

Tom Karier
Chair
Washington

Frank L. Cassidy Jr.
"Larry"
Washington

James A. Yost
Idaho

W. Bill Booth
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Melinda S. Eden
Oregon

Bruce A. Measure
Montana

Rhonda Whiting
Montana

Council Meeting Portland, Oregon

December 11-12, 2007

Minutes

Larry Cassidy made a motion that the Council meet in executive session at the close of business on Tuesday, December 11, 2007 to discuss internal personnel matters. Jim Yost seconded the motion, which passed six to zero on a roll call vote. Rhonda Whiting and Bruce Measure were absent for the vote.

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

Rhonda Whiting chair, fish and wildlife committee; Jim Yost, chair, power committee; and Larry Cassidy, chair, public affairs committee.

Power Committee chairman Jim Yost reported that the committee heard a presentation on SmartGrid and a report from Paul Norman on the Regional Dialogue, and discussed two items that also appear on the Council's regular agenda: the Sixth Power Plan and the wholesale price forecast.

1. Update on regional issues:

Steve Wright, Administrator, Bonneville Power Administration.

Bonneville Administrator Steve Wright told the Council that the state of his agency is good. Referring to the energy crisis of 2000-2001 that put Bonneville into the red financially, he said Bonneville is back "in the black" with stable rates. The agency has filed new transmission rates with the Federal Energy Regulatory Commission (FERC), Wright said, and power rates won't be going up in 2008 and are back to levels comparable to the mid-1980s. He also reported that Bonneville's bond rating is the highest in agency history, that customer and tribal satisfaction reports are generally on the rise, and that the agency made its Treasury payment in full and on time.

Despite the positive financial picture, Wright said the agency faces cost-management challenges posed by the Endangered Species Act (ESA) and resource acquisition.

Wright noted that given the increased concern about climate change, he appreciated the Council's CO₂ study. Wright described several areas where he foresees challenges and opportunities. The first is preserving the "huge value" of the hydro system, he said, pointing out that the price of cost-based power from the federal system is about \$30 per megawatt (MW) versus \$70 to \$90 per MW for new renewables. We need to capture the value of the hydro resource for the Northwest, and that means completing long-term contracts, Wright said.

Another area, integrating renewables, had a valuable boost from the regional steering committee that developed a wind integration plan, he said. Bonneville has over 1,000 MW of wind generation on its system now, and we have to deal with the intermittent nature of the resource, Wright acknowledged.

With regard to transmission, Bonneville has done a lot of building in recent years, principally for reliability, Wright said. "But it's not enough," he stated. We are also addressing "the queue problem," and we're contemplating a new product for wind developers, he said.

Salmon recovery is a big issue, and the federal agencies have a new plan, he went on. The plan is not "status quo" – we tossed the approach used in the 2004 Biological Opinion (BiOp) and started over, Wright said. The new plan was developed to avoid extinction – it addresses the dams and solidifies the commitment to more actions in all of the Hs, he added. Contrary to what some have said, "it does not reduce spill," Wright stated. He explained that the proposal has performance standards that commit the federal agencies to certain levels of survival past dams, and under the plan, \$400 million will be spent on dam modifications and \$200 million on habitat improvements over 10 years. The plan outlines measures on a species-by-species basis that are needed for recovery, according to Wright.

Council chair Tom Karier asked if Bonneville is prepared to step in if others' proposals for transmission projects are not successful. "I'm excited about the proposals out there," Wright responded, but if the projects are not built, it makes sense for Bonneville to consider alternatives."

Jim Yost asked about the flexibility remaining in the hydro system to respond to growing demands. "We are reaching the limits of the hydro system – we know that," Wright answered. He pointed out the huge difference in costs of integrating wind generation using hydro versus thermal. "We are getting close to using up the flexibility of the hydro system," Wright reiterated. He added that the region will need to add "flexibility resources," and one of the challenges for the Council's next power plan will be to address capacity needs.

