

Rhonda Whiting
Chair
Montana

Bruce A. Measure
Montana

James A. Yost
Idaho

W. Bill Booth
Idaho



Bill Bradbury
Vice-Chair
Oregon

Henry Lorenzen
Oregon

Tom Karier
Washington

Phil Rockefeller
Washington

Council Meeting Spokane Washington

August 7-8, 2012

Minutes

Council Chair Rhonda Whiting called the meeting to order at 1:43 pm on August 7th and adjourned it at 10:40 am on August 8th. All members were present.

The Council welcomed Henry Lorenzen, Oregon's new member.

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.

Phil Rockefeller reported that the Fish and Wildlife (F&W) Committee reviewed quarterly F&W projects and an Accord project and heard a presentation on issues related to supplementation and hatchery policies. We had an update on biological objectives for the F&W program and discussed comments that have come in on the Council's High Level Indicators, he said. The committee also received an update from fish managers on the status of Lake Roosevelt kokanee, Rockefeller noted.

Jim Yost reported that the Power Committee reviewed progress on the mid-term assessment of the Sixth Power Plan and discussed the narratives that have been produced as part of the assessment. We had a progress report on the electricity price forecast and an update on transmission issues in the region, the West, and nationally, he said. The committee discussed reliability standards used in other regions and talked about what goes into determining conservation cost-effectiveness, Yost added.

Bill Bradbury reported the Public Affairs Committee is busy getting ready for the Congressional staff visit next week.

Bradbury also reported that the Fish Passage Center (FPC) Oversight Board had met and received a presentation on the FPC's historical spill summary, which explains how the spill

program has evolved. The board suggested that additional data and more information on the results of spill could be added to the report, he noted. The board has decided to meet once a year, in January, and otherwise to meet only if the chair calls for it, Bradbury said.

1. Council decision on Project Reviews

– **Project Review: Within-year project funding adjustment for implementation**

Staffer Mark Fritsch described the results of the reviews of F&W projects conducted by the Budget Oversight Group (BOG) this quarter. He presented a request for Council approval of a fish-screen project in the Yakima River, requested by the Washington Dept. of Fish and Wildlife.

Rockefeller moved that the Council recommend that BPA provide up to \$36,556 in additional FY 2012 funds out of the within-year placeholder for Yakima Phase II Screen O&M (Project No. 1992-009-00). Bradbury seconded, and the motion passed.

– **Step Review : Crystal Springs Planning and Operations/Maintenance, Project #2008-906-00. Crystal Springs Fish Hatchery and Programs for Snake River Chinook Salmon and Yellowstone Cutthroat Trout.**

Fritsch presented a request for Council approval for the Crystal Springs Fish Hatchery to move to Steps 2/3. The project, he said, is sponsored by the Shoshone-Bannock Tribes (SBT) and aims to restore spring/summer chinook and Yellowstone cutthroat trout.

Daniel Stone of the SBT described the project, its location, and production objectives. We are seeking cost shares to help cover the additional funds needed for the project, he noted. How much more do you need, above the cost shares you have secured? Bill Booth asked. We are still about \$900,000 short, Stone replied.

Rockefeller moved that the Council recommend that planning for the proposed Crystal Springs Fish Hatchery (Project No. 2008-906-00) proceed into Steps 2/3 in the multi-step planning process, on the following conditions:

- a) the project sponsor is to provide the additional information requested and address the issues raised by the Independent Scientific Review Panel (ISRP) in the submission for review at the conclusion of the Step 2/3 planning;
- b) the final construction contract will be negotiated by BPA and the project sponsor only after completion of the final design and after Council review and approval of Step 2/3 submittal; and
- c) the Council receives confirmation from BPA and the project sponsor of the final costs associated with the entire Crystal Springs Fish Hatchery and associated support facilities, including confirmation of cost share and in-kind contributions.

Booth seconded, and the motion passed.

– **Accord Project: Yankee Fork Salmon River Restoration, Project #2002-059-00**

Fritsch presented a request for Council approval of a Columbia Basin Fish Accord project, proposed by the SBT, for restoration work in the Yankee Fork of the Salmon River. Evelyn Galloway, SBT project manager, described the side channel restoration work to be done and the team working on the project. She went over the construction schedule and milestones coming up.

