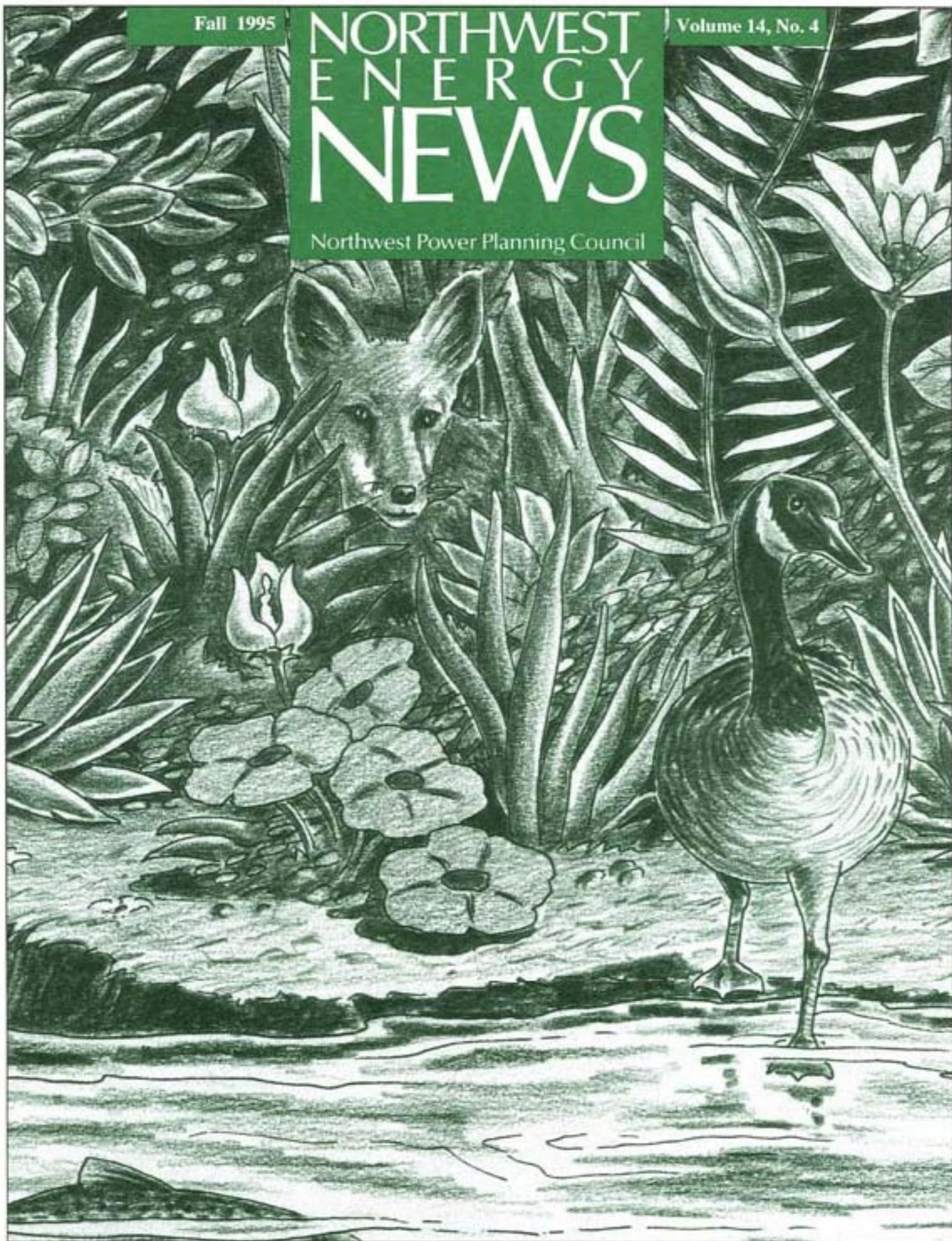


Fall 1995

# NORTHWEST ENERGY NEWS

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Northwest Power Planning Council



# Fall Issue



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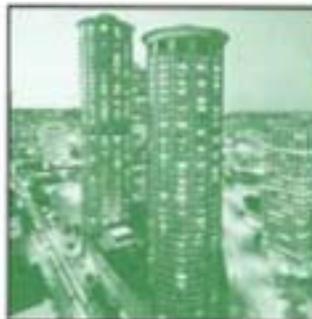
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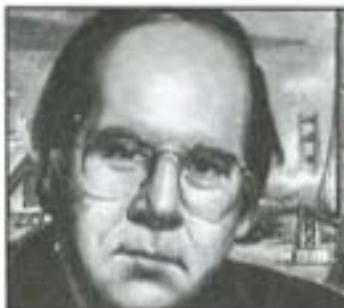
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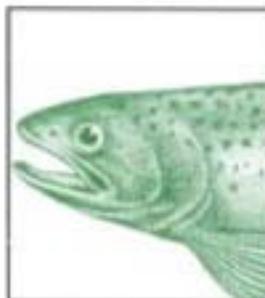
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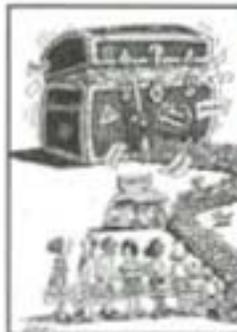
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# Protecting Habitat and Property rights