Melinda Eden encouraged Bonneville's continued leadership on demand-side management, and Wright said he saw huge opportunities for the Council and Bonneville to work together on energy efficiency.

Karier asked Wright about coordination between the Council's fish and wildlife program and the ESA and BiOp requirements. Wright indicated that Bonneville is in discussions with parties to the BiOp litigation and would like to resolve issues that are now before the court. We will not enter into any agreements without public comment, he said, but acknowledged "this is a difficult issue and not easy to resolve."

With regard to the BiOp litigation, Rhonda Whiting asked for Wright's support for the science panels and review processes the Council has established over the past 25 years. We think the Independent Scientific Advisory Board (ISAB) is a good place to start, but it won't be our decision, Wright said.

2. Presentation on Snohomish County PUD's plans for efficiency and renewables initiatives:

Steve Klein, general manager; and Jessica Matlock, government relations director, Snohomish County PUD.

Steve Klein, general manager at Snohomish County PUD, followed up Wright's remarks with further evidence that loads are growing – fast. Snohomish County is adding population faster than King County, with population growth of 44 percent from 1990 to 2006, he reported. The county expects to see 150,000 more people over the next 10 years, resulting in 85,000 new retail customer connections, according to Klein. The growth in load is occurring because of new residents, as well as increased use within the residential base, he said. On its present trajectory, Snohomish will surpass Seattle as the largest utility in Washington, Klein said.

Klein noted that the energy crisis in 2001 resulted in Snohomish's relatively high retail rates and said the utility has delayed making capital investments that must be addressed soon to avoid “a tidal wave” of investment later on.

Snohomish PUD is on a path to a sustainable future, Klein said. In seeking a future power supply, we are geared toward demand-side management, renewables, customer and utility distributed generation projects, SmartGrid, and an organizational culture that values sustainability, as well as energy-smart customers, he explained.

Recapping conservation highlights at the PUD, Klein said Snohomish has achieved over 90 average MW of conservation to date, and its investment is triple that of the regional and national average for conservation. The PUD has won awards for energy efficiency and has an exceptionally high saturation with compact fluorescent light bulbs (CFLs), he said. CFL use in the PUD's service district is up 20 percent over neighboring utilities, and Klein said that is a result, in part, of focusing effort on smaller drugstore and hardware retailers – where many people buy light bulbs – and not on “big box” retailers alone.

Snohomish has four existing renewable projects, two are on the horizon, and in a recent solicitation for renewables, the PUD had 10 or 11 responses, all but one of which was for wind generation, Klein said. He described the PUD's involvement with developing tidal resources and said the PUD's work with the University of Washington.

Solar photovoltaic power also holds promise, with one of the leading solar manufacturers “putting final touches on a facility in our backyard” at Arlington, Washington, he reported.

Wind generation is posing big challenges in terms of cost escalation, availability, and integration, yet the region and nation seem to be singularly focused on this resource, Klein said.

3. Presentation of research on fitness of hatchery and wild steelhead: results to date and future direction:

Michael Blouin, Department of Zoology, Oregon State University

Dr. Michael Blouin of the Department of Zoology at Oregon State University reported on research conducted to address the fitness of hatchery versus wild steelhead.

Blouin described a research project with Hood River steelhead that addresses the question of whether the differences between hatchery and wild fish pose a problem for supplementation programs, where fish are pulled from the wild and bred with hatchery fish to boost populations. DNA samples gathered since 1991 from two populations of Hood River steelhead give researchers a tool to compare the fitness of hatchery and wild fish in terms of reproductive success and number of offspring that make it back to spawn, he explained.

The research shows “what was suspected”: old multi-generational hatchery stocks did not reproduce as well as wild stocks, he reported. Over the years, hatchery stocks proved significantly less fit in this regard than wild fish, Blouin said. He said the question of whether the difference is genetic or whether there is a carryover environmental effect is also being investigated.

Blouin said the next step is to look into the mechanisms of decline in hatchery fish. One hypothesis is that the decline relates to the growth rate in hatcheries, he said.