Rockefeller moved that the Council recommend that BPA implement the work proposed on the Yankee Fork PS3 side channel as part of the Yankee Fork Salmon River Restoration effort (Project No. 2002-059-00), on the condition that the project sponsor provide for further review the additional information requested and address the issues raised by the ISRP in a revised project proposal form, with further project implementation contingent upon a favorable review of the revised project proposal. Bradbury seconded, and the motion passed.

2. Update on Efforts to Suppress Northern Pike and Policy Implications:

Deane Osterman, Executive Director of Natural Resources, Kalispel Tribe of Indians; and Jason Connor, Fisheries Project Manager

Staffer Stacy Horton introduced a panel of representatives from the Kalispel Tribe to discuss their efforts to reduce the populations of Northern pike, which she called “an illegally introduced and voracious non-native predator.” A lot has changed since we briefed you last year, mainly there are fewer pike, Deane Osterman, natural resources director for the Tribe, told the Council.

We began monitoring for pike in 2005, and the population expanded from 400 in 2006 to over 5,500 in 2010, he said. Northern pike threaten to undermine significant investments by the Tribe, state and federal agencies, and utilities to restore native species, including the ESA-listed bull trout, Osterman stated. They threaten Box Canyon and Boundary dam FERC license implementation, he said. These fish present a serious case of risk management we need to take care of, Osterman added.

In the Columbia River, the pike threaten ESA recovery and pose risks to tribal, recreational, and commercial salmon and steelhead fisheries, he said. They also threaten Lake Roosevelt resident fish mitigation, Osterman stated.

He described the Tribe’s objective of an 87 percent reduction in Northern pike abundance by 2014. Our three-pronged approach involves increasing angler exploitation, promoting fishing contests with financial incentives for harvest, and carrying out a mechanical suppression program, including intensive gill netting, and we have been very successful this year, Osterman reported.

We had 1,031 gill nets set, and 5,808 pike have been removed, he said. Jason Connor, fisheries project manager, described fishing tournaments the Tribe has held.

We plan to do a reservoir-wide warm-water survey of fish species and continue our mechanical suppression through 2014, Osterman told the Council. There is a need to have a larger regional

discussion about Northern pike, he said. States differ in their regulations and approaches, and we are trying to coordinate with entities across the basin and in Canada to develop more uniform policies, Osterman added. We need to have a policy that says when Northern pike are detected, immediate action should be taken to suppress them, he said. We need to talk with state agencies, and the Council could help us sponsor these discussions, Osterman suggested.

These fish are highly toxic because they are filled with substances like mercury and PCBs, that bioaccumulate, said Osterman. We can't recommend that our community members eat them, he said, and we need a really good education program about these fish across the region.

3. Review and summary of predation research:

Peter Paquet, manager, wildlife and resident fish; Jim Ruff, manager, mainstem passage and river operations; and Patty O'Toole, program implementation manager.

Staffer Patty O'Toole led off a panel presentation on the effects of predation by native and non-native fish, birds, and marine mammals on Columbia River salmon and steelhead, as well as on native resident fish species. The information presented will be part of the Science Policy Exchange on Predation in the Columbia River Basin to be held August 9, she said.

Fish predators include the northern pikeminnow, walleye, smallmouth bass, Northern pike, and others, O'Toole noted. These fish predators are found throughout the basin and are having an increasing effect on species of interest, she said.

Northern pikeminnow eat millions of salmon and steelhead juveniles each year in the Columbia and Snake basins, O'Toole reported. At dams, juvenile salmonids are concentrated in forebays and tailraces, causing increased predation and salmonid loss, she said. Estimated annual losses of juvenile salmon are about 16.4 million, according to O'Toole. She explained the goals of the pikeminnow management program that include removing 10 percent to 20 percent of predatory-sized pikeminnow each year.

O'Toole said the altered river environment has encouraged the spread of non-native predators like walleye and smallmouth bass in Lake Roosevelt, and noted that the Colville Tribe began a predator reduction program in 2011.

Staffer Peter Paquet discussed predation on juvenile salmonids by birds in the basin, including Caspian terns, double-crested cormorants, and other waterbirds. He said studies indicate the most significant impacts to juvenile salmonid survival occur in the Columbia River estuary, with the combined consumption of juvenile fish by Caspian terns and double-crested cormorants nesting on East Sand Island estimated at between 6 million and 25 million smolts annually during 2003-2010.

