

**"Notes by Resource Writers. Supplements may be provided."**

**Regional Executives Meeting on System Operations  
With State and Tribal Representatives  
Friday, March 30, 2001  
Airport Sheraton Hotel, Portland, Oregon**

The Regional Executives met with state and tribal representatives on March 30 from 9 a.m. to 1:15 p.m. Forty people signed in; a number of others participated by telephone. Donna Silverberg, DS Consulting, facilitated the meeting.

Silverberg outlined the purpose and goals of the meeting, and went over guidelines for participation. The Northwest Power Planning Council staff will be making a presentation on system reliability early in the meeting, which will provide background for the discussion ahead, she indicated.

**1. Decision-making Process.** At the last meeting, participants asked the federal agencies to outline a decision-making process, Silverberg continued. She presented a draft decision diagram that could be used for raising, discussing, and possibly resolving issues. In the past, issues were resolved through the process set out in the Biological Opinion (BiOp), but with the circumstances that exist this year, it is important for the executives to be closely involved, Silverberg explained. The decision diagram tries to capture how this could be done, with a "regional executives policy dialogue" that would take place with the tribes and states, she said. The federal executives will also have meetings of their own, and the BiOp process will continue to operate, Silverberg explained. "We will need lots of give and take," she stated.

Bob Heinith of the Columbia River Inter-Tribal Fish Commission (CRITFC) asked for an example of how the process would work. We may have an emergency every week with fish dying in the river, he said. The TMT discusses current conditions in the river and with fish; they meet on Wednesday mornings and come up with recommendations, Silverberg responded. If necessary, the IT will resolve the issues when it holds its regular meeting Thursday, she said. Will there be a protocol to implement emergency spill if the fish are dying? Heinith asked. Wright suggested that be discussed later in the agenda. We need the water now to guide fish, we can't wait, a tribal representative stated.

What is the plan for consultation with the tribes? Heinith asked. We have been working on a model and a mechanism that will mesh with the decision-making approach laid out in the diagram, Gary Sims of the National Marine Fisheries Service (NMFS) explained. We need to get the model we are developing out to the tribes and get their reaction, he said. We may meet with tribes on an individual basis or combine meetings with several agencies and tribes, Sims said. He said the agencies have not proposed formal consultation because of the rapidity with which things are happening and because of trying to mesh the consultation with other meetings. Maybe the time for formal

consultation would be when the strawman proposal comes out, Heinith suggested. We could do that and maybe have as many tribes as possible there, Sims responded. That would work for information exchange, but not for formal consultation, Heinith stated.

Given the upcoming planning dates, what will happen with operational decisions in the meantime? asked Larry Cassidy of the Northwest Power Planning Council. These are complicated issues and the dates are upon us, he said.

Don't interpret silence as consent, Charles Jody Calica of the Confederated Tribes of the Warm Springs cautioned. I don't want you to think that silence means we agree with this proposal, he stated. Don't forget about the upper Columbia tribes, Deb Louie of the Colville Tribes stated. Not all tribes are the same, and we want to be consulted too, specifically on issues related Grand Coulee Dam, he said.

After the meeting two weeks ago, we talked about developing an operating plan, and we determined it would take four weeks, Steve Wright of BPA stated. The principles and priorities we establish will lead us to an operating plan, and that's what we want to do at this meeting – talk and come to conclusions on those, he said, adding that the principles and priorities would be “a living, breathing document.” Wright said the federal agencies have identified the operating decisions that need to be made over the next two weeks and have a proposal for how to resolve them. The volume runoff forecast has been dropping continually over the past eight weeks, and as of yesterday, it was 56 million acre-feet (MAF), he stated. That assumes precipitation will be 70 percent of normal in April and normal for the rest of the season, Wright added. At 53 MAF, there are no decisions about operations to make, we will just be meeting load, and the decisions will be off the table, he continued. We have to be very cautious about our operations over the next two weeks, Wright said.

BPA has put in place a program to buy irrigation load, and so far, we have bought out a significant amount of acreage in the Columbia Basin project, he reported. That will amount to about 250 MW of power – we get the load reduction and there is more water in the river, Wright explained. BPA is purchasing the load for between \$65 and \$85 per MWh, he said. But given conditions, a power system emergency is inevitable, Wright added.

