

Joan M. Dukes
Chair
Oregon

Bruce A. Measure
Montana

James A. Yost
Idaho

W. Bill Booth
Idaho



Rhonda Whiting
Vice-Chair
Montana

Bill Bradbury
Oregon

Tom Karier
Washington

Phil Rockefeller
Washington

Council Meeting Boise, Idaho

July 10-11, 2012

Minutes

Council chair Joan Dukes called the meeting to order. Jim Yost welcomed the Council and guests to Boise. Dukes announced a change to the agenda related to Item 2. She said the Upper Snake River Tribes have asked to delay their presentation until August; wildfires interfered with their travel to Boise.

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

Phil Rockefeller, chair, fish and wildlife committee; Jim Yost, chair, power committee; and Bill Bradbury, chair, public affairs committee.

Committee chair Yost said staff presented a revised load forecast and a natural gas price forecast at the Power Committee meeting. The committee accepted modifications to the natural gas price forecast for use in the mid-term assessment of the Sixth Power Plan, he said. The committee received an update on the mid-term assessment, and staff presented a roadmap for how to proceed with the work, Yost said. BPA staff made a presentation on the agency's energy efficiency program and how they plan to meet the targets in the Sixth Power Plan, he continued. We also had a presentation by BPA on the impact that California's once-through-cooling regulations and other events, including the outage at the San Onofre Nuclear Generating Station, could have on the Northwest's next resource adequacy assessment.

Public Affairs Committee chair Bill Bradbury said the committee would meet later in the day to finish plans for the Congressional staff tour in August and review a list of potential stories for the Council's next Quarterly publication.

Fish and Wildlife Committee chair Phil Rockefeller said the committee began its agenda with the first two steps in the approval process for the Crystal Springs Hatchery. Staffer Mark Fritsch and representatives from the Shoshone Bannock tribe explained plans for the hatchery, he said. Staffer Lynn Palensky gave an update on the planning for the Council's geographic reviews, and state and tribal fish managers provided an overview of the sturgeon plan, Rockefeller continued. We also had an update on creating the "subbasin dashboards" and learned that it could take four hours a month to keep them current, he said. Manchester Lab made a presentation on fish

hatchery and supplementation issues and said researchers are gaining insights into the challenges of supplementation for steelhead, which are suffering adverse fitness effects, Rockefeller said.

Staff provided an update on the predation workshop, which is scheduled in Portland the day after the Spokane Council meeting, he stated. Rockefeller said the workshop agenda is being finalized. Staff and agency people reported on quagga and zebra mussel prevention efforts. There is frustration about the lack of adequate follow-through by the federal agencies to make use of the \$1 million Congress appropriated for decontamination and detection efforts, he said, adding that Idaho's work "has been heroic" in detecting contaminated vessels.

Palensky presented staff recommendations on resident fish, data management, and coordination projects, Rockefeller went on. Patty O'Toole gave an update on the ocean research project review and said staff is seeking to find out what agencies think would be necessary and appropriate ocean research in the future, he said. Staffer Nancy Leonard provided a look at the Monitoring, Evaluation, Research and Reporting (MERR) web tool she is developing, Rockefeller concluded

Public comment on any issue before the Council

Dukes asked if there was public comment.

Boise resident Reed Burkholder made a statement in support of Germany's policy on feed-in tariffs to encourage solar installations on residential rooftops. He provided a number of statistics on the magnitude of Germany's solar program, how the tariff works, and the advantages of solar photovoltaics. Burkholder said America should have the same policy as Germany and he asked the Council to educate itself on feed-in tariffs and consider including them in its next power plan.

Charles Pace raised issues with the Council's memo on its 2013 and 2014 budgets and questioned BPA's firm sales forecast, which is the basis for the Council's budget.

1. Council decision on Resident Fish, Data management and Coordination projects:

Tony Grover, director, fish and wildlife division; and Lynn Palensky, program development.

Rockefeller introduced the staff presentation on project recommendations for resident fish, data management, and coordination. We arrived at consensus on most of the projects a month ago and we had our final discussion on them today, he said. We recommend these projects to the full Council, Rockefeller stated.