Paquet described the objectives of avian predation programs and the strategies being used, liked relocation of birds. He said the Caspian tern colony of East Sand Island in the estuary is the largest of its kind in the world. East Sand Island is also home to the largest double-crested cormorant colony in western North America, Paquet reported. Combined losses of juvenile salmonids to predation by Caspian terns and double-crested cormorants in the Columbia River

estuary are estimated at 19 million to 29 million smolts in 2010, he said. Smolt losses to double-crested cormorants far exceeded smolt losses to Caspian terns in 2010, Paquet added.

The magnitude of bird predation is huge, said Booth. The birds are getting about 25 percent of the smolts produced, he stated. And some research shows that 10 percent of adult fish are being consumed by sea lions, Booth added.

Staffer Jim Ruff gave the Council a rundown on predation by seals and sea lions on adult salmonids, as well as current trapping and deterrent programs. In 2012, the Corps of Engineers' estimate of salmonid consumption by pinnipeds through May 9 is lower than in any previous year except 2002, he said. Predation on salmonids by California sea lions is lower than any previous year since 2002, but predation by Steller sea lions is higher than any previous year and was higher than California sea lion predation for the first time ever, Ruff reported.

He also pointed out that predation on white sturgeon by marine mammals is increasing. Ruff said active non-lethal deterrence efforts have failed to reduce predation on salmonids and sturgeon at Bonneville Dam. Sea lions are having an impact on the early season spring chinook stocks and Steller sea lions are coming earlier each year and having an impact on white sturgeon below Bonneville Dam, he added.

O'Toole said 2012 funding from BPA and the Corps to stop predation totals \$13.4 million. Birds get 56.8 percent, or \$7.6 million; fish get 41.6 percent or \$5.6 million; and marine mammals account for 1.5 percent or \$0.2 million. The Corps funds most of the programs involving birds, while BPA pays most of the fish predator control costs, she noted.

4. Briefing on Impacts from Hydropower Operations to the Spokane Tribe:

Representatives from the Spokane Tribe.

Representatives of the Spokane Tribe made a presentation to the Council about the impacts to the tribe from hydropower operations. Tribal chairman Rudy Peone described the Tribe's dependence on fish from the Columbia River before Grand Coulee Dam was built. He said the Council is not fulfilling the intent of the Northwest Power Act and that the Tribe has been excluded from proposing new F&W projects to mitigate for resource losses since 2007, while Accord agencies have had the opportunity to propose new projects. The Council is failing to provide opportunities to mitigate losses to the Spokanes with respect to anadromous fisheries, resident fisheries, and terrestrial resources, Peone stated.

Matt Wynne described the 75 years of benefits the region has had from Grand Coulee Dam, but noted it has been done "on the backs of the Spokane Tribe." The Tribe has had 75 years of impacts, including anadromous fish losses, resident fish losses, wildlife habitat losses, cultural losses, economic losses, and erosion and landslides, he said.

Wynne told the Council that 37 percent of all salmon and steelhead lost to hydropower development were lost due to the construction and operation of Grand Coulee and Chief Joseph dams. The Spokane Tribe's expectations are that the Council should uphold the intent of the Power Act and acknowledge the F&W program is not just an ESA recovery program, Peone

said. The Tribe would also like to be able to implement a subbasin plan, which will require increased funding, and to have the Council re-open the project solicitation process so the Tribe, which is a non-Accord tribe, can have the same opportunities for new projects as the Accord tribes have had, he stated.

Bradbury said he wants to look into this matter further. Have you thought of negotiating an Accord? Rockefeller asked. In 2008, when BPA thought it had enough support for the Biological Opinion, it decided it didn't want to do an Accord with the Spokane Tribe, replied Wynne. BPA said we were too far apart in our negotiations and that it had enough Accord agreements, Peone added.

Whiting urged the panel to talk with BPA again, noting there are now some new negotiations going on.

5. 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.