In response to a question about the applicability of research with steelhead to chinook, Blouin responded that the affects of “domestication” in hatchery fish are universal, and he would expect the same principles at work with the steelhead would be at work with chinook as well.

4. Panel on Supplementation:

Dr. Eric Loudenslager, Chairman, ISRP; Mike Ford, ISAB *Ex Officio* for NOAA Fisheries; Barry Berejikian, NOAA Fisheries; Rich Carmichael, Oregon Department of Fish and Wildlife; Peter Galbreath, Columbia River Inter-Tribal Fish Commission; Jay Hesse, Nez Perce Tribe; and David Fast, Yakama Nation.

A panel of scientists, led by Dr. Eric Loudenslager, chairman of the Independent Scientific Review Panel, provided a briefing on supplementation and responded to questions posed earlier by the Council about the risks and benefits of hatchery supplementation as a conservation action. Mike Ford of NOAA Fisheries addressed the types of data that are needed to indicate if supplementation is preserving the fitness of wild fish. He listed several types of data – age, size, sex ratio, run timing, spawning location, adult-to-adult productivity – and outlined approaches to experiments that could be done to compare long-term trends comparing supplemented and unsupplemented wild populations.

Barry Berejikian of NOAA Fisheries said there is not a lot of data available on the effects of supplementation on the fitness of wild fish, but more is on its way. He indicated that one study

has isolated the genetic effects of supplementation. Richard Carmichael of the Oregon Department of Fish and Wildlife described the program in the Imnaha River and four approaches to comparing changes in populations as a result of supplementation. So far, we have not observed a trend of increased number of natural-origin spawners since supplementation started, he reported. Carmichael pointed out that there are a host of factors besides reproductive success that can be used to evaluate fitness.

Peter Galbreath of the Columbia River Inter-Tribal Fish Commission (CRITFC) said there is a consensus among members of the Ad Hoc Supplementation Work Group that more data is needed, but it needs to be gathered in a more coordinated fashion.

5. Council decision on funding proposal for Columbia River Hatchery Scientific Review Group::

Jim Waldo; Paul Kline; and George Nandor.

In introducing a request for \$1.3 million to fund the work of the Hatchery Scientific Review Group (HSRG), staffer Peter Paquet said the group is trying to take the available science and apply it to managing operations in hatcheries. The review addresses changes that need to be made to have hatcheries operate according to the science as we know it today, he explained.

Attorney Jim Waldo said hatchery programs deserve to be looked at carefully, and the HSRG involves 14 scientists with a cross-section of expertise. The review makes use of the All-H Analyzer (AHA) model as a tool to integrate hatcheries, harvest, hydropower, and habitat in formulating ways to meet conservation goals, according to a letter Waldo sent the Council about funding to continue the HSRG's work.

At the Council meeting, Waldo explained that the HSRG was initially funded by NOAA Fisheries, but those funds are now in limbo, and it's unclear when things will be resolved. With funding, we are on schedule to complete our project by October 2008, he said. We have made a request through the Council's fish and wildlife program for \$1.3 million to finish the work, Waldo stated.

Eden asked for Bonneville's view of the request, and Greg Delwiche of Bonneville said he approved of it.

Dukes made a motion that the Council recommend that Bonneville fund the \$1,300,000 request to fund the completion of the Columbia River Hatchery Scientific Review process in fiscal year 2008, as presented by the staff and recommended by the Fish and Wildlife Committee. Cassidy seconded the motion, which passed on a unanimous vote.

6. Public comment on Interim Wholesale Power Price Forecast paper (Council document 2007-20).

There were no public comments taken at the meeting on the interim wholesale power price forecast. Staffer Terry Morlan noted that written comments are due by December 19, 2007.

Public comment on any item before the Council

7. Council decision on follow-up action for Fiscal Year 2007-2009 projects:

Mark Fritsch, manager, project implementation.