Palensky said staff is seeking a final recommendation on the projects to forward to BPA. She said the recommendation is in three parts: resident fish, data management, and coordination projects. A few revisions have been made since the recommendations in June, Palensky said. The Fish and Wildlife (F&W) Committee accepted them and made a few more, she added.

Palensky described the six parts of the decision memo, including the first five pages, which provide background on the review and the process to select projects, as well as sections on the recommendations for each of three categories of projects, as well as a final section that explains any recommendations that deviate from the Independent Scientific Review Panel (ISRP) report.

The central purpose of the review was to highlight issues that are only apparent with a category-wide look at projects, such as overlapping projects and issues, she explained. Palensky noted that the recommendations don't include project budgets but indicate where the Council endorses the work, and she explained the conditions and review requirements for projects that receive a multi-year recommendation. Palensky listed the Council's expectations of BPA in contracting for the projects, including working with sponsors to address ISRP qualifications.

For all of the projects collectively, the current budget is about \$50 million, she stated.

Tom Karier clarified that the Council is not recommending a budget. Staff said that is correct. Staffer Tony Grover said the Council has not solicited for new projects. This review largely carries forward existing projects, he said, adding that it isn't likely the budget will vary much from the \$49 million currently being spent.

But I understand we are deferring to BPA on budget matters, Karier stated.

Rockefeller added that the Council would be approving the projects for "appropriate funding." This is not an approval of a particular amount; that decision resides with Bonneville, he said.

Palensky said there are 50 projects in the resident fish category. She said review of the projects gives "a bigger picture" of what's happening in the basin. Palensky said the recommendation is for continued collaboration between entities on research and other aspects of the projects, and she said that in the course of the review, staff found new work elements that weren't in the original projects. We generally support new work elements that were approved by the ISRP, she said. Palensky also noted that under the recommendations, the Council continues to support a distribution of funding across project categories.

She next addressed the data management category, explaining that the recommendation is divided among regional data management projects, sub-regional databases, and individual project data management. She described the issues that came up during the project reviews and laid out Council expectations about data accessibility, sharing, and format. Palensky pointed out a recommendation that creates a Program Evaluation and Reporting Committee (PERC), which Bill Booth agreed to chair temporarily.

Karier raised a question about a project related to the Columbia Basin Fish and Wildlife Authority Foundation's status of the resource, noting the budget for 2012 is \$859,580, and he questioned whether the work could be done more efficiently. It was expensive to do the initial status project, but it should be less expensive to maintain it, Karier said. This could be done for significantly less than was spent in the past, he said. This project did not provide much input for developing high-level indicators even though there was an expectation it would, Karier added.

He also asked for clarification of a project to migrate HEP data to a new system and said it was an area where he could foresee considerable savings. Karier raised questions about the Pacific Northwest Aquatic Monitoring Program (PNAMP) budget, which increased from an initial \$50,000 annually to over \$500,000 in the current request. There is an opportunity to look at this work and how effective it is, he stated. Here are three projects that could represent about \$1 million in annual savings, Karier pointed out.

He went on to ask about the status of the MERR project. The ISRP critique suggested MERR needs reworking, Karier said. If we are asking people to align their work with it, we should make it clear which version they are to use, he said. Karier added that he applauds creation of the PERC to assess what is important and what is not.

Palensky explained the regional coordination issues, describing a table that lists the Council's priorities for areas where "we need help" through the regional coordination effort. We've based the recommendations for coordination projects on work the Council sees as relevant and necessary over the next two years, she said. BPA can use the table we developed in contracting for the work, Palensky said, adding that current coordination funding is \$2.8 million and the recommendation includes an annual budget cap of \$2.7 million for the next two years. She described other coordination recommendations, adding that the Council does not make a recommendation on the direct funding amounts that go to federal agencies for regional coordination activities.

Bradbury asked about the difference between the Siletz request of \$12,000 and the \$132,000 for other tribes. Fritsch explained that the Siletz request was a within-year funding request for participation in lower Columbia and Willamette subbasin activities. The request was for FY 2012 only and funding for 2013 is being addressed in the current categorical review, he said.

If BPA makes determinations that increase the level of funding for individual projects, will they increase the total pool? Whiting asked. "That's a big question in Indian Country," she said.