Billy Bell, chairman of the Fort McDermitt Paiute-Shoshone Tribe and chair of the Upper Snake River Tribes (USRT), described the work and structure of the USRT organization. The USRT charter, he said, is to restore the Snake River Basin to a natural condition and facilitate tribal unity to protect and nurture all Compacting tribes rights, languages, cultures, and traditions. USRT members are the Burns Paiute Tribe of Burns, Oregon, the Paiute-Shoshone Tribe of Ft. McDermitt, Oregon/Nevada, the Shoshone-Paiute Tribes of Duck Valley, Idaho/Nevada, and the Shoshone-Bannock Tribes of Fort Hall, Idaho.

Three of the USRT tribes have F&W projects funded through the Council's program, but the Ft. McDermitt Paiute-Shoshone Tribe has not received F&W program funding to date, Bell noted. We are requesting funding to equally participate with co-managers in F&W program coordination activities in 2013, he said. We have future plans to develop a F&W program on the reservation, and we hope to improve fish habitat, Bell added.

6. Introduction to transmission issues:

Howard Schwartz, Washington staff member; and Ken Dragoon, manager, system analysis and generation.

Transmission planning has undergone substantial changes over the past several years, Dragoon said. Construction of new transmission facilities, nearly moribund for more than a decade, has become critical for system reliability and important to accessing renewable energy in remote locations, he added.

In 2009, the American Recovery and Reinvestment Act made funds available that the Western Electricity Coordinating Council used to develop long-term transmission plans, Dragoon stated.

Separately, FERC has issued rules directing the development of regional transmission planning entities, like the Northern Tier Transmission Group (NTTG) and ColumbiaGrid, he said. FERC Order 1000 required regional bodies to reflect public policy goals, like RPS and environmental standards, and to coordinate with neighboring entities, Dragoon explained. Some people interpret that to mean NTTG and ColumbiaGrid should reflect the Council's planning processes more closely, and we've talked about that, but it isn't clear how it would be done, he said.

WECC has done a better job incorporating participation from stakeholders, such as environmental groups, while the regional bodies have lagged somewhat in that kind of stakeholder inclusion, according to Dragoon. Transmission planning "is an ongoing soap opera," and the Council will have to be selective in how it gets involved in it, he said.

7. Report from Mid-Columbia utilities on transmission activities: representatives from Grant PUD and others.

The Northern Mid-Columbia Joint Transmission Project illustrates many of the problems faced by transmission owners and system operators when they are faced with a need to expand the transmission system, staffer Howard Schwartz said. It is an example of how a group of utilities, under ColumbiaGrid auspices, successfully planned a project and agreed on a cost-allocation arrangement, he noted. The project can be seen as a smaller, simplified version of what the transmission system as a whole will face under FERC Order 1000, Schwartz observed.

Rod Noteboom of Grant PUD said the Northern Mid-C project involves the area from Wanapum/Vantage substation north through Wenatchee to Wells Dam. No specific route has been selected, he said. The parties involved are Grant PUD, Douglas PUD, Chelan PUD, and BPA, Noteboom told the Council.

The project began in 2004 when BPA identified transmission constraints in the area, he said. ColumbiaGrid did an assessment and published a final technical report in 2010 that identified ways to solve the constraints, Noteboom stated.

He pointed out that Puget Sound Energy and Avista participated in the study process, which evaluated seven plans. We eventually recommended the best plan using the "one-utility" approach, Noteboom said. It wasn't easy to bring four utilities together to pay for a line that doesn't create any new commercial value for any of them, he added.

The solution we settled on is a new 230-KV line, approximately nine miles, from Rapids switchyard to Columbia switchyard, with a new 230-KV bay at Columbia switchyard, said Chad Bowman of Chelan PUD. Our estimated cost is \$14 million, and our goal for completion is 2015, he noted. Associated individual projects are a new 13-mile, 230-KV line from Douglas substation to Rapids substation, to be built by Douglas PUD, and a new 30-mile 230-KV line from Columbia substation to Rocky Ford substation, to be built by Grant, Bowman said.

This line "solves problems for everybody," he stated. Joint benefits include mitigation of existing congestion problems, providing the most operational flexibility, reducing the need to redispatch or reduce Rocky Reach and Wells generation, adding capacity for future system

growth, and providing a solution that is much less expensive than individual utility solutions, Bowman said.

