



**NORTHWEST POWER AND CONSERVATION  
 COUNCIL**  
**January 16-17, 2007**

A winter storm and treacherous travel conditions made a surprise entry onto the agenda for the Council’s first meeting of 2007 in Vancouver, Washington. Members were briefed on BPA’s agreement with tribes regarding hydro operations and fish funding, and they cautioned the agency to stick to the Northwest Power Act in any long-term accords. The Council endorsed a Montana proposal to ask the British Columbia government for a thorough environmental review of plans for a mine near the headwaters of the North Fork Flathead River. Staff says the runoff forecast is average in most of the Columbia River Basin, but conditions remain dry in the Owyhee drainage and Snake River Plain. Tom Karier and Joan Dukes will continue as chair and vice-chair. Next meeting: February 13-15 in Portland, OR.

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**FOR OPENERS**

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The Council’s newest member, Bill Booth of Idaho, attended his first meeting since he was appointed by Governor Butch Otter in early January. Booth, a former mining executive who lives in Coeur d’Alene, said he looks forward to working with other members and being successful in carrying out the Council’s mission.

**THE AGENDA**

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**Council Quizzes BPA  
 on Operations Pact**



Greg Delwiche of BPA told the Council that his agency’s agreement with the tribes could represent “a turning point” in “what has been at times contentious litigation” in federal court over the Biological Opinion (BiOp) for the Federal Columbia River Power System (FCRPS). We hope this agreement is the

start of a more collaborative approach, he said.

In 2005, Judge Redden ordered the federal agencies to collaborate with the sovereigns on dam operations, Delwiche explained. The collaboration initially kept pace with the Council's fish and wildlife (F&W) project-selection schedule, but because of delays, it fell out of step, he said. The Council subsequently set aside dollars in a "placeholder" to fund actions that might result from the BiOp litigation, Delwiche said.

There are always more project proposals than there is money to fund them, and the Council had to make hard decisions, he added. I commend you for making them, Delwiche said.

He pointed out that uncertainty for both the tribes and river operators set up an opportunity for a win-win negotiation. As a result, BPA signed agreements with five Columbia River tribes and the Columbia River Inter-Tribal Fish Commission (CRITFC) that address 2007 river operations, Delwiche explained. BPA entered agreements with the Umatilla, Warm Springs, Yakama, Nez Perce, and Colville tribes, according to documents provided at the meeting. BPA has committed to fund additional F&W projects beyond those recommended by the Council, some that are related directly to the Endangered Species Act (ESA), and others that are not, he said. Of the 23 projects, 19 are ongoing efforts and four are new, Delwiche explained. Three involve harvest enforcement, he said.

The dollars for these projects will be added to the \$143 million already committed annually to F&W spending for the 2007-2009 period, Delwiche said. The agreements reflect about \$5 million in new dollars, but

the net additional funding is \$2 million to \$3 million, since BPA will not have to pay closeout costs for projects that would otherwise have been terminated, he said. Delwiche assured the Council that BPA would pursue recommendations the Independent Scientific Review Panel (ISRP) made when it evaluated projects that are part of the new agreements.

In terms of operations, we will continue the "court-endorsed" 2006 operations, he went on. We will also provide more spill at Little Goose and delay the beginning of fish transport at Lower Granite, Delwiche said.

We hope to negotiate a longer-term agreement before the end of 2007, he told the Council. If that does not happen, we'd aim to close these out in 2008, but we don't expect that to be the case, Delwiche stated.

A 10-year agreement would go out to 2017, and only the first two years would overlap with the Council's 2007-2009 F&W project recommendations, he pointed out. It is really important that we synchronize the agreement with the Council's process, Delwiche acknowledged. While project-specific recommendations make sense for a shorter period, like three years, longer term, we may need different strategies, he suggested. Whatever approach we take to meshing this BiOp collaboration and the Council's program, we hope people will not see them as competing, Delwiche stated.

With regard to the collaboration, BPA's most important goal for 2007 is to get to a long-term agreement and to square up the relationship between that agreement and the Council's process, he concluded.

