

Tom Karier
Chair
Washington

Frank L. Cassidy Jr.
"Larry"
Washington

Jim Kempton
Idaho

W. Bill Booth
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Melinda S. Eden
Oregon

Bruce A. Measure
Montana

Rhonda Whiting
Montana

Council Meeting Boise Idaho

March 13-14, 2007

Minutes

Tom Karier called the meeting to order at 1:37 p.m. on March 13 and adjourned it at 11:35 a.m. on March 14. All members, except Larry Cassidy, were present.

Reports from Fish and Wildlife, Power and Public Affairs committee chair:

Rhonda Whiting chair, fish and wildlife committee; and Jim Kempton, chair, power committee.

Jim Kempton reported that the Power Committee discussed a short-term demand forecasting model, as well as carbon legislation; staff explained an upcoming analysis of CO2 production from the power system, and the Committee discussed conservation estimates in the Power Plan, Kempton said. There was also a briefing on how the region will report data for adequacy standards and on adequacy guidelines for utilities, he added.

Rhonda Whiting reported the Fish and Wildlife Committee received an update on the PISCES system and wildlife operation and maintenance. The Committee discussed FY 2007-2009 project recommendations, a report from the Columbia Basin Fish and Wildlife Authority on the program amendment process, and alternative project selection sequences for 2010 and beyond, Whiting noted. Other topics included the upcoming Science Policy conference to be held September 12-13, a report on coordination contracts, and an update on a comprehensive work plan for data management, she said.

Governor Otter's Remarks

Governor C. L. "Butch" Otter welcomed the Council to Idaho. The Council, he said, is a "four-state enterprise of hope." When the governors signed the agreement for the Council in 1980, they had a purpose in mind that you've carried out pretty well, Otter stated. But it's time to revisit the Council and make sure the mission you are working toward is one that is applicable today, he said.

Times have changed, and "we've run a little bit short on energy," according to Otter. The region has been able to beat back designs by others on the Northwest's hydro system, he said. There are a lot of opportunities facing us -- some would call them problems, and that's why we need you, Otter told the Council.

1. Presentation by ISRP on Fiscal Year 2006 Retrospective Report:

Eric Loudenslager and Pete Bisson, ISRP members.

Dr. Eric Loudenslager, chair of the Independent Scientific Review Panel (ISRP), presented the ISRP's 2006 retrospective evaluation of benefits to fish and wildlife from Bonneville-funded projects, a report required by the Northwest Power Act. We assessed the adequacy of the reporting of data and results, but did not measure the benefits to fish and wildlife because the level of detail in the FY 2007-2009 proposals is not sufficient to undertake such an evaluation, he said.

2. Council decision on actions to reactivate the Fish Passage Center Oversight Board:

John Shurts, general counsel; Jim Ruff, manager, mainstem passage and river operations.

At the Council's request, staff prepared a proposal aimed at reinvigorating the Fish Passage Center (FPC) Oversight Board, said staffer John Shurts. Brian Lipscomb of the Columbia Basin Fish and Wildlife Authority (CBFWA) introduced a panel of speakers to provide comments on the proposal and told the Council "you are headed down the right path in invigorating the FPC." He said he sees two opportunities in that regard.

First, Lipscomb suggested, the Council should delay action on the Oversight Board for 30 days to provide time to meet with tribes and fish and wildlife managers about the board's roles and responsibilities. Second, CBFWA requests the Council endorse its project proposal, "CBFWA Fish Passage Technical Services," to be sent to Bonneville for funding, Lipscomb said. Jaime Pinkham, representing the Columbia River Inter-Tribal Fish Commission (CRITFC), said CRITFC also requests the Council delay its decision on the Oversight Board until meetings have been held with the tribes.

Liz Hamilton of the Northwest Sportfishing Industry Association, urged the Council to consult with fish managers on overhauling the FPC board. Mary Verner of the Upper Columbia United Tribes (UCUT) also asked for more time to prepare a proposal, noting there haven't been UCUT members on the Oversight Board in the past. We need to take the time to allow people to provide additional comments, stated Council Chair Tom Karier. But I would like to be able to ask for nominations for the Oversight Board at the Council's next meeting, he added.