There is a project construction funding agreement among the four utilities, and an O&M and capacity rights agreement among Chelan, Douglas, and Grant, Matt Rios of BPA said. Douglas will construct, own, and operate the line and the switchyard terminal at Rapids, and BPA will construct, own, and operate the switchyard terminal at Columbia, he added.

The parties worked together, independent of ColumbiaGrid, to agree to the cost allocations, Rios said. They are: BPA 42.20 percent or \$5.91 million; Chelan 23.85 percent or \$3.34 million; Douglas 17.25 percent or \$2.41 million; and Grant 16.70 percent or \$2.34 million. There are off-ramps if costs exceed certain levels, he noted.

There are two “takeaway” messages from this effort, Rios said. First, developing a “one-utility solution” before beginning cost allocation discussions is important, and second, the ColumbiaGrid process was really helpful and effective, he stated.

How did you arrive at the cost allocation? Bill Bradbury asked. It took a long time, but what helped us was the open-ended nature of the process and the fact it wasn’t prescriptive, said Bowman. Do you think your cost allocation could be a model? Tom Karier asked. The ColumbiaGrid utilities, BPA, Puget, and Avista are submitting this process as part of our response to FERC Order 1000, Noteboom replied. Is this an economic or reliability project? Karier asked. For BPA, it is reliability, replied Rios.

How will you determine who gets to use the line? Bill Booth asked. Douglas PUD will own, operate, and maintain the line, and BPA will maintain its facilities inside the substation, replied Rios. There are no immediate merchant benefits from this line, but we did lay out where the capacity rights are, added Noteboom.

8. Update on Mid-term Assessment:

Charlie Black, director, power division

The purpose of the mid-term assessment of the Sixth Power Plan is to check “if the region is on course,” staffer Charlie Black told the Council. We are at about the midpoint in our analysis to evaluate the plan’s strategy and recommended actions in light of recent developments and updated forecasts, he said.

Since the Council’s July meeting, we have issued a new fuel price forecast and updated our estimates of power imports available to meet regional needs and what that means for resource adequacy, Black reported. We are also working on a power price forecast, he said.

We are compiling the responses to our survey of conservation achievements and will report on that at our September meeting, Black stated. Yesterday the Power Committee discussed how the cost-effectiveness of conservation measures is determined, he said.

PNUCC has given us a lot of ideas and topics to include in the Seventh Power Plan, Black noted. At a recent meeting, PNUCC representatives told us the plan needs to devote more energy to communications, he said. It should focus on key messages and explain the broader meaning of the technical work in the plan, Black stated. We should also do a better job of discussing policies that drive the plan, he said.

PNUCC suggested 11 topics to be analyzed in the Seventh Plan, according to Black. They are: state and federal climate change policies; renewable portfolio standards; capacity and flexible capacity needs; transmission; use of natural gas for electric generation; reliance on power imports from other regions; the regional need for resources; the demand forecast, including intra-hourly shape and peak loads; conservation cost-effectiveness from both regional and utility perspectives; factors affecting resource acquisition decisions, with more of a link between the Council and utility plans; and coal plant retirements.

The work on the mid-term assessment isn't proceeding as quickly as I had hoped, Black noted. We are now shooting for a draft of the assessment to be ready in November, he said.

9. Mid-term Assessment – Narratives on developments since the Sixth Power Plan:

Charlie Black.

The assessment's primary objective is to review what's happened since early 2010 and compare the developments with "what was assumed, forecasted, and concluded in the Sixth Power Plan," Black noted. Some developments have been consistent with the plan, and others have been different than anticipated, he said. In the electric utility industry, the "new normal" seems to be a state of constant change, Black added.

The Northwest power system is complex, with many interrelated issues and a mixture of policy and technical considerations, he said. There are various perspectives and priorities in the region and the industry, and "where you sit affects how you look at what goes on," and the Council is in the middle of all this, according to Black.

For the mid-term assessment, staff is doing a "situation scan," which is composed of written narratives on specific topics, he said. The intent is to look at real-world events and data, put them into context, show how they fit together, and create a map of the bigger picture, Black explained. The scan will help make sense of what's happening and why, he added.