## It Weeds Out Plaintiffs, But Does it Help Fish?

My perception is this agreement is about having these plaintiffs out of the lawsuit so you can continue 2006 river operations in 2007, Larry Cassidy said. But the real question is whether these operations are good for fish, he stated. I understand your business decision, but is this best for fish? Cassidy asked. I also wonder if the signers understood they signed off for money they would already have gotten in the form of closeout costs, he added.

You need to look forward, Cassidy told Delwiche. The next agreement could be a long-term threat to funding projects that we and our governors think are the best, he said. The long-term agreement is very important; depending on the provisions, it could be “a slap in the face” to us, Cassidy cautioned.

One of the most important issues long term is synching this up with the Council’s process, Delwiche responded. It has been suggested that we create a separate fund for ESA projects, he continued. But most all of the measures we put in place on the hydro system help listed and non-listed fish, so we have been steadfast in opposing that, Delwiche said.

What are your plans for a science review of these new projects? Dukes asked. You have already signed the agreement to fund them, she added.

We don’t plan to take the three harvest enforcement projects through a science review, Delwiche responded. If there was interest in quantifying the benefits, we could look into that, he indicated.

Are the three conservation enforcement projects going to be funded with dollars

above the Council budget? Melinda Eden asked. Yes, Delwiche responded. Are you planning to stay with our three-step evaluation process for the Walla Walla hatchery? Eden asked. The \$30,000 we’ve committed for the hatchery is for completion of a master plan, Delwiche said. It is not our intent to circumvent the Council’s three-step process, he added.

You have room to exercise your rights under Section 4(h)(10)(a) of the Northwest Power Act, Jim Kempton said. But if you fund conservation enforcement outside of an ISRP review, shouldn’t that type of funding then be available to anyone who requests it, including states? he asked.

Our agreement on that project was made because the Nez Perce have done an assessment and attempted to quantify the benefits of harvest enforcement for particular species, Delwiche responded. The tribe acknowledged that it is difficult to do, but they are making an attempt, he indicated.

It bothers me to be outside the science, Kempton replied. Were there other entities involved in this negotiation? he asked. I first knew about the agreements in December, after they were signed, Kempton commented.

The Corps of Engineers was involved, along with the state representatives within the remand collaboration process, Delwiche said.

My primary concern is if you get into a long-term agreement, it must be consistent with the Northwest Power Act, Karier stated. The long-term agreement poses more risk in that regard than do the current one-year deals, he indicated. If BPA commits to fund projects without a science review, that would be inconsistent with the Power Act, Karier

pointed out, adding there are ways to address such issues. If BPA wants to have one F&W program, it needs to have one process, he said. I hope that within the next few months, we can set some ground rules for a long-term agreement, Karier stated.

### **Runoff Bodes Well for Power Supply**



Staffers Jim Ruff and John Fazio briefed the Council on the 2007 snowpack and runoff forecast in the Columbia River Basin, and on an analysis of what the figures mean for the region's power supply. The information on runoff comes from the Northwest River Forecast Center's final forecast released January 8, according to a staff memo.

Ruff said the snowpack in the upper basin is normal and the runoff forecast for the Columbia River at Grand Coulee Dam is 100 percent of average. But there are other areas where the runoff forecast is not good, including the headwaters of the Snake River, he pointed out. Ruff went through a list of specific runoff figures, noting that most of the basin is near normal. But southeast Oregon, including the Malheur and Owyhee drainages, and the Snake River Plain are slightly low, he said. In the Snake River Basin, the Brownlee inflow is forecast at 82 percent of normal, Ruff pointed out.

When you put everything together, the forecast at The Dalles for the April to August period is 91.3 million acre-feet (MAF) or 98 percent of normal, he stated. The NOAA weather forecasters say we are still in a weak to moderate El Niño pattern, so while we are not seeing evidence of that now, it could have an effect in the next three months, Ruff said. The forecast calls for normal

precipitation in Oregon and Washington and below normal in Idaho and western Montana, he reported.

The forecast for the January to July period is 105 MAF, still 98 percent of normal, Fazio pointed out. While the forecast looks good now, quite a bit of uncertainty remains about the final outcome, he explained. There is a 95 percent probability that the final figure will fall between 78 and 132 MAF, which is a broad range, Fazio noted. The River Forecast Center assumes normal precipitation between now and the end of the season, and the historical record shows years that start out wet and then go dry, he said.

