats," he observed. It has been difficult, Litchfield agreed. He noted that the Public Power Council (PPC) has a small group working on this question and said, "I hear they are making progress." It is such an important issue that it needs to get elevated to higher levels until it is resolved, and we need a schedule to make that happen, Litchfield stated.

What about using binding arbitration? Derfler asked. Perhaps, but if parties don't want to be driven to a conclusion, that may not work, responded Litchfield. I think we need leaders to "roll up their sleeves" and get it done, he said.

Should the Council demand the region get to a solution? Derfler asked. Yes, you should push for it -- "you and Bonneville should work out a schedule and manage hard to it," replied Litchfield.

The schedule and the result have to be enforceable, and it can't be done "the same old way," stated Ed Bartlett.

John Hines said he is concerned about sustainability, not durability, when it comes to deciding on large new loads coming onto the system. The region should design a role for Bonneville that makes sense, preserves the benefits of the federal system, and aligns the interests of customers, responded Litchfield. After that occurs, the region can discuss the risks and benefits of going for new legislation, he suggested. Scott Brattebo of PacifiCorp said he thought new publics should have to wait before getting treatment other than that of new large loads, if a 20-year allocation is in place.

John Smets from Aurora, Oregon, urged the Council to try to achieve balance and stop the contentiousness affecting the region. This pitting of interests against each other is taking a lot of the Council's time, taxpayers' time, and costing a lot of money, he said.

Tony Usibelli, director of the Energy Policy Division of the Washington State Dept. of Community, Trade and Economic Development, said his agency is "very pleased" by the Council's recommendations. "You've largely got it right," he stated. You will want to make sure that the process corrects asymmetries in the rights and obligations of the various parties involved in electricity in the region, Usibelli advised, suggesting the paper spell those out more clearly.

We think the document should emphasize the stewardship role of Bonneville, especially its responsibilities for conservation and the development of renewable resources, he said. Usibelli urged the Council "to be bold" in the development of renewables. They bring significant economic and environmental benefits, he said.

The resource adequacy issue is particularly important, Usibelli stated, pointing out that many utilities have recently reinvigorated their integrated resource planning processes. The Council can help pull together the parties to determine that each utility has adequate resources to meet its needs, he suggested. The Council should keep track of the conservation efforts of utilities and Bonneville and "shine a light on how folks are doing," Usibelli recommended. He urged the Council to think about conservation's value in stretching the coverage of the federal baseload system.

The region needs to establish a system that provides policy durability, Usibelli said. It is good the Council has decided not to push forward with recommending a rulemaking, but it's an option you should keep on the table, he stated.

In response to a question from Tom Karier, Usibelli explained that the governors of Washington, Oregon, and California last year signed an agreement to work together to reduce the emissions of greenhouse gases on the West Coast. In September, we will present recommendations to the governors on the areas where the states can work together, he noted.

Utility attorney Terry Mundorf thanked the Council for conducting "a rapid and responsive" process and said it was refreshing to see the Council respond to comments and make changes in its recommendations so quickly. He applauded the Council's shift in focus from the rulemaking to "more of a contract approach." Brattebo said customers are continuing to work together on the issues and hope to make progress.

Mundorf then presented some comments on behalf of the Western Public Agencies Group. He said he has been participating in the PPC discussions on allocation, which he called “extremely substantive and fast-moving.” The group has narrowed the field on the type of allocation, that is, “how you do the math,” Mundorf stated.

The publics are working diligently, and I am optimistic we will be able to reach a conclusion on divvying up the federal system that will be equitable to all customers, he told the Council. My customers endorse the Council’s recommendation that the Slice and block products be retained, Mundorf said. Offering products to the publics that are already in place now eases the political tensions associated with allocation, he added.

It’s premature to decide what to do about new publics and annexed loads, Mundorf stated. We will take it up after we determine how to do the allocation, he said.

Karier asked his opinion of the Council’s recommendations on adequacy. Customers have said it’s important to deal with the question of adequacy if we go to an allocated system, Mundorf replied. There needs to be recognition that resource development is a local decision, he added. Customers have said, don’t go with a “resource police” approach, but instead use a pricing mechanism through which “people who don’t plan pay a price for their folly,” Mundorf stated. The customers concur that the Council has an important role to play and is the one place where everyone can be brought together, he added.

John Saven of Northwest Requirements Utilities said his organization submitted written comments to the Council April 22. We haven’t come to a conclusion on some of the questions you have posed to us, and there’s a lot of work that needs to be done, he stated. Saven said he appreciated the Council’s responsiveness in changing its recommendation on the rulemaking. We’re committed to keep working with you in the future, he added.

Who will set up the timetable to reach conclusions and what mechanism will ensure that conclusions will be reached? Derfler asked. I’d like to see the timetable driven by customer and Bonneville interests, replied Saven, adding that customers have made recommendations about the timetable and issues to be addressed. We need to hear from Bonneville and the Council so we can set a timetable for making decisions, he said.

The Council shouldn’t defer to Bonneville -- the Council should stay involved and work with the customers, Saven stated. What kind of process would ensure getting to a conclusion? Derfler asked. There need to be ongoing meetings with milestones and accomplishments, replied Saven. Bonneville, the customers, and the Council need to agree on a schedule, he added.

Terry Courtney, Jr., of the Warm Springs Tribes spoke briefly about some of the fish-related issues that are affected by the discussion of Bonneville’s future role, and he wished the Council luck in its deliberations.

2. Walla Walla District Commander of the U.S. Army Corps of Engineers:

Lt. Colonel Edward J. Kertis, Jr.

Lt. Colonel Edward Kertis, Jr., Walla Walla District Commander of the Corps of Engineers, welcomed the Council to Walla Walla. He explained some of the programs the Corps is involved in, including as oil spill cleanup, environmental restoration, and Removable Spillway Weir installation. Kertis also talked about time he recently spent in Iraq working on rebuilding projects and participation from others from the Walla Walla District in Iraq.

3. Presentation on Northwest wind development:

Don Bain, Aeropower Services, Inc.

