

Melinda S. Eden
Chair
Oregon

Joan M. Dukes
Oregon

Frank L. Cassidy Jr.
"Larry"
Washington

Tom Karier
Washington



Jim Kempton
Vice-Chair
Idaho

Judi Danielson
Idaho

Bruce A. Measure
Montana

Rhonda Whiting
Montana

Council Meeting Missoula, MT

August 9-10, 2005

Minutes

**Reports from Fish and Wildlife, Power and Public Affairs committee chairs:
Rhonda Whiting, chair, fish and wildlife committee; Tom Karier, chair, power committee;
and Larry Cassidy, chair, public affairs committee.**

Tom Karier, Power Committee chair, reported that the most important issue on the committee's agenda was the transmission system proposals from Grid West and the Transmission Improvements Group (TIG). We discussed some comparisons between the two proposals, he noted. Bonneville has asked the region to weigh in on the two, and we asked staff to draft a comment letter based on our discussion in the committee, Karier said. The draft should be ready for review by the next meeting, he said.

The committee has been getting reports from staff on implementation of items in the Fifth Power Plan, Karier continued. One of those items has to do with the Regional Dialogue, and later in this meeting, we'll have Paul Norman of Bonneville giving us an update on where Bonneville is headed with that, he said. We had a briefing about Bonneville's offer to the DSIs for service, and more information on that is available from Terry Morlan, Karier said. We also had an update on developing a Resource Adequacy standard for the region and an update on demand response, which was one of the resources in the Council's Fifth Power Plan, he pointed out. There are workshops being held to talk about demand response and how it could be implemented, Karier said.

Rhonda Whiting, Fish and Wildlife Committee chair, said the committee discussed the 2006 start-of-year budget. There are still differences in how we are viewing it, and we will have a discussion of the issues with the full Council later in this meeting, she said. We had a lengthy discussion on the 2007-2009 project review selection process, Whiting continued. Greg Delwiche of Bonneville presented the agency's thinking on the budget allocation for research, monitoring, and evaluation (RME), and he went over Bonneville's letter to the Council about the selection process, she said. Whiting recapped the comments of several F&W managers who were at the committee meeting.

We discussed the provincial biological objectives, she said. By September 30, staff expects to have the All-H Analyzer (AHA) loaded with all data, and there will be workshops around the region to verify the data, Whiting said.

Larry Cassidy, Public Affairs Committee chair, said the committee had not yet met, but its agenda consists largely of reviewing brochures and documents that are in some stage of preparation. We will also be discussing an initial plan for the 25th celebration of the Northwest Power Act, he added.

Jim Kempton made a motion that the Council add to the agenda of this meeting discussion of a letter to the International Joint Commission, find that Council business requires this discussion, and find that no earlier notice was possible. Cassidy seconded. On a roll call vote, all members voted aye.

1. Presentation by Bill Drummond, Manager, Western Montana Electric G&T Co-op, Inc.

Bill Drummond, manager of the Western Montana Electric G&T Co-op, said three investor-owned utilities, 26 co-ops, a tribal contractor, and a municipal utility serve electricity to the residents of Montana. Bonneville and the Western Area Power Administration provide power to the co-ops and the tribal contractor, he said. But the IOU with the largest service territory, Northwestern Energy, has no generation to meet its load and buys most of its power on the market, Drummond stated.

Resource development and transmission are two of the big issues facing utilities in Montana, he continued, with coal-fired generation, including coal liquification, of particular interest.

2. Update on Montana wildlife program:

Alan Wood, Montana Department of Fish, Wildlife and Parks.

Alan Wood, Montana Department of Fish, Wildlife and Parks, briefed the Council on progress made under the state's wildlife mitigation plan. The Council adopted the plan, developed to mitigate for losses due to construction and inundation from Libby and Hungry Horse dams, into its F&W program in 1987, he explained. The state entered a 60-year agreement with Bonneville in 1988 in which it accepted legal responsibility for mitigating wildlife losses, and Bonneville made six payments totaling \$12.5 million to the state that went into a trust fund to pay for its program, Wood said.

3. Presentation by Montana Water Trust:

John Ferguson, executive director, Montana Water Trust.

Executive director John Ferguson and Brianna Randall briefed the Council on the work of the Montana Water Trust, which works with landowners to develop incentive-based agreements to keep water in stream.