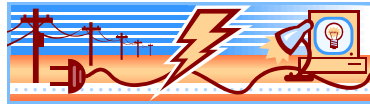
As for meeting the Northwest's resource adequacy standard, our energy standard is based on critical water, Fazio said. The region now has a 3,900 average megawatt (MWA) surplus, but the analysis includes 2,700 MWA of independent power production and a 1,500 MWA planning adjustment, he said. Even so, I conclude we are still in a surplus situation in the region, and we should have no problems meeting load, Fazio stated.

As for capacity, we are well above the target, he continued. Because we have near-average water conditions, the hydro system should be able to produce 4,000 MW more than if we were facing critical water, Fazio said. The bottom line is that I don't anticipate a problem, he stated. But, Fazio added, the generation picture varies month to month, and there can be a tremendous amount of variation in the spring runoff scenarios.

There is little likelihood we will meet the summer BiOp flow targets at Lower Granite or at McNary, Fazio said. But that comes as no surprise, since we usually don't, he added. If El Niño kicks in, the forecast will go down, Fazio wrapped up.

## Power Plan Passes

### Muster with Monitors



Staffer Terry Morlan briefed the Council on the Biennial Power Plan Monitoring Report, noting that staff evaluated whether the Fifth Power Plan is on target with its forecasts and whether the action items are being implemented. He pointed out that the original analyses for the plan showed the region had a resource surplus. Given the surplus, Morlan continued, the plan called for focusing on actions to acquire conservation; testing the feasibility of integrating wind into the system; implementing policy changes to reduce the role of BPA in acquiring resources; developing resource adequacy standards; and improving transmission planning and operation in the region.

We found the following in our biennial assessment, he reported:

- the region is close to meeting the aggressive conservation targets set out in the plan;
- wind resource development is exceeding the level in the plan;
- regional resource adequacy standards are in place;
- “the plane has not landed,” but is close with regard to defining BPA’s role in acquiring resources – the agency is set to release a Record of Decision (ROD) on the Regional Dialogue this month;
- work on transmission planning continues in many forums;
- forecasts in the plan are tracking fairly well, with actual demand hovering right below the medium case, and fuel prices, such as natural gas, at the medium case;

- coal technologies are developing differently than envisioned, and a new fuel, petroleum coke, has entered the picture.

We aren’t recommending changes to the plan at this time, but staff will continue to monitor the key assumptions and any need for change, Morlan said. He noted that staff is taking another look at coal technologies and researching petroleum coke development, which “we don’t understand well enough.” Some interim revisions in fuel price assumptions and new coal technologies may be needed, Morlan said, indicating that proposals to do so would likely come up in the second or third quarter of this year.

The Council voted unanimously to release the biennial monitoring report to the public.

### Council Joins Chorus on B.C. Mine



Bruce Measure explained the context for a proposed letter to the government of British Columbia regarding a license application for a coal mine near the headwaters of the North Fork Flathead River. The approach to licensing in Canada is for the applicant to make its own environmental review, and the state of Montana and others have asked the British Columbia ministry that oversees mines to detail the studies that need to be done for this project, he said. We want them to do more analysis on effects the mine could have on the F&W that we have invested so much in protecting, Measure stated.

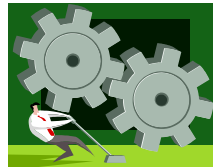
According to staffer Kerry Berg, the proposed mine site is about 20 river miles north of the Canadian border and not far

from Glacier Park. He showed several slides of open-pit mines, such as that being proposed, and he said the Montana Department of Fish, Wildlife and Parks testified at a hearing that there would be impacts to F&W resources in the Flathead Basin if the project is implemented. Bull trout and cutthroat trout, in particular, would be affected, Berg said.

In this letter, we are asking the British Columbia government to look at the Council's subbasin plans and to take into account information from the Montana Department of Fish, Wildlife and Parks and various tribes before making a decision, Measure said. The Council is in a unique position to help in this effort, he added.