Don Bain of Aeropower Services, Inc., developer of the Combine Hills wind farm near Walla Walla, said his company is working on Phase 2 of the project, another 62 MW that would come on line next year, if the Production Tax Credit for wind, now stalled in Congress, were to be passed. Within a few years, the entire wind industry will be looking to build projects in the Northwest, he predicted.

Given high natural gas prices, “we’re amazed at how good wind looks,” according to Bain. People are realizing these high prices aren’t a temporary problem, he said. I urge you to calibrate your power forecasts to the real natural gas price in the marketplace – your starting point is too low, Bain told the Council.

Renewable resources are highly location-dependent, and the lynchpin of that is transmission, he continued. We have to think about how to bring the transmission network to the resource; if we can’t do that, we don’t have the resource, Bain stated. He said this transmission question requires as much effort as Bonneville and others are devoting to “non-wires alternatives.”

Bain recommended applying the Power Act’s priorities for renewables to what moves through Bonneville’s transmission queues. We need to shorten the time needed to get through those queues, he stated.

There are utilities in the Northwest that want wind power, but can’t get it, and there are also utilities that want wind power with no risks, Bain indicated. Bonneville should act as an aggregator for small utilities so that “you don’t have to herd cats in order to do the big project,” he said.

Bonneville should also expand the long-term anemometer network because utilities need long-term data to make decisions about buying wind energy, Bain continued, recommending that areas of the region where there aren’t transmission problems be seeded with anemometers. The wind industry will go where the data is because long-term data is so valuable, he said.

How far did you have to go to connect your project to the network? Kempton asked. 9.75 miles, replied Bain. Kempton asked about venture capital for wind projects. There’s a lot of venture capital in the industry already, Bain said, with costs running about half a million to \$1 million per project. “If you don’t win, you might as well have burned the money,” he stated, adding that there’s a lot of work to be done to design the marketplace and reduce inefficiencies.

Karier urged Bain to submit recommendations for the power plan. Our draft plan doesn't see wind coming in for eight to 10 years, but industry may have different expectations, he said. PacifiCorp, Avista, Puget, and PGE are all in the market for wind today, responded Bain. You should review your model's treatment of gas prices and try to get the model to mimic reality, he advised.

Our staff says there are transmission constraints in Montana and southern Idaho – are you saying there are more constraints than that? Karier asked. Yes, Washington is full of constrained paths, and Oregon has some, Bain replied. The only place wind resources are not affected by “flow gates” between the resource and the customer is along the coast, but there, the environmental constraints to wind development are formidable, he said.

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.

Ed Bartlett, chair of the Fish and Wildlife Committee, reported the committee talked with the Colville Tribes about the master plan for their hatchery and discussed the structure for a Regional Implementation Forum for mainstem operation decisions. There's a need for more discussion, but we reaffirmed the need to make a decision on the Regional Forum, he said. The committee also talked about the APRE issue paper and made progress on the credit methodology for fish and habitat projects, according to Bartlett. Other items on the agenda dealt with summer operations, status of the 2005-2007 fish and wildlife budget process, and several fish and wildlife project funding decisions, he said.

Jim Kempton, chair of the Power Committee, reported that the committee put final touches on the Council's paper on the future role of Bonneville, including insertion of a recommendation to the agency to establish a schedule tied to the signing of long-term contracts. He said the committee was briefed by staffer John Fazio on the Loss of Fish-Operations Probability model and hasn't decided whether it should be included in the Fifth Power Plan. There was a discussion of transmission requirements for Montana and southern Idaho resources, fuel switching, and draft portfolio recommendations for the Power Plan, Kempton stated. We talked about Model Conservation Standards, and the committee decided to recommend that Bonneville not impose a surcharge for non-compliance, he noted. That could, however, become an issue in the 2006-2011 period, Kempton said.

4. Council decision to release for public comment the Council budget for Fiscal Year 2006 and revised Fiscal Year 2005:

Jim Tanner, administrative officer; and Sharon Ossmann, business manager.

Staffers Jim Tanner and Sharon Ossmann presented the Council's draft budget for FY 2006 and revised FY 2005 budget for approval. Eden moved that the Council release for public comment its draft FY 2006 budget and revisions to the FY 2005 budget. Karier seconded, and the motion passed unanimously.

Tanner brought up a memo he had written to the Council about stabilizing Council funding, noting that Bonneville's firm power sales are no longer a good basis on which to calculate the funding. It behooves the Council to sit down with Bonneville in the next several months and come up with an alternative funding methodology, he advised.

Kempton suggested that a recommendation about this topic be put in the Fifth Power Plan. Cassidy questioned whether that would be a good idea. He suggested it might be worthwhile for the Council to solicit support from the governors for changing the funding arrangement. Bartlett asked staff to prepare a proposal for the Council to discuss further. The Power Plan and the Council's funding are independent, said Karier, noting that negotiations about the funding arrangement could take months. Hines agreed with Cassidy's suggestion to enlist support from the governors.

Any signal that we have support from the governors or the Congressional delegation would be very helpful in the negotiations, said staffer Steve Crow. Staff will look at the alternatives and get a more detailed strategy together for you to look at, he told the Council. Crow added that the Council has been frugal and under spent its budgets in the past several years. The result is that "we've got a good story to tell in being fiscally disciplined" when we go to ask for an adequate and stable funding source, he said.

The funding for the Council is in the statute, so the matter needs to be discussed in the Power Plan, said Kempton. If your plan is to go for a new formula by changing the statute, there is merit in what you recommend, stated Cassidy. But do you want to delay releasing the Power Plan until you get this worked out? he asked. The Plan could have placeholders for issues that haven't been closed out, like this one, Kempton suggested. It's a question of whether you want to carry this dialogue forward in a public document, he added.

Danielson asked staff to provide some alternatives for discussion at the June meeting, and she said the Council will draft a letter to Bonneville indicating an interest in discussing this matter.

