

Judi Danielson
Chair
Idaho

Jim Kempton
Idaho

Frank L. Cassidy Jr.
"Larry"
Washington

Tom Karier
Washington



Melinda S. Eden
Vice-Chair
Oregon

Gene Derfler
Oregon

Ed Bartlett
Montana

John Hines
Montana

Council Meeting Portland, OR

December 15-16, 2004

Minutes

Council chair Judi Danielson announced that the agenda for the next two days would be "very fluid," and items may move around. She also reported that John Hines would not deliberate or vote on the power plan. Hines took a position with an investor-owned utility, and while the Council's policy does not require that he withdraw, he has done so to avoid the appearance of any conflict of interest, she said. He has been essential to developing the plan, and we thank him, Danielson added.

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.

Fish and Wildlife (F&W) committee chairman Ed Bartlett said most of the committee meeting centered on subbasin plans. We reviewed all the public comments on the "green track" plans. Of those 29 plans, 23 will be recommended for adoption at this meeting, he said. The six that are not recommended are those under the Lower Columbia Fish Recovery Board jurisdiction, and we will delay adoption of those plans until the recovery plans come out, Bartlett said. Staff recommends and the committee agrees that we should put those plans on the same schedule as the "blue track" plans, he said. We also discussed the blue track plans, and the committee recommends we meet via conference call December 22 and release them as drafts for public comment, Bartlett reported. To be clear, it is the management plan portion of the subbasin plans that we will be adopting at this meeting, he added. We also talked about the process for rollup to the provincial level and project selection, Bartlett said.

Tom Karier said he is concerned about any delay in implementing subbasin plans and getting a new round of project selection under way. I'm concerned that we have projects ongoing in the region that have not been reviewed for three years – the Council needs to look at that, he said.

Larry Cassidy, reporting on the Public Affairs Committee, said since Council staffers attended a national convention of science teachers in Seattle and presented the Council's video on the

Columbia River, requests for DVDs and VHS format copies have been “overwhelming.” He also said the video was shown to a class at Whitman College, which stimulated much interest.

1. Council decision on adoption of Fifth Power Plan

Dick Watson, director, power division; and John Shurts, general counsel.

Kempton complimented the staff on its work on the fifth power plan. It was “a Herculean task” to pull this together, he stated.

Staffer John Shurts explained a seven-step “road map” for the process of finalizing the Fifth Power Plan. First, we need to work methodically through the proposed changes – we need to discuss them, and either agree or reject them, he said. You can do this with “a head nod” or if need be, you can take a vote, Shurts continued. There are three parts to this first step, he said: the Overview and the Action Plan are the guts of the document and we will go through them in detail; second, we have Chapters 1-11, which we won’t go through in as much detail, unless members decide they want to delve into them beyond a general description; and third, there are the appendices, where staff will identify proposed changes.

We will work with three “operative” documents, Shurts went on: the draft plan, a set of proposed changes (the Packet), and a new document with additional changes proposed by the Power Committee (Group 1).

Step two is the final vote on the plan, he said. You will be voting on whether to adopt the plan as a whole, with changes made since the draft that have been approved by the Council, and with approval for editorial and conforming changes, Shurts explained. The vote to adopt must be by supermajority, including the vote of at least one member from each state, or at least six members of the Council, he said. Shurts continued to explain the remaining steps on his list, which covered the process for making editorial and conforming changes.

Staffer Dick Watson presented a summary of comments on the draft that was released September 22, and he explained changes that occurred as a result of the comments. Watson’s key points were as follows:

- Conservation: There was a lot of support for conservation, but some utilities said the numbers were too aggressive. The Council thinks its analysis is solid and only proposes more detail and clarifying modifications “that do not change the thrust of the plan.” We still call for 700 MW of conservation in the next three to five years.
- Wind: There was a lot of support and a lot of concern. As a result of the comments, we increased the integration and transmission costs somewhat, reduced the green tag credits, and capped the production tax credit and CO₂ penalties. These changes did not alter the outcome of the analysis, which still calls for development of the maximum amount of wind. We strengthened the recommendation for a study of integration costs for near-term projects and added an item in the Action Plan that calls for the Council to conduct an analysis of the effect of wind on the ability of the hydro system to provide other services.
- Coal: There were comments that said there should be no coal in the plan and that we underestimated the probability and magnitude of CO₂ emissions penalties. There were also comments that said there was not enough coal in the plan and less than what is in the

utilities' resource plans. In addition to the comments, there have been developments with the technology and commercialization of gasified coal generation. The plan now recommends gasified coal in place of conventional coal, but we need to track the progress of commercialization. If it does not occur as expected, the region would need to initiate siting and licensing of conventional coal by 2007. This is "the single most substantive change" from the draft to the proposed final plan.