**A flexible approach is helping find common ground for some, but is it enough?**

by Jim Middaugh

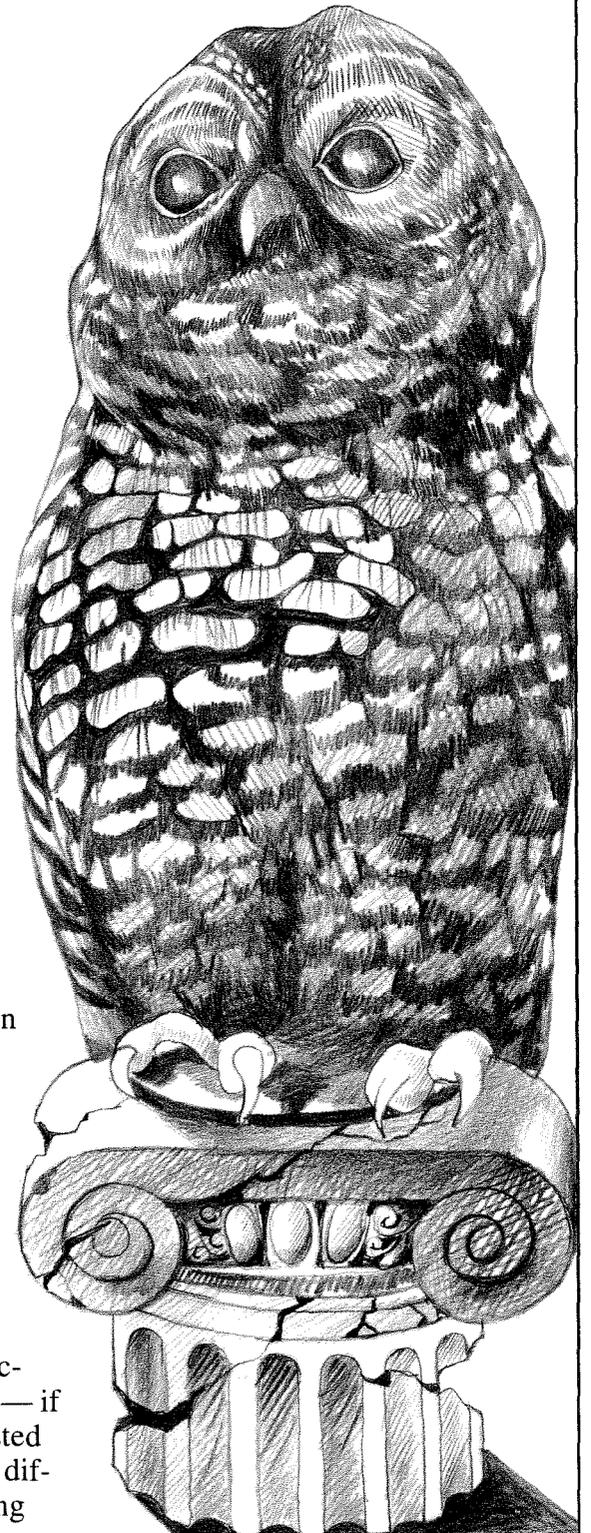
**A**mid the shouting and accusations over scientific uncertainty and efforts to save spotted owls, wolves, salmon and other species, a few voices are quietly discovering common ground.

Even *USA Today* is reporting on “a quiet movement that is charting a new course to end what some see as the catastrophic disappearance of wildlife, and possibly to resolve a long-standing clash of economic and environmental interests.”

It may sound implausible, but under an approach allowed by the Endangered Species Act since 1982, private interests actually are developing plans to harbor threatened and endangered plants and animals on their property. The approach seems to be working in the Northwest, and that success may lead to improvements in the embattled law.

Despite some early successes, however, no one involved in the process — from environmentalists to government officials to timber industry executives — says the system is perfect. Concerns about costs and delays shadow virtually every conversation about the new approach. But the fiery rhetoric about “economic train wrecks” and “environmental catastrophes” that exemplified much of the debate about endangered species in the recent past is notably absent.

The federal Endangered Species Act protects more than 1,500 species of plants and animals. It requires restrictions — even on private land — if development might harm a listed species or its habitat. It is the difficulty and conflict surrounding



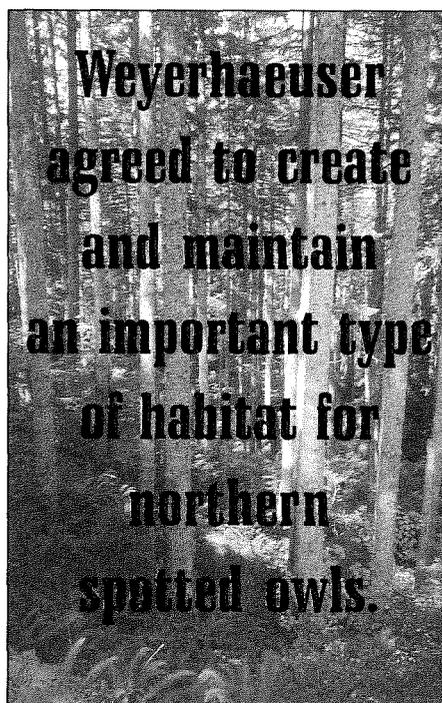
the imposition of those restrictions that spawned the more than 200 voluntary species protection efforts on private land that have been approved or are under consideration coast to coast.

**T**he Act was approved by Congress in 1973 to preserve species at risk of extinction. As a fundamental element of this protection, the Act specifically prohibits killing, harming, or otherwise "taking" endangered and threatened species. Taking includes destruction or significant alteration of habitat that listed species depend on, even if that habitat is located on private land. The habitat protections recently were affirmed by the Supreme Court in a case that originated in Sweet Home, Oregon.

The prohibition against habitat alterations, particularly on private land, has proved difficult to enforce, and often has led to serious conflicts between economic development and endangered species conservation.

But in 1982, Congress amended the law to provide a way to reconcile these seemingly disparate interests. The provision, embodied in Section 10(a) of the Act, allows a landowner or group of landowners to obtain a permit to carry out activities resulting in the incidental take of at least some individuals of a protected species in exchange for creating and implementing a plan that promotes the overall conservation of the species.

The plans have come to be known as habitat conservation plans, or HCPs. And they are quickly becoming an important tool that federal wildlife managers can use to link species-protection strategies on public lands with voluntary protection efforts on private lands, increasing the effectiveness and flexibility of both.



Habitat conservation plans have appeared in numerous forms. Some address the effects of development on a small parcel of land on a single species. Others look at the effects of timber operations covering hundreds of thousands of acres and all species — listed and non-listed. The plans cover time periods ranging from just a few years to as long as a century. Virtually all of the plans are products of voluntary negotiations between landowners and federal fish and wildlife agencies.

**L**andowners, conservationists and agency officials who have reviewed or participated in the development of the plans are positive about the process, but quick to point out that nothing associated with endangered species and restrictions on the use of private land is easy.

"The people who like HCPs, on both sides of the issue, are basically acknowledging that they are the lesser of two evils," according to Mitch Freidman, the director of the Washington-state based Northwest Ecosystem Alliance. "There's no process or funds to measure critical habitat or

monitor critters on private lands. In theory, an HCP gets you around that need."

Landowners express their own concerns.

"It's clear some effective agreements have been reached, but most people would argue that they are too costly and too time consuming," said Seth Diamond, wildlife program manager for the Intermountain Forest Industry Association. "At their current rate, it's difficult to consider them a tool that has broad application. It's clear that the sheer cost of the plans makes it extremely difficult for small and medium-sized landowners to take advantage of the potential benefits HCPs can provide," he said.

**W**eyerhaeuser, for example, spent 18 months and about \$600,000 doing the habitat conservation plan and the associated National Environmental Policy Act (NEPA) documentation for its Millicoma tree farm in southwest Oregon. "That is prohibitive to a lot of private landowners," according to Jim Bradbury, Weyerhaeuser's director of public affairs for Oregon. "We have one of the largest research infrastructures in the industry. Even with that infrastructure, it was a very expensive plan. The expense is what could prohibit a small landowner from participating," he said.