– Regional Coordination Budget Cap for FY 2008

Staffer Mark Fritsch provided background on the regional coordination budget, noting that there was a \$2.3 million placeholder for fiscal year 2008. To date, we have received a letter from the Columbia Basin Fish and Wildlife Authority (CBFWA) and a letter and budget from the Kalispel Tribe, he said, adding that last month the Council okayed coordination funding in the Upper Snake. We will bring you a package for funding levels next month, Fritsch said.

Staffer Tony Grover said the package would be a set of alternatives at various funding levels (\$2.3 million to \$2.5 million). If we get other proposals in the interim, we will use them to build the alternatives, he said. We'll pose the alternatives, and the Council can select one, which would end this dialogue at least until we address program amendments, Grover explained.

Whiting suggested staff bring one set of numbers. Cassidy pointed out that there needs to be a discussion about how to treat the \$160,000 that was previously approved. He also said the staff may need "to scrub" some of the budget numbers.

I'll be looking for specific activities, work plans, and budgets, Eden stated. If that's not what we're getting, we can't make a rational decision, she said. Grover said the guidance document for the coordination monies lets people know we want them to identify deliverables. That is what we've asked for, and that's what we'll provide the Council in January, he said.

8. Council decision on deferred fourth quarter within-year project funding requests:

Mark Fritsch

– Project 2002-053-00, Assess Salmonids in the Asotin Creek Watershed

The Council recommended that Bonneville fund a project to assess salmonids in the Asotin Creek Watershed, \$25,345 in FY 2008 and \$213,437 in FY 2009. The project monitors an ESA-listed unsupplemented steelhead population, according to staffer Mark Fritsch. Cassidy said he strongly supported the project. Asotin is a completely wild stream, and after the presentation on supplementation yesterday, it's clear we need to keep this project.

Dukes moved that the Council recommend that Bonneville fund Project 2002-053-00, Assess Salmonids in the Asotin Creek Watershed, in an amount not to exceed \$25,342 in fiscal year 2008 and \$213,437 in fiscal year 2009 from the expense budget, as presented by staff and recommended by the Fish and Wildlife Committee. Cassidy seconded the motion, which passed on a unanimous vote.

– Project 1998-004-01, Columbia Basin Bulletin

Fritsch reported that Bill Crampton, publisher of the Columbia Basin Bulletin (CBB), plans to explore selling subscriptions and should know by mid-2008 whether it's a viable option for funding the newsletter. Measure said CBB is an important source of information for organizations outside Portland, and the presence of CBB stringers in places like Kalispell helps encourage local news coverage of fish and wildlife-related activities. He suggested postponing the discussion or putting a placeholder in for funding until the sponsor has time to survey readers on their willingness to buy subscriptions. Eden agreed that CBB is an important public affairs project that promotes public involvement.

Measure made a motion that CBB's request be funded in FY 2008 at \$25,000. Eden seconded the motion, which passed on a unanimous vote.

9. Council decision to release document regarding time and place protocols for data management:

Peter Paquet, manager, wildlife and resident fish.

Staffer Peter Paquet said staff was ready to release a recommendation on the methods to be used to collect data related to location and time. Standardized data is more useful for mapping and Geographic Information System (GIS) use, he said. Right now, there is not a lot of standardization so it's difficult to make good use of all data, Paquet explained. We are asking the Council to release this recommendation for 30 days of public comment, he stated.

Karier said once the standards are adopted, the Council would ask Bonneville to include them in its contracts and specify them as the protocols to be used in F&W projects.

Dukes made a motion that the Council release for public comment the Best Practices for Reporting Location and Time-Related Data document, as presented by staff and recommended by the Fish and Wildlife Committee, for public review and comment, and direct staff to give notice that the comment period will be open for 30 days. Bill Booth seconded the motion, which passed on a unanimous vote.

10. Update on technical advisory committee review of the Columbia Basin Water Transaction Program evaluation:

Lynn Palensky; program planning and special projects coordinator; Susan Hanna, member ISAB and IEAB; Noelwah Netusil, chair, IEAB; and Gail Achterman, Oregon State University.

