



NORTHWEST POWER AND CONSERVATION COUNCIL

March 13-14, 2007

In Boise, the Council considered whether the Fish Passage Center Oversight Board could end up with "a cast of thousands" and released a proposal for public comment. The Independent Economic Advisory Board's review of the *Revenue Stream* report provoked various reactions, with environmental groups calling for a new dam removal study and the Idaho Water Users Association urging rejection of those who "throw grenades at the regional collaborative process." Next Meeting: April 17-19 in Libby, Montana.

IN THIS ISSUE

FPC Oversight Board: The More, The Murkier.....	2
Who's Up For Another Dam Removal Study?.....	4
ISRP Reports Little Reporting.....	6
Wind Plan Spawns Wind Forum.....	7
Council to BPA: Show Us the 2007-2009 Money Trail.....	8
F&W Amendment Fun Starts in October	9
Beyond 2010, To Be Determined	10

FOR OPENERS

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.

THE AGENDA



FPC Oversight Board: The More, The Murkier

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 (F&W) managers about the board's roles and responsibilities. Among the issues to be discussed, he said, are whether the proposed membership provides an equitable balance, how board members would be selected, the role of the Technical Advisory Committee, "whether the proposal to involve the Council in the performance management of the FPC manager is legal under Oregon State labor laws," and the FPC's scope of work.

Second, CBFWA requests the Council endorse its project proposal, "CBFWA Fish Passage Technical Services," to be sent to BPA for funding, Lipscomb said. It would create a "sound management structure" to implement recommendations from the FPC Oversight Board, describe a scope of work for the FPC, and expand its current staff to include expertise in resident fish and reservoir operations, he stated. 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, who held one of the two seats representing the "public at large" on the Oversight Board, said members of her organization visit the FPC website daily to get data on run times, spill, flow, and temperatures. The budget note by Congressman Larry Craig tried to override Council laws and "created a chapter of inappropriate innuendo and controversy," she stated.

That was followed by the Ninth Circuit decision, but all of it has been "a messy time," according to Hamilton. It was an affront to the public – "it looked like the fish managers were being diminished in their dealings with the hydro system managers," she said.

Now we need some peace, Hamilton continued, urging the Council to consult with fish managers on overhauling the FPC board. "If the utility folks want Battelle, that's fine, but they don't have the mandate to speak for and care for the fisheries resource in the basin," she added. The CBFWA proposal has a lot of things you are looking for and fishery managers are looking for, Hamilton told the Council.

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 F&W 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. We don't want to hurry this because we all want to get it right this time, Kempton stated. One question is whether the board will operate with "a small number of people or a cast of thousands," he said.

Scrutinizing the Staff Proposal

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 F&W 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.

I've always hated upriver/downriver designations – it's one river system, said Joan Dukes. Let's put all four state F&W agency members on the board and "hope they can look beyond their own borders," she stated. I agree that we need to look beyond to one system, but there's been a history of lack of representation of upriver tribes, and we do need to have some parity, said Rhonda Whiting.

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.

It could be a large group of people; in fact, we could have more people on the Oversight Board than actually work at the FPC, said Karier. He recommended the Council's draft proposal include two state agency personnel, one upstream and one downstream. I think the smaller the group, the better, as long as there's parity, stated Bill Booth.

Dukes said she would prefer to keep the two representatives from the public on the Oversight Board. 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.

My decision on whether there should be two or four state agency representatives will depend on what the tribes propose, stated Melinda Eden. For example, if there were to be 13 tribal members, then I'd want four state F&W agency members, she said.

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. Board members need to be able to appreciate the scientific merit of the information that comes to them – representation on the board "shouldn't just be warm bodies," Kempton stated.

Eden asked what having a scientific background means. I'd like to see members who can evaluate technical information,

responded Kempton. The FPC works with statistical protocols, and I'd like an appreciation by Oversight Board members that "statistics exists," he added. Kempton's amendment passed unanimously.

Dukes said she would vote against Measure's motion because of the elimination of the public representatives. The FPC "has become incredibly controversial" and adding other science people is a good thing to do, she stated. But there would be a better chance for the FPC to succeed if it had public members, Dukes said. To make this an entirely insiders' game isn't good, especially "given the temperature outside," she added.