Whiting made a motion that the Council a) recommend to Bonneville the implementation of the projects in the Resident Fish category review as set forth in the spreadsheet presented at the Council meeting, with appropriate conditions and comments noted in the comment field, and as conditioned by the recommendations on the associated set of programmatic issues also approved at this meeting by the Council, all as presented by staff and recommended by the Fish and Wildlife Committee and b) direct staff to complete the documentation of the Council's decisions in this review. Booth seconded the motion, which passed unanimously.

Whiting made a motion that the Council a) recommend to Bonneville the implementation of the projects in the Data Management category review as set forth in the spreadsheet presented at the Council meeting, with appropriate conditions and comments noted in the comment field, and as conditioned by the recommendations on the associated set of programmatic issues also approved at this meeting by the Council, all as presented by staff and recommended by the Fish and Wildlife Committee and b) direct staff to complete the documentation of the Council's decisions in this review. Rockefeller seconded the motion, which passed unanimously.

Whiting made a motion that the Council a) recommend to Bonneville the implementation of the projects in the Regional Coordination category review as set forth in the spreadsheet presented at the Council meeting, with appropriate conditions and comments noted in the comment field, and as conditioned by the recommendations on the associated set of programmatic issues also approved at this meeting by the Council, all as presented by staff and recommended by the Fish and Wildlife Committee and b) direct staff to complete the documentation of the Council's decisions in this review. Rockefeller seconded the motion, which passed unanimously.

Karier said the Council should remind BPA that these are not budget recommendations and the budget “is in their court.” They should find savings in the contracting process, which could be in the range of \$1 million, he said.

2. Presentation by the Upper Snake River Tribes:

Billy A. Bell, Chairman Fort McDermitt Paiute and Shoshone Tribe - USRT Commission Chair; Charisse Soucie, Chairperson Burns Paiute Tribe – USRT Commission Member; Nathan Small, Chairman Shoshone-Bannock Tribes – USRT Commission Member; and Terry Gibson, Chairman Shoshone-Paiute Tribes – USRT Commission Member.

--- dropped from the July agenda at presenters’ request ---

3. Report on Idaho Power Company’s wind integration study:

Mark Stokes, manager of power supply planning, Idaho Power Company.

Mark Stokes of Idaho Power briefed the Council on the company’s latest wind integration study. An earlier analysis, completed in 2007, pegged the cost of integrating 500 megawatts (MW) of wind at \$7.92 per MW-hour, he said. On the basis of the study, Idaho Power entered a settlement with wind developers that put in place a three-tier rate structure that caps integration charges at \$6.50 per MWh, Stokes reported. The “vast majority” of the company’s Public Utility Regulatory Policies Act (PURPA) contracts with wind developers are at \$6.50 per MWh, he said, explaining that amount is deducted from the developers’ contract rate to cover integration costs.

Idaho Power’s latest wind integration study aims to answer two main questions, Stokes continued: what is the cost of integrating wind generation on the company’s system, and is there a limit to the amount of wind the system can accommodate? Idaho Power currently has 499 MW of wind on line, with another 294 MW under contract, but not yet on line, he said.

Idaho Power has a number of hydro projects that can be used to integrate wind, Stokes said. But most of those projects are run of river, which means there is a lot of generation, but not a lot of capability for wind integration, he explained. On the other hand, Idaho Power’s Hells Canyon reservoirs, Oxbow and Brownlee, have storage “that can be moved around” to integrate wind, Stokes said.

He went on to describe the parameters for the current wind integration study, which used 2017 as the study year, and evaluated scenarios with and without the company’s proposed Boardman to Hemingway 500 kilovolt (kV) transmission project. The study used four wind penetration levels between 400 MW and 1,200 MW under low, medium, and high water conditions, Stokes said. Other data, like the load forecast, hydro output, and natural gas and market prices, were taken from Idaho Power’s 2011 integrated resource plan, he added.

In the study’s simulation, the model was allowed to dispatch Hells Canyon hydro, as well as coal and gas generation, and determine the market purchases and sales, Stokes explained. The resources interacted with the market and the model optimized the system, he stated.

Stokes said Idaho Power used a consultant, Three Tier, to develop wind inputs for the model. It is unrealistic for the company's system to carry enough reserves to meet all of the ramping events, so the simulations used 90 percent, he said. Even at 90 percent, "we can't carry enough reserves to cover all events," but the figure "gives us five percent on the downside and five percent on the upside," Stokes said. The reserves necessary to meet the variability with 1,200 MW of wind on the system are well over 800 MW on the downside (wind ramping down) and just under 800 MW on the upside (wind ramping up), he pointed out.