**2. Power Supply Outlook.** Dick Watson of the Council staff presented an analysis of the 2001-02 power supply outlook and implications. “2001 is a bad year,” he began. According to a chart of the historical runoff volume at The Dalles, 2001 could end up being lower than 1977, the lowest year on record, and this raises issues with regard to the regional power supply, Watson indicated.

He outlined the Council staff's analysis, explaining the objectives and the approach. In addition to meeting spring and summer electricity demand and providing reasonable conditions for salmon migration, the objectives include meeting load next fall and winter, and limiting the cost impacts of wholesale power purchases, Watson said. The analysis covered several operational strategies, from maintaining normal BiOp spill and flow

measures to curtailing all spill at Columbia River hydro projects, including the mid-Columbias, he explained, and there were two stages in the analysis, March 1 to August 1, 2001, and September 2001 to April 2002. Watson went over specific results, which included the implications for imported power costs and reservoir content at the end of the season, and he presented the staff's conclusions. The conclusions will be presented to the Council next week, Watson stated.

Among the conclusions, staff determined operating to BiOp spills and flows would result in large power curtailments or large purchased power costs, he said. Operating strategies that leave reservoirs well below the August 31 BiOp elevations significantly increase the risk of winter 2002 reliability problems and reservoir contents that are well below the BiOp on April 15, 2002, Watson continued. According to the analysis, meeting summer load *and* returning reservoirs to August 31 BiOp elevations required significantly reduced spill plus limited drafting beyond spring and summer target elevations, he reported. Adaptive management is an important part of operations this year, with the opportunity for decisions to be revisited as conditions change, Watson stated. For example, if price caps are instituted in western power markets, there are more options, he pointed out.

What are the implications for fish and wildlife and for Treaty rights? a tribal representative asked. Watson indicated that Council staff is working on an issue paper to address those questions. The numbers aren't real large, he said, especially for Snake River stocks, most of which will be transported. Jim Litchfield, representing the state of Montana, commented on the probability of the power system experiencing major outages. Some of the deficits that show up in the analysis are larger than what California was facing when it had rolling blackouts, he observed. We basically have an inadequate system, John Fazio of the Council staff responded.

Did you assume any emergency exports to California? Litchfield asked. No, Watson said. Don't you think that's likely? Litchfield asked. Wright said exports that would cause energy losses are unlikely. Energy exchanges that leave the system better off are more likely, he stated. And we ought to arrange those now, rather than waiting until there is an emergency and the opportunity is wrested from us, Watson said. There were other questions about how variables, such as temperature, plant outages, Canadian storage, and flood control, were treated in the analysis. Shouldn't we look at the effects on upriver economies? a tribal representative asked. Shouldn't we look at mitigating for that? he inquired.

We will walk into next year with a weak system, Wright stated. The critical thing for me is we will be worse off with the system going into the year, and we won't have as much Canadian storage to rely on, he said. We will have to take some load off to get through next year, Wright said.

**3. The Principles and Priorities.** Therese Lamb of BPA outlined the changes made to the list of principles and priorities as a result of comments the federal agencies received from the states and tribes. We added a criterion related to long-term insufficiency, she pointed out. The criterion states that the probability of having insufficient generation to

meet load cannot exceed 5 percent in any of the next twelve months, Lamb explained. She said the agencies received many comments on the financial criterion, some of which said our criterion is too conservative and others that it is not relevant to the BiOp, according to Lamb. We decided it is relevant and that 20 percent is a reasonable probability, she said. The criterion states that the probability of FCRPS financial reserves dropping to zero or less cannot exceed 20 percent for any of the next 12 months, Lamb explained.

The list of “Fishery Operations Priorities for 2001” sets out the fishery actions that could be taken, she continued, adding “to the extent you have the ability to implement any fisheries actions.” What is intended by the transport evaluation from McNary in the spring? Litchfield asked. Jim Ruff of NMFS said the NMFS Science Center is working with Grant and Chelan County PUDs to use their pit-tagged fish for research on the benefits of transportation. We have been operating on the assumption we would have spill in the lower river, but given what was presented today, if there is no spill in the lower Columbia, there is a question of whether we would transport more fish from McNary as a salvage operation, he acknowledged.