Susan Hannah, who has served on the ISAB and now serves on the Independent Economic Advisory Board, reported on a review of the Hardner & Gullison Associates evaluation of the Columbia Basin Water Transaction Program (CBWTP). The review was conducted by an ad hoc evaluation committee, and our task was to oversee the program evaluation process and provide technical guidance, she explained.

Hannah said the committee considered the benefits of having a single administrator for the CBWTP and found several ways in which a single entity was advantageous, including building

capacity in Qualified Local Entities (QLEs) and developing long-term relationships. She also noted the benefits of a third-party evaluation of CBWTP.

Noelwah Netusil, chair of the IEAB, went over the committee's reactions to the Hardner and Gullison recommendations. She indicated that the committee agreed with most and provided comments on them. With regard to integrating efforts to resolve all ecological limiting factors and developing guidelines or standards for habitat monitoring, Netusil said the committee agreed with the recommendations, but felt CBWTP should not take the lead.

In addition to the Hardner and Gullison recommendations, the committee recommended adding language to support land and water transactions; consider the CBWTP evaluation as a baseline for future reviews; and apply similar evaluations to other parts of the fish and wildlife program.

11. Update on Sixth Power Plan schedule and approval of release of paper on key issues:

Terry Morlan, director, power division.

Staffer Terry Morlan briefed the Council on the schedule and issues for a Sixth Power Plan. Under the Northwest Power Act, a review of the power plan is required every five years, so with the last plan adopted in December 2004, the review for a new plan is due by December 2009, he explained.

In addition to the legal requirement, there are other reasons for reviewing the plan at this time, Morlan said, not the least of which is the escalation in resource costs, like natural gas. Climate change, state RPS, and renewable resource access and integration are big items at the moment, he said. The region's newly adopted resource adequacy standards for energy and capacity also need to be incorporated into the power plan, Morlan added.

He laid out a tentative schedule as follows: preliminary work (describing major issues and preparing computer models) to take place through the first quarter of 2008; analysis beginning early in 2008 and extending through the year; drafting plan components in the third quarter of 2008; and a final plan in the fourth quarter of 2009. Public comment and involvement would begin in the second quarter of 2008 and extend into 2009.

The staff is ready to put out a paper on major issues to be addressed in the plan, Morlan continued. Besides the issues such as climate change regulations, resource choices, and appropriate measures of avoided costs, he said planning to meet hourly and daily load – system capacity – needs to be a visible part of the plan. Transmission constraints and the impact they have on resource choices continues to be an issue, and integrating the power plan with the F&W program is also an area to be addressed, Morlan explained.

The Council agreed the issue paper should be released.

12.Presentation on Pacific Ocean Shelf Tracking:

Marc Trudell, Canadian Department of Fisheries and Oceans.

Dr. George Jackson, a senior scientist with the Pacific Ocean Shelf Tracking Project (POST), brought the Council up to date on the progress of a project to install tracking arrays in the ocean to record the movement of marine animals fitted with acoustic tags. “POST can replace the guesswork with valid measurements,” he stated.

Jackson pointed out that POST is an international program, and major funding comes from the United States, with Bonneville a valued partner. Washington Council member Cassidy serves on the POST management board, he added. POST “is the flagship project” for a global ocean tracking network, Jackson said.

”We’re getting a good picture of the ocean,” and we are building up a survival database, Jackson stated. The data shows that salmonid survival down the rivers is very good, but once fish get into the ocean, survival is very low, he said. Salmon are doing well in the fresh water, but ocean survival is the problem, Jackson reiterated.

POST can “seamlessly” track salmon from fresh to salt water and track migrating salmon on dammed and undammed rivers, he said. Jackson pointed out that data shows there appears to be no influence from the presence of dams on migrating fish. Results have shown survival in the Columbia exceeds that in the undammed Fraser, he indicated.