Stokes explained a graph that compares how the company operates its hydro with and without wind generation. We try to operate to optimize the value of the generation, and wind "clips our ability" to do that because of the need to have adequate reserves, he said. The difference in the way we operate the system with and without wind represents the biggest portion of the cost of wind integration, Stokes said.

He showed a graph comparing operations at the Jim Bridger coal plant with and without wind generation. When we integrate wind using hydro, we forego surplus hydro sales, which frees up transmission capacity, Stokes explained. Because there is available transmission, coal is dispatched more frequently, and we see more production from the coal plants, he stated.

The study found that as the wind penetration increases over time, hydro generation decreases due to additional spill; coal generation decreases; and gas generation increases to provide reserves and is operated more often when it is "not in the money," which drives up costs, Stokes explained.

Idaho Power's load can drop below 1,100 MW during low-load periods, he continued. It becomes difficult to integrate wind when loads are low and there is no market for surplus sales, Stokes said. As a result, we could have an overgeneration issue in the spring, he added. The costs of integration and resource curtailment start to increase at a wind penetration level of around 800 MW, Stokes said.

Integration costs rise with the amount of wind on the system, and the average cost of integration with 800 MW is \$8.06 per MWh, he explained. The integration cost in existing contracts is \$6.50 per MWh, and if all the integration costs were to be borne by "new wind," the incremental cost would be \$10.65 per MWh, according to the study. For 1,000 MW of wind, the average cost is \$13.06 per MWh, and the incremental cost is \$33.42; for 1,200 MW of wind, the average cost is \$19.01 per MWh, and the incremental cost is \$49.46, Stokes reported.

A snapshot of operations from March 25-26, 2012 illustrates the difficulty of integrating wind during low-load hours, he went on. Wind was curtailed as load declined just after midnight, but was brought on again as the load increased, Stokes said. "When load picks up, it helps the system," he added.

Tom Karier asked if the Northwest Power Pool effort to look at tools like a balancing reserve market could lower the incremental cost of wind integration. We hope it can, Stokes responded. Subhourly markets could help, he said.

Bill Bradbury asked what rate Idaho Power is paying wind developers. Stokes said in late 2010, the 10-year levelized cost for wind generation was \$82 to \$84 per MWh. The integration cost is about 10 percent of that figure, he added.

Karier asked why so many PURPA projects are being built in Idaho. Stokes pointed out that several substantial tax incentives exist for wind developers. He also explained that Idaho's avoided cost rate is based on the cost of a new combined-cycle gas plant. When you add tax incentives to a high avoided cost, developers "can do this and make lots of money," Stokes pointed out.

Jim Yost asked how much wind generation Idaho Power can have on its system without encountering operational problems. It's about 800 MW, but that's not a hard number, Stokes responded. As you add more wind, our problem increases, he stated.

4. Briefing on Idaho regional transmission issues:

Marsha Smith, Commissioner, Idaho Public Utilities Commission.

Idaho Public Utilities Commissioner Marsha Smith said it is difficult to discuss transmission in terms of a single state like Idaho. It isn't "a one-state deal," she said of the interconnected transmission system.

Smith went on to say that when the Western Electricity Coordinating Council (WECC) and the Western Interstate Energy Board, an arm of the Western Governors' Association, got involved, "it took transmission planning to a whole new level" in terms of integrated efforts. Several other organizations and processes in the West have undertaken transmission planning, including the Northern Tier Transmission Group (NTTG), ColumbiaGrid, and WestConnect, she noted. "Transmission planning in the West has grown by leaps and bounds in the last six or eight years," Smith said, and "it's a good thing to see."

She pointed out that she is currently chair of the WECC. WECC is undergoing changes; it has grown tremendously since it was formed in 2002, Smith explained. She emphasized the reliability challenges on an interconnected system by pointing out that a report on the September 2011 Arizona and Southern California outage determined the cause was a single employee making a mistake in an Arizona substation. That mistake "brought down the system," including the San Onofre Nuclear Generating Station, which is still off line, Smith said.