What are the consequences of calling for a power emergency? Curt Smitch of the state of Washington asked. Under the BiOp, the BPA Administrator calls an emergency, and we look at the impacts to fish and try to find offsets in terms of mitigation, Wright responded. An emergency is a process in the BiOp, Donna Darm of NMFS added. You do the things called for in the BiOp “unless you have a good reason not to,” and a power emergency is one of those reasons, she explained, adding that the declaration does not have statutory authority.

Barging is a failure, Raphael Bill of the Confederated Tribes of the Umatilla Indian Reservation stated. According to the results of a 1994 study, few adults returned when smolts were barged from McNary, he said. The fish lose the imprint trail when they are barged, Bill stated. We’d like to do the study using as few fish as possible, Ruff said. Don’t put all your hope in the barge – use both barge and in-river migration, Bill urged. Mike White of the Corps of Engineers said improvements to facilities at McNary would improve the situation for barging. Doug Arndt of the Corps described improvements made over the last seven years and said they should lead to greater barging success.

My clients don’t agree with this idea of “sticking the fish in a barge,” according to Tim Weaver, an attorney for the Yakama Indian Nation. The fall chinook won’t be in boats, they’ll be in the turbines, he said. We do not consider this to be tribal consultation – asking us to just sit and listen does not meet the standard for consultation, Weaver added. You should do something other than stop the spill and barge the smolts, he stated.

I’m looking for a strawman with details of the operation, Heinith pointed out. Who put the chum operation at such high priority? asked Harold Blackwolf Sr. of the Warm Springs. That operation is over, Ruff said. It was both a power and chum operation, he added. It was a power operation early on, and once the redds were there, we continued it so as not to dry them out, Darm said. The priority worked out this way because of the

power circumstances, she added. The Snake River wild chinook should have a higher priority than chum, Blackwolf stated.

Why is operating at minimum operating pool (MOP) higher priority than some other actions? Litchfield asked. We'll entertain comments on that, Ruff responded. In a low water year, "you get more bang from MOP than in a high water year," he stated.

Aren't we missing mitigation opportunities on this list? Charles Grist of the Oregon Council staff asked. How do you use the retained water? he asked. It seems that is a prioritization decision that should be worked into this, Grist stated. He also questioned the financial criterion and whether cash flow is the right indicator for reliability. We are trying to preserve our financial health to protect programs, Wright responded. Without cash flow, we could find we can't get the credit to make power purchases – there is a direct link with reliability, he indicated. If we don't have enough funds, we will make broad cuts, and other fish and wildlife activities will take a hit, Wright said. We wanted to incorporate flexibility into the criterion by using cash flow, he explained. If we should get more revenue, it can flow into the analysis, Wright added.

CRITFC has said we'd like to see you consider deferral of the Treasury payment and greater use of your other financial tools, according to Rob Lothrop of CRITFC. You need to think about deferring Treasury and getting the financial resources together to purchase 2,500 MW of power, he said, referring to the Council's presentation on the power outlook. You can't solve the problem with just hydro system operations, Wright responded. It will take something other than that, he added.

How did you come up with the ranking for the priorities? asked Howie Arnett, an attorney for the Warm Springs. We looked at ways to help the listed ESUs – that's why, for example, spring spill is rated highly, Ruff responded. Most of the Snake River fish will be in barges, he added. We looked at the biological benefits and the fish in the worst shape, Darm said. The fish that are important to the treaties will be addressed more fully in the Vernita Bar discussion, she indicated.

How many Snake River fall chinook will be in barges? Weaver asked. They won't all be transported, he pointed out. You're right, we cannot collect all of the fish, Ruff replied. There will be fish in the river, he said. That needs to be made clear, Weaver responded. Our fall chinook collection efficiency is 50 to 60 percent, Arndt added. We will collect 60 to 80 percent of the fall chinook that arrive at the three collector dams, he said.