5. Briefing on Draft Portfolio Recommendations for the Fifth Power Plan:

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

"We've stress-tested the assumptions in our model" and are still coming to the same conclusions for the Fifth Power Plan's action plan, stated staffer Michael Schilmoeller. Those are, he said: no resource additions appear to be necessary before June 2013; a sustained level of conservation development reduces cost and risk; demand response warrants better understanding; and we need to evaluate the role of transmission in supporting resources that will be completed starting in 2013. "We think the action plan is pretty robust," Schilmoeller told the Council.

He reviewed the plan's approach to dealing with uncertainty and risk, noting the region is in a period of relative surplus expected to last through 2008 and beyond, and that "the further out in time we add resources, the less they cost in today's dollars." Our studies consistently concluded that aggressive pursuit of conservation has risk and cost advantages, Schilmoeller said.

We think if the conservation supply curve is more or less continuous, increments of “above market” conservation can be added inexpensively, Schilmoeller explained. This can make conservation an inexpensive source of reserve margin, which reduces market exposure risk and may moderate wholesale price swings, he said. In discussing sustained acquisition of conservation, Schilmoeller said their studies suggest paying a premium of up to \$40/MWh has cost and risk advantages.

It looks like we are ramping up conservation compared to the previous power plan, stated Karier. Yes, replied Watson. The plan needs to account for resources being built now, said Hines. The plan might have a different base starting point if construction of plants now on the drawing board takes place, he stated, adding “there would be 150 MW of wind built in Montana if the Production Tax Credit were approved tomorrow.” We see wind playing a large role in what gets built in the next decade, Schilmoeller said.

6. Briefing on the draft Action Plan for the Fifth Power Plan:

Dick Watson.

The “action plan” spells out “who needs to do what when” to achieve the objectives of the power plan, said Watson. Right now, Council analysis shows that “loads are down, and we think they are going to stay down,” he stated. There has been a lot of new generation brought on line in the region over the last couple of years, mostly by independent power producers, Watson noted. There are a significant number of sites that have gone through the permitting process, and construction has been partially completed for about 1,200 MW, he said.

Watson told the Council you may see a PNUCC forecast soon that will talk about a deficit. The difference between our forecast and theirs is that PNUCC only counts resources utilities own or have contracts for, he said. “There’s a bit of a semantic problem here,” Watson added.

The three major thrusts of the action plan are, he said: acquire those low-cost resources that provide a hedge against future fuel price, market, and/or environmental risks, including a focus on lost-opportunity conservation; identify cost-effective demand-response resources and develop policies and infrastructure to permit their use to moderate demand during periods of high prices or tight supplies; and undertake actions to ensure the ability to develop additional generation resources when needed.

Watson said since 1980, the region has developed over 2,600 aMW of conservation at an average cost of 25 cents/KWh. There is, however, a significant conservation resource yet to be developed, largely as a result of new efficiency technology, he noted. Watson suggested an achievable potential of 2,800 aMW by 2025 and laid out key actions the plan recommends for conservation and demand response.

“This is a great action plan,” commented Karier. We should set some targets so we can track results, he said. We need to find a way to work with utilities on this, stated Watson. Kempton suggested the plan needs more discussion of the risks to utilities of buybacks.

Watson went over action items for reducing barriers to resource development and for “fish and power.” We need to find better ways to integrate power system planning and operation with fish

and wildlife objectives, he said. The goal is to achieve power system reliability and economy with equitable treatment of fish, according to Watson. “What’s equitable treatment?” Danielson asked. The Council has never adopted a definition for that, replied staffer John Shurts.

7. Presentation by Independent Scientific Review Panel on the U.S. Army Corps of Engineers Anadromous Fish Evaluation Program (AFEP):

Dr. Richard Williams, Chair; and Dr. Richard Whitney, member, ISRP.

Dr. Rick Williams, chair of the Independent Scientific Review Panel (ISRP) and Dr. Richard Whitney, ISRP member, presented the key findings from the ISRP’s review of the Corps of Engineers’ Anadromous Fish Evaluation Program (AFEP) for FY 2004. Williams said it was the first time the ISRP had reviewed the program and explained that the AFEP program provides scientific information to assist the Corps in making engineering, design, and operations decisions to support safe, efficient passage of fish through the mainstem Columbia and Snake River hydro projects. The ISRP review, he noted, provides the opportunity to ensure that AFEP proposals receive a similar level of scrutiny for scientific soundness as do proposals submitted for the Council’s fish and wildlife Program.

Williams explained that while AFEP and the Council’s program represent the two largest fisheries management and recovery programs in the basin, there are significant differences between them in structure, proposal development, and proposal review processes. He said there is a lack of coordination between AFEP and the fish and wildlife program, with the 2000 BiOp being the nearly exclusive justification for the AFEP studies, “thus neglecting broader, long-range goals.” The AFEP does a good job, nevertheless, in using short-term research results immediately for both policy decisions and planning near-term new work, Williams stated.

The Corps’ proposal format differs from what the Council and Bonneville use, he noted. I expect if the ISRP were to continue to work with the Corps in future years, the AFEP proposal quality and the process would improve, Williams said.

The ISRP recommends the Corps develop strategic multiyear research plans, including identification of where more mechanism-oriented strategies could yield benefits in research productivity, efficiency, and economy of time and funds, which would result in faster implementation of fish-protective features, he told the Council.

Whitney said the AFEP projects were “good” and comparable to what the ISRP sees in the fish and wildlife program, but there wasn’t time for the AFEP sponsors to respond to the ISRP’s comments. He noted that the AFEP lacks independent scientific review of proposals at any stage, and that the AFEP proposal review process has little bearing on the selection of proposals for funding. Unless the AFEP proposal development process is modified, future ISRP review of AFEP proposals may not be particularly useful, as there are no clear decision points where ISRP review can provide value to the scientific quality of the proposed studies and inform project selection and funding, Whitney said. Of the 32 projects the ISRP reviewed, we judged half adequate, with the other half needing more detail or revisions, he pointed out.