Each narrative starts with a summary of what the plan assumed, describes recent developments, and discusses the implications, Black stated. He said the 15 topics are: regional economic conditions; electricity demand; natural gas markets and prices; emissions regulations and impacts; developments affecting imports from California; demand response activities; implementation of BPA tiered rates; wholesale power markets and prices; varying circumstances the region's utilities face; energy efficiency achievements; renewable resources development; acquisition of conventional generating resources; capacity/adequacy/flexibility constraints; power and transmission system planning; and power and natural gas system planning.

We have drafted 12 of the narratives, posted them on our website, and are seeking comments, Black said. He gave several examples of “headlines” from the narratives. One is: “although the region’s economy remains hampered by sluggish employment and low job creation, electricity loads have been gradually recovering to pre-recession levels.” Another headline: “over 80 percent of the growth in regional electricity demand during 2010-2011 was met with new energy efficiency resources.”

A headline for “emissions regulations and impacts,” Black noted, is: “regulation of greenhouse gas (GHG) emissions has not occurred as much or as soon as expected in the Sixth Power Plan.” But the retirement of two coal plants in the region, as well as many more nationally, have been announced, so “if the trend toward retirement of coal plants continues, GHG emissions from the electric sector could decline substantially, and widespread imposition of carbon taxes may be further delayed,” he said. An environmental group has done a new study that says if one-third of the nation’s coal fleet is retired, GHG emissions from the electric sector could drop to 1990 levels, Black added.

Another narrative addresses power imports from California. The headline, he said, is that new regulations in California dealing with once-through cooling, and possible loss of existing power plants, such as the San Onofre nuclear plant, “appear likely to reduce the availability of surplus power imports to help meet winter loads in the Northwest, which may increase our region’s need for new resources.”

A headline for “wholesale power markets and prices” is: “short-term market prices for wholesale power supplies have been quite low and do not reflect full costs of generating resources,” Black said. As a result, utilities with surplus power to sell are receiving lower revenues, and utilities short on resources can cut costs by buying from the market, he noted.

Black said overall, the region has exceeded the plan’s energy efficiency targets and at lower-than-expected costs, and “the prospects for meeting the plan’s five-year goal look good.” But some utilities, including small, rural, and mainly residential utilities, face administrative and other challenges in acquiring efficiency resources, he added.

What are the other challenges facing residential utilities? Lorenzen asked. Rural utilities’ customers are geographically dispersed so it’s harder to achieve economies of scale, replied Black. Advertising is more of a challenge, as is finding contractors, he added.

10. Council Business

– Approval of documentation of Council’s final decision in the resident fish, data management and coordination project review

Staffer John Shurts explained that when the Council completes a project review, it is required to publish an explanation of any deviations it made from the ISRP’s recommendations. The document for the resident fish, data management, and regional coordination category review, which explains any deviations, as well as some other related issues, is now ready for Council approval, he said.

Rockefeller moved that the Council approve the “Part 6” document providing the explanations required by the Northwest Power Act to accompany the Council’s final project and programmatic recommendations in the resident fish, data management, and regional coordination category review. Bradbury seconded, and the motion passed.

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

Yost moved that the Council reconsider its vote at the July meeting in Boise, Idaho, to approve the Report to Northwest Governors on Fiscal Year 2011 F&W Expenditures. Bradbury seconded the motion.

Bruce Measure said he was not in favor of reconsideration. In the past, the Council has discussed whether it has rules that govern its conduct with respect to minority opinions or reports, but there hasn’t been any clear resolution, he said. At our Boise meeting, there did not appear to be a minority report because all Council members voted to approve the release of the report to the governors, Measure noted. There was no public involvement or notice about a minority opinion, and that goes against our commitment to being a transparent body, he said.

I suggest we submit the issue of forgone revenues to the Independent Economic Advisory Board (IEAB) and let them make a recommendation to us, Measure stated. The IEAB can tell us what kind of negative impact BPA’s forgone revenues have on rates, and once we get that information, I’d be willing to revisit this issue, he added.

If the Council decides it should have a new policy or protocol, I suggest, over the next few months, we put together a group to come up with a proposal, Measure said.