The needs of migrating fish are static, but the power load varies and will always increase, pointed out Keith Hatch of the Bureau of Indian Affairs. He said the agencies should decide that the needs of the fish "are inviolate"; otherwise, you are setting up a situation in which, as you need more water for power production, Treaty rights are ignored. "You either build this in and take the pain" or you will be making big decisions that have future ramifications, Hatch stated. We are confronted with a year that has a combination of poor water conditions and no way to increase resources at any reasonable price, Wright

said. This is outside anything planners had anticipated, he stated. It's a question of planning in the future, Wright added.

**4. Vernita Bar.** Vernita Bar is a very difficult issue, Wright stated. We have an agreement to keep the Hanford Reach chinook redds wet, and it takes 65 kcfs to do that, he said. There is a formula in the agreement to decrease the flow, and for every 5 kcfs drop in the flow, you dewater about 13 percent of the redds, Wright continued. If we drop the flows, we don't know whether it will help out with either power production or storage, he acknowledged. The Hanford Reach fish will be out by the end of April or first of May, and the power savings could be zero or as high as 600 MW months, according to Wright. We don't know what the value is to the system of taking the action, he said. The question is whether we take the risk and keep the flows high, potentially trading that off with future operations for fish and less flexibility later, Wright concluded.

There are millions of fish at stake, Heinith said. Dewatering the redds means a huge loss – there is *certain* mortality for the fish, it's not a probability, he stated. Why compromise this for uncertain benefits – keep the redds wet, Heinith urged. So you would reduce the probability of spring spill or other operations later? Wright asked. We say you should defer the Treasury payment and find other financial tools to deal with your situation, Heinith responded. I want to be clear – you would trade keeping the redds wet at the risk of future fish operations? Wright asked. Why would we agree with that if you can't guarantee us something later? Weaver responded. We want to protect fish early in their life history – it's important to get the fish out of the redds, Heinith stated.

What is the current flow? Joe Peone of the Colvilles asked. There's no question this water will come out of Lake Roosevelt, he elaborated. It takes 65 kcfs to keep the redds wet, Ruff answered. BPA said it could mean zero to 10 feet of water in Lake Roosevelt, Darm stated. I understand the system is now operating between 70 and 80 kcfs, Lothrop said. They're at 69 to 70 kcfs, Heinith commented. That has to do with the way the mid-Columbias are shaping flows – it's not water out of Grand Coulee, Wright responded. Can CRITFC agree to come down to 55 kcfs? Peone asked, adding that is within the limits of the Vernita Bar Agreement.

Lothrop indicated a reduction of that magnitude would cut Hanford Reach productivity by one-fourth. The Hanford Reach is “the backbone of the tribal fishery,” and protecting it is important to Treaty commitments, he said. If flows are cut back, 2,000 to 8,000 redds would be killed, Lothrop indicated. That mortality is a sure thing, but the benefits of holding back the flows are uncertain, he said. We also see the potential for a situation in which it is in BPA's interest to keep the flows at a level that is adequate to cover the redds, Lothrop continued. I would hate to have us kill the redds this weekend and then decide later in April that we need the flows anyway, he said.

The question is the amount of risk you willing to take with these decisions that are being made sequentially, Roy Sampsel of CRITFC pointed out. It would be helpful to have an overall proposal and then we would have a logic trail to go down, he said. That logic

would make the reasons behind the decisions clearer – we might not agree with them, but we would understand why the decision was made, Sampsel stated.

The federal agencies are not in complete agreement on this issue, Darm acknowledged. Our thought was to have a discussion with you and see if there is other information to consider, she said. Then, next week, we would look at the most up-to-date load forecast and use that information to narrow the probability about whether we would save water if we drop back the flows at Vernita Bar, Darm said. The operation is happening now – the redds are covered until we decide on something else, she added. What authority does NMFS have with regard to the redds at Vernita Bar? Weaver asked. They are not listed fish, but we signed the Vernita Bar Agreement, Darm responded.

I'd encourage us to take the longer view – next year could be really bad, Litchfield said. We have a water problem and a power problem, and we need to store as much water as we can – if we keep the water stored, it gives us flexibility, he stated. Litchfield urged the policy makers to find a power and fish balance. The first priority is to store water as much as we can, he stated.

From the Colville point of view, “we would second that, if it were a motion,” Louie stated. He asked what federal agency will have the final word on the water, NMFS, BPA, the Corps, or the Bureau of Reclamation? We already have problems at Grand Coulee because of low water, Louie said, adding that the fish and recreation season will be down. We want the same subsidies the irrigators are getting if we lose the water, he indicated. We want you to keep the upper Columbia tribes in mind when you make these decisions, Louie said.