Karier recommended trying to coordinate the Corps’ research plan with the Council’s research plan. Karier asked about shad, which the ISRP calls an “overlooked species in the basin.” Is this

a big issue that is falling through the cracks? he asked. There's a difference of opinion on whether it's a good idea to increase passage for shad, given the problems they create, replied Whitney. "I think there's a gap," he added.

As we improve passage for migrants, we improve passage for shad -- isn't that a Catch-22? Cassidy asked. You can design fish ladders to keep shad out, replied Whitney. Can we teach terns to eat them? quipped Cassidy. "Way back when," the tribes tried to find a market for shad, but it didn't work out, Whitney said. There are some big policy issues involved, and the Corps and the Council need to coordinate because their goals are different, he stated.

What do we need to do to follow up on your recommendations? Karier asked. There need to be high-level discussions of what the ISRP should do, replied Williams. He noted that AFEP proposals can be grouped into those that are dependent on hydro system operation decisions for the upcoming study year, and those that are independent of such constraints. The ISRP recommends that the "independent" projects could be solicited earlier and go down a separate review path than the "dependent" projects, one that is more similar to the Council's fish and wildlife project review process, Williams said.

Besides the process issues, how did the Corps do? Danielson asked. The Corps did a good job, replied Whitney. The Corps used to be "a wild card," but now it is a pretty good team player, said Williams.

Do the Council's fish and wildlife program and the Corps have conflicting goals under federal legislation? Danielson asked. The Corps itself has conflicting goals under federal legislation so it is involved in a balancing act, replied Whitney. That doesn't mean common areas and goals shouldn't be looked for, added Williams. So we should coordinate the areas we can? asked Danielson, and the reply was yes.

8. Presentation by Bonneville Power Administration on process improvement initiative:

Scott Hampton, Bonneville Power Administration

Bonneville's Scott Hampton outlined the agency's fish and wildlife division "Process Improvement Initiative," which he said is focused on improving Bonneville's project implementation. Bonneville has heard from the Council, CBFWA, and its contractors that there is great potential for improvement in the agency's processes and fish and wildlife project management approach, he said. Hampton described various improvement models and goals; for example, for project management, the goal is to "improve how Bonneville contributes to high-performing, well-understood and efficiently executed projects."

He explained the contracting improvements Bonneville envisions and the agency's intention to clarify roles and responsibilities. These improvements will provide for "open and honest feedback" that can help resolve issues "before they blow up," Hampton said. Another goal is to "deliver a streamlined approach to financial management that better supports projects and at the same time makes required information more readily accessible," he stated. Bonneville is going to start using the Prism automated contract tracking system for fish and wildlife projects, Hampton said.

Council members asked various questions. Kempton objected to the sentence that said Bonneville “will communicate its findings as requirements for improvements to the project selection process.” Cassidy asked if that sentence meant that “Bonneville was going to tinker with project recommendations the Council sends over.” Our goal is to work more closely with the Council at the beginning of the process so that when recommendations come over, there are no surprises or misunderstandings, replied Hampton.

Bonneville is to be congratulated for adopting a system like this, said Karier, pointing out that Washington state uses a similar system. It’s great you are doing this, agreed Cassidy. But he noted that the Washington Dept. of Fish and Wildlife bought Prism for \$55,000 and the Oregon Dept. of Fish and Wildlife for \$75,000, while Bonneville’s cost is \$750,000. Why is that? Cassidy asked. “We are popping the hood and doing some work on the system’s engine,” replied Hampton. We have to tweak the software, and there are things we have to customize, he added.

The Council wants to be involved when you make decisions on what metrics and data to be collected, said Marker. I advise you to pursue the greatest consistency with what’s in place in the region, he added. We are not looking to change how anything is defined, replied Hampton. “We’ll work with the Council and the region, but I can’t speak authoritatively on that,” he added.

Among the process improvements Bonneville is seeking is the application of fixed-price contracts for select projects, Hampton explained. We think about 50 percent of our contracts could go fixed-price, he said. If you move to fixed-price contracts, will you eliminate project sponsors from spending too much or too little? Eden asked. This should help with a lot of things from an accounting perspective, replied Hampton. It will put the risks onto contractors, and if they don’t perform, they don’t get paid, he said, adding that there will have to be acceptance of the new system by the region. The Council’s support for the Process Improvement Initiative is critical to our success, Hampton stated.

Eden said Bonneville’s overhead for the fish and wildlife program went up 25 percent last year, and that she is surprised Bonneville now sees the need to cut back on project management tasks. Hampton explained some of the reasons for the overhead increase and promised to get more information on it to Eden. Cassidy suggested Greg Delwiche explain the overhead changes to the Council at its next meeting. Danielson said that would be a good presentation for the next Fish and Wildlife Committee.

9. Presentation on Walla Walla subbasin planning process:

Brian Wolcott, director, Walla Walla Basin Watershed Council; and Cathy LaRoque, watershed coordinator, Walla Walla County.

Cathy LaRoque, watershed coordinator for Walla Walla County, and Brian Wolcott, director of the Walla Walla Basin Watershed Council, briefed the Council on the Walla Walla subbasin plan currently under development. Cassidy noted that the subbasin involves two states, which makes the planning work more challenging, but he said “their efforts have been successful.”

LaRoque explained the background and participants in the planning process and how public involvement has been carried out. The draft subbasin plan went out for comment in April, and

we are working to meet the May 28 deadline for the final plan, she said. LaRoque explained the key findings from the plan and said they used the EDT model to identify areas to be protected.

The EDT modeling helped us consolidate data and identify data gaps, Wolcott said. Development of the plan resulted in “a great two-way information sharing” between planners and the public, stakeholders, and landowners, he stated. Among the issues that arose, according to Wolcott, were time and budget limitations, difficulty finding consensus, and ESA enforcement concerns. “There was the ESA gorilla looming in the closet as we put together the plan,” he said. Future activities for the planners include additional data collection, improving stakeholder cooperation, and more socioeconomic analysis, Wolcott noted. “Overall, we’re pretty proud of the document we’ve put together and the process we used to do it,” he summed up.