Eden asked whether the Columbia Basin Trust has been involved, and Measure said he was unaware of it if they had been. He allowed that the situation was "politically explosive" for Canada's legislators in the area. We are not asking the Council to take a position, but to support the case for a thorough analysis of effects, Measure clarified. We are promoting a proper environmental review to assure that we avoid something that is detrimental, he said.

On a motion from Measure and a second by Rhonda Whiting, the Council voted unanimously to send the letter to the British Columbia government.



## Divisions Gear Up for '07

Morlan reported that he had organized the Power Division's 2007 work plan into three major categories: power plan implementation, monitoring and analysis, and planning-tool development. The issues we will be working on this year are not new, but remain significant for implementing the power plan, he said.

The list of issues Morlan offered include the following: completing the wind integration/confirmation study, which he said will be very important as states work on resource portfolio standards; implementing resource adequacy standards and collecting data to provide analyses; following the Regional Dialogue and the ROD that BPA will soon release; continuing to track conservation implementation; analyzing the effects of a new BiOp on the power system; pursuing the potential for demand response, which he acknowledged is moving slowly; and participating in transmission forums.

### A Full Plate of Fish

Staffer Doug Marker reported that the F&W division work plan sets a three-year course, which includes amending the Council's F&W program. Prior to starting the amendment process, we are considering having a science policy workshop, and we will be talking to Council members in each state about that, he said. Our thinking is that we would open the program amendment process in late fall or early winter of this year, Marker added.

Eden asked if biological objectives and the results of the All-H Analyzer (AHA) work would be available before the program is opened for amendments. Marker responded

that funding is a problem for moving the AHA work along, and it's unclear whether it will continue. Are you saying we don't need the AHA work? Eden asked. It's a good tool, and we would like to have the results, Marker answered. But we don't have to have them to complete biological objectives, he said.

"That's news to me," Eden replied. I thought we were doing AHA to inform the objectives, but now the message sounds different, she said. We don't need all of the data to discuss objectives; our goal is to have the objectives done, Marker said.

He moved on to F&W project selection, saying that staff will shape alternatives for the process and bring them to the Council. We are also working on monitoring and evaluation (M&E), Marker said.

"I am increasingly anxious to resolve the M&E issues," Karier said. We've been at this for five or six years, and I hope this plan gets us there, he stated.

Marker listed several other activities, including work related to the BiOp and recovery plans, hatchery evaluations, mainstem amendments, F&W program implementation and budgets, partnerships with other funding sources, and ongoing support for the independent science groups.

#### Plans to Corral Data

Staffer Peter Paquet briefed the Council on the data management work plan, beginning with a description of the *Status of the Resource* report that the Columbia Basin Fish and Wildlife Authority (CBFWA) turned out in 2006, and plans for adding more information to that database. He detailed several efforts that are under way to glean and standardize data sets from various

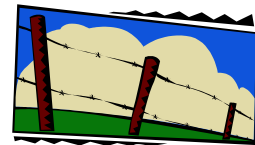
sources and make them more useful and widely available, as well as to identify gaps in data collection.

My understanding was that we weren't just looking for gaps but for duplication, so we can reduce program costs, Cassidy said. You have talked about doing more data collection, but there is a possibility we need to do less, he added.

We will be looking for redundancy, Paquet replied. Our intent is not to create more data – we feel we have an overabundance of data, he elaborated. The issue here is quality control, Paquet added.

We see familiar goals here, Karier pointed out. This year has to be the year we get this in place and make sure we are counting what we need to count, he stated.

#### **Don't Build a Fence Around Wildlife O&M**



A panel of F&W managers reported on a review, undertaken in consultation with the Independent Economic Advisory Board (IEAB) and the Independent Scientific Advisory Board (ISAB), of operations and maintenance (O&M) costs. We looked at the disparity in these costs among wildlife projects, and "we took a tough look" at O&M budgets and what should and should not be included in them, according to Carl Scheeler of the Umatilla Tribes.

He described the managers' review process and explained that once a F&W mitigation measure is in place, there are O&M costs that go on throughout the life of the project. It is the responsibility of the FCRPS to fund the O&M, Scheeler stated.