Karier said he would vote for the proposal because it raises a lot of important issues that need public comment. Moving in a direction that emphasizes the scientific nature of the FPC and depoliticizes the issue would be beneficial, he added.

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

Shurts explained other aspects of the staff proposal, including whether the Council should try to transfer the contract home of the FPC from where it currently is to CBFWA. We could use help from the Oversight Board on this issue, he stated.

Shurts said there needs to be more discussion of the staff's proposal to use the Mainstem Peer Review Group, overseen by the Independent Scientific Advisory Board (ISAB), to be the Technical Advisory Committee to the Oversight Board. It's important to have peer review of FPC reports, said Karier. He instructed Shurts to send out the Council's draft proposal on the FPC Oversight Board for public review.

Who's Up For Another Dam Removal Study?



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.

The cost estimate in *Revenue Stream* is substantially below the estimates in the Corps of Engineers' Lower Snake EIS completed in 2000, Hamilton noted. The Corps' cost estimate was arrived at during an open public process, was widely peer-reviewed, and agreed to be credible, he said. The IEAB concluded *Revenue Stream* underestimated hydropower replacement costs by enough to invalidate their main conclusion that the region could save money by removing the dams, according to Hamilton.

The *Revenue Stream* report did not discount future benefits and costs of dam removal, and it mixed current and annualized costs, which he called "apples and oranges." It wasn't clear how some of its estimates were computed or if the sources relied on were consistent with one another, Hamilton said.

While the *Revenue Stream* report argues that dam removal would provide substantial additional benefits due to a recovered fishery, the IEAB found the reported benefits "not credible," he continued. It isn't clear that removing the dams would produce enough salmon recovery to eliminate the many programs being used to promote

salmon recovery, Hamilton said. The IEAB concluded *Revenue Stream* is not a credible alternative to the Corps' Lower Snake EIS, he stated.

The IEAB did say it may be time for the region to consider doing a follow-up study to update the Corps' EIS to reflect current conditions and address contentious issues, according to Hamilton. But it would be "an update, not a complete redo," he added.

A Stream of Diverse Opinion

Steve Oliver of BPA said his agency agrees with the IEAB's conclusion that the report has a number of deficiencies. Given the increased value of power and increased load growth today, plus concerns about greenhouse gas emissions, BPA thinks if there were an update of the Corps' EIS, the costs for replacement power would likely be much higher, he stated.

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." There will be little to no fishing in Idaho this year, just like last year and the year before, he said. "That is unacceptable, illegal, and wrong," but that will be the case, "thanks to the tweaks and half-measures now being used to manage our Snake River fish," Sedivy stated.

The federal government is failing our region on salmon recovery, as evidenced by continuing declines in wild Snake River runs over the past seven years, he continued. The region needs a thorough analysis of the costs and benefits of removing, versus keeping, the four lower Snake dams, Sedivy said.

We urge the Council to support the Salmon Economic Analysis and Planning Act (SEAPA) introduced by Representatives Jim McDermott and Earl Blumenauer, he stated. This bill seeks the kind of analysis the IEAB says our region needs to make informed decisions about salmon and dams, Sedivy said.

He quoted former Oregon governor John Kitzhaber on the "salmon crisis," who said "in the end, the answer will be a political one." Sedivy called for supporting SEAPA because it is designed to "gather reliable, independent data on salmon recovery and dams and to find solutions to our salmon crisis."

Steve Weiss of the Northwest Energy Coalition (NWECC) 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. The IEAB said there was not enough conservation available to replace the lost energy because it relied on figures in the Council's fourth power plan, not the fifth power plan, which estimates 2,500 MW of conservation is available, he stated.

The NWECC's analysis was based on the 2002 peer-reviewed Tellus Institute study which identified 4,538 MW of efficiency at a cost well below that of power generation from fossil fuels, Weiss noted. The Tellus study said there is ample conservation available to replace the dams, he said. The Eugene Water & Electric Board, for example, has had "the pedal to the metal on conservation for years," and they still keep finding more, according to Weiss.