The Energy Policy Act of 2005 imposed reliability standards on utilities, and there is some thinking that WECC needs to be "remodeled" since both the enforcement and management functions are housed together, she acknowledged. The WECC board is going through a strategic planning process, and the issues include whether the organization should be broken up into separate structures, Smith said.

FERC's recent Order 764 on the integration of variable energy resources signals more change, she reported. Traditionally, transmission services have been "few and inflexible" – you bought a given product and there was not a lot to choose from, Smith said. The Joint Initiative among NTTG, ColumbiaGrid, and WestConnect is addressing integration issues and ways to get more

out of the existing system by exploring new products like intra-hour and dynamic scheduling, she explained.

It's a process that has already begun, but I don't know how much it has caught on, Smith acknowledged. "There have been some bumps along the way," she added. Smith predicted that with so much involvement by so many groups, a lot of changes in terms of governance of interconnections and transmission lie ahead.

Transmission and generation planning need to come together and be well coordinated, Karier said. There is lots of work being done on the kind of generation that is optimal, but not about where it should be, he pointed out. Since transmission is an important consideration for siting generation, better planning might point to where, for example, more conservation could be used to reduce loads, Karier said. These issues interrelate, he added. The Council is coming up to a new power plan and "that presents an opportunity to work this back and forth," Karier stated.

Transmission planning could help us by identifying where there are problems that interfere with delivering products to markets, Yost said, adding that the Council needs to coordinate with transmission planners.

Reliability is also a big issue, he continued. Businesses have to have reliability – interruptions are costly, Yost stated. You have to have a reliable system regardless of the resource mix, and there are times when a particular type of resource is needed in an area to assure reliability, he said.

Karier asked whether structural changes will solve the enforcement issues at WECC. Smith responded that the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) do not like the governance structure at WECC since it is a mixed group that includes independent entities and stakeholders. The Arizona/Southern California outage "brought these issues to a head," she stated. WECC houses the reliability center and has an enforcement function that can inspect and levy fines, Smith said. "They think it is unseemly that enforcement and oversight have the same governance board," she added.

With an outage, the reliability centers are implicated, and the question is whether they saw everything and did everything they should have, Smith said. The CEO of NERC called it "an optics issue" in terms of how Congress sees it, she stated.

Smith suggested that FERC wants "to go deeper into the electric system" with regulation. Part of the problem with the Arizona/Southern California outage was that the things that happened occurred in the under-100 kV system, "so they say, maybe we should be able to look deeper," she explained. That's not what we intended the reliability centers to do, Smith stated.

"I'm a Tenth Amendment fan, and I'm skeptical of federal agencies that think they can improve the systems we've had in place for ages," she added.

Phil Rockefeller raised the issue of cyber security and the vulnerability of the power grid to cyber attacks. These could be more than disruptive and could be destructive, he said. What do we need to do? Rockefeller asked.

Smith said FERC has adopted a whole set of standards pertaining to cyber security and is now requesting additional authority. States are resisting the idea that the responsibility for cyber security belongs to FERC, she said. There have been suggestions it should be handled by Homeland Security – it is a big issue, Smith concluded.

5. Briefing on Sixth Power Plan mid-term assessment:

Charlie Black, director, power division.

Staffer Charlie Black laid out a process for the mid-term assessment of the Council's Sixth Power Plan, starting with the objectives. We'll assess the implementation of the plan's resource strategy and action plan and see how efforts toward the targets have progressed, he told the Council. The assessment will also consider whether conditions have changed since the assumptions were made for the Power Plan two years ago and whether the future looks much different than it did then, Black said. The assessment will provide information for the Council's decision on what changes, if any, should be made to the strategy or action plan, he stated.

The assessment will start with a scan of the overall situation and a set of written descriptions of developments that have taken place since the plan was adopted, Black continued. Staff will prepare an update of key forecasts and an evaluation of the resource strategy and action plan in light of recent developments, he said. The assessment will also "tee up" topics for the Seventh Power Plan, Black stated.

Each element in the framework encompasses several tasks, he explained. The "situation scan" will include qualitative analyses on such issues as a "soft" regional economy, low natural gas prices, continuing wind power development, and utility actions to acquire new generating resources, particularly natural gas, Black said. The implementation of BPA's tiered rates structure, growing capacity and flexibility constraints, and the need to coordinate electricity and natural gas systems are also on the list, he added.