Once the plan is done, when the Council and Bonneville look for projects to fulfill this plan, what role will your subbasin planning groups play? Karier asked. The priorities we’ve identified through the EDT will help us determine what projects should be funded, and a lot of our people will be willing to see this through, replied LaRoque.

Governor Locke asked us, when we were appointed, to “stop the duplication going on in fish recovery,” said Cassidy. You are a great example of how that goal is being achieved, he told the Walla Walla subbasin representatives.

10. Discussion with the Upper Columbia United Tribes:

Mary Verner, executive director.

Mary Verner, executive director of the Upper Columbia United Tribes (UCUT), brought a panel with a list of 10 questions concerning funding and process that her organization would like the Council to answer, e.g., “what is the Council’s position on Bonneville’s intent to reduce the budget to \$131 million or less in FY 2005 and 2006?” The concerns raised in these questions demonstrate “a regional process that crumbled,” she said. We’ve been on a roller coaster, and our tribes want feedback from you on how to get to a more stable fish and wildlife project selection and funding process, Verner stated.

Ray Entz of the Kalispel Tribe said he had brought specific examples of “the broken thing we’ve called a process.” I’m talking about subbasin planning, he added. In previous processes, more dollars got to projects on the ground even though the budgets were smaller, Entz said. We think our questions need answers -- it’s no longer clear what the roles and responsibilities are, Verner stated.

You have set a tone by saying “the process is broken,” observed Cassidy. Yes, things could work better, but I don’t accept that premise, he said. These are complex questions, and I’d like to have the Council provide specific written answers to them, Cassidy stated. They are legitimate questions to ask, he added.

We know the financial problems, and we’ve tried to include all stakeholders, said Danielson. No one is more disappointed than the Council that the provincial review process “has kind of fallen by the wayside,” she stated. You’ve raised the issue of equity, but I don’t see what you recommend as being equitable, Hines said.

Bonneville's choices have given priority to ESA fish, but in the blocked areas, there are no ESA fish, Verner said. What we want to know is when we will get back on track to prioritizing the blocked areas, she stated. Wildlife habitat acquisitions have been delayed and delayed, according to Verner. We didn't get what we wanted in 2001 or 2002, and in 2003, everything was put on hold, she continued. We are getting some of what we asked for in 2004, but it's "like chasing a rabbit" -- just when you think you are getting there, you don't, Verner said.

Entz noted that "6 percent of 5 percent of Bonneville's operating budget goes to mitigation and enhancement in the area that has suffered about 40 percent of salmon losses and produces 50 percent of Bonneville's electricity," a statistic that he said shows lack of equity. The provincial review recommendations weren't implemented and that caused us problems, he said. "Equity to us is not equal" -- it's balancing impacts with benefits, and the record is just not there, Entz stated.

You bring up a good point, said Kempton. In the fish and wildlife program, the blocked areas were addressed, but with the emphasis Bonneville has put on the ESA, there have been "dueling statutes," the ESA and the Power Act, he stated. It's a reasonable request for us to look again at the blocked areas, Kempton said.

You may want to direct many of these questions to Bonneville, Danielson advised. The Council "fought hard," but at the end of the day, we don't write the checks, she said. "I take a little issue with some of these questions -- it's more finger pointing than solutions," Danielson stated. All of the efforts the Council has made have not been heard, she added.

I'm sorry you feel put out by our questions, responded Verner. We truly want to engage in a discussion and to address these problems with you, she said. We'd prefer to meet with you, rather than have a written exchange, Verner added. "We are not trying to develop a record to sue you," she said. This is not intended to blame or throw the problem back at you, Verner added. We're always open to discussions with solutions, responded Danielson.

Bartlett suggested the Fish and Wildlife Committee discuss the list of questions and bring the results to the full Council. Danielson suggested it be done at the next committee meeting. The blocked areas are a good topic for discussion, and maybe we can crystallize what we can have a discussion about, she said.

Terry Courtney, Jr., of the Warm Springs Tribes said during the discussions about breaching the dams in 1999 and 2000, people said, instead of breaching, dollars would be earmarked to do work in the four Hs, especially habitat. Bonneville has knocked the funding down from \$186 million to \$139 million to \$131 million, he noted. The figures keep dropping, Courtney said. Bonneville made \$500 million last year, and "it's not hurting one bit," he stated. Recovery to the tribes means naturally spawning fish, Courtney pointed out. We're not here for a fight or to sue, he added.

Danielson suggested the Fish and Wildlife Committee frame up "a legitimate, frank discussion" on the UCUT questions. Verner requested the full Council address the matter at the next meeting. The need is immediate, and we ask for the restoration of a clear, deliberate, and open process, she said. We'd prefer you invite us, rather than having to invite ourselves, Verner added.

We've been asking many of the questions on your list, said Eden. We've all been caught in a budget crunch, and we hope you will continue to help us, she added. Eden suggested Verner send the list of questions to Greg Delwiche.

Entz noted that he is serving on a contractor group developing Bonneville's Process Improvement Initiative. Some of these problems have been discussed by Bonneville, and they weren't satisfactorily dealt with, he said. The failures we are talking about are going to affect on-the-ground work, Entz stated. The fiscal crisis should spawn creativity, but I haven't seen that -- I've only seen processes spawned by the crisis, and that doesn't work, he said. I'm aware of these concerns as we try to develop the upcoming budget, and I'm trying to make the process more transparent, responded Marker.

11. Possible Council decision on specific project funding and implementation issues:

- **Yakima Habitat Improvement Project, Project #2002-038-00: scope change**

No action taken.

- **Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: mitigation and monitoring plan**

Staffer Mark Fritsch presented information on a request for additional funding for a Yakima-Klickitat Fisheries Project and noted that the Fish and Wildlife Committee supports the funding, with the caveat that the work involved be done by a licensed and bonded engineering firm. Eden moved that the Council recommend that Bonneville fund, from the current capital budget for the Yakima-Klickitat Fisheries Project, Project Number 1988-115-25, a well field mitigation and monitoring plan at the Cle Elum Supplementation and Research Facility, in an amount not to exceed \$290,000 for fiscal years 2004 through 2006, with a proviso to require Bonneville to explore who carries the responsibility for the impacts from the design of the facility. Cassidy seconded, and the motion passed unanimously.