Our estimates are quite reasonable, he told the Council. We agree you could update and

rerun the studies with new inputs, and that should be discussed, Weiss said.

BPA hasn't done a written analysis of *Revenue Stream*, he stated. "BPA did a horrible analysis" – they counted costs, but not the benefits of owning combustion turbines, Weiss added.

Rhett Lawrence of SOWS said his organization agrees the issue needs more study. Our analysis was never intended to stand up against the Corps' EIS because we didn't have the resources, he added. Lawrence 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. It's not worth the paper it's printed on, Semanko added.

We don't need more study, he said. It's becoming increasingly clear that the environmental groups are on "Fantasy Island" by themselves with respect to SEAPA and requests for additional studies, according to Semanko. The notion that the region should explore dam removal has been decided on, he said.

"We don't need grenades thrown at the regional collaborative process," Semanko stated. We brought the Snake River Water Rights settlement to the environmental groups, but they chose to go to court, he said.

Semanko urged the Council not to pursue things that are "divisive and throw grenades." If you do go with this "dinosaur approach of dam removal," there are lots of other things that need study, such as storage for flow augmentation, harvest, and hatcheries, he said. The tribes, the states,

and the federal government have rolled up their sleeves to attack the issues facing us – let's not get sidetracked on this "gem" of the environmental groups, Semanko added.

Greg Delwiche of BPA said his agency found serious flaws in the *Revenue Stream* report and "shared our critique privately with SOWS." The report's power replacement cost analysis is so flawed it invalidates the fundamental conclusion of the report, he said. BPA thinks a robust, aggressive approach to all the Hs is the best hope to recover stocks in trouble in the Columbia Basin, as opposed to a single H approach, Delwiche stated.



ISRP Reports Little Reporting

Dr. Eric Loudenslager, chair of the Independent Scientific Review Panel (ISRP), presented the ISRP's 2006 retrospective evaluation of benefits to F&W from BPA-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 F&W because the level of detail in the FY 2007-2009 proposals is not sufficient to undertake such an evaluation, he said.

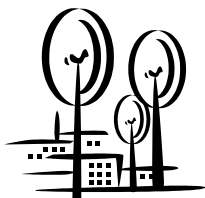
The ISRP looked at FY 2007-2009 proposals for existing projects and found that over 40 percent of the projects need to improve the reporting of their results, according to Loudenslager. For some projects, the lack of reporting has been a longstanding problem, in some cases, stemming back to 1984, he noted. Habitat projects had the most difficulties, with 58 percent needing improvement in reporting, and 25 percent

deemed in "critical" need of improvement, Loudenslager said. Only one-quarter of the projects talked about adaptive management or how data has been applied to management, he noted. The ISRP made a number of recommendations to improve reporting, Loudenslager explained: having the Council continue to emphasize the requirement to report results in proposals; providing statistical and monitoring design support for sponsors lacking such expertise; and requiring proposals to identify the types of monitoring that will be done.

Dr. Peter Bisson, vice-chair of the ISRP, said the ISRP recommends that monitoring and evaluation (M&E) accompany all habitat projects in order to demonstrate accountability and ecological effectiveness. The ISRP suggests a general framework for habitat restoration M&E that boils down to two items, he said: For implementation monitoring, "Did we do what we said we'd do?" And for effectiveness monitoring, "Is it working?"

The ISRP recommends that the region use a network of intensively monitored watersheds that will apply enough similar treatments "to produce statistically robust results, coupled with thorough inventories of adult, juvenile, and smolt abundance," Bisson said. We know they are expensive – they cost about \$1 million a year apiece, but they are the way to go, he added.

Wind Plan Spawns Wind Forum



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.

King reported the plan found no fundamental technical barriers to integrating 6,000 MW of wind power and that existing transmission can service wind development, up to about 3,000 MW, through 2009. Beyond that, more transmission would be needed to accommodate the next 3,000 MW, with new transmission products melding firm and non-firm, he said.

King went over the 16 recommendations in the plan, including a call to the Northwest Regional Adequacy Forum (RAF) to reassess its 15 percent pilot sustained capacity factor, and for Northwest utilities to refine their estimates of wind integration costs. Kempton asked if the RAF recommendation is in anticipation of the capacity figure being lower. There's evidence the 15 percent number is too high and that it will move down, replied King.