4. Briefing on the status of the adult fish returns:

Cindy LeFleur, Washington Department of Fish and Wildlife.

Cindy LeFleur of the Washington Department of Fish and Wildlife gave an update on the Columbia River fall chinook forecast and harvest rates. An interim management agreement among the parties to *U.S. v. Oregon* provides constraints and guidelines for the upriver fall harvest, and there are guidelines developed in the “North of [Cape] Falcon” process for the non-Indian fishery, she said.

5. Discussion of Fiscal Year 2007-2009 project selection process:

Doug Marker, director, fish and wildlife division; John Ogan, senior counsel; and Patty O’Toole, program implementation manager.

Marker led a discussion about Fiscal Year 2007-2009 project-funding issues. We think it is becoming urgent to get a project selection process launched so it will be useful for on-the-ground work in 2007, he said. Marker referred to Bonneville’s desired 75-20-5 percent split of funds for on-the-ground, monitoring and evaluation (M&E), and coordination projects. This split was the premise for the funding figure that will go into Bonneville’s rate case, he said, adding that the Council has not agreed to the percentages.

6. Council decision on Fiscal Year 2006 implementation work plan:

Doug Marker, director, fish and wildlife division; and Patty O’Toole, program implementation manager.

Staffer Patty O’Toole went over a revised proposal for 2006 F&W project selection, noting changes made as a result of Council discussions in July. Staffer Doug Marker pointed out that the F&W committee was not able to agree on whether to allow Bonneville discretion to adjust within-year budgets up to a certain threshold and whether to recommend performance audits of F&W projects.

The basic principle for the start-of-year 2006 project budgets is “level funding,” O’Toole explained. The revised total expense budget is \$157 million, and the capital budget is \$55 million, she said. This is within the range we discussed with Bonneville, and Bonneville is comfortable with it, O’Toole added.

Kempton made a motion that the Council recommend that Bonneville fund the projects presented by the staff and adopt the associated budgets for FY 2006 in the Fish and Wildlife Program in an amount of \$147,168,092 in expense and \$55,827,548 in capital; and that the Council recommend performance audit consideration be included in the FY 2006 budget and that staff develop recommendations to be considered and voted on at the Council’s September meeting. Karier seconded the motion. The Council voted seven to one to pass the motion; Measure voted no.

Kaier made a motion to recommend the Council adopt the process for addressing within-year budget adjustment requests for FY 2006 with the omission of the paragraph on page 1 of the July 28 memo entitled “Threshold for Contract Management.” Cassidy seconded the motion. The Council voted five to three to pass the motion: Eden, Measure, and Whiting voted no.

7. Briefing on Grid West and upcoming decisions:

Wally Gibson, manager, system analysis and generation.

In introducing the staff's comparison of the Grid West and the TIG proposals, staffer Terry Morlan emphasized the magnitude of the changes being contemplated for the region's transmission system and pointed out that the region is approaching important decision points on how to proceed. At the end of September, the Grid West Regional Representatives Group (RRG) will decide whether to make a two-year funding commitment and seat a developmental board, he explained. As an RRG member, the Council will have a vote on the recommendation, Morlan said.

8. Discussion on provincial objectives:

John Shurts, general counsel; and Bruce Suzumoto, manager, special projects.

Staffer John Shurts gave an update on the effort to come up with province-level objectives using the All-H Analyzer (AHA) model. The AHA contract ends September 30, and between now and then, we're trying to load the model with data on 260 fish stocks, he said. We will hold workshops to verify the inputs and ask whether we have captured the correct data, Shurts explained. In most cases, we'll be able to verify the inputs, but there may be some left over after September 30, he continued. We will have staff, including state staff, help to finish and verify the information, Shurts said.

9. Update on land acquisition Memorandum of Understanding with the Confederated Salish and Kootenai Tribes:

Lynn Ducharme, Confederated Salish and Kootenai Tribes.

Lynn Ducharme of the Confederated Salish and Kootenai Tribes reported on the land acquisition Memorandum of Agreement between the tribes and Bonneville. She gave some background, indicating Bonneville had "back pedaled" from funding a land acquisition proposal in 2000. The State of Montana and Bonneville have an agreement for wildlife mitigation, but we don't agree that the mitigation for Libby and Hungry Horse is completed, according to Ducharme. There is still an unmet mitigation need, she stated.