For those who *can* participate, habitat conservation plans provide a very valuable commodity: certainty. If done properly, such a plan provides landowners with a guarantee that future operations that are consistent with the approved plan will not result in Endangered Species Act violations. On the other hand, conservationists get some certainty that habitat will be protected.

**W**eyerhaeuser's Millicoma Tree Farm habitat conservation plan is a case in point. The plan provides the company with legal protection for any incidental harm to spotted owls or their habitat during harvest operations. In exchange, Weyerhaeuser agreed to create and maintain an important type of habitat for northern spotted owls on its 209,000-acre property. There are 35 owl sites on the tree farm.

Specifically, the Millicoma plan is designed to allow the movement, or dispersal, of juvenile spotted owls between three federal old growth areas and a large block of state-owned forest located in the vicinity of the tree farm. The need to provide dispersal habitat to allow the species to intermingle, breed and begin to recover is considered critical to its survival. In many places, private land provides the crucial habitat corridors between larger blocks of old growth created by the federal forest plan.

Without Weyerhaeuser's cooperation, providing that habitat "connectivity" along Oregon's south coast would have been difficult, if not impossible, without even greater restrictions on timber cutting on federal and state-owned land.

Thanks to the plan, spotted owls gained valuable habitat, and Weyerhaeuser has permission to conduct its operations on the tree farm for a 50-year period without fear of violating the Endangered Species Act. Those operations support 300 Weyerhaeuser jobs in Oregon's Coos and Douglas counties, as well as additional jobs for local contractors, chips for paper-making operations and logs for other local mills. If the plan develops as expected, the U.S. Fish and Wildlife Service can renew it in 10-year increments up to a total of 80 years.

"Here you have private landowners, agency people and environmentalists working together and it seems like their opinions are a lot closer than they used to be, or than you would think they would be from reading the press," Bradbury said. "When you get people in the same room talking to each other it goes a lot more smoothly than you might think. Our Coos Bay agreement is an example of that," he said.

Other landowners see promise in habitat conservation plans, too.

Murray Pacific Corporation, a family-owned timber company operating in Washington state,

established its own plan in June of this year. But the company went even further than Weyerhaeuser. The Tacoma-based firm became the first timber company in the nation to be allowed to "take," incidental to its timber cutting activities, all federally listed endangered and threatened species that might occur on its land over the next century.

**T**he plan applies to Murray Pacific's nearly 54,000-acre tree farm in eastern Lewis County, Washington. In addition to spotted owls, marbled murrelets and other species associated with forested areas, the plan also will



Weyerhaeuser's Millicoma Tree Farm, near Coos Bay, Oregon, where spotted owl habitat is being maintained.

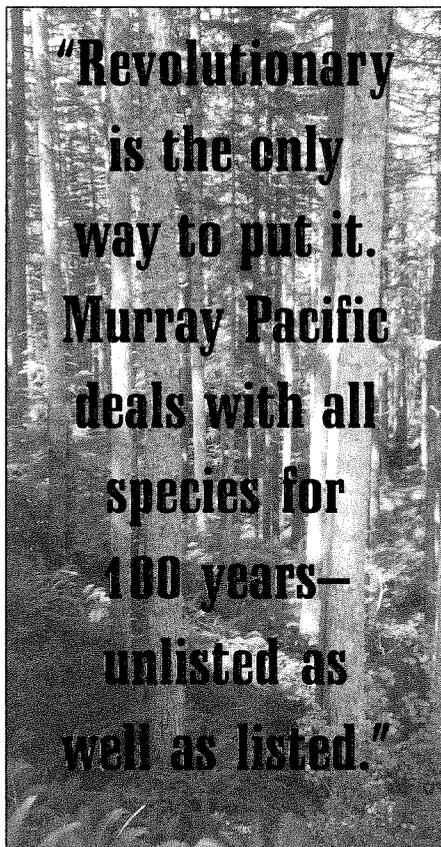
allow the company to incidentally “take” salmon and steelhead should they be listed under the Endangered Species Act in the future by the National Marine Fisheries Service.

The plan requires the company to leave at least 10 percent of its tree farm in non-harvest reserves for the next 100 years, primarily in riparian areas. In addition, the plan protects all habitat-types located on the property, including rock slopes, caves, nest trees and den sites. In return, the U.S. Fish and Wildlife Service provided Murray Pacific with assurances that its timber cutting activities will not be disrupted by future endangered species listings through 2094.

**B**ut the fact that the company’s plan didn’t start out in such a comprehensive fashion illustrates one of the complexities of the process. What happens when an endangered species other than the one in a habitat plan appears on the land in question?

In 1991, Murray Pacific’s timber managers discovered they had a spotted owl on their property. Knowing they were not supposed to cut timber in spotted owl habitat, the company hired professional wildlife surveyors to review the tree farm. After the surveys, the company determined it had three owls, one pair and one single.

To obey the law without a habitat conservation plan, Murray Pacific would have had to place more than 40 percent of its merchantable timber off limits. “So we initiated the HCP process,” said Toby Murray, the company’s vice president. “Two years and about \$650,000 to \$700,000 later, it was approved by U.S. Fish and Wildlife. However, we had barely begun to celebrate when a marbled murrelet dipped its wing over the west edge of the tree farm — and we were back in the soup again.”



**“Revolutionary  
is the only  
way to put it.  
Murray Pacific  
deals with all  
species for  
100 years—  
unlisted as  
well as listed.”**

**T**he addition of the new listed species put the earlier plan on hold. Once again, wildlife surveyors were dispatched across the tree farm. At the same time, “We thought there had to be a way to come up with some sort of a plan to get us out of the species-by-species box,” Murray said. “So, we drew up a multispecies plan with a lot of help from the U.S. Fish and Wildlife Service and the National Marine Fisheries Service,” he said.

“This is a revolutionary plan,” according to Mike Spear, regional director of the Fish and Wildlife Service. “Revolutionary is the only way to put it because they deal with all species for 100 years — unlisted as well as listed. They took care of all types of species, and they have a permit to operate. So essentially, they don’t have any Endangered Species Act issues,” he said.

“It’s not easy and it’s not cheap,” Murray said. “Most of the stuff we’ve agreed to do is good stuff. In fact, all of it is good stuff.”

You’re trying to run a business on the one hand, but you also need to make a substantial contribution to the public resource, too,” he said.

**S**pear welcomes Murray’s attitude, and the attitude of other timber industry leaders. “What has been really marvelous in working with the timber companies is they’ve done some really revolutionary biology. Not only have they taken the opportunity to get a “take” permit, they’ve really taken to heart the notion that even though these are private lands, the species on them have broad public values and that it’s important to look beyond just the timber values.