He asked about the nature of the power emergency BPA is planning to declare. If we aren't sending more power to California, what is the emergency? Louie inquired. The emergency will be to meet our own load; and the rate increase is to cover the cost of new resources, Wright responded. Darm said the Corps and Reclamation are ultimately responsible for operating their projects. Under the ESA, the agencies have to consult with us; we give our opinion and we provide reasonable and prudent alternatives to their operations, which they can ignore if they choose, she explained.

Darm objected to a characterization that NMFS gives its opinion and then disappears. I'd argue that this process is unprecedented in implementing the ESA, she said, adding that NMFS is not required to take comment or open its process. We have tried to create a process that is open to all and that is transparent, Darm stated. We are a small agency, and we can't be everywhere all of the time, but it is unfair to say we put out opinions and disappear, she said.

The Colvilles are signatories to the Vernita Bar Agreement, Peone stated. We never anticipated this extreme situation, he added. We have to recommend that you go to the lower end of what the agreement calls for, 50 kcfs, Peone said. When we signed, we also thought we would be the beneficiary of the salmon, he stated.

As tribes, we are coming here to make sure there is a balance, Calica said. The public trust doctrine and the Treaty trust doctrine establish the property rights of tribes, he explained. The federal agencies should make the assets valuable for the owners, Calica said. Fish are just as important as other uses, such as irrigation, power, and flood control, he stated. Calica described the importance fishing has to his culture. “You are asking me to sell my soul, and for what?” he asked. Calica said his daughter did a study on the use of electricity by the California software industry – “it’s obscene.” You’re asking me to sell out “so California can develop faster, sexier toys so people can get their e-mail faster,” he said.

I’ve heard forever about the cheap power in the Northwest, Terry Courtney Jr. of the Warm Springs said. It’s not cheap to the Northwest tribes connected to the river, he stated. Tribal people have been taught to take care of nature – we do not fish for sport, it’s our culture, Courtney pointed out. We have been taught that if we take care of nature, we will always have something to eat – “fish do not run up the river with an Indian brand on them, the fish are for everyone,” he stated. Make electricity rates more realistic so we are not in a big crisis at times like this, Courtney urged.

We have excess power on the system right now that we are selling to California because the flows are high to protect Vernita Bar, Wright said. Wednesday or Thursday of next week we will have a better sense of our load, and we will know if we need to operate at 65 kcfs to meet load, he continued. At any point, will BPA guarantee the saved water will go for fish? Heinith asked. I can’t do that, Wright responded. It would be a false promise, he said, adding he could not predict other needs later in the season.

The tradeoffs are not well defined, Grist pointed out. You may have to have flows at 65 kcfs to meet load, he said. There are a whole bunch of factors, Wright responded. The controversy exists because we have so little water, he said. You are pitting Vernita Bar fish against later stocks, Grist said. You need to frame the tradeoffs in an explicit way – we need a better context for this decision – we need a more analytical and contextual way to frame this, he stated. This stuff is very difficult – what we’ve shared is what we know, Wright replied. Time is passing, and we are making decisions, he added.

We know it will be hard to find a win-win in this unprecedented situation, Smitch said. It would be helpful from the fish side to know, if you take a particular action, what is at stake for other stocks, he explained. There is a problem with time, Smitch continued. Every decision made next week affects something down the line, he added. I don’t know how consultation works in this type of situation – we don’t know very much about the risks and tradeoffs, but “we want to be able to explain the decisions to folks who will be unhappy,” Smitch stated.

To be clear about Vernita Bar, the current protection will be maintained, which could put BPA in a surplus energy situation, Jim Fodrea of Reclamation pointed out.

We need to make good decisions today, Blackwolf said. What we do will affect things down the road, he added. We are facing a bad year for water, and I pray we make the

right decisions – they will affect people and fish, Blackwolf stated. We need to keep clean water in mind, too, he said. The federal agencies “need to get good PR out,” so the blame doesn’t all fall onto the tribes, Louie suggested. It’s just a bad water year, he added.