- Gas Prices: In response to comments, we clarified the role of the trend forecast and the portfolio model and concluded that what we have is reasonable.
- CO₂: The comments "were all over the map." The plan is already "relatively green," developing all the wind we think is feasible and recommending very aggressive conservation. We were not inclined to change our approach to CO₂.
- Independent Power Producers (IPPs): On the basis of the comments, we strengthened the discussion of IPPs in the plan and added to "the already extensive discussion" as to why individual utility resource plans might differ from the regional power plan. We compared the regional plan to the PNUCC "sum of utilities" and found that "we're a little fatter with resources than the utility plans."
- Least-Risk, Least-Cost Plan: We continue to believe that our choice of the least-risk plan is appropriate. In higher-risk plans, the region leans heavily on the market.
- Resource Adequacy: The action item on resource adequacy was "beefed up," with the Council taking the lead in working with regional entities to define metrics and standards for resource adequacy.
- Transmission: Some commenters would like to see the Council take "a stronger stand" on transmission, and others called for better integration of resource and transmission planning. Taking a stronger stand is difficult given the disagreement in the region about transmission issues, but we modified our recommendation and committed the Council to working with the Northwest Transmission Assessment Committee (NTAC) to improve integration and planning.
- Future Role of BPA: We deleted the language about BPA "backstopping conservation" and added language that BPA should, to the full extent possible, see that its customers accomplish conservation.
- Monitoring Actions: We call for monitoring the progress in implementing changes to BPA's role. We also call for a biennial report to update information in the power plan and if necessary, initiate revision of the plan.

With regard to the status of various parts of the plan, all chapters and the Executive Summary, Overview, and Action Plan are complete, but some revisions are still going on in the chapter on conservation, Watson stated. The revisions relate to details in the analysis and don't change the bottom line, he said. There are 16 appendices and most are complete except for a final review, Watson reported. "Techie details" are still being completed in four of the appendices, but they will be completed shortly, he said.

The Council asked about whether the conservation chapter would be complete before a vote to adopt the plan, and Shurts said the changes being made "are number changes deep in the

analysis.” So “you will be tinkering, but won’t change anything substantially,” Danielson confirmed.

The Council moved on to consider the details in the Executive Summary, Overview, and Action Plan. Bartlett took issue with wording in a sentence about coal gasification versus conventional coal generation. “I’m troubled by language that sounds like we’re taking a future action,” he said, referring to a sentence that read: “If commercialization [of coal gasification] has not progressed as estimated and other estimates underlying the plan have not changed significantly, the Council *would* recommend securing options for 400 MW of conventional pulverized-coal steam generation by 2010.” Do we recommend this or not? he asked, referring to the word “would.” I’m skeptical about the rate of progress on coal gasification, and I think we should say, if these things do not happen, “the Council recommends,” Bartlett stated.

I think “may recommend” is the appropriate language since we leave the decision to future Councils, Melinda Eden responded.

Karier pointed out that the Power Committee spent hours on the language. Our overall approach in the plan is a series of options – the wording is consistent with the overall structure of the options, and it doesn’t lock us into a scenario that may be out of date, he said.

I’m advocating that the Council vote on “a now plan,” not something in the future, Bartlett stated. The Council decided to move ahead and work through the language in the body of the plan.

Watson pointed out that the language on transmission adds “a date certain” to the discussion about a regional transmission organization. As revised, the sentence reads: “If current efforts do not succeed by the end of 2005, the Council is committed to seeking alternative means of resolving these transmission issues.”

The deliberation moved to the Overview, and staffer Terry Morlan explained the revisions. Council members agreed to the changes staff had made.

In a review of the Action Plan, Watson pointed out changes in the conservation actions, including Action CNSV-6: Revise and adopt state and federal energy codes and efficiency standards that capture all regionally cost-effective savings; and Action CNSV-10: If revenues lost as a result of conservation remain as significant barriers to implementing the cost-effective conservation targeted in this plan, state and local regulators and utilities should consider developing and implementing strategies to mitigate conservation impacts on cost recovery. There were many public comments on low-income weatherization, and a statement was added acknowledging the “non-energy benefits” of low-income weatherization that are not quantified in the Council’s analysis, he said.

With regard to demand response, we added a statement clarifying that demand response is not a resource under the definition in the Northwest Power Act, but “it is a practical means of reducing power system costs and reducing the need for investment in more expensive generating resources,” Watson continued. He noted that the Council commits to hosting workshops to coordinate efforts to accomplish demand response.

Again, the language on conventional coal development came under discussion, and Watson drew a timeline for the Council, explaining the “option process” and noting the lag time that exists from beginning the siting and permitting process to bringing a plant into service. Eden

contended that language saying plant siting *would* begin in 2007 “sounds presumptuous.” The Council isn’t building anything, and “we aren’t in the business of siting plants,” she said. The Council agreed to change the statement to “would *need to* begin in 2007.”

On an item related to transmission, Derfler noted that development of new generating projects “depends on resolving the transmission issues.” He suggested staff incorporate a transmission timeline, like that done for developing options for generating resources, to illustrate whether developing the resources is “doable” from a transmission standpoint. Watson acknowledged the generating resources “are based on an assumption of adequate transmission.”

Watson pointed out that with regard to fish and power, the Action Plan includes a statement that an important objective would be “to put in place an emergency operation strategy in the event of extreme dry conditions. Such a strategy would guide decisions on the operation of the hydroelectric system to minimize adverse effects on both the power system and fish mitigation.”

Later in the meeting, before moving on to the chapters in the plan, Watson offered a revised version of the language related to coal development. After some discussion, the Council gave the nod to the new language and also agreed on revisions to the action plan language on coal plant development.

The introduction to the plan, which was not changed from the draft, and Morlan’s explanation of revisions in Chapter 2, the current status of the region’s electricity system, passed Council muster without discussion.