“As a result of that attitude, they’re doing wonderful science, and, frankly, breaking some new ground on survey methods we hadn’t thought of. There’s a lot of creativity as to how to do these things more quickly and more cheaply, which is frequently the role of the private sector,” Spear said.

Besides, Murray adds, “I just didn’t see any global solution on the horizon. People talk about gutting the Endangered Species Act, but it’s clear the public is not interested in eliminating environmental protection — that’s a no-brainer, it seems to me,” he said.

“What these people want is certainty,” Spear said. “They want to be able to say, ‘We want to be able to manage our forest. We want a steady stream of timber, but we don’t want to have to worry about having to come up with a new plan every time a new species gets listed.’ By doing comprehensive, ecosystem-based plans, we can give them that certainty,” he said.

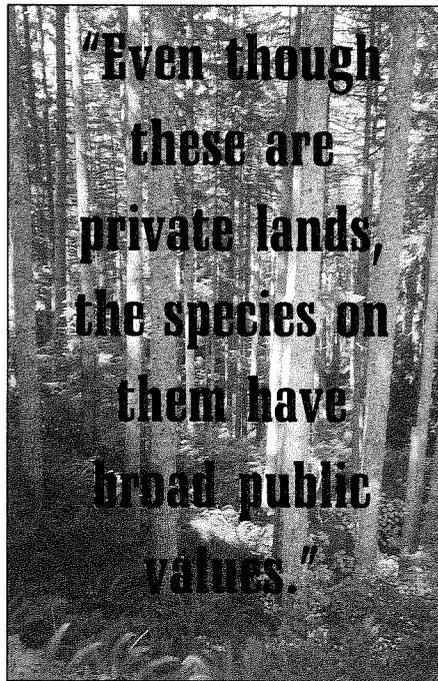
**E**nvironmentalists agree. “The fact of the matter is, this is a voluntary process. None of these

guys would come into the HCP process unless they felt they were going to get some level of certainty," said Dr. David Wilcove, senior ecologist with the Environmental Defense Fund, a national environmental group that has helped develop habitat conservation plans for the red-cockaded woodpecker, the desert tortoise and for other species. "If you can't give them some level of certainty, why should they participate?"

But the Intermountain Forest Industry Association's Diamond says the term "voluntary" is defined differently by different people. "There used to be a poll tax on voting," he said. "Voting was voluntary, but only those who could afford the tax could vote. HCPs are the same way. Instead, we need to develop incentives that encourage people to conserve species. Certainty is an incentive, but it's based on the fear of regulation, and that's not a true, positive incentive," he said.

The Environmental Defense Fund and others have suggested that an incentive could be provided through the creation of a federal revolving fund to provide the resources necessary to enable local communities and landowners to launch habitat conservation planning efforts earlier, at a time when difficult conflicts can be anticipated and avoided.

**A**nother way to address the cost issue is with larger plans. "Conservation doesn't come free," Wilcove said. "I would argue that a case could be made that you want to make sure that the parties who are reaping the benefits from the action contribute their fair share. That's one reason larger HCPs are better — lots of people can contribute a small amount rather than a few people contributing everything," he said.



Wilcove also says the larger and more comprehensive the conservation plan the more effective it will be for species and for landowners. "The government ought to be out encouraging regional HCPs. The larger the scale of the planning, the easier it is to accommodate the species and the legitimate activities of the landowners. The worst scenario is having a whole bunch of small HCPs across the range of a species. That Balkanized approach prohibits you from taking a broader look at species' needs and limits your management flexibility," he said.

**C**omprehensive habitat conservation plans also allow the government to apply a new policy to landowners. The policy is called "safe harbor."

"One of the concerns that people have is that if they improve their land they may attract an endangered species," Spear said. "Then they think, 'Now I'm in trouble. I didn't have one before, or I had three before and now I have 10 and I've got more problems.'" That's where the safe harbor approach comes into play, according to Spear.

"The safe harbor approach basically says we'll establish a baseline of whatever is there now. If it's zero endangered species then zero is the baseline," Spear said. "If you then improve your habitat for a certain period of time and you increase the number of endangered species, at the end of that period you can manage your land back to the baseline of no endangered species. The process allows people to manage for endangered species while trees are growing, for example, but doesn't bind them forever," he said.

Safe harbor provides certainty to landowners, but it makes environmentalists suspicious. "Given that our knowledge base is rapidly growing, there are troubling biological implications of 'freeing up' private land owners from obligations to protect newly listed species," according to Dave Wernitz, a biologist with the Northwest Ecosystem Alliance. "The current HCP process rests on the assumption that what we currently know is sufficient to plan for species conservation for the next several decades. I don't think this assumption stands up to critical review," he said.

**W**ernitz notes that the fields of terrestrial and stream ecology, landscape ecology and conservation biology have grown rapidly in the last decade, and that they continue to grow. "It seems that each time a concerted effort to identify species-habitat linkages is made, our knowledge base increases dramatically," he said. Wernitz points out that in 1985, there were thought to be about 70 species associated with old-growth forests in the Pacific Northwest. The federal forest plan, which was completed in 1993, identified more than 1,100 species associated with late-succession forest and considered an

additional 10,000 species of arthropods.

“The ‘flexibility’ of the HCP [process] appears to be focused on meeting the needs of land owners instead of the needs of threatened and endangered species,” Werntz said.

**D**espite the uncertainty, safe harbor allows the government to help many species “get over the hump,” Spear said. “Some species need protection for 20 or 30 years and then they’re going to be all right. The spotted owl is probably in that situation. In 30 years, we shouldn’t have any problem. Right now, we do. Safe harbor helps us address the problem and the anxiety landowners rightly feel,” he said.

Curt Smitch, assistant regional director for the U.S. Fish and Wildlife Service in Olympia, says safe harbor is a critical tool in helping “change the psychology” of the Endangered Species Act.

“We were running into what some people call ‘panic cutting,’ operators who felt that in order to avoid potential problems they could never let their trees get more than 50 years old,” Smitch said. “The idea of safe harbor is to reverse the process so landowners aren’t afraid to manage their property in a way that might attract endangered species. Instead of punishing landowners for doing a good job with their habitat, safe harbor allows us to reward them with some certainty,” he said.

**A**dditional comprehensive plans — and potential applications of the safe harbor program — currently are in the works. Although it’s in its early stages, none has as much promise for the Northwest as an effort being led by the Mid-Columbia Public Utility Districts (PUDs).