The Sixth Power Plan anticipated more regulation of greenhouse gases, Black said. But in fact more regulatory action has been taken on mercury and particulate emissions, which affects the future of coal plants, he pointed out. The assessment will look at the effect of announced coal plant retirements in the region, Black said.

Resources, including conservation, renewables, natural gas, and out-of-region imports, are major topics for the mid-term review, he continued. Staff will look at the region's progress toward meeting conservation targets in the Sixth Plan, as well as assessing the economics and developing the business case for conservation, taking into account the utility perspective, Black said.

There have been concerns about the Council's resource modeling, and staff is about to undertake an expert peer review of the resource portfolio model, he reported. The results of the review will be part of the mid-term assessment, Black said.

A number of other issues will be considered in the assessment, including the influence of policies in California on the power system in the Northwest, he stated. An update of the regional electricity demand forecast and a natural gas price forecast have been done, and these, as well as

forecasts of greenhouse gas costs and generating resource availability and costs, will feed into the wholesale power price forecast, Black explained.

The assessment will result in conclusions and recommendations about whether the region is on track with implementing the Sixth Power Plan, whether the outlook indicates the resource strategy needs to be revised, and topics that are emerging for the Seventh Plan, he summed up.

Our schedule calls for major work to be done from July through September, and a draft report to be available in October, Black said. That will be the time to discuss with the Council whether changes or some tuning-up is needed for the resource strategy, he concluded.

Break

Bill Booth asked for a moment to thank Joan Dukes for her years of service on the Council. He recapped Dukes' public service career that goes back to 1987, when she began serving in Oregon's state legislature. The region has benefitted from your service and knowledge of the Columbia River, Booth said. He presented a plaque honoring Dukes for being "collaborative, insightful and fair." Other members of the Council offered comments and thanks to Dukes, including Bradbury, Karier, Whiting, and Rockefeller. Dukes responded with remarks about the unique role of the Council, the respectful process that takes place among members who don't always agree, and her good fortune to have served as a member.

6. Annual Report on Regional Technical Forum:

Nick O'Neil, RTF manager; and Gillian Charles, energy policy analyst.

Staffer Gillian Charles kicked off a presentation on the Regional Technical Forum's annual report with a quote from RTF chair Tom Eckman, who said 2011 was the year the RTF matured.

In 2011, the RTF developed guidelines for estimating energy efficiency measure savings, reviewed the existing library of measures and protocols, created a policy advisory committee (PAC), secured a three-year funding agreement, drafted bylaws and revised its charter, and expanded its staff, Charles recounted. The bylaws and revised charter were adopted by the Council in June, she said. The funding agreement means staff no longer has to go "hat in hand" to solicit money from individual utilities, Charles added.

Staffer Nick O'Neil, who recently came onboard as the RTF manager, said developing the savings guidelines was a big effort. They provide a way to keep a check on where any proposed energy efficiency measure stands with regard to establishing a savings estimate, he explained. In 2011, about 30 measures were reviewed under the new guidelines, O'Neil said.

A major outcome of establishing the PAC is the three-year RTF funding agreement, which helps us plan ahead and complete phased work, he went on. Other RTF processes were improved in 2011, including increased use of an Operations Subcommittee to approve contracts, set agendas, and assure the RTF is adhering to its work plan, O'Neil said.

We are also making greater use of subcommittees to deliberate on technical details of proposed efficiency measures, he reported. Staff also improved the RTF website in 2011 so data is more accessible and can be more easily sorted, O'Neil added.

The RTF work plan for 2012 includes reviewing 44 more existing energy efficiency measures for compliance with the savings guidelines, he said. O'Neil also pointed out that the new guidelines are "a living document" that will be revised over time.

The RTF will also be addressing the needs of small and rural utilities though a subcommittee established specifically to work on those issues, he said. The effort will focus on new commercial measures specific to schools, a "small saver" review process, and development of a checklist to assure the needs of small and rural utilities are considered when energy efficiency measures are assessed, O'Neil said.