**5. Planned Operations.** Let’s go over what we are planning for the next two weeks, Wright suggested. We are ready to go to MOP on the Snake River and at John Day, Lamb stated. MOP limits our peaking capability, so we may need to change the operation if we are having peaking problems, she acknowledged. Based on the reliability study, we don’t see it as reasonable to start spill in the first two weeks of April, Lamb stated, adding that the agencies would address other facets of the operation in the straw plan. With regard to starting transport from McNary, Wright pointed out that getting a Section 10 permit is the constraint. If that issue can be accelerated, that could be discussed at the TMT meeting, he said.

If we are not going to go with the BiOp on spring spill, there has to be a power emergency declared, White pointed out. My intent is to declare a power emergency, and we would not do spill, Wright responded.

What is going on with the Section 10 permit? Steve Crow of the Council staff asked. NMFS has to have a “take” permit to handle the fish – we have a permit for it on the Snake, but not at McNary, Ruff responded. NMFS is consulting with itself on the permit, he added.

It looks like we have a blanket emergency – the drought, energy prices, and biological impacts, Sampsel observed. I expect we’ll have a power system emergency at times throughout the spring and summer, Wright said. My predilection is to do something for a couple of weeks until we get the year’s operating strategy in place, he added. Will you declare a power emergency? Smitch asked. Yes, I will declare an emergency since under the BiOp, spring spill is to begin in early April, and it will not, Wright responded.

We’ve been asked about targeted spill for hatchery releases, and we would not plan to spill in the first two weeks of April, Lamb stated. Ruff said millions of fish have already been released into both the Snake and Columbia rivers and millions more will follow in April. We are already seeing fish in the river, he stated.

The discussion turned to scheduling future meetings. The group decided on a conference call April 6 and another meeting April 13. Grist asked if the agencies could provide the operating straw plan before April 13, and Wright said he couldn’t guarantee it, but the goal would be to do that.

We may be in a situation to have rolling blackouts this summer, Heinith said. We’d like to see an analysis of what that would mean for water savings, he added. What is the plan if we are faced with this? Heinith asked. You are talking about a curtailment plan and they vary from state to state, Crow responded. Those plans are getting more attention now, Litchfield said.

The state of Washington has 300 water rights permits that depend on minimum streamflow, Lothrop pointed out. Washington is talking about reducing the streamflow requirement rather than curtailing the permits, he said. We could be talking about 200 to 400 MW months, Lothrop said, suggesting the federal agencies keep their eye on that process. We have said we would be interested in purchases that are real water, not paper, Wright responded. People have to bring those to us, he said. Will there be any flow out of Hells Canyon in the next weeks? Heinith asked. Darm said those discussions are still under way.

**6. Council's Review of BPA's Financial Analysis.** Mark Walker said Council staff looked at BPA's financial data and determined its analytical approach is reasonable. We've signed a confidentiality agreement with BPA, so I don't have handouts with the specifics to give you, he indicated. Walker described the information BPA provided and the three scenarios that were run. With all of the scenarios, except "meet load," there are significant problems with BPA meeting its financial obligations, he said. We feel their calculations are reasonable – it's all a matter of probabilities, so we don't know what's going to actually happen, Walker indicated.

We don't want to show folks where we stand with regard to surplus and deficit, so we don't affect the power market, Wright said, adding that BPA's presence as a buyer or seller can affect market prices significantly. We asked the Council to test the validity and concur with the reasonableness of our assumptions, he explained. A key question is how you use the flexibility in the system if runoff is above 53 MAF, Wright stated.

If BPA has to acquire 2,500 MW, we should look at the 16 to 20-month financial picture, Lothrop suggested. It looks to us like we need to talk to the Treasury and Congress, he said. If BPA is uncomfortable with that, maybe the states and tribes ought to do it, making the point that this is not just for power, it is for fish, Lothrop said. We need to get that issue on the table, he stated.

I've told the region we are on a trajectory to raise rates 250 percent and to buy over 2,000 MW, Wright said, adding that he met with Treasury officials when he visited Washington, D.C., last week. You have more tools after October 1, so the problem is getting from here to September 30, Walker observed.

The meeting adjourned at 1:15 p.m.

*Adjourn*