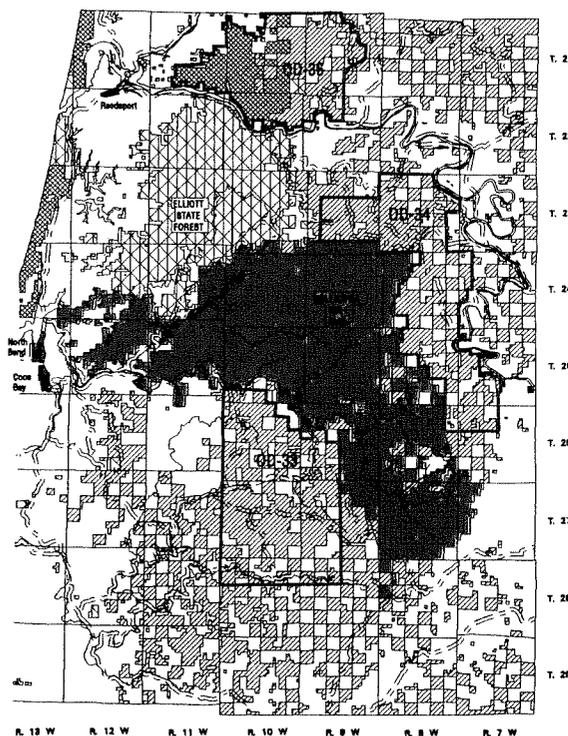
“One of the fascinating things that I think we have under way now, which may have significant ramifications for the Columbia River, is the HCP process under way with the Mid-Columbia PUDs,” said Will Stelle, regional director of the National Marine Fisheries Service, the agency with jurisdiction over threatened and endangered salmon and steelhead.

“It’s not just land, it also is dam operations — five of them — and mainstem passage,” Stelle said. “Their plan is going to be addressing the same issues the government has addressed on the federal dams — with a difference. And that difference is they are private entities and they may well be able to do business better and faster than the federal entities,” Stelle said.

“I think it has generally been the PUD’s approach that we want to be responsible stewards of the resource and that in order to do so we can’t continually be bombarded by endangered species problems,” said Bob Clubb, chief of environmental and regulatory services for the Douglas County Public Utility District, one of the three mid-Columbia utilities participating in the plan.

“What we’re trying to do is take a holistic approach to solving problems in the mid-Columbia. We really want to address the issues with an ecosystem approach so the problems won’t keep coming back again and again. It’s our view that we’re going to address these issues eventually anyway, so

### Coos Bay Vicinity



#### LEGEND

- Weyerhaeuser lands
- Other lands
- Towns
- ▨ BLM lands
- ▩ State of Oregon lands
- ▨ U.S. Forest Service lands
- ▬ Roads
- ▬ River/Streams
- ▭ Proposed Designated Conservation Area

5km 0km 5km 10km 15km 20km



we'd rather be proactive instead of reactive," he said.

**I**n the case of the mid-Columbias, a comprehensive approach involves more than just their own dams. Because it not only deals with the dam operations on the mid-Columbia River, but also with the mid-Columbia's tributaries and land management along those tributaries, local landowners, tribal governments, and state fish and wildlife agencies also are involved in the plan.

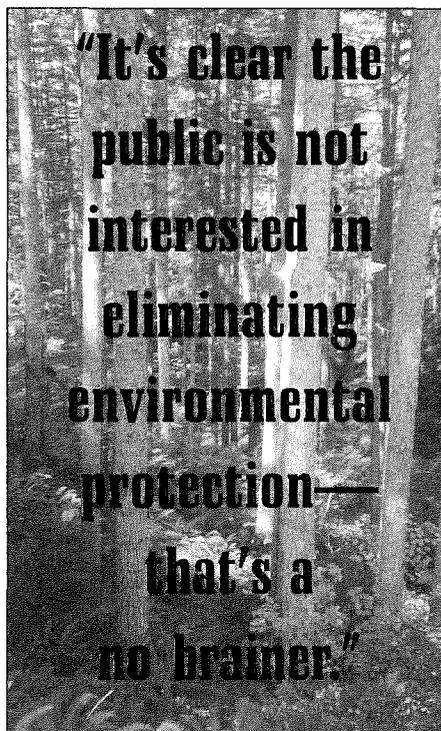
But the benefits of a more comprehensive approach have their own costs. "When you have intermingled ownerships, it complicates things," according to Jim Geisinger, president of the Northwest Forestry Association. "If you have contiguous lands, it's easier," he said.

Smitch agrees. "From a biological perspective, it makes sense. From a real world perspective, we think it's difficult. The more jurisdictions you bring in, the harder it is to get accountability. The negotiations are longer, they are more difficult and somebody has to be willing to sign the contract," he said.

Which raises another significant concern of many landowners — the amount of time it takes to complete a habitat conservation plan, not to mention the other documentation needed to satisfy other federal laws like the National Environmental Policy Act.

"Since 1982, we have only 33 HCPs. I don't think that's a measure of raging success," Diamond said. "There needs to be a quick, inexpensive way for landowners to reach cooperative agreements on conserving species. The resources to negotiate and implement these lengthy and expensive HCPs simply don't exist," he said.

"I think landowners have a legitimate argument," Smitch said.



"There ought to be a way to combine all the public review into one process. The spirit and intent of the law is to make sure the public has a right to see what a project's potential impacts are on the environment. Unfortunately, a lot of the process doesn't help the public understand.

"Landowners come to us voluntarily. To the extent that we can't reach an expeditious agreement, the landowner walks. Landowners who complete HCPs do get long-term certainty, and most of those involved say they get a good deal, but that doesn't mean we can't do a better job of streamlining the process," Smitch said.

**A**nd the agencies are working to streamline the process. In mid-May of this year, all the federal agencies signed an agreement that created local teams committed to producing endangered species consultations in 60 days instead of the statutory 135 days.

In addition, the Fish and Wildlife Service has formed a habitat conservation plan team in Olympia. The team includes representatives from the National

Marine Fisheries Service. "So you can get fish and wildlife taken care of at the same place and at the same time," Smitch said. "You can't use the same bureaucratic process that you used to use if you want to get these things done fast. You have to be accountable to the landowner and we are becoming more so all the time," he said.

"The procedural aspects and the increased interagency cooperation perhaps go a little unnoticed," Spear said, "but in the long run, they are going to be every bit as important."

"The Fish and Wildlife Service is trying to do the right thing, but it's clear they have a very serious political agenda. They're using HCPs to bring blankets and alcohol to the landowners in the hope of buying peace over the Endangered Species Act. But in doing so, we hope they don't make too many compromises for the good of listed species," said the Northwest Ecosystem Alliance's Mitch Freidman.

**I**ndustry representatives, too, hope for the best while holding onto a healthy skepticism. "There's no doubt that they are trying," Diamond said. "But mere administrative changes are not going to fix some of the fundamental problems in the Endangered Species Act. They are moving in the right direction. They are struggling to shift gears rapidly. That's always positive. It's probably too little and it's certainly overdue," he said.