The plan recommends formation of the Northwest Wind Integration Forum to monitor and facilitate accomplishment of the plan's recommendations, he said. The Forum would be organized like the Regional Technical Forum, King noted. Staff will bring a proposed charter for the wind forum to the Council for approval at the next meeting, he added.

Karier said the effort to prepare the wind plan included a broad cross-section of people and that the plan will provide a good blueprint for the region.

Council to BPA: Show Us the 2007-2009 Money Trail



Staffer Patty O'Toole said the F&W Committee held a special meeting March 5 to consider decisions made by BPA in response to the Council's project funding recommendations for FY 2007-2009. The question before the Council is how to respond to BPA, she stated. In funding the 2007-2009 projects, BPA made decisions differently than in the past, O'Toole noted. BPA'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 BPA used a \$159 million annual planning budget. Now BPA says there is \$17 million still available, she noted. BPA 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 BPA's changes to what the Council recommended appeared to be "fine-tuning"; for example, BPA talked with its contract officers to determine appropriate funding levels. Trying to track what BPA did is "tricky," according to O'Toole. BPA needs to explain to us exactly what they did, stated Eden.

I would like for BPA 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 BPA could help present a clearer picture, said Karier.

Delwiche said BPA 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 BPA 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 BPA funded, he said.

How Full is the Funding Glass?

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. BPA hasn't told us the exact amount of funds available or the criteria for spending it, said Karier.

We held the special F&W 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 BPA, and we need to do a formal response, she said.

I request that BPA 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.

BPA 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 BPA on this issue. The business of implementing the F&W program is built around the premise the Council and BPA 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 BPA 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 BPA 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.



F&W Amendment Fun Starts in October

We propose the Council issue a call for F&W 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.

He reported that staff is meeting with tribes, BPA, utility customers, and others on the development of provincial objectives. The talks have covered possible alternatives for objectives, as well as using the All-H Analyzer (AHA) to help develop the objectives, Paquet said.

Karier suggested the Council review the metrics for the objectives. We used to think "adult fish returns" were what to use, but because those are influenced by factors like ocean conditions and harvest, it may be better to use something like "productivity" in habitat areas where we are funding projects, he said. We'll continue work on this and bring back some suggestions, Paquet responded.

Other parts of the F&W program, such as basinwide goals and the scientific framework, will remain the same, he said. We'll focus on elements that need work or that we promised to do, according to Paquet. There are large parts of the program the Council will want to consider continuing, stated Karier. Yes, and subbasin planning is an example, replied staffer Lynn Palensky. We'll be discussing these issues with you over the next six months, she 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. There is concern that all five topics may not be doable, and we are going to work with a steering committee to help us flesh out issues for the agenda, Paquet stated.



Beyond 2010, To Be Determined

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.

It's good we are looking into this early, Karier stated. I advise you not to be too quick to change the process we've developed, he said. We need to look carefully at what could be done better or what didn't work in the last project selection before we adopt a whole new process, Karier added.

I'm concerned the staff not get too far into the details of this before there is a head nod from the Council as to whether this new approach is one we want to take, Booth stated. We may not want a brand new process, he said.

END NOTES

Upper Snake River Tribes' Compact Comes to Life. The leaders of the Shoshone-Paiute, Shoshone-Bannock, and Burns-Paiute Tribes signed a new Compact at the Council meeting. "Together we are stronger and can make better decisions on management," said Alonzo Coby, chair of the Shoshone-Bannock Tribe. Wanda Johnson, chair of the Burns-Paiute Tribe, said the agreement allows us to strengthen our ties for the protection of natural resources. The funding agencies need to provide us with a means to make this organization whole, Johnson stated. We look forward to working with your new organization, Karier told the tribal leaders.

Money Matters. The Council approved \$500,000 in FY 2007 expense funding for a Yakama Nation habitat acquisition project. The Yakima Side Channels project is aimed at protecting floodplains in a watershed area threatened by residential growth.

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Council 2007 Calendar

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