Many factors affect O&M costs, from site characteristics to project sponsors, and the question to be answered is whether the variations we see in O&M costs are warranted by these variables, he explained. One of the largest factors is the funding constraints that are present when a project is authorized, Scheeler said. For example, sponsors may make compromises to get a project under way when funds are short, but later on, the lack of money initially can affect O&M costs, he explained.

Kempton questioned whether that meant sponsors would get into a project without acknowledging upfront what O&M costs might be. Scheeler said it did not. He pointed out that sponsors don't always know the O&M costs that will be required later on for a project, such as a land purchase. A management plan for the property may come forward years later, Scheeler said.

Staffing is a big factor in O&M costs, and organizations vary a great deal in this regard, he went on. It is very difficult to compare organizations and try to standardize costs, Scheeler pointed out. He explained how site characteristics such as access, location, and property configuration can affect the costs of an improvement like fencing. It is difficult to standardize these costs, Scheeler reiterated.

Benchmarking O&M costs is impractical, and imposing a ceiling or cap can provide the wrong incentives, he stated. Keeping costs under control is an issue between the project sponsor and the contract manager, Scheeler indicated. But there are areas to look for increased efficiency, he acknowledged. For example, inter-project coordination to share equipment could be explored, and setting up long-term trust fund agreements for O&M could have benefits, Scheeler said. Remember, he added, we are

trying to mitigate wildlife. "Don't back wildlife into a corner" with efforts toward cutting O&M costs, Scheeler urged.

Ray Entz of the Kalispel Tribe pointed out that wildlife mitigation will not have succeeded if the only projects undertaken are those to protect the best remaining habitat. With that approach, we don't add anything back to what has been lost, he said. We have to work with degraded habitats because pristine habitats are hard to find, Entz indicated.

Trust funds for O&M can offer a big advantage, Angela Sondenaa of the Nez Perce Tribe added. The funds become self-sufficient and reduce the administrative burden on sponsors to continually replenish O&M funds, she indicated. They also give managers the flexibility to respond to changing on-the-ground conditions, such as wildfire damage, Sondenaa said.

Cassidy asked why the per-foot cost of an item like fencing is higher in F&W project budgets than would be found with a private landowner. We are obligated to follow federal purchasing guidelines, and we have competitive bid processes, Scheeler responded. There have been instances in which we've turned down all bids on a project because they were too high, he added.



## Let's Get Creative on F&W

Staffer Patty O'Toole reminded the Council that \$3 million of the 2007-2009 F&W budget had been reserved for a solicitation of innovative projects. The ISRP recommended we resurrect this category of projects, which we have funded in the past, most recently in 2002, she said. O'Toole noted that 37 proposals were submitted at that time, eight were recommended by the Council for funding, and BPA implemented two.

We decided this time that we should define "innovative" more narrowly, she continued. We are most interested in work on the ground that would have immediate benefits for fish, O'Toole said.

There is \$1 million reserved for each year in the period, and the F&W committee felt it would be best to do a single solicitation, she said. The idea is that proposals and selection would take place in 2007, project implementation would occur in 2008, and final reports would be due in 2009, O'Toole explained. We want it to be very clear that the project is not complete until there is a final report and that BPA should withhold final payment until the last report comes in, she stated. We also felt that projects funded through this solicitation should go through the regular project-selection process if work is needed beyond 2009, O'Toole said.

She laid out a schedule that calls for a project solicitation to begin in about a month, with the Council's recommendations to be made in August. It's "a very doable" timeframe, O'Toole added.

There are a couple of uncertainties we want to resolve, she continued. We do not have a

BPA decision letter on the innovative solicitation yet, and we don't know what BPA's commitment will be, O'Toole said. In 2002, project sponsors were disappointed when they went to so much work and saw so few projects funded, she said. We want to get a commitment from BPA before the solicitation, O'Toole stated. She pointed out that while there is some interest in going through the proposals from the 2007-2009 solicitation to see if any fit the innovative project criteria, the F&W committee seemed to prefer a new solicitation, she added.

## If We Solicit, We Don't Have to Spend

We designed this so we wouldn't be rehashing previous proposals, and we wanted to attract people from outside the usual realm of sponsors, Cassidy clarified. We want truly innovative proposals, he said. And we don't *have* to spend the money, Cassidy noted. I would rather not if we don't get the right projects, he added.