"We're encouraging our members to keep an open mind until they can get enough information from the government to make a decision about developing a plan of their own. Combined with some needed reforms of the ESA, particularly in the area of compensation, HCPs could be useful," Geisinger said. ■

# What's in a Habitat Conservation Plan?

**T**he contents of a habitat conservation plan are defined in Section 10 of the Endangered Species Act and its implementing regulations. They include:

- Impacts likely to result from the proposed taking of one or more federally listed species.
- Measures the permit applicant will undertake to monitor, minimize and mitigate for such impacts; the funding that will be made available to implement such measures; and the procedures to deal with unforeseen circumstances.
- Alternative actions to the taking that the applicant analyzed and the reasons why the applicant did not adopt such alternatives.
- Additional measures that the U.S. Fish and Wildlife Service may require as necessary or appropriate.

## What kinds of actions are considered mitigation?

Mitigation measures may take many forms, such as: preservation (via acquisition or conservation easement) of existing habitat; enhancement or restoration of degraded or former habitat; creation of new habitat; establishment of buffer areas around existing habitat; public education programs; modification of land-use practices; and restrictions on vehicular access.

## What is the legal commitment of a habitat conservation plan?

The elements of the habitat conservation plan are made binding through the incidental take permit and implementation agreement. While incidental take permits contain an expiration date, the mitigation identified in the habitat conservation plan is usually in perpetuity.

## Who approves a habitat conservation plan?

In the Pacific Northwest, the deputy regional director of the Fish and Wildlife Service's Pacific Region decides whether to issue a permit based on findings that:

- the taking will be incidental to an otherwise lawful activity;
- the impacts will be minimized and mitigated to the maximum extent practicable;
- adequate funding will be provided;
- the taking will not appreciably reduce the likelihood of the survival and recovery of the species; and
- any other necessary measures are met.

## What other laws besides the Endangered Species Act are involved?

In issuing an incidental take permit, the Fish and Wildlife Service must comply with the National Environmental Policy Act and all other statutory and regulatory requirements, including any state or local environmental/planning laws. Habitat conservation plans require either an Environmental Assessment or an Environmental Impact Statement.

**Does the public get to comment on a habitat conservation plan? If so, how do public comments affect the plan?**

The Endangered Species Act requires public comment on the application for an incidental take permit. The National Environmental Policy Act requires public comment on certain documents. Therefore, public comments must be considered in the permit decision.

**Who monitors habitat conservation plan compliance, and what happens if someone fails to comply?**

The Fish and Wildlife Service or any party designated as responsible (e.g., state wildlife agency or local government) in the habitat conservation plan and its implementation will monitor the project for compliance with the terms of the incidental take permit, habitat conservation plan and implementation agreement. Violation of the terms of an incidental take permit would result in "illegal take" under Section 9 of the Endangered Species Act. The penalties are prescribed by law.

— Source: U.S. Fish and Wildlife Service



## U.S. Approval of Oregon plan opens door for logging in state forest

**Harvesting in the Elliott forest will be allowed under a "habitat conservation plan" that takes endangered species into account**

By **ROB EURE**  
*of The Oregonian staff*

Oregon is the first state government to win federal approval of its plans to protect endangered species in exchange for some guarantees against federal interference with logging.

The plan for the Elliott State Forest east of Coos Bay means that the state can allow some logging on the coastal forest that has been largely shutdown since the early 1990s over concern for the northern spotted owl and marbled murrelet, both threatened species.

Revenue from the much of the Elliott forest goes into the Common School Fund.

On Tuesday state officials and U.S. Interior Secretary Bruce Babbitt plan to announce

formal approval of the state's plan, called a "habitat conservation plan" at a Salem news conference.

Habitat conservation is the newest tool promoted by the Clinton administration to show how the Endangered Species Act can work. Efforts to erode the act are pending in Congress, backed by Republicans who say the act has lost sight of humans in the struggle to save wildlife.

"This administration is fully committed to providing a viable timber economy while protecting fish and wildlife and the environment," Babbitt said Monday.

By voluntarily committing to manage the lands to maintain habitat for threatened species, the landowner is shielded for accidentally damaging habitat or killing protected wildlife during the course of approved work.

The plans have become popular among major private timber companies as a way to win some stability in managing their lands. Immediately south of the Elliott forest, Weyerhaeuser Company has a

plan in effect for 209,000 acres.

But Oregon's is the first state plan to win approval. Washington state is working on a similar plan for some of its timberlands.

Landowners ranging in size from "mom and pops" to major timber companies have complained long and loud about rules that stop them from cutting trees if endangered species are believed to occupy their land.

The owl and murrelet are protected in their range from Northern California to Canada along the Pacific Coast. That protection extends beyond federal lands, meaning a person owning 100 acres of timberland in Oregon today might not be able to cut any trees in the name of helping to save one of the birds.

Oregon's habitat conservation plan for the 93,000-acre Elliott forest is part of an overall management plan for the state forest developed over several years. State foresters hope the plan will restore timber harvest levels to just more than half the amount cut in the 1980s.

This article from the October 4, 1995 *Oregonian* is reprinted with their permission.



# HELP for the Reservoir Dwellers

## Amendments increase protection for resident fish and wildlife.

by John Harrison

**S**almon aren't the only fish affected by dams in the Columbia River Basin. The basin's hydroelectric dams, which churn out enough power for 14 Seattles, have had an impact on the production and habitat of other fish, too, such as trout, kokanee and sturgeon, and on wildlife ranging from chickadees to elk.

For anadromous fish, like salmon and steelhead, the biggest problem is getting past dams on the Snake and Columbia rivers on their way to and from the Pacific Ocean. Impacts on the other fish, which live in reservoirs behind dams and in tributaries that flow into the reservoirs, are different. Some fish are swept over dams.

Reservoirs can flow either too fast or too slow: too fast, and food organisms may not have enough time to grow to an abundance adequate to sustain large fish populations; too slow, and the water temperature may rise and encourage the growth of predator fish. In either case, spawning can be affected by rising and falling reservoir levels.

Wildlife also have been affected by the construction and operation of dams. In some instances, important nesting and breeding grounds were flooded by the reservoirs. In other areas, the creation of reservoirs boosted certain populations, particularly waterfowl, by increasing the amount of water habitat.

**I**n the Northwest Power Planning Council's Columbia River Basin Fish and Wildlife Program, the needs of resident fish and wildlife are addressed along with those of salmon and steelhead. In September, the Council approved a number of amendments to the program that, collectively, strengthen the protections already afforded resident fish and wildlife. The amendments were proposed by the region's state, federal and tribal fish and wildlife managers, and others.