- **Yakima Klickitat Fisheries Project (YKFP) Design and Construction, Project # 1988-115-25: Office/Research facility**

No action taken.

- **Within-year funding**

No action taken.

12. Council decision on Future Role of Bonneville recommendations:

Dick Watson.

Staffer Dick Watson presented final Council recommendations for the future role of Bonneville, noting three changes made in the draft recommendations sent out for regional review. In the draft, the Council considered several ways for Bonneville to arrive at a new role, ranging from adopting policy changes to seeking new legislation, he said. We recommended use of a

“substantive rulemaking” because we were concerned that a policy change wouldn’t have durability, while legislative changes could expose the region to new risks, Watson explained.

The comments received in response to this recommendation argued that a rulemaking would take too long, conflict with the rate directives of the Northwest Power Act, and could expose the region to oversight from the Office of Management and Budget or Congress, he said. We are not completely convinced by those comments, but we are sensitive to them so in the final recommendations, instead of a rulemaking, the Council proposes to “beef up the Bonneville policy process” so that it includes clear identification of issues to be resolved, a process for their resolution, and an aggressive schedule to make it possible for Bonneville to offer contracts by October 1, 2007, Watson stated. If the milestones in the schedule are not being met, the Council’s recommendations call for collaboration among Bonneville, customers, and others to see if a rulemaking is needed to resolve the issues, or if Bonneville and the Council should work together to seek legislative changes, he noted.

The tenor of some of the conservation-oriented comments we received raised concerns about whether mandates to achieve all conservation under the Act would be carried out, Watson said. We are in favor of a fair amount of utility autonomy in this regard, but experience over the years has shown that getting conservation done requires “attention and prodding,” he stated. We think we need to preserve a back-up role for Bonneville in the event utilities are not getting conservation done, Watson said. We also want to preserve a centralized function at Bonneville for conservation activities that benefit all customers and can achieve economies of scale, he stated. To sum up, in the final document, we didn’t change our conservation recommendations, but we amplified the reasons for what we propose, Watson said.

With respect to resource adequacy, comments expressed concern that some utilities might have costs imposed on them because of the failure of others to maintain adequate resources, he continued. In its final recommendations, the Council pledges to work with all regional players to ensure appropriate adequacy policies are in place and suggests it help the region and individual utilities develop adequacy benchmarks, Watson explained.

Since the energy crisis of 2000-2001, there hasn’t been an institutional response on how to prevent another crisis from happening, said Tom Karier. This is the Council’s response and recommendations to prevent us from having that situation again, he stated. It is a reasoned, balanced approach – it’s responsive to comments, and a lot of flexibility has been shown, Karier said. This is a great start and puts us on the right path, he added.

In this document, we propose a middle ground approach on the issue of whether to have a rulemaking, said John Hines. Our understanding is that Bonneville will come forward in June with a plan to address both long-term and short-term issues, he stated. I hope Bonneville takes these recommendations seriously and will use this document as a guideline for its Record of Decision, said Gene Derfler.

The Comprehensive Energy Review of 1996 was the region’s first attempt to deal with the issues we looked at in this document, said Jim Kempton. With the advent of deregulation, the provision in the Act that said Bonneville would acquire resources came into question, he noted. Utilities and consumer groups suggested, in light of experiences like Tenaska and WPPSS, that Bonneville’s footprint in the market was too big, Kempton said.

In these recommendations, we are stepping away from Bonneville being a principal purchaser of resources, he stated. There are still a lot of other issues to be resolved, but this paper tries to bring recommendations to Bonneville so it can make a proposal to the region and provide a path to long-term contracts, Kempton said. He moved that the Council approve the recommendations on the future role of Bonneville in power supply; Derfler seconded, and the motion passed unanimously.

13. Briefing on hydrosystem conditions and related operation issues:

Cathy Hlebechuk, U.S. Army Corps of Engineers; and Bruce Suzumoto, manager, special projects.

Water supply forecasts have deteriorated as the season has progressed, said staffer Bruce Suzumoto. Low-water conditions in the Snake River have caused the elimination of spill at Lower Granite and Little Goose dams and a reduced spill operation at Lower Monumental, he noted. Cathy Hlebechuk of the Corps of Engineers went over the May final water supply forecasts, which she said are below normal for all of the Columbia Basin. Hlebechuk pointed out that 2001 was a worse year than this one appears to be, but that was small comfort as she went through the numbers.

The May forecast for The Dalles is 79.5 MAF, or 74 percent of normal, compared to a forecast of 96 percent in January, according to Hlebechuk. Lower Granite's forecast is now 18.8 MAF, 63 percent of normal, compared with January's forecast of 92 percent. Libby has been releasing minimum flows, but outflows are expected to increase for a four-week period starting in May or June when the U.S. Fish and Wildlife Service (USFWS) requests flows for endangered sturgeon, she said. After that, NOAA Fisheries will request flows for salmon, Hlebechuk noted. With respect to how full Libby will get this year, "I hope in the top 10 feet," but it depends on the water request for salmon, she said.

Bartlett noted that the normal duration of the sturgeon flows is two weeks and asked why four weeks are being requested this year. In the past, USFWS asked for two weeks at higher flows, but this time, it will request lower flows for a longer time, replied Hlebechuk. The amount of water being requested is within the Biological Opinion (BiOp), she added.

Hlebechuk pointed out that project releases at Grand Coulee are currently being used to maintain flows at Priest Rapids as part of the Hanford Reach agreement for fall chinook. Because of the low water supply, the salmon managers delayed their requests for flows, and the project is fairly full, compared to what it would have been if the managers had requested the water earlier, she said.