The reason for my motion is that it gives us a chance to “back up” because I feel we didn’t give sufficient notice at the last meeting when we took the vote on the report, Yost said. If my motion passes, the question of whether to approve and release the report will be before us again, and everyone can re-vote, he stated. Right now, there is nothing in our minutes or on the website that indicates some Council members had additional views on the report, Yost said. We need to back up and clarify our process and make it transparent, and when we adjust our by-laws, we’ll clarify what can be done with minority reports, he added.

It seems like there are two undercurrents here, said Lorenzen. One is a procedural issue, and one is the issue of how costs and expenses are reported and the impact on ratepayers, he noted. I strongly believe in having an open process, Lorenzen stated.

The Council approved Yost’s motion on a 7-1 vote, with Measure voting no. Staffer John Shurts said that puts the Council back to where it was at the previous meeting when there was a motion on the floor to approve the report and send it out.

This gives us an opportunity to amend the language in the report for greater clarity, said Phil Rockefeller, distributing a set of edits for the report, including edits that replace the word “expenditures” with “costs.” Bradbury moved to amend the motion to approve the report to include the new language proposed by Rockefeller, and Lorenzen seconded.

I need to review and evaluate each of these proposed changes to the document, Yost said. If you are going to change all of the terminology, I'm not sure I agree, he stated.

Tom Karier suggested an editing committee could be appointed to make a final signoff on the document, as the Council has done with other reports. We need to look into this more, said Booth. My main concern, whether you call it a cost or expenditure, is that you don't separate forgone revenues from the total expenditure number because I think that's a legitimate cost, he stated. I too would be concerned if it were separated out because I am concerned about the impact on ratepayers, said Lorenzen.

Karier offered "a friendly amendment" to the motion that would revise the language as Rockefeller recommended and have an editing committee review all the changes. I'm not comfortable with moving this forward -- we should pull back and do a redraft, Measure said.

Yost suggested the vote be delayed for a month. Bradbury withdrew his previous motion, and Yost moved to defer consideration of the report's approval until the September meeting. Measure seconded, and the motion passed unanimously. Karier noted there is some other language in the report that staff is working on reconciling, and that the Council will also be able to review those changes in the coming month.

During public comments, Bo Downen of the Public Power Council said the annual report on F&W expenditures is very important to utilities and that it is crucial the report contain accurate information. We use this information at public meetings and in testimony to Congress, he noted. It's important to us to that the report tells the whole story about these costs because they affect ratepayers, Downen said.

We were pretty disappointed with the lack of public notice about a minority report at the meeting last month, he stated. The Council is known as a leader in having a transparent process -- that's what gives the Council its total force, Downen added.

We are pleased you have decided to take a step back to "air things out" about this report with the region, he told the Council. Downen recommended the Council review its by-laws, particularly with respect to how notice is given to the region if there is going to be a minority opinion.

Chad Jensen of Inland Power & Light told the Council his utility puts information about fish costs on customers' electric bills, and he read an example of the kind of letter general managers receive from ratepayers about the fish-cost issue. We are proud of what we are doing to help fish, but we want to be sure these expenditures are accounted for accurately, Jensen stated. These are real costs to us and our ratepayers, he said.

Ed Brost of Franklin PUD told the Council that the impact of F&W expenditures on rates is what is important to utilities. Public power is proud of our expenditures to help fish, but our biggest concern is getting value for the dollars we spend, he stated.

When BPA has to purchase power because of fish constraints on the system, those are real costs to us, Brost said. And foregone revenues are sales, that due to fish constraints, BPA is unable to make, he added. All of these hit us the same way -- they are all part of the F&W program and they affect the rates we charge our customers, Brost said.

– **Approval of minutes**

Measure moved that the Council approve the minutes of the July 10-11, 2012 Council meeting held in Boise, Idaho. Karier seconded, and the motion passed.

– **Disclosure of earned outside income**

Shurts said Council members are required once a year to disclose income earned outside their positions on the Council during the previous year. Booth reported income from being the outside director of an Idaho bank, Whiting reported legal commissions from legal work not related to F&W or power issues, and Karier reported royalties from publishing a book, Shurts said.

– **Election of Officers**

Whiting called for nominations for Council vice-chair to serve for the remainder of the year. Measure nominated Bradbury. “He’s very engaged and likable, and he will do a great job,” Measure said. Karier seconded, and the motion passed unanimously.

Approved September _____, 2012.

Vice-Chair

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