With POST, we can also test the result of various flow regimes and how flow rates affect survival – POST can answer critical questions in a watershed, Jackson said. In addition, we may be able to use POST data to pinpoint areas of high mortality in the ocean, and POST data also has value in determining the effects of climate change in the marine environment, he added. “Science shows it’s an ocean survival issue” with salmon and that removing dams may do no good, Jackson said.

13.Briefing on North American Salmon Stronghold partnership:

Paula Burgess and Greg Block, Wild Salmon Center; and Lynn Palensky.

Paula Burgess of the Wild Salmon Center briefed the Council on the progress of the North American Salmon Stronghold Partnership. She described the work of the Wild Salmon Center and explained that its work is focused on the survival of strong stocks of salmon and steelhead.

She described the assessments the Center has conducted and a river typology map that helps identify areas of salmon strength and sets up a basis for prioritization. The aim is to establish a network of strongholds, where species are doing well, Burgess said. Burgess said she hoped the Council would support the stronghold concept. We would hope to entice you into signing the charter and considering an amendment to your fish and wildlife program for strongholds in the Columbia River Basin, she said.

14. Council decision on Comparative Survival Study:

Jim Ruff, manager, mainstem passage and river operations.

Ruff went over the background of a comparative survival study (CSS) that was initiated in 1996 to estimate survival rates in different life stages for chinook and steelhead. There were four objectives in the study, he reported: develop a long-term index of transport and in-river smolt-to-adult ratios (SARs); develop a long-term index of survival rates from Snake River hatchery releases; begin a time series of SARs for hypothesis testing and comparison to the Council's hydro goal; and develop a comparison of overall SARs for upriver and downriver chinook hatchery and wild stocks.

Staff recommends Bonneville provide funding for the CSS in FY 2008 and FY 2009 at an annual level between \$800,000 and \$900,000, he said. This level would allow the project to continue tagging hatchery and wild Snake River chinook and steelhead, but the funding would not be used to tag downriver stocks, consistent with the independent reviewers' recommendation to eliminate the fourth CSS objective, Ruff explained.

Dukes made a motion that the Council recommend that Bonneville fund the Comparative Survival Study, Project 1996-020-00, in fiscal years 2008 and 2009 at an annual level estimated to be between \$800,000 and \$900,000 as presented by staff and recommended by the Fish and Wildlife Committee. Cassidy seconded the motion.

Measure said he would be more comfortable if the language in the motion referred to eliminating the fourth biological objective in the CSS and stated that downriver fish would no longer be marked as part of the study. He moved to add the following language so the motion would read as follows: that the Council recommend that Bonneville fund the Comparative Survival Study, Project 1996-020-00, in Fiscal Years 2008 and 2009 at an annual level estimated to be between \$800,000 and \$900,000 as presented by staff and recommended by the Fish and Wildlife Committee, which includes the requirement that no funding is to be used to tag a downriver mark group, as the recommendation of the ISAB/ISRP is to eliminate that element of the CSS proposal. Booth seconded the motion to amend, which passed six to two, with Dukes and Eden voting no.

Dukes pointed out that a letter from several fish managers urged that the downriver fish continue to be marked as part of the CSS. Marking these fish is important, and without that, I'll vote no on the motion, she stated. Eden cautioned that the Council would be ignoring the managers' scientific recommendations if they voted to eliminate the lower river PIT-tags from the CSS funding, and she too would vote no.

Karier pointed out that the Carson hatchery fish were already marked for the year, and Cassidy said there is nothing to prevent others from pursuing the funds to mark the fish in the future. It would just not be part of the CSS, he stated. The Budget Oversight Group process is open as an avenue to get these fish marked, Karier agreed.

The managers said in their letter that marking is important to the first three elements of the CSS – this is an important piece for Oregon, Dukes stated. “I don't have a lot of faith in the success of a future request,” she added.

The funding motion passed six to two, with Dukes and Eden voting no.