It's been more than a year since the Oversight Board has met, and our fish and wildlife program amendment process will be starting in October, noted Bruce Measure. He suggested moving the decision on the Oversight board to the Council's April meeting, and Jim Kempton agreed.

Karier suggested the Council go through the staff proposal to get a sense of what Council members prefer so it will be easier to make a decision at the April meeting. Shurts said the staff proposal would change the Oversight Board's membership. Instead of one member representing state fish and wildlife managers, there would be either four state agency members, one from each state, or two state agency reps, one "upstream" and one "downstream."

In addition, instead of one member from the scientific community and two members from the "public at large," there would be two members from the scientific community and none from the public, he noted. The staff proposal also designates the Council's representative to the board as its chair.

The tribes have a reasonable position to request parity, said Kempton. With one person from each state, and possible representatives from CBFWA, CRITFC, UCUT, and the Snake River tribes, the numbers grow quickly unless you use an upriver/downriver designation, he stated.

Karier recommended the Council's draft proposal include two state agency personnel, one upstream and one downstream.

Measure moved that the Council adopt the proposal for Oversight Board membership presented by staff and that it be sent out for public comment, and Booth seconded.

Kempton proposed to amend Measure's motion to require that information on the scientific background of each prospective board member be used as a criterion for their selection, and Booth seconded. Kempton's amendment passed unanimously.

The motion passed on a 5-2 vote, with Dukes and Eden voting no. Larry Cassidy was absent.

3. Update on process for amendments of the Fish and Wildlife Program, including the Science Policy conference:

Peter Paquet, acting director, fish and wildlife division; and Lynn Palensky, Program Planning and Special Projects Coordinator.

We propose the Council issue a call for fish and wildlife program amendments this October, staffer Peter Paquet said. A set of draft amendments could be developed by next spring, with a goal to adopt final amendments by the end of 2008, he explained. We'll bring a proposed schedule to you in April, Paquet told the Council.

Paquet said the Science Policy Conference will be held September 12-13 at Portland State University, following the September Council meeting. Proposed topics for the conference include estuary, habitat strategies, ocean conditions, mainstem survival of adults and juveniles, and Snake River fall chinook overwintering, he noted.

4. Update on alternative project review sequences for 2010 and beyond:

Peter Paquet; Mark Fritsch, manager, project implementation; and Patty O'Toole, program implementation manager.

In April, staff will bring a proposed conceptual design and approach for the project selection process for 2010 and beyond to the Council, staffer Mark Fritsch said. The new approach to solicitation would involve categorization of types of projects, he noted.

5. Update on Upper Snake River Tribes' Compact:

Wanda Johnson, chair, Burns-Paiute Tribe; Kyle Prior, chair, Shoshone-Paiute Tribe; and Alonzo Coby, chair, Shoshone-Bannock Tribe.

Kyle Prior, chair of the Shoshone-Paiute Tribe, led off a presentation on the Upper Snake River Tribes' Compact, which the tribal leaders signed at the end of the first day of the Council meeting. He read the preamble of the Compact and said "this is an historic day." Alonzo Coby, chair of the Shoshone-Bannock Tribe, said work on the agreement had been going on since 1997. Together, we are stronger and can make better decisions on management, he stated.

We look forward to working with your new organization, Karier told the tribal leaders.

6. Council decision on within-year budget adjustment:

Mark Fritsch.

Staffer Mark Fritsch presented a within-year request for \$500,000 in FY 2007 expense funding for the Yakima Side Channels project, noting that the fish and wildlife Committee had approved the request.

Dukes moved that the Council recommend that Bonneville make the within-year funding adjustment proposed in Bonneville's 2007-2009 implementation plan for the Yakima Side Channels, Project 1997-051-00, in an amount not to exceed \$500,000 in FY 2007 expense funding. Whiting seconded, and the motion passed.