Of the RTF's \$1.5 million annual budget, \$1.2 million has already been committed to items in the work plan, he reported. Specific information about RTF functions and the library of savings measures and savings protocols is posted on the RTF website, O'Neil wrapped up.

Karier said the effort to document the RTF processes through the guidelines is not just important regionally but also nationally. "Among energy wonks, this is a big issue," he stated, adding that other parts of the country do not have an independent technical group like the RTF that can assess savings values for energy efficiency measures.

The RTF is soliciting for new members, and applications are due at the end of August, staffer Charlie Grist pointed out.

7. Briefing on progress in Lemhi River watershed:

Don Olson, Rancher, Chairman of the Upper Salmon Basin Watershed Project Advisory Board; Hans Koenig, Upper Salmon Basin Watershed Program, Project Coordinator; and Mike Edmondson, Office of Species Conservation, Project Manager.

Staffer Jeff Allen introduced panelists from the Upper Salmon Basin Watershed Program. Don Olson, chairman of the program's advisory board for 20 years, described early efforts on behalf of fish in the basin, including a Bureau of Reclamation demonstration project "to turn water loose and do flushes of fish." "We've done a lot toward the recovery of fish," he said, noting there are still hurdles. "We've done the easy stuff but next will be the tough stuff," Olson said.

He explained how the advisory committee is set up and the process it goes through to prioritize projects in the watershed. "It takes a community to make this work," Olson stated, adding the effort also aims to keep the businesses in Salmon, Idaho operating and healthy.

Mike Edmondson of the Idaho Office of Species Conservation gave an overview of the Upper Salmon Basin, describing the economy as mostly agriculture with some tourism. He said the watershed program was initiated 20 years ago and is tied into actions in the Federal Columbia River Power System Biological Opinion and BPA's funding process to address the limiting factors for salmon in the basin.

Edmondson went on to describe how the factors are being addressed and he presented slides of projects to restore riparian areas with fencing and culvert replacements.

Hans Koenig, project coordinator for the watershed program, said the “winds of change were blowing in the 1990s in the lives of Lemhi ranchers.” The ranchers faced the challenges head on and have used their private property to effect good changes for fish recovery, he said.

Koenig explained how the program goes about planning projects and went on to describe particular actions and how they have lead to improved habitat and increased fish survival. He said the watershed program works closely with the Lemhi Soil and Water Conservation District and there are a number of other partnerships that further the efforts in the Upper Salmon Basin.

Booth said the watershed program has done “excellent work.” The Lemhi and Pahsimeroi rivers are spawning grounds for the region’s salmon and are important to the recovery goals in Idaho, he said. The Council has been key in funding the work being done there; we want to meet the fish goals and maintain the historic ranching community, Booth stated. Every one of these projects comes through the Council, and our partnership and the BPA support for this group is very important, he said. Booth said redd counts in the basin have increased phenomenally. The fish are back, they are spawning, and ranchers continue to farm; “it is successful,” he stated.

Yost said without the ranchers, the accomplishments would not have been achieved in the Upper Salmon. We have to rely on them to be willing to implement the projects, he said. In Boise and the Governor’s office, we shepherd the water and have water right discussions and through political efforts can provide funding for the work, Yost said. But it takes “on-the-ground expertise” to balance the flows and provide wetlands protection, he added. Our task is to get the paperwork finished and provide the funds, Yost stated.

Karier asked if the program has problems getting accurate fish and redd counts. Edmondson explained how the data is gathered by the Idaho Department of Fish and Game. We have good data, he said, adding there are PIT-tag sites in the basin that help with data collection.

8. Update on activities and projects with the Columbia Basin Trust:

John Harrison, information officer; John Shurts, general counsel; and Peter Paquet, manager, wildlife and resident fish.

Staffer John Harrison provided an update on activities related to the Columbia Basin Trust (CBT). He showed Council members the International Columbia River website, which is now active. Harrison said he is working with a CBT contractor on a website that presents the history of the Columbia River Basin.

He said a joint project undertaken by researchers at the University of Washington and the University of Victoria is nearing completion. The research looked at the impact of glacial melting and climate change in the basin and a report is being written, Harrison stated. The report was due at the end of May but was delayed and will be completed soon, he said. Harrison noted that the information from the research will be useful in a review of the Council’s F&W program.