10. Update on regional dialogue and future role of Bonneville:

Paul Norman, vice president, Power Business Line, Bonneville Power Administration.

In an update on the status of Bonneville's Regional Dialogue, Paul Norman said his agency is looking to achieve the goals of ensuring adequate infrastructure, reducing costs, increasing the probability of making Treasury payments, and reducing conflict and rancor in the region through new power sales contracts. We believe we can do this without impairing other efforts in the region, including our contribution to F&W recovery, he said. There is alignment in the region on the importance of the Regional Dialogue goals, but there is disagreement on the details, Norman acknowledged. The question we are now facing is how to close the gap on those disagreements, he said.

11.Presentation by Bonneville on July 18 power supply event:

Rick Pendergrass, manager, power and operations planning, Bonneville Power Administration; and John Fazio, senior power analyst.

Rick Pendergrass and Dave Armstrong of Bonneville detailed an event that left the agency scrambling for power in the marketplace on July 18. According to Pendergrass, on July 16 and 17, we were at the tail end of the runoff, and the headwater projects were full or nearly full, with some operating close to turbine capacity. We were trying to move water and energy through the system from Grand Coulee and Chief Joseph dams, he said. The weather forecast for July 18 was calling for temperatures in the 90s around the region, and it looked like peak loads would be overrunning generation by about 800 megawatts (MW), Pendergrass explained. So our marketers put out a bid for power at \$120 per MW around 9 a.m., but got no response, he said.

The Council's forecast for the Fifth Power Plan said there is little chance of a reliability problem on the system, even with spill, Karier pointed out. We have been telling people that the region's resources are adequate, he said. Were there things you would do differently in light of this incident? Karier asked.

We would not have scheduled a generating restriction at McNary, we would have kept the lower river fuller, and we would have been more conservative about forward sales, Pendergrass stated. We had sold power on the day-ahead market, he noted. This was not an adequacy problem, it was a short-term capacity problem, Pendergrass said. The lesson learned is that we would approach things more conservatively considering that we've lost the flexibility in the Lower Snake projects, he added.

12.Presentation on PIT-tag technology; present and future applications:

Dan Goodman, ISRP member; Bill Muir, NOAA Fisheries; Dave Clugston and Rock Peters, Corps of Engineers; and Carter Stein, PTAGIS.

In a follow-up to July's briefing on anadromous fish harvest, a panel of experts briefed the Council on the Columbia Basin's PIT Tag system. Carter Stein, who heads PTAGIS, kicked off with an overview of the basic infrastructure for the PIT Tag program.

Bill Muir of NOAA Fisheries explained how the PIT Tag system helps manage fisheries

Rock Peters and Dave Clugston of the Corps described plans to install additional monitoring equipment at its hydro projects.

Clugston described efforts to install detection for adults in order to determine how returns are measuring up with performance standards.

Dan Goodman of the Independent Scientific Advisory Board gave an overview of marking options for salmon, including technologies such as the coded wire tag, PIT Tag, radio tag, acoustic tag, and genetic recognition.

13. Council Business:

– **Approval of minutes**

Kempton made a motion that the Council approve for the signature of the Vice Chair the minutes for the July 12-14, 2005 Council meeting held in Portland, Oregon. Cassidy seconded the motion, which passed on a unanimous vote.

– **Approval of IEAB task order to review report on value of Idaho fisheries**

Cassidy made a motion that the Council approve the IEAB Task Order 99 presented by the staff, authorizing review of two studies of the economic impact of salmon and steelhead fishing in Idaho, at an estimated cost of \$8,760. Danielson seconded the motion, which passed on a unanimous vote.

– **Letter to International Joint Commission**

Kempton made a motion that the Council approve for the signature of the Chair the letter to the International Joint Commission concerning a request for orders related to Grand Coulee Dame and Lake Roosevelt as presented by staff with changes recommended by the members. Karier seconded the motion, and it passed on a six to zero vote. Whiting and Measure were absent for the vote.

– **Annual disclosure of members' outside earned income and notice of availability of financial disclosure forms**

Staffer Bill Hannaford said Council members are required to disclose income they earn each year outside their positions on the Council. Cassidy reported consulting income related to the business he formerly owned, and Measure reported income related to the law firm with which he is affiliated, he said. Disclosure forms will be available August 26, Hannaford reported.

Approved September 15, 2005

/s/ Jim Kempton

Council Vice-chair