7. Briefing on a comprehensive workplan for data management:

Peter Paquet

Staffer Peter Paquet gave an update on regional efforts to develop a comprehensive data management plan. He said the strategy for developing the comprehensive plan is to define the products, develop budget estimates for each of the data elements, and identify who will perform the tasks.

The effort is being coordinated through the Northwest Environmental Data Network (NED), he noted. Data collected from Bonneville projects will go to StreamNet, Paquet said. When we develop the data management strategy, we need to keep in mind some of the problems we know about, stated Karier, referring to the ISRP report which said 40 percent of fish and wildlife projects aren't reporting their results.

8. Update and possible Council decision on response to Bonneville's Fiscal Year 2007-2009 project funding decision:

Patty O'Toole; Peter Paquet; John Shurts.

Staffer Patty O'Toole said the fish and wildlife Committee held a special meeting March 5 to consider decisions made by Bonneville in response to the Council's project funding recommendations for FY 2007-2009. The question before the Council is how to respond to Bonneville, she stated. In funding the 2007-2009 projects, Bonneville made decisions differently than in the past, O'Toole noted. Bonneville's decisions caused some provinces to gain funding, and others had their funding decreased, she said.

O'Toole explained that the Council used a \$153 million annual planning target, while Bonneville used a \$159 million annual planning budget. Now Bonneville says there is \$17 million still available, she noted. Bonneville has told us it will be "very cautious" with those funds and is looking for on-the-ground work, not research and monitoring, O'Toole added.

She said a lot of Bonneville's changes to what the Council recommended appeared to be "fine-tuning"; for example, Bonneville talked with its contract officers to determine appropriate funding levels. Trying to track what Bonneville did is "tricky," according to O'Toole. Bonneville needs to explain to us exactly what they did, stated Eden.

I would like for Bonneville to present some clarification to us, rather than our trying to figure out what they did, said Kempton. "This is blind man's bluff, and that's unacceptable," he added. I agree -- some of this is bewildering, and Bonneville could help present a clearer picture, said Karier.

Delwiche said Bonneville has tried to be responsive. I haven't seen a direct request of what you want to see, he added. The Council built a project portfolio sized to a \$459 million three-year budget, and Bonneville built a project portfolio sized to a \$477 million budget, Delwiche explained. But it does look like there is \$17 million to \$20 million that could be used to address the differences between the Council's recommendations and the projects Bonneville funded, he said.

I feel like this is a "glass half empty" response to a set of decisions that was pretty close to what the Council recommended, Delwiche stated. The question is whether a 5 or 10 percent deviation from your recommendations is important, or is it "noise" that might be expected to occur in the contracting process, he said.

We don't have a clear breakout of what funds are available in provinces where funding was removed, or an idea of how to retrieve some of the money that was cut, stated Kempton. Bonneville hasn't told us the exact amount of funds available or the criteria for spending it, said Karier.

We held the special fish and wildlife Committee meeting to open up a dialogue about areas of concern, and we are moving ahead with that dialogue now, stated Whiting. There's a lot of information we haven't received yet, which prevents us from doing a formal response to Bonneville, and we need to do a formal response, she said.

I request that Bonneville tell us which project funding changes were made under the heading of "contract efficiencies" and how those compare with what we recommended, Eden said. So you'd like a category mapping of each project where there's a budget difference? Delwiche asked, and Karier said yes.

Bonneville is negotiating contracts now so we need the information as soon as possible, stated Dukes. It seems that your funding decisions were geared more towards Endangered Species Act issues, she said to Delwiche. Our decisions reflect spending 3 percent more on anadromous fish than you recommended, he replied.

More contract renewals occur in the first half of the year, Delwiche noted. Given that, I'd suggest between now and the end of June, the Council focus on the 2008 portfolio of projects and indicate where you would like to see the \$17 million to \$20 million spent, he said. We could also try to resolve the in-lieu policy issue, Delwiche suggested.