He went on to report on progress toward a transboundary F&W project, which will address burbot in Lake Koochanusa. We were able to identify this project in Montana, which was approved by the Council but not yet funded, Harrison said. The CBT is pleased with the process we undertook to identify a project and would like to see a framework developed for identifying and carrying out future transboundary projects, he stated.

Planning is under way for a transboundary Columbia River ecosystem management conference in spring 2014, Harrison continued. The timing suggests several topics for the agenda, including the future of the Columbia River Treaty, a new Biological Opinion for the Federal Columbia River Power System, and the Council's updated F&W program, which will be out in draft, he said.

Harrison reported that the CBT board would like to meet with the Council in September around the time of the Astoria meeting. A meeting has been proposed for September 10, with two agenda items, he said: a future framework for F&W projects and the conference in 2014.

Staffer John Shurts provided an update on a meeting planned for the Universities Consortium on Columbia River Governance in October. An agenda for the meeting, which is in Polson, Montana, is being developed and is attracting substantial interest, he said.

9. Council Business

– Council decision to adopt the Report to Governors for Fish and Wildlife Expenditures for 2011

Harrison referred the Council to a memo on the comments received on the Report to Northwest Governors on Fiscal Year 2011 Fish and Wildlife Expenditures. He said there was a comment to change the text relating to how we report on foregone revenue. The environmental groups say we shouldn't report this as a cost, but others disagree, he explained. The Northwest Energy Coalition suggested we find a new term for foregone revenues, he said. Harrison said he did not recommend changing the text or figures. The costs are adequately reported, he added.

Harrison said BPA offered edits to the summary sheet of 2011 expenditures. He said there is a discrepancy in the numbers BPA included in its edits pertaining to the percent of the agency's budget the F&W expenditures represent and other numbers in the report. The discrepancy has not been reconciled, and I do not recommend incorporating BPA's suggested language, Harrison said. Karier said Harrison should work with BPA to understand the discrepancy in the numbers.

Whiting made a motion that the Council approve the final version of the Report to Northwest Governors on Fiscal Year 2011 Fish and Wildlife Expenditures as presented by staff with changes adopted by the Members at today's meeting. Karier seconded the motion, which passed with all ayes.

– Approval of minutes

Bradbury made a motion that the Council approve for the signature of the Vice-Chair the minutes of the June 12-13, 2012 Council meeting held in Missoula, Montana. Booth seconded the motion, which passed with all ayes.

– **Council decision to adopt Fiscal Year 2014 budget and Fiscal Year 2013 revisions**

Staffer Sharon Ossmann said the Council presented its Fiscal Year 2014 budget and its 2013 revised budget to the Council in June and released it for comment. Charles Pace commented questioning BPA's firm power sales forecast, she said.

Shurts told the Council Pace questioned BPA's firm power sales forecast, which is an input to the Council's budget. The firm forecast is not a Council decision; we rely on the figure BPA provides and we are comfortable with it, he stated. In your decision today on the budget, you are not deciding whether the BPA forecast is valid or not, Shurts advised.

Ossmann said staff is comfortable the budget proposals will meet the Council's needs and meet the legal limits requirement. She said there would be one editorial change to the organizational chart included with the budget. Staff recommends you approve the budgets as proposed and we will submit them to BPA, Ossmann stated.

Bradbury made a motion that the Council adopt the Fiscal Year 2014 Budget and Fiscal Year 2013 Revised Budget, as recommended by staff; and that the Council authorize reprogramming of available Fiscal Year 2012 funds for unanticipated Fiscal Year 2012 costs, such as increased operating and contracting costs. Yost seconded the motion, which passed with all ayes.

– **Amendment to Council contract with Jeff King**

Black introduced an amendment to the contract for former Council staffer Jeff King. King has great expertise and we need to extend the work, he said. We also want to shift the work to more training of new staff members who can pick up King's previous work, Black said.

Bradbury made a motion that the Council approve the amendment of the Council's contract with Jeff King to extend the existing contract through the end of the Fiscal Year and add an amount of \$31,800 for a total expenditure of \$91,800 for Fiscal Year 2012, as presented by staff. Karier seconded the motion, which passed with all ayes.

The Council meeting adjourned at 11:51 a.m.

Approved August 8, 2012

/s/ Rhonda Whiting
Chair