15. Briefing on preliminary analysis of draft BiOp effects on federal power system:

John Fazio, senior power systems analyst; and Jim Ruff

NOAA Fisheries released its draft 2008 BiOp at the end of October, and we have conducted a preliminary analysis of the effects on the power system, according to staffer Jim Ruff. NOAA Fisheries and the federal action agencies translated the BiOp into data for the power system, and Council staff ran that data through its computer models, staffer John Fazio explained. Our assessment is based on how the federal agencies translated the data, he clarified.

One of the major changes from the 2004 BiOp is that the 2008 draft includes new summer operations for Libby and Hungry Horse, Ruff said. The increased summer outflows from the projects go away under the 2008 BiOp, and the decline is steadier as they taper off in August, he said. Ruff pointed out that outflows at McNary in some months change little from the 2004 to 2008 BiOp. The changes from July to September are due to the operation at Libby and Hungry Horse, and the June increase is from changes at Grand Coulee, he pointed out.

With regard to outflows from the Snake, there is very little difference from 2004 to 2008, with a slight bump in the spring and a slight decrease in the summer, Ruff continued. The change in spring outflows at Lower Granite reflects the shift in releases from the Upper Snake, he said.

Spill levels in the draft 2008 BiOp are almost identical to the court-ordered spill, but the duration is shorter, Ruff said. Summer spill is truncated when there are fewer than 1,000 fish per day in the river, and in the draft 2008 BiOp, the spill would end in early August, he said. There is no longer zero spill at McNary in the 2008 draft compared to 2004, and spring spill increases at Bonneville, Ruff added.

Two of the biggest changes from 2004 to 2008 are the performance standard of 96 percent survival versus 93 percent, and the proposal that spill is subject to change if the survival targets are not met, he continued. The results of our analysis shows that the duration of spring spill is slightly shorter in the Snake compared to the 2004 and 2006 operations, Ruff said. Spring spill starts later and ends a little earlier under the draft 2008 regime, and transport is maximized in most years, he said. There is a big change at Ice Harbor, where there will be testing for alternative spill operations and less spill volume overall, Ruff explained.

According to Fazio, summer draft would increase at Grand Coulee by 20 feet in drought years under the 2008 proposal, and there would be a small amount of additional draft in non-drought years. Coulee might be lower by the end of August, but otherwise the 2004 and 2008 outcomes are similar, he explained. Elevations at Libby and Hungry Horse would remain higher over the summer with the 2008 operation, with summer elevations at Dworshak and Brownlee the same, Fazio said.

The 2008 BiOp would result in monthly average changes in generation because “we are moving water around,” he continued. And when you change the operation, you change the price of power, Fazio added.

Larry Cassidy asked if the presence of removable spillway weirs (RSWs) is accounted for in the changes in generation. Ruff said they were built into the calculation. We get 90 aMW less

energy annually, which is likely due to increased spill – the additional spill offsets the savings we experience from the RSWs, he explained.

The 2008 BiOp would cost the region more money in most years, and it could cost as much as \$100 million in some years, Fazio said. All of the spill operations are at federal projects, and most of the costs accrue as a result of those operations, he explained.

Joan Dukes asked if staff compared the 2008 draft to the most recent 2007 system operations. Fazio said he had not, noting that “we don’t have the data for that analysis.” With regard to spill, the volume in the 2008 draft is very similar to 2006-2007, but the duration is different, he stated. You’d expect the cost of the 2007 operation to be slightly greater than 2008 because of that change in duration, Fazio said. That’s mainly because of the changes to spill in August, Ruff clarified.

16. Council decision on comments on draft Biological Opinions:

Tony Grover, director, fish and wildlife division; and John Shurts, general counsel.

Dukes made a motion that the Council meet in executive session at the close of business on Wednesday, December 12, 2007 to discuss matters concerning litigation. Cassidy seconded the motion, which passed unanimously eight to zero on a roll call vote.

The Council then convened in executive session to discuss its comments on the draft Biological Opinion.