### Funding level

Beginning in Fiscal Year 1996, the program calls on the Bonneville Power Administration to allocate not less than 15 per-

cent of its budget for fish and wildlife projects to resident fish and not less than 15 percent to wildlife. The remainder would be spent on salmon and steelhead projects. If these allocations had been in place in 1995, Bonneville would have spent about \$12 million on resident fish and the same amount on wildlife. That compares to actual 1995 expenditures of \$6.6 million on resident fish and \$10.2 million on wildlife. In the 1996 fish and wildlife projects budget, Bonneville has allocated \$11.6 million each for resident fish and wildlife projects.

**T**he budget allocation should assure continued funding — a funding floor, actually — to ensure that work advances on important resident fish and wildlife projects. This level — 15 percent to resident fish and 15 percent to wildlife — was recommended to the Council by the Colville Confederated Tribes. The Kalispel and Spokane tribes jointly submitted a similar recommendation.

## **Implementation planning**

To date, Bonneville has negotiated implementation of the fish and wildlife program with the region's fish and wildlife agencies and Indian tribes. In 1994, the Council amended the fish and wildlife program to broaden participation in decision-making, adding land and water managers and other interested parties. The 1994 program also called for an annual implementation work plan, a monitoring report and for independent scientific review of the program and its implementation.

In the 1995 amendments, the Council clarified certain details of the implementation planning process. For example, the Council

and Bonneville will negotiate annual funding levels for the program and communicate those levels to the Columbia Basin Fish and Wildlife Authority, which represents the region's state, federal, and tribal fishery managers. The Authority, using criteria approved by the Council, prioritizes projects for funding within the amount of money negotiated by the Council and Bonneville. This list of projects and estimated budgets — for resident fish and wildlife as well as for salmon — will be prepared by the Authority annually and submitted to the Council for approval. The Council will review the prioritized list of projects and the workplan for consistency with the program and, when satisfied, submit the list to Bonneville for funding.

## **Resident fish mitigation priorities and biological objectives**

The Council's fish and wildlife program is designed to integrate an overall plan of goals, principles, priorities and specific objectives. The Council's goal for resident fish is to recognize that where hydropower impacts have irrevocably changed the native ecosystem, the best that can be expected is to enhance the ecosystem that remains. So the program calls for efforts to address the impacts of construction and operation of the hydropower system, and to substitute resident fish for the loss of salmon in those areas that were blocked to salmon by dams — above Chief Joseph Dam on the Columbia, for example. Over time, resident fish substitution projects should enhance fisheries for both tribal and recreational fishers.

## **Resident fish substitution priorities and objectives**

The amended program emphasizes rebuilding weak, but recoverable, native fish populations to sustainable levels, and using resident fish as substitutions for salmon that are blocked from their habitat by federally operated dams. As with the salmon and steelhead chapters of the program, the resident fish amendments call for developing biological objectives and rebuilding schedules. Specifically, resident fish biological objectives describe characteristics needed to achieve specific rebuilding targets. The program calls for specific actions that are designed to achieve the biological objectives over time, and some of these are described below.

**B**iological objectives in the amended program were developed by fishery managers for resident fish in the blocked areas above Chief Joseph and Grand Coulee dams. The program calls on Bonneville to emphasize resident fish substitutions for fish populations above those federal dams, until the benefits to the fishery have been realized and specific harvest and escapement targets are met. The program also notes that the biological objectives established for these resident fish account for approximately 10 to 13 percent of the total loss of anadromous fish as the result of construction and operation of the two dams. Achieving these objectives, according to the program, "is a reasonable goal to partially offset these losses."

## Wildlife

Loss estimates, expressed in units of lost wildlife habitat, have been developed for the federal Columbia River hydropower system. Using these loss estimates, Bonneville and the region's wildlife managers are developing short-term and long-term mitigation agreements for each of the four Northwest states. The amended fish and wildlife program calls on Bonneville to consult with the U.S. Army Corps of Engineers, Bureau of Reclamation, state and tribal wildlife managers, and other federal land and water agencies to finalize a wildlife mitigation plan by March 1, 1996, and submit it to the Council for approval.

**D**epending on where in the Columbia Basin dams are located, the wildlife plan will include measures to help birds ranging from bald eagles to songbirds and from pygmy rabbits to elk.

## State projects

The amended program includes a number of projects and calls for them to be completed by 2003. Here is a state-by-state look at some of them:



### Idaho

- Proceed with a test at Lake Pend Oreille to assess the impact of lake level fluctuations on kokanee spawning.
- Develop recovery strategies for sturgeon and burbot in the Kootenai River.
- Proceed with projects to improve resident fish populations as mitigation for the loss of salmon

and steelhead in Columbia River tributaries of northern Idaho and Snake River tributaries of southwestern Idaho.

- Develop new operating strategies for Dworshak Dam, on the North Fork Clearwater River, to limit the depth of drawdowns at the reservoir behind the dam.

- Study bull trout populations in Lake Pend Oreille.

- Fund the design of and implement a wildlife mitigation plan for Black Canyon Reservoir, which is behind Black Canyon Dam on the Payette River, with highest priority in the Bruneau River Valley.



### Montana

- Assess the loss of fish caused by the construction and operation of Libby Dam and prepare a mitigation plan.

- Monitor fish health in the Flathead Lake and river system.

- Conduct a genetic sampling program for bull trout in the Flathead River Basin to provide basic genetic information needed for rebuilding bull trout populations, including the use of supplementation (using hatchery stock to rebuild naturally spawning runs).



### Oregon

- Study sturgeon populations in the Columbia River to determine their abundance and causes of their decline.

- Study populations of native fish, such as red band trout, in the Snake River and its tributaries above Hells Canyon Dam, with a goal of increasing the populations and rebuilding a sustainable fishery.

- Study bull trout populations in the Deschutes, Grande Ronde, Hood, John Day and Umatilla river subbasins.



### Washington

- Change the operation of Grand Coulee Dam to achieve certain water velocities through Lake Roosevelt, the reservoir behind the dam, to improve production of food organisms that support fish populations. The program identifies 40 days as the minimum amount of time that water should take to flow through the reservoir between June 15 and the end of September.

- Proceed with a number of projects to improve resident fish populations in the Columbia and its tributaries above Chief Joseph Dam as mitigation for the loss of salmon and steelhead.