Watson listed the changes made to Chapter 3, Conservation, and staffer Tom Eckman explained that revisions to the analysis of eight conservation measures “don’t” change the analytical outcome.” They are “housekeeping” on the numbers and add more detail on “how we got where we got,” he said. The eight items and an expanded rationale for the baseline assumptions were made in response to comments, Eckman said. None of these change the total estimate of the conservation resource, right? Karier asked. They do not change the total or the shape of the supply curve, Eckman responded.

The Power Act requires that the power plan contain model conservation standards (MCS), Shurts said. A new possibility for MCS for commercial buildings has been floated, he stated.

In the draft plan, we referred to savings equivalent to those achievable by construction to standard 90.1 of the American Society of Heating, Refrigerating and Air Conditioning Engineers, Inc. (ASHRAE), staffer Charlie Grist explained. But in comments, people pointed out the ASHRAE standard isn’t tailored well to the Northwest and that we ought to be more responsive to local conditions, he said. Also, a new study has demonstrated that most state codes exceed the ASHRAE standard, Grist added. If the MCS we publish are going to do what we want them to do – find all cost-effective conservation – we ought to adopt standards that exceed ASHRAE, he recommended. Since there are hundreds of building codes, our MCS should be a collage of “the best of the best,” Grist stated.

Shurts offered proposed language that called for the MCS to be the better of ASHRAE standard 90.1 or “the most efficient provisions of existing commercial building energy standards promulgated by the states of Idaho, Montana, Oregon and Washington, so long as those provisions reflect geographic and climatic differences within the region and other appropriate

considerations. . .” With this, you don’t have a standard, but a guideline for how to arrive at a standard, he pointed out.

There is a concern this change would be “toughening the standard” from what appeared in the draft, and we may need to consult with others on it, Shurts said. The idea is to put out a proposal and then have a consultation, after which the Council will adopt a final standard, he added. It’s very important to state there will be consultation, Kempton said. The Council agreed with the replacement language on MCS.

After staff explanations of changes, the Council gave head nods to revised Chapter 4, Demand Response, Chapter 5, Generating Resources, and Chapter 6, Risk Assessment.

Watson said in Chapter 7, Portfolio Analysis and Recommended Plan, we explain our analytical process for looking at the alternatives and for sensitivity studies. The chapter was revised to explain the assumptions about declines in the generation capability of the hydro system and construction of Portland General Electric’s Port Westward project, he said. We also added a section to demonstrate how the plan reacts to various scenarios, Watson said. In Chapter 8, Resource Adequacy, we added language to establish a Resource Adequacy Forum, with the objective of getting to appropriate adequacy metrics and standards by the end of 2005, he explained. The Council gave a nod to Chapters 7, 8 and 9, Transmission.

Watson pointed out that Chapter 10, Power Planning and Fish and Wildlife Program Development, takes note of the fact that the Council attempted to develop a metric to assess “the likelihood of failure to provide F&W operations with measurable benefits to fish,” but found that uncertainties surrounding the biological benefits made it difficult. It seems we had a good start on that metric, and with more work and data, we could have developed it, Eden said, recommending the statement reflect that further work could be done toward development.

Our attempt got into “equitable treatment issues,” and it stopped, Kempton pointed out. The language here is right, he stated. When the committee discussed this, we agreed we could do a good job of analyzing the system’s ability to provide the operations, but we could not make the next step into the biological benefits, Watson clarified.

Each operation for fish is different and the benefits to the fish are different, Karier said. In 10 to 20 years, when we’ve done the experiments called for in our mainstem amendments and have confidence in the biological benefits, we may be able to do individual calculations, he said. But it doesn’t make sense to do a calculation that meshes them all together – it doesn’t work, Karier stated.

If the hydro operations were unchanging, we might be able to come up with a metric, staffer John Fazio commented. But the operations are always evolving – I think the language in the chapter is appropriate, he added. The Council approved the chapter and moved ahead to Chapter 11, Future Role of BPA, which was also approved without objection.

Shurts pointed out that Chapter 12 in the draft is proposed for elimination. It was on implementation, and everything in it is picked up elsewhere in the plan, he explained

Kempton made a motion that the Council adopt the amendments to the Pacific Northwest Electric Power and Conservation Plan presented by the staff as the Council’s Fifth Power Plan; that the Council authorize the staff to make editorial and conforming changes, working with the Power Committee; and that the Council direct the staff to give appropriate notice of the

Council's action. Derfler seconded the motion, which passed unanimously on a roll call vote. Hines did not participate in the vote.

Danielson appointed Karier and Kempton to be the editorial committee for the plan. She thanked the power committee and staff for their work, and noted that the Council met its end of the year schedule for adopting the plan.

We started this process two years ago, and we have a good document, Karier said. The benefit is not just that the region has a power plan, but preparing it was useful in educating the staff and Council members, he stated. We're losing some of that "human capital," and it's up to the rest of use to push this through, Karier added.

The plan is a good compromise, Bartlett said. Thanks to the staff and the power committee for putting together a document that reflects a good compromise, he added. You've adopted the most flexible power plan that the region has ever had, Kempton stated. This plan demonstrates the unique analytical ability of our staff, he said, adding that the staff coached members in the modeling techniques used in the analysis.