Remarks by The Honorable Ted Kulongoski, Governor of Oregon

Oregon Governor Ted Kulongoski outflanked anti-LNG protestors on the street to appear before the Council and serve up his views on the region’s energy and fish and wildlife business. Kulongoski, who has served in all three branches of Oregon’s government, said his state’s Council members do “an admirable job of representing the views of my Administration.” It was the vision of Congress in writing the Northwest Power Act that we strive for consensus, but consensus cannot come “at the expense of healthy debate on issues,” he said.

Kulongoski said the Council is unique – there is no other organization like it and no other has the same mission of balancing power with fish and wildlife. And the Council looks at all species of fish – anadromous and others – and does not pit one species against another, he added.

With regard to the Willamette River watershed, Kulongoski said he is gratified that the Act includes wildlife mitigation. The people of Oregon feel strongly that the hydroelectric dams must be mitigated, he said. It is “a source of frustration” that Oregon has not been able to work out an adequate program with Bonneville, Kulongoski stated, and he said Bonneville needs to “return to the negotiating table” on the issue.

The four Northwest governors share a common goal with regard to the BiOp for the Federal Columbia River Power System (FCRPS), he said: we want the litigation to end, we want

certainty about how the system will operate, and we want enough resources to make sure the measures occur. To resolve this, we need the full cooperation of the Council, Kulongoski added.

As soon as the Council updates its F&W program, it will turn to the power plan, he continued. The focus of the plan, with conservation on equal footing with other resources, shows insight, Kulongoski said. Conservation and renewables are the key to the future, he said, adding that is a reason he has pushed for a renewable energy standard that calls for Oregon to have 25 percent renewable power by 2025. “I want Oregon to lead the nation” in this area, Kulongoski said.

The Council’s Sixth Power Plan will also address global warming and carbon sequestration, he said. Kulongoski urged the Council to support the Western governors’ initiative on those issues.

He expressed frustration with the residential exchange and the way it divides the benefits from the FCRPS. Some Oregon families are not getting “their fair share” of benefits from the hydro system, Kulongoski said. The Act provided a compromise on the exchange, and even if the Act is flawed, “we as Northwesterners can create fairness,” he opined. The court threw out the previous residential exchange settlement, and I had two principles for the subsequent negotiation, Kulongoski said: future exchange credits should be at the average received by the IOUs since the Act passed, and the new agreement should have an inflation factor.

The latest agreement meets neither of those principles and “is unacceptable,” he said. I ask you to join me in calling on Bonneville to rethink its proposal, Kulongoski told the Council. The agreement should have some mechanism to escalate the benefits, he stated.

In response to a comment on the LNG protesters, Kulongoski said, “I believe energy security is national security.” This country must develop an independent energy policy and not rely on our ability “to control oil deposits in the Middle East,” he stated. I’ve pushed Oregon aggressively on developing independence and on alternative and renewable energy resources, including conservation, which is “the cornerstone,” Kulongoski said.

I know where we are today, and I know how long it will take to develop alternative energy supplies – it won’t happen in five or 10 years, and it may be 30 to 50 years, he went on. So how do we build the bridge between today and that future? Kulongoski asked.

I hear people say we can’t have nukes, coal, or LNG, and no oil rigs off the coast or drilling in ANWR, he said, and I have to ask, so what is the bridge? “If you want to free us from our involvement in the Middle East, you have an obligation to help build that bridge,” Kulongoski stated.

“We need to have that debate, and we have to tell people there are difficult choices,” he said. I don’t worry about people disagreeing with me – we have to have the debate, Kulongoski added. But “don’t tell me that *everything* is off the table” to meet our future needs, he wrapped up.

17.Update on Fish and Wildlife Program amendment process:

Patty O’Toole, program implementation manager; and Lynn Palensky.

Staffers Patty O’Toole and Lynn Palensky presented an update on the fish and wildlife program amendment process.

18.Council Business:

– Approval of minutes

Dukes made a motion that the Council approve for the signature of the Vice-Chair the minutes of the November 13-14, 2007 Council meeting held in Coeur d'Alene, Idaho. Eden seconded the motion, which passed on a unanimous vote.

Approved January 15, 2008.

/s/ Joan Dukes

Vice-Chair

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