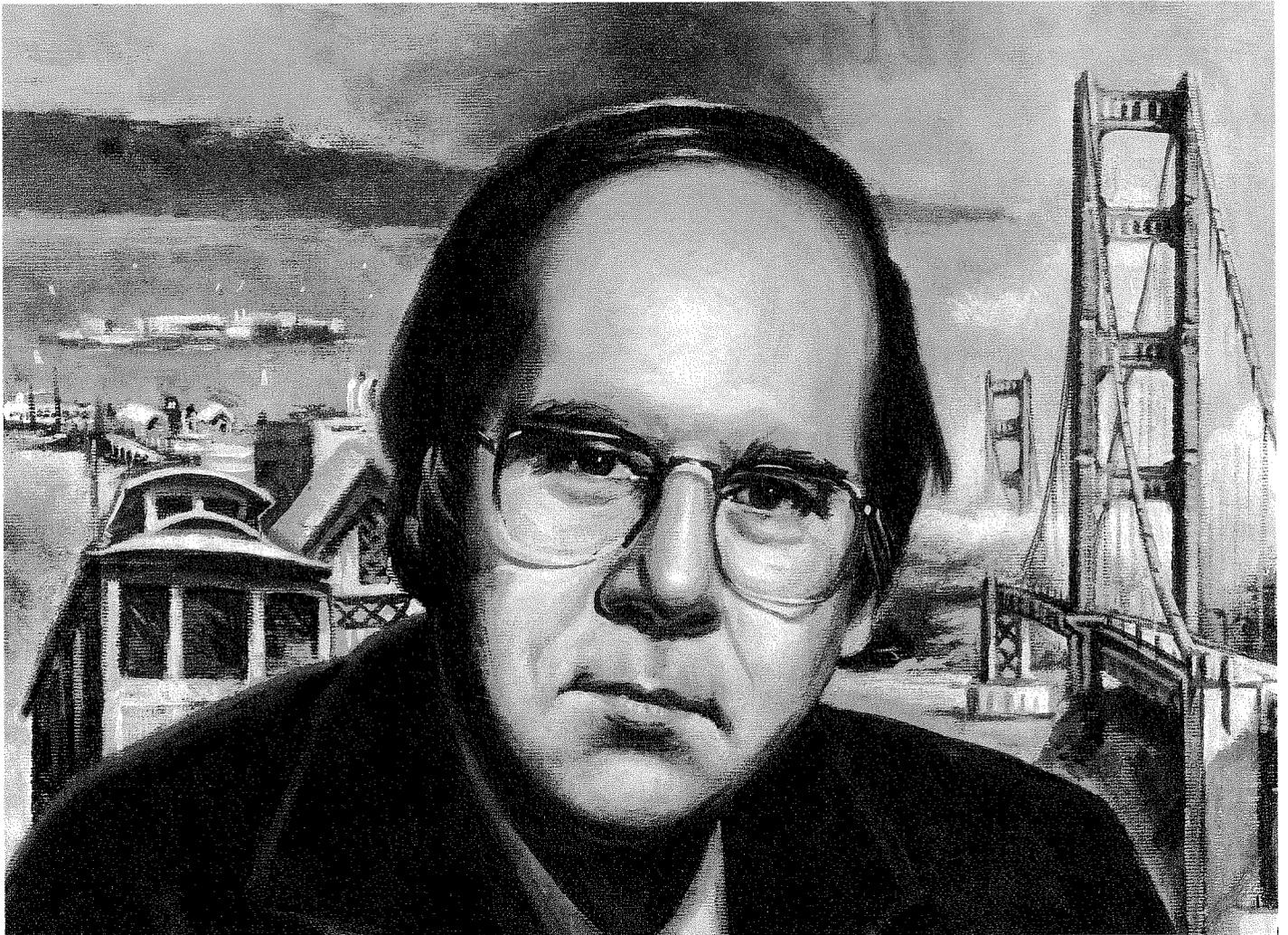
- Study bull trout populations in Columbia River tributaries that flow into the reservoir behind Bonneville Dam, such as the Klickitat and White Salmon rivers.

- Add 100 acres to the existing Pend Oreille Wetlands Wildlife Mitigation Project along the Pend Oreille River to partially mitigate habitat losses caused by Albeni Falls Dam. ■■■

# Interview

# Daniel W. Fessler

California's Public Utilities Commission president tells some — but not all.



with Carlotta Collette

**C**all it “free market reform” or “deregulation” or “industry restructuring” — it’s all about the same thing: the electrical industry is following the natural gas, telecommunications and transportation industries into the competitive arena. The motivating principle has been that it’s generally better for consumers if

industries are compelled to compete openly for their business. Prices are pushed down — as in “fare wars” — and quality and/or service improved.

One can argue whether earlier deregulation attempts have had such positive results, but at least in the short-term, the changes under way in the electric industry are likely to bring down power rates in select sectors, particularly for

industrial customers whose business utilities will fight hard to keep.

There will also be losers — utilities that simply cannot compete, and consumers who lack the clout to secure any benefits for themselves. In the utility arena, it’s still too early to determine who are the lions and who might be martyred, but a few Caesars have emerged with thumbs raised

or lowered. One of these is Daniel W. Fessler, president of the California Public Utilities Commission.

California was the first state to move in a comprehensive manner to change the way investor-owned utilities in that state are regulated. The impetus, as Mr. Fessler notes, came from outside the Commission, rather than from within it. Large manufacturing industries in California were paying among the highest power rates in the United States. This would have been less of a problem had the price of natural gas and of electricity generated using natural gas not plummeted. Manufacturers were hearing about 3-cent a kilowatt-hour electricity while they were paying 7 or 8 cents. They approached the Commission.

The Commission's response came in stages, starting with an analysis of how the state regulated its utilities and how it could update those regulations. In April 1994, the Commission published its first restructuring proposal, known widely as the "Blue Book." That proposal gained enormous national attention. It called for a complete restructuring of the investor-owned utility industry in that state. While other states had begun to take stiletto-like pokes at the industry's structure, California had pulled out a broad sword and swung it wide.

The response was swift. On Wall Street, stock in California's investor-owned utilities took a dive. Neither the manufacturers nor residential customers were pleased. Concerns ranged from the fate of sunk costs in giant power plants that might no longer be needed to the future of energy efficiency and renewable resource development.

After a year of comment on the Blue Book proposals, the Com-

***We are trying  
to bring the  
theories and  
practices of  
regulation into  
congruence  
with today.***

mission issued two more proposals, one that had the support of three of the four commissioners and one supported by member Jessie Knight. (Mr. Knight was invited, but was unable to join us for the interview that follows.)

The two proposals differed dramatically. Key to their differences were the issues of divestiture of generating resources and the basic structure of the market. The majority proposal kept utilities intact, but would institute a pool where electricity would be bid-in on an hourly basis. The competition to get into the pool would ensure low-cost electricity to consumers.

The minority proposal would order utilities to sell off their power plants and become distribution companies only. Customers would be able to choose whichever generating company they wanted. Lower prices or better service, or both would be