Dukes said she wanted clarification on what would be considered a new idea. I was told "point blank" a week ago that a particular project was going to be funded through this mechanism, and I didn't understand why, she indicated.

The definition is a method or technology that is new or has not been applied in the Northwest, O'Toole responded. "It's always somewhat subjective," she added.

Eden asked if BPA's reservation about the innovative projects had to do with the amount of money set aside or specific proposals. Delwiche responded that BPA has concerns about the budget, but BPA would not "break our pick" on the issue. He laid out specific concerns, including the \$1 million allocation for 2007, when it will be several months into the year before projects

are recommended for funding, and the fact there is no set-aside in 2007 for within-year funding changes recommended by the Budget Oversight Group (BOG). We are thinking the innovative project budget should be scaled back to create money for the BOG process, Delwiche added.

Brian Lipscomb of CBFWA reported that his organization did not agree with setting up the innovative project category. But since the Council is going to do it, “we’re participating,” he said. Lipscomb suggested the Council look at unfunded proposals it already has in hand and see if they fit the innovative category. You could act on them right away and “jump start” the process, he said.

Eden said she would support a motion to fund innovative projects. But Oregon renews its reservations about setting aside \$3 million when there is not enough money to fund the current F&W program, she stated. The Council should follow CBFWA’s suggestion and look to see if any of the existing proposals qualify, Eden added.

The Council voted unanimously to issue a solicitation for innovative proposals with a budget of \$3 million over three years.

### **EPA Targets Columbia River Toxics**



Mike Gearheard, Director of the Environmental Protection Agency (EPA) Region 10 watershed office, briefed the Council on an initiative to reduce toxic contaminants in the Columbia River. He began with a map that labeled areas of particular concern with regard to toxics, beginning with Lake Roosevelt, which has been contaminated with metal residues from a smelter in British Columbia, to the lower

river, where tests have shown crayfish to contain “disturbing levels” of PCBs.

Gearheard outlined a number of ways in which EPA has been addressing water quality problems in the Columbia River, including a project undertaken with CRITFC to reduce contaminants in fish that are an important part of tribal diets. The Columbia River is now one of a handful of water bodies in the country that have been specifically addressed in EPA’s strategic plan, he said. As part of that plan, we detail what we are committed to accomplishing and set targets regarding cleanup and reducing contaminants, Gearheard reported. The latter is the greatest challenge, he said, noting that the agency must establish a baseline for contaminants so it knows what needs to be done.

EPA has programs in place to reduce the levels of PCBs and DDT in the Columbia River, and we are working with states to reduce pesticides and locate sources of ongoing contamination, Gearheard said. EPA is looking for partners in its efforts to improve water quality on the Columbia River, he concluded.

## END NOTES

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**Karier/Dukes Continue in Chairs.** Cassidy nominated Dukes to be the Council's vice-chair for 2007, a post she held throughout 2006. Eden seconded the motion, and the Council voted unanimously in favor of Dukes. Kempton put forward the nomination of Karier, noting that the current chair warrants a second term for his work on issues important to the Council and for his leadership. Cassidy seconded the nomination. Karier was re-elected on a vote of six to two. Eden and Dukes voted no.

**No Gaps in Data Discussion.** Staffer Steve Waste continued the conversation on data with specifics about where and why the region is lacking abundance numbers for anadromous fish and other focal species. He explained that staff is not on the hunt for *all* data, but for data on key indicators. Where this data exists, we want to make sure it is getting to the StreamNet database, and where the data is missing, we want to figure out how to get it, Waste said. Staff found there are relatively few projects in the Council's F&W program for which no abundance data is being collected, he noted. That was a relief, Waste acknowledged.

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### Council 2007 Calendar

February 13-15	Portland, OR
March 13-15	Boise, ID
April 17-19	Libby, MT
May 15-17	Walla Walla, WA
June 12-14	Idaho
July 10-12	Portland, OR
August 14-16	Washington
September 11-13	Portland, OR
October 16-18	Missoula, MT
November 13-14	Coeur d'Alene, ID
December 11-13	Portland, OR