Hlebechuk went over the spring and summer BiOp flow objectives and estimated flows at McNary and Lower Granite. Estimated summer flows at Lower Granite are 32,000 cfs, compared to the BiOp objective of 50,000, and 125,000 cfs at McNary, compared to the BiOp objective of 200,000 cfs. Actual flows at Lower Granite from May 7-11 ranged between 72,000 and 81,000 cfs, and at McNary, they were between 200,000 and 225,000 cfs. "There's been a lot of early runoff, and the feeling is that peak flows started at the end of April," Hlebechuk said.

She explained the curtailment of spring spill at the Lower Snake projects, pointing out that the BiOp contains provisions for spill at the collector projects when flows are projected to be above 85,000 cfs. The April final runoff forecast was about 77,000 cfs, well below the threshold for spill, Hlebechuk indicated. “We’ll all hope for rain,” Judi Danielson commented.

14. Status report on 2004 summer river operations for fish and wildlife including spill and reservoir operations:

Greg Delwiche, Bonneville Power Administration.

Bonneville’s Greg Delwiche reprised some of the runoff forecast numbers, noting that at The Dalles, “we’ve seen a drop of about 25 MAF since January.” Such a decrease is not unprecedented, but “it’s at the wide end of a reduction,” he stated. This string of dry years, from 2001 to 2004, is the second lowest runoff compared to the historical record, Delwiche told the Council.

The best way to describe the power situation in the Northwest, as well as in California, is “dicey,” he said. A lot will depend on how well the Columbia Generating Station and other thermal plants operate, Delwiche stated.

In California, the problems are more capacity-oriented, he noted. California has already had problems this spring, but some of those were due to thermal plant outages, which typically take place in the spring, Delwiche said. We will probably be able to help California without creating problems for ourselves, but “it will be dicey this summer unless things change dramatically,” he added.

Bonneville’s second-quarter revenues are significantly lower, Delwiche reported. Power Business Line net revenues have declined from \$117 million to \$46 million, while the Safety Net CRAC projection was for \$129 million, he said.

Bonneville made a proposal for a summer spill regime, with a package of offsets, on March 29, Delwiche noted. Since then, we’ve spent a lot of time with NOAA Fisheries staff, the states, and the tribes working on the impacts analysis and looking for more offsets, he said. Our latest thinking is that when and if another summer spill proposal is released, the impacts analysis would be double what was in the March 29 proposal, Delwiche stated.

NOAA Fisheries does not think the pikeminnow bounty enhancement program qualifies as an offset for Endangered Species Act (ESA) fish, he told the Council. Bonneville has been pursuing other offset measures, such as obtaining additional water from the Snake River, Delwiche said.

We are working with the gill net fishing community on a different harvest scheme, but that won’t come to fruition this year, he indicated. We could get up to 100,000 acre-feet from Brownlee and an additional 20-foot draft at Dworshak in September, and it looks as though either of those options would be effective in protecting fish, Delwiche said. But, he added, there are “very, very serious hurdles” to making those options happen. At Dworshak, the community of Orofino has expressed serious concerns, and the Nez Perce Tribe opposes it, Delwiche said. Bonneville will

meet soon with Idaho Power about the idea, he noted. We probably haven't done as good a job as we could have in coordinating with the Nez Perce Tribe, Delwiche acknowledged.

Delwiche described the series of steps that would need to occur if Bonneville were to put out a new summer spill proposal, starting with review and response from NOAA Fisheries and including a review by Judge Redden. He's asked "not to be hit with something at the 11th hour," Delwiche said. I can't say when or if we'll finalize the summer spill proposal, he told the Council.

I'm glad to hear that the shaping discussions with Idaho Power are going to occur, Kempton said. From what you say, it doesn't look like there's a chance of reducing the CRAC levels; is that right? Kempton asked. It's not looking very good, replied Delwiche.

Karier asked why a summer spill proposal would have to come out within 10 days (by May 23). Why couldn't it be later? he inquired. The plaintiffs have told Judge Redden they may ask him to block the proposal, and he doesn't want to see an 11th-hour effort to stop summer spill come to him, Delwiche replied. We want "to give courtesy to the court," he said. We've mapped out a critical path for all the reviews, and it comes back to May 23 as the last date by which the proposal would have to come out, according to Delwiche.

Hines asked about summer operations at Libby and Hungry Horse, and whether Bonneville has a date for making those decisions. The next thing with Libby is the sturgeon flow request, as the Corps described to you earlier, Delwiche replied. He noted that there is a commitment to managing to "no double peak" at Libby and Hungry Horse. We will be discussing summer operations at those projects with NOAA Fisheries, the Bureau of Reclamation, and the Corps soon, Delwiche said.

If the pikeminnow bounty program isn't an offset for ESA fish, will you put an additional million dollars into the program or not? Larry Cassidy asked. It hasn't been decided, replied Delwiche. We think the program has benefits for non-listed fish and that the benefits will compound over later years, he said. There's a biological rationale for going ahead, but the question relates to the likelihood of getting the revenue to pay for it, Delwiche stated. We'll decide one way or another within the next week, and we are operating with the intention to go ahead, he said.

15. Status report on the long term fish and wildlife funding agreement with Bonneville:

John Ogan, senior counsel; and Doug Marker, director, fish and wildlife division.

Staffer Doug Marker told the Council work on a long-term fish and wildlife agreement (LTA) has been proceeding along two tracks: defining a number for the rate case and working out management and policy issues. Both efforts, he noted, have been slowed by the change in fish and wildlife management staffing at Bonneville as a result of Therese Lamb's departure.

Marker pointed out that besides Bonneville and Columbia Basin Fish and Wildlife Authority (CBFWA) representatives, the work group trying to develop a rate case number now includes a utility representative, Kevin Banister of PNGC. "That's been helpful," he said.

When Bonneville starts its rate case workshops in the fall, we want to be ready with a number, Marker stated. The work group has been looking at the costs required to maintain the region's investments and infrastructure, including production and passage projects and habitat acquisitions over the next rate period, he explained. We have come up with a range of between \$65 million and \$75 million annually, Marker said. That's not a hard number yet, but a rough approximation of our current fixed costs, he added.