Watson said the plan represented "a lot of give and take" with Council members. That has been a good thing, and we appreciate it, he added. All of the power staff contributed to the plan and worked hard, Watson stated.

This document represents the work of many, and I take great pride in having been a part of it, Karier said. We came to a four-state consensus, he pointed out. The risk analysis in the plan is "state of the art," we dealt with the role of BPA and addressed resource adequacy, and the plan proposes realistic actions for the future that preserve the environment, Karier said.

Eden said she was impressed with the efforts of the Power Committee and the way members brought the rest of the Council along on the complex issues. Oregon is pleased with the plan's emphasis on conservation and renewables, and the plan will fit in with the Governor's plan for a sustainable economy, she stated.

Derfler thanked Kempton for his leadership in getting the plan to completion. Cassidy said in comparing the fourth and fifth power plans, this plan has come a long way. The F&W section is "right on" and very understandable, he added.

Presentation and Award of Appreciation by the Nature Conservancy of Oregon:

Catherine Macdonald - Conservation Director for Oregon.

Catherine Macdonald of the Nature Conservancy reported that the purchase of a 66-acre parcel at the Willow Creek Wildlife mitigation site was complete and that the purchase came in \$255,000 under budget. In appreciation and celebration of the purchase, Macdonald presented the Council chair with two framed pictures of wildlife species that will benefit from the mitigation effort.

2. Presentation by Independent Scientific Advisory Board on Reservoir Operations/Flow Survival Symposium:

Representative from the ISAB.

The Independent Scientific Advisory Board (ISAB) studied the Montana System Operating Request (SOR) at Hungry Horse and Libby dams. At issue, they concluded, are “the demonstrated adverse effects of flow operations at Hungry Horse and Libby dams” contrasted with estimates of very small effects on survival of anadromous fish in the lower Columbia River. The effects in the lower river are likely too small to measure practically due to variations from other causes, and questions about a newly discovered “alternative life-history” among Snake River fall chinook present biological uncertainty for summer flow augmentation, according to the ISAB.

Staffer Bruce Suzumoto introduced Richard Whitney, Thomas Poe, and Charles Coutant, members of the ISAB, who presented the results of their review. The SOR, submitted last year to the Regional Executives, would change summer drawdown schedules at Libby and Hungry Horse Dams, Suzumoto explained. We asked the ISAB to participate in a joint Council/NOAA Fisheries reservoir operations/flow symposium in November and give us scientific feedback on the SOR, he said.

Whitney, a former professor at the University of Washington, said the ISAB “developed a consensus document in short order” after reviewing the Montana SOR. It was not that the issues are not complex, but we have addressed these and related questions before, he added. Whitney pointed out that the variation in water levels caused by drawdowns at Libby and Hungry Horse have presented problems in the reservoirs, and a provision in the Council’s 2003 mainstem amendments was an attempt to ameliorate the situation.

According to a handout on the ISAB presentation, the amendments directed the region to test, implement, and evaluate an interim summer operation that employs new drafting limits for the Montana projects. Montana submitted an SOR to carry out the test and implement a summer flow augmentation regime that would differ from that called for in NOAA Fisheries’ 2000 Biological Opinion (BiOp) by shifting flows from August to September.

Whitney went over the study background, including the rationale behind construction of Libby and Hungry Horse dams, and the fact that Montana has documented the detrimental biological effects of BiOp-level releases on the reservoirs and on rivers downstream of the dams. The Montana SOR seeks to reduce the effects in the reservoirs, he said, adding that originally the reservoirs “were treated like steel storage tanks.”

Libby Dam is 250 miles from the Columbia River, and it is another 200 miles to Lake Roosevelt, Whitney continued. Water released at Libby has to travel that far “before it can do any good” in helping migrating fish, he said.

According to Whitney, the Council asked the ISAB to examine the hypothesis, stated in the mainstem amendments, that shifting the flows “will significantly benefit listed and non-listed resident fish in the reservoirs and in the portions of the rivers below the reservoirs without discernable effects on the survival of juvenile and adult anadromous fish [in the Columbia River mainstem] when compared to ordinary operations under the biological opinions.” The overarching issue is the tradeoff between adverse and beneficial effects on fish, including

resident fish in Montana and upper Idaho and anadromous fish in the middle and lower Columbia River, he explained.

The ISAB concluded the Council's hypothesis on the Montana operations is reasonable, and the detrimental effects of current operations on overall biological productivity at the two reservoirs are demonstrated, Whitney said. The effects on anadromous fish in the lower river would be small, but it is uncertain whether there would be a net positive or negative result because the new flows from the Montana operation would be slightly more or less at times, he stated. In addition, Whitney said, an experimental trial of the SOR is not likely to show effects in a few decades because the annual variability in flow and salmon survival for other reasons is much larger than the expected effect of the Montana proposal. One of the top experts said it would take over 400 years to accumulate enough data to separate out the effects of the variables, he added.

"You can't detect this water downstream – many people have said this, but it has taken a while to sink in," Whitney continued. He pointed out that an early member of the Council, Dr. Kai Lee, observed years ago that when water budget flows were released, they could not be detected downriver.

Coutant elaborated on the rationale for the ISAB conclusion. The water-routing models are inadequate for a detailed analysis of the biological effects in the lower river, he said. Biologists expected to be able "to make hairsplitting decisions" about flows, but the water models are very coarse, Coutant said. In addition, you have a big system of dams in between the Montana reservoirs and the lower river – a lot happens between Libby and Hungry Horse and the lower river, he stated. And little is known about the actual velocities in the reservoirs that affect fish migration – "we are just making assumptions about this relationship," Coutant said. The variability of flow for other reasons is likely much greater than what could be measured from the changed Hungry Horse and Libby operations, he added. There is a big source of physical uncertainty, to say nothing of the biology, Coutant said.

Our knowledge of temperature relationships is "misperceived and misapplied in the basin," he continued. Temperature likely has a larger direct effect than assumed, Coutant said. The idea that temperature at the release point in Hungry Horse and Libby will affect temperatures in the lower river is wrong – "it won't happen," he stated. Coutant noted that the benefits of summer flow augmentation in the Snake River are confused with the addition of cold water from Dworshak Dam. It's the temperature, not the flow, and more flow does not necessarily mean lower temperatures, he said. We need to take a better look at temperature and not lump it in with other variables, Coutant urged.

Karier asked about the work of Dr. Jim Anderson at the University of Washington and how it applies to the issue. "Jim has done a good job of making the case for temperature," Coutant responded. "He has it quite right," he said.

Poe reported on a piece of information presented at the symposium that has led to new understanding of the life history of the Snake River fall chinook. Some of the Lower Snake salmon are holding over through the summer and fall and migrating out the next spring at the yearling stage, he said. Some of what have been considered "summer mortalities" are now considered to be survivors holding over to migrate as yearlings, Poe pointed out. These holdovers show a high return rate among adults, he said. This information further complicates matters since adding water to the system may not be the best thing for these "alternate life-history fish," he said.

Whitney described the shortcomings of the two primary survival models used in the Columbia River system, CRiSP and SIMPAS. The ISAB is critical of both models, he said, adding that “mathematical models are like groping around in the dark.” Whitney went through the assumptions required at each step of the way in a SIMPAS model run. With all of these assumptions, “you are beginning to feel insecure about your footing” as you grope along in the dark, he said. No model is deemed suitable for reliable biological estimates in the mainstream at the small scale of effect presented by the Montana flow augmentation, Whitney said. The leakage at dams is greater than this amount of augmentation, he added.

With regard to the rationale for biological effects, Coutant pointed out that average flows aren’t the most important factor in fish survival. While we have heard information that delayed effects of hydrosystem passage likely occur in the estuary and ocean, the effects are too small to detect as a result of the proposed changes in operations at Libby and Hungry Horse, he said. Even small changes in flows might have cumulative effects, Coutant acknowledged. “We can’t be too absolutely positive in saying there are no effects, but it’s not an uncertainty that should stop decisions from being made,” he stated.

Coutant listed several items that are critical for further analysis, including better resolution of the physical changes in downstream flows and temperatures to be expected from upstream changes in operations. We need far better information before making any biological judgment, he stated. We also need a better understanding of the life-history status of the Snake River fall chinook and perhaps other stocks, Coutant said. “This alternative life-history threw a monkey wrench in the analysis,” he added.

Karier asked if an experiment at Grand Coulee would tell more about the effects of flow augmentation. You need much more water than has been used to get into the realm of measurement, Poe responded. Karier asked about the implications of the alternative life-history discovery. Should we change our approach in trying to move subyearlings out sooner and barging them? he asked. You have asked exactly the right question, Coutant responded. Our strategy needs to be re-evaluated – it may be that the fall chinook are making it despite our efforts, he added.

I was struck by your statement that the outstanding issues should not stop decision-making, Bartlett stated. I suggest we forward this report to NOAA Fisheries, BPA, and the Corps of Engineers and state that it is time to implement the changes at Libby and Hungry Horse, he said. The other issues can be pursued, but I’d strongly encourage the Council to do this, Bartlett stated.

We need to have a discussion in light of this information and how it fits with our mainstream amendments, Eden objected.

I propose we now forward the ISAB findings to NOAA Fisheries with a reaffirmation of our request that the mainstream amendments related to Montana reservoirs be implemented, Bartlett repeated. We discussed this issue in July, and we need to discuss again whether this information comports with our mainstream amendments, Eden responded. I don’t think things have changed – Montana and Oregon interpret the mainstream amendments differently, she said.

My concern is that this will be put off indefinitely, Hines stated. I’d like a date certain for the discussion within the next week, he said.

I don't object to experimentation and evaluation, Bartlett said. But we can't get a much more definitive answer than what the ISAB gave us, he stated. We ought to move forward and send the results to NOAA Fisheries, Karier said. And we ought to circulate and review a letter to accompany them, he added.

I want more discussion about the experimentation, Eden stated. We need more time to talk about this and to have appropriate people in the states review it, she said.

Hines expressed support for sending out a draft letter. I was at the flow symposium, and the science is never going to give us complete certainty, he said. As policymakers, it is up to us to make decisions, and I've heard enough to believe we can move forward on this, Hines stated.

I was at the symposium, and "I heard that it was ridiculous to worry about the effects in the lower river," Danielson stated. "I feel vindicated" that reasonable people and scientists can agree on these things, she added. We will add this item to the agenda for our conference call on December 22, Danielson concluded.

3. Council decision to adopt 29 Track I ("green") subbasin plans as amendments:

John Shurts; John Ogan; and Lynn Palensky, subbasin planning project manager.

"This is a big day," staffer Doug Marker said in introducing the update on subbasin plans. We have worked for four years on these plans, and we've stayed on schedule to adopt plans by the end of 2004, he said.

Staffer John Ogan spelled out the procedural rules for adopting subbasin plans, noting that it takes a supermajority vote to amend the F&W program. He gave an overview of the subbasin planning process, which began in 2002 with a request for amendments to the F&W program in the form of subbasin plans. After the May 2004 deadline, the subbasin plans were released for public comment and reviewed for compliance with the Power Act and the 2000 F&W program, Ogan said. The plans fell into categories, depending on how fully they met the adoptability standards, he indicated.

The Tier I or "green" plans are ready to be adopted, Ogan continued. We did not get a lot of comments on these plans, but we did receive comments on broader planning and process issues, he said. We received a comment from the Columbia River Inter-Tribal Fish Commission (CRITFC) that said we should not adopt the plans because they did not include specific measures, Ogan explained. CRITFC's definition of a measure looks like what the Council would call a project, he said. John Shurts and I don't agree with that comment, Ogan said. We are confident the plans do meet the legal definition, but we wanted you to be aware that this issue was raised, he stated.

Ogan noted that other comments addressed a "rollup" of subbasin plans into a comprehensive basinwide plan and the relationship of subbasin plans to hydro projects licensed by the Federal Energy Regulatory Commission.

Some of the strategies in the plans are not BPA responsibilities, Karier pointed out. Before, our program had things that were BPA's responsibility, but these plans are different in that regard, he said. How do we make that clear? Karier asked. Shurts said when the last of the plans are ready

for adoption, the staff will prepare an overarching statement that covers issues about how the plans relate and integrate into the rest of the F&W program. We will keep track of these issues and make sure they are written into that piece, he said.

Ogan went on to explain that of the 29 subbasin plans ready for adoption, six are part of the Lower Columbia Salmon Recovery Board's purview. This afternoon, the board is presenting recovery plans for these subbasins to NOAA Fisheries, and we will hold off bringing those plans for adoption until that has been done, he said. We assume the six will be adopted as part of the Tier II or "blue" plans in February, Ogan said.

The Upper Columbia United Tribes submitted recommendations for specific measures in Intermountain Province subbasins, and we recommend you adopt those as part of the F&W program appended to the appropriate subbasin plan, Ogan explained. This doesn't mean the Council commits to funding the measures – they will be subject to all the appropriate funding reviews, he added.

We recommend you adopt the management portion of each of these 23 plans into the F&W program, Ogan stated. The next step is that staff will develop comprehensive findings for you to adopt, he said.

When do the management plans become a legal part of the F&W program? Eden asked. The findings are a requirement, but they won't be adopted for a while, she pointed out. We are required to make findings on recommendations that we do not adopt and where we adopt something else, Shurts replied. We don't have many instances of that here, so the findings will not be lengthy, he said. We don't believe there is an impediment to using the subbasin plans, Ogan added.

Bartlett made a motion that the Council adopt the management plan portions of the 23 identified subbasin plan recommendations as modified and presented by the staff and Fish and Wildlife Committee as amendments to the Columbia River Basin Fish and Wildlife Program with changes adopted by the members at today's meeting; and that the Council authorize the staff to make editorial and conforming changes, working with the Fish and Wildlife Committee; and that the Council direct the staff to develop for Council review and approval the appropriate findings on the recommendations; and that the Council direct the staff to give appropriate notice of the Council's action. Derfler seconded the motion, which passed unanimously on a roll call vote. Cassidy was absent for the vote.

4. Update on release of revised Track II ("blue") subbasin plans as draft amendments for public comment:

John Shurts, John Ogan, Lynn Palensky.

Staffer Lynn Palensky said staff recommends the Council take a vote next week by conference call on releasing the Tier II plans for public comment. All of the contracts for additional work on the subbasin plans expire December 31, so we will have the Tier III or "red" group of plans ready for release in January, she added.

5. Review/discussion of public comments on subbasin planning process issues:

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

Shurts reported on the status of several broad issues related to the subbasin planning process. The issues include stepping from subbasin plans to project selection; making decisions on objectives and allocation priorities; and identifying the elements of an exercise to first, aggregate subbasin plan objectives and effects, and second, plan for the program at the province level. He laid out several immediate actions, which include completing the process for adopting subbasin plans, defining and conducting project selection for Fiscal Year (FY) 2006, and deciding on a project review process for FY 2007. We will come back to you with a sharpened-up proposal to deal with the broad issues next month, Shurts concluded.

6. Briefing on revised Biological Opinion for the federal Columbia River hydropower system:

Chris Toole, Acting Assistant Regional Administrator, NOAA Fisheries; and John Shurts.

Chris Toole, acting assistant regional administrator for NOAA Fisheries, explained changes that were made to the draft 2004 Federal Columbia River Power System (FCRPS) BiOp before it became final. The general approach is unchanged, he said. The dams and reservoirs are not part of the proposed action, but are part of the environmental baseline, Toole said. I have seen mistaken information in the press that construes this to mean that NOAA Fisheries considers the hydro system part of the natural environment, but that isn't the case, he added. The dams and reservoirs are part of the environmental baseline in the same way the city of Portland is part of the baseline, Toole explained. Making significant modifications to the dams and reservoirs is not part of NOAA Fisheries' discretion, and it's not part of the action in the BiOp, he pointed out.

The jeopardy standard in the final 2004 BiOp is basically the same as before, Toole said: the action, which in this case is operation of the FCRPS, cannot appreciably reduce the likelihood of survival and recovery of the species. The action cannot diminish the value of habitat critical for survival or recovery, and as in the 2000 BiOp, beneficial non-hydro actions have the potential to offset negative effects of hydro operations, he said.

In NOAA Fisheries' analysis, the hydro effects are the difference between "a reference operation" and the proposed operation plus configuration changes, Toole explained. The SIMPAS model was the quantitative evaluation tool for hydro operations, and the non-hydro effects were evaluated primarily using qualitative methods, he said.

Toole went over changes that were made to the September 9 draft of the final 2004 BiOp. We added an evaluation of critical habitat, modified the "reference operation" based on many comments about how the operation could be more fish-friendly, and we modified the SIMPAS analysis, he explained.

Despite a number of changes, we ended up with the same result in the final as in the draft, Toole stated. There is no jeopardy for all ESUs and no adverse modification of critical habitat, he said. We also added more information about how we would evaluate the need to reinitiate consultation, Toole pointed out.

He listed the key differences between the draft and final updated proposed action: increased definition of hydro and non-hydro actions; delayed initiation of spring transportation; draft of

Dworshak reservoir extended into September; four additional estuary habitat projects; improved and expanded operation of the fish trap at Lower Granite; continuation of safety-net hatcheries for several ESUs; expansion of Snake River sockeye smolt hatchery program; and a conservation measure to enhance habitat in the Okanogan.

Developing the action was an iterative process between NOAA Fisheries and the FCRPS action agencies, according to Sarah McNary of BPA. She presented a “stack of actions” the agencies propose to undertake to meet the jeopardy standard. The actions are divided into tiers, from one to three, McNary explained, adding that the third tier of actions fills in the gaps where NOAA Fisheries showed us we weren’t achieving the survival goal with the first two tiers.

Toole wrapped up by saying NOAA Fisheries is scheduled to have draft recovery plans for all ESUs by the end of 2005.

7. Council Business:

– Approval of minutes

Eden made a motion that the Council approve for the signature of the Vice-Chair the minutes for the November 16-17, 2004, Council meeting held in Coeur d’Alene, Idaho. Karier seconded the motion, which passed by unanimous vote of the six members present.

– ISAB and ISRP appointments

Eden made a motion that the Council approve second terms for Dr. Susan Hanna and Dr. Robert Bilby for the Independent Scientific Advisory Board and Dr. William Liss for the Independent Scientific Review Panel through September 30, 2007. Derfler seconded the motion, which passed by unanimous vote of the six members present.

– Renewal of IEAB Charter

The Council voted to renew the charter of the Independent Economic Advisory Board (IEAB) and appoint Dr. Roger Mann, Dr. Hans Radtke, Dr. Ken Casavant, and Dr. Dan Huppert to new terms on the board. Staffer Terry Morlan explained that the IEAB charter sunsets every two years. He noted that alternatives to the current IEAB structure have been discussed, including a suggestion the board’s work be incorporated into the ISRP function. We recommend you retain the IEAB, but the alternative may be something to consider in the future, Morlan stated.

Eden made a motion that the Council renew the charter of the Independent Economic Advisory Board as presented by the staff. Karier seconded the motion, which passed by unanimous vote of the six members present.

– Appointment of new IEAB members and approval of contracts

Eden made a motion that the Council appoint Dr. Roger Mann, Dr. Hans Radtke, Dr. Ken Casavant, and Dr. Dan Huppert to the Independent Economic Advisory Board for four-year terms and authorize the Executive Director to negotiate contracts with each member in annual amounts not to exceed \$22,000 for each member, as presented by the staff. Karier seconded the motion, which passed by unanimous vote of the six members present.

– Council contracting policies

Staffers Jim Tanner and Sharon Ossmann explained the Council’s contracting policies, and when a sole-source award is appropriate versus a request for proposal (RFP). Our preferred method is

the RFP, but a sole-source contract can be used if the needs of the project schedule demand it or the qualifications of a contractor are so unique that only one can do the job, Tanner explained.

Ossmann provided a list of the Council's contracts through 2003. The list identifies which are sole source, she said, noting that most of the sole-source contracts began with an RFP.

I'm encouraged to see that the Council has a narrow policy on the use of sole-source contracts, Karier stated.

8. Council decision on specific fish and wildlife project issues:

– Confirmation of project scope:

Lower Columbia River Ecosystem Monitoring and Data Management, Project 2003-007-00. Bartlett made a motion that the Council confirm that the conditions placed on the Lower Columbia River Ecosystem Monitoring and Data Management Project have been satisfied and that the Council recommend that Bonneville fund this element of the project. Eden seconded, and the motion passed on the unanimous vote of the seven members present.

– Within-year adjustments:

Oregon Fish Screen Project, Project 993-066-00

John Day Watershed Restoration Program, Project 1998-018-00

Staffer Mark Fritsch explained within-year budget adjustments proposed for two F&W projects: the Oregon Fish Screen Project, which aims to install fish protection and passage devices on private irrigation diversions and dam structures; and the John Day Watershed Restoration Program, which aims to improve passage conditions in the John Day watershed. The two projects qualify for capital funds, and the accounting for FY 2004 and 2005 indicates there are adequate capital funds available, he said.

All four members of the F&W committee are concerned about the capital versus expense issue with these adjustments, according to Bartlett. These two projects need to be approved, but BPA's capital policy is still an issue, he said. Danielson agreed, adding that BPA has committed here to capitalize these screens, but there are other screening projects in the region that have had to be expensed. BPA gave us an explanation, but we did not find it satisfactory, she added. Also, we approved the project with the understanding that the Oregon Watershed Enhancement Board (OWEB) would provide matching funds for the screen project, Danielson continued. OWEB has since decided to withdraw its match, and that is a concern; it sets a bad precedent, she stated.

OWEB put a lot of money into subbasin planning in the John Day, but we are concerned about the cost share, Cassidy agreed. We should have a cost-sharing policy – "if you commit to it, you're in," he added. With regard to the explanation of capital, BPA was honest about it, but we need to be vigilant, Cassidy said. In this case, we should look at those issues separate from the need for the projects, he advised.

I share the concerns about BPA's capitalization policy, Eden said. But I don't see any precedent being set with the OWEB decision on cost sharing – BPA has committed to projects and then declined to fund them, she noted.

OWEB is still contributing funds for screening projects in the Malheur subbasin, Fritsch pointed out. Staffer Karl Weist explained that the legislature reprioritized OWEB funds to address bull trout problems in the Malheur. The John Day project is a federal responsibility, and the legislature thought it was “a dangerous precedent” to have a local entity provide funding for a federal responsibility, he said.

Scott Hamilton of BPA explained the agency’s three criteria for capitalizing a project: \$1 million price tag, 15-year project life, and a measurable benefit. These screens represent a project of less than \$1 million, he said. BPA’s approach to projects of less than \$1 million considers “functional units,” according to Hamilton. If the region wouldn’t get the project benefits without all of the units, some of which may be less than \$1 million, BPA will consider capitalizing these units of the project, he said.

I would caution BPA about using “an arbitrary numerical cutoff” for its decisions on capitalization, Karier said. It may be that the screening proposals are “too cheap” and more will start coming in at “\$1 million and five cents,” he said.

Eden made a motion that the Council recommend that Bonneville adjust the budget for the Oregon Fish Screen Project, Project Number 1993-066-00 in an amount not to exceed \$167,000. Derfler seconded, and the motion passed on the unanimous vote of the seven members present.

Eden made a motion that the Council recommend that Bonneville adjust the budget for the John Day Watershed Restoration Program, Project Number 1998-018-00 in an amount not to exceed \$249,802 in capital funds. Derfler seconded, and the motion passed on the unanimous vote of the seven members present.

9. Status report on long-term fish and wildlife program funding agreement:

Doug Marker.

Marker updated the Council on efforts to develop a long-term F&W funding agreement for the region. The discussions are continuing on two tracks, he explained: development of cost estimates and development of an operating agreement for financial management. In September, Council staff circulated a proposal on financial management, and BPA responded, Marker said. BPA’s main concerns are cost sharing, roles and responsibilities of various entities, greater percentage of money for on-the-ground projects, a signatory role for tribes, and BPA’s overall responsibility for mitigation, he stated. If these issues aren’t addressed in the management agreement, BPA wants to know where they will be addressed, Marker added.

He noted that the tribes see the memorandum of agreement (MOA) as a convenient place to address a number of issues. The Council has concerns about defining roles and responsibilities in the long-term agreement, Marker said. We’d like to focus on narrow financial management issues now and then determine what else to add on, he said.

The second track is how to determine costs for the long-term agreement, Marker continued. We’ve worked with a smaller group, including BPA and Columbia Basin Fish and Wildlife Authority (CBFWA) staff, to look at specific cost categories, he said.

Staffer Patty O’Toole explained the steps the group has used to analyze future program implementation costs. We grouped the costs according to the CBFWA annual report categories

and looked at actual project spending from FY 2001 to 2004, she said. The categories include monitoring and evaluation; research; information management, coordination, and administration; production; mainstem; and habitat, O'Toole said. After looking at historical costs, we identified the "cost drivers" in each category, she said. O'Toole indicated that the next step is to get to numbers for the appropriate spending increase or decrease in each category.

This is the way to break apart a big number and get to the components, Marker said. It's the framework we are proposing for the discussion, and it seems to be working, he added. Marker said the analysis would yield a three-year budget number. We need to be close by the end of January with something BPA can plug into the rate case, he stated.

I like this concept – "you'll pound out the numbers with this," Larry Cassidy commented.

Karen Hunt of BPA called the Council's attention to an e-mail message she sent out about BPA's "Power Function Review," the process for coming up with program expense numbers for the rate case. We wanted to alert you that there will be a board to participate in policy development, and I've recommended that members of the Council be on the board, she stated.

Adjourn: The meeting adjourned December 15, 2004 at Noon.

Approved January 19, 2005

/s/ Melinda S. Eden

Vice-Chair