I ask that we keep transparency in this process and give project sponsors the opportunity to have some input, said Whiting. We need more information on the capital budget and on the legal review, she added. Noting that Montana's funding got cut, Whiting said we need to be cautious we aren't "dividing and conquering."

Brian Lipscomb of CBFWA said his organization will make a formal response to the Council and Bonneville on this issue. The business of implementing the fish and wildlife program is built around the premise the Council and Bonneville will come together and make one decision on the budget, he stated. If we don't have that, it is confusing for the groups trying to implement projects on the ground, Lipscomb said.

Karier listed three possible Council actions: 1) write a short letter asking Bonneville for more information about its funding decisions; 2) write a longer letter addressing larger policy issues; and/or 3) come up with an additional proposal for projects for 2008 and 2009.

We need to get a letter asking for information out quickly and move fast on the 2008 funding issues, stated Booth. Then we can reflect more and come to a cohesive position on how to address broader policy issues in the future, he said.

Shurts said he would try to get the short letter requesting information sent to Bonneville by the end of the week. Let's put a deadline for response in the letter, suggested Eden.

Tim Dexter of the Shoshone-Paiute Tribe expressed an interest in working with the Council on the in-lieu policy issues. We are looking at cuts of over \$5 million in the Middle Snake province, he noted. In the future, we would like to see funds allocated to each province stay within that province, and we look forward to discussing these issues with you, Dexter stated.

9. Update on Wind Integration Action Plan:

Jeff King, senior resource analyst.

The final draft of the Wind Integration Action Plan, which identifies ways to integrate 6,000 MW of wind power into the Northwest power system, is in its final stages, reported staffer Jeff King. We hope the final document will be released next week, he said.

10. Review by the IEAB of the Revenue Stream paper:

Joel Hamilton, IEAB member.

Dr. Joel Hamilton of the Independent Economic Analysis Board (IEAB) summarized that panel's review of the Save Our Wild Salmon (SOWS) report titled *Revenue Stream: An Economic Analysis of the Costs and Benefits of Removing the Four Dams on the Lower Snake River*. The IEAB found a number of serious problems with the report, the most significant of which was the estimated cost of replacing the hydropower that would be lost from the dams, he said.

Steve Oliver of Bonneville said his agency agrees with the IEAB's conclusion that the report has a number of deficiencies.

Bill Sedivy of Idaho Rivers United asked the Council to consider that the Idaho Dept. of Fish and Game has said the returns of salmon to the Snake River Basin this year "will be dismal -- worse than last year, and worse than the year before."

Steve Weiss of the Northwest Energy Coalition (NWEC) pointed out that he prepared the energy section of the *Revenue Stream* report, which concluded the four dams' electricity could be replaced with conservation and renewables for a cost between \$79 million and \$179 million per year.

Rhett Lawrence of SOWS said his organization agrees the issue needs more study and urged the Council to put this issue on a future agenda for more discussion.

"We need more power, not less power," Norm Semanko of the Idaho Water Users Association told the Council. Our view of the *Revenue Stream* report is "garbage in, garbage out," he stated.

Greg Delwiche of Bonneville said his agency found serious flaws in the *Revenue Stream* report and "shared our critique privately with SOWS."

11. Overview of Council Fiscal Year 2008 Budget and Fiscal Year 2007 revisions:

Steve Crow, executive director; and Sharon Ossmann, administrative officer.

Staffer Sharon Ossmann made a presentation on the Council's FY 2008 budget and FY 2007 revisions, noting that the Council entered into an agreement with Bonneville in 2005 to hold the Council's budget at specific levels for the FY 2007-09 rate period. She said information on the budgets has been sent to state offices for comment and that staff plans to have a draft budget document ready for the Council to release at the April meeting. Our goal is to have a final budget adopted at the Council's July meeting, Ossmann stated.

12. Council Business:

– Approval of minutes

Kempton moved to approve the minutes for the February 13-14, 2007 Council meeting held in Portland, Oregon. Eden seconded, and the motion passed.

Approved April 18, 2007

/s/ Joan Dukes

Vice-Chair

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