Tribal staff are concerned that the number depicts a "floor" on Bonneville obligations that Bonneville might retreat to in tight financial times, Marker reported. They are also concerned that the managers were not consulted and that agreements they may have entered into in the past were not done with an understanding they would be used to set a floor in future decisions about Bonneville costs, he said.

The next step on this track is to develop a "performance-based construct" for the agreement, according to Marker. The idea is to organize and synthesize types of fish habitat activities that would likely be part of the fish and wildlife program in the near future and then see if those can be used as the basis for performance objectives, he explained. Examples, Marker said, are: How many miles of streamside protection is it reasonable to expect to add in the next five years? How many miles or cfs of increased streamflows are needed and achievable in that time?

We haven't talked with you yet about the management and policy issues to be addressed in the LTA, he told the Council. The Columbia River Inter-Tribal Fish Commission gave you a list of issues it is concerned about in February, Marker noted. Staff is preparing a set of LTA issues for the Council to review, he said.

The management and policy issues could take longer to resolve than "getting into the guts" of determining the LTA number, Marker predicted. This will be a summer-long exercise, he added. In June, we'll recommend how the Council should engage with the parties to outline and execute a negotiation, Marker said.

16. Update on the 2005-2007 fish and wildlife program budget process:

Patty O'Toole, program implementation manager.

Marker and staffer Patty O'Toole made a presentation on the FY 2005-2007 fish and wildlife program budget process. O'Toole outlined what staff has done, working with Bonneville and CBFWA, to build a 2005 budget and work plan from the ground up. We've focused our discussions on what it will take to complete the work previously approved by the Council during the provincial review process, she said. The draft project budgets have gone out for review by project sponsors and others, with comments due back May 24, O'Toole said.

We have identified seven issues and tried to track which projects fit into which issues, she explained. Marker noted that while level funding has been the approach for several years, the Council staff is hearing that level funding "isn't keeping up with the real world" and that there may need to be a way to account for the effects of inflation.

O'Toole said staff needs to talk further with Bonneville about projects that fall under the issue category of "FCRPS Responsibility Undetermined." Bonneville has said, for example, that some

projects above Hells Canyon are not its responsibility to fund, and the Council has to determine if it will still recommend these be funded, Marker stated.

That is part of the blocked areas issue, said Kempton. I'm sure that the Fish and Wildlife Committee is handling this, but it seems to me we either follow through on the projects, or we change the mainstem amendment in the Council's fish and wildlife program, he stated. If Bonneville says "it's a big King's X," that's a big issue, Kempton said.

O'Toole went over other issues, such as "Land Capitalization Policy," telling the Council there is a need to decide what to do with projects in that category. Marker noted that the policy had had a disproportionate effect on a few provinces and had caused some of the concerns expressed by the Upper Columbia United Tribes.

It is the Fish and Wildlife Committee's position that budget development doesn't establish policy on land capitalization or the blocked areas, said Bartlett. We don't want to use a budget exercise to resolve a policy issue, agreed Marker. We need to continue to deal with these issues independent of a particular budget year, Bartlett stated.

Karier suggested highlighting the role of the states in budget development and project allocations. They are ready to play a role, and the sooner we can identify what funds are available, the sooner it will help, he said.

Beyond the 2005 budget, we have been talking with the Fish and Wildlife Committee about how to move to implementation of subbasin plans, Marker explained. Staff have been discussing alternatives for making the transition from implementation of the last rolling provincial review to implementation of subbasin plans, he said. Marker presented some alternatives, noting that staff is trying to figure how to accelerate the process so that new work on projects consistent with subbasin plans can begin as soon as possible.

Other questions the Council needs to think about are: how does the decisionmaking structure recognize that we've moved from a centralized structure to intentional empowerment of subbasin groups, and how does the current subbasin structure sustain itself to do project prioritization and review, he said. We are thinking about proposing to do a basinwide process in the first fiscal year, Marker noted.

We need to put more priority on cost sharing, advised Danielson. She asked if the Council should think about changing the kinds of questions it asks the ISRP. We were thinking that changes in logistics, such as not doing site visits, might be appropriate, Marker replied. Danielson also recommended trying to get more standardization for certain cost items in project proposals. There will be a real competition for on-the-ground funding after the subbasin plans are approved, Marker predicted.

Marker raised the issue of the Council's budget target. It is unclear whether it is \$139 million, he noted, adding that Bonneville has told project sponsors to manage to a total of \$131 million. We are watching Bonneville's 2004 actuals, and they are \$20 million behind where they were last year, Marker said. We need to be careful to not get pulled back into managing Bonneville's budget, Danielson stated. We are trying not to get drawn into "chasing cash flow," Marker said.

17. Council Business

– Release of annual report on Bonneville fish and wildlife expenditures

Staffer Mark Walker said the Council has prepared the third annual report to the governors on Bonneville's fish and wildlife expenditures and is ready to release it to the public. Karier moved that the Council approve for release the annual report on Bonneville's fish and wildlife expenditures. Bartlett seconded, and the motion passed unanimously.

– IEAB task orders

Staffer Terry Morlan presented two task orders to support the work of the Council's Independent Economic Analysis Board (IEAB). Eden moved that the Council approve Task 85 for the IEAB, a scoping and feasibility study to determine whether the IEAB's earlier analysis of the cost-effectiveness of summer spill on the Lower Snake River can be extended to the Columbia River, in an amount not to exceed \$5,100. Hines seconded, and the motion passed unanimously.

Eden moved that the Council approve Task 87 for the IEAB, a summary of the economic role of commercial and recreational fishing and an analysis of how artificial production programs affect that role, in an amount not to exceed \$17,180. Kempton seconded, and the motion passed unanimously.

– Approval of minutes

Eden moved to approve the minutes for the April 6-8, 2004 meeting. Hines seconded, and the motion passed unanimously.

Approved June 23, 2004

/s/ Melinda S. Eden

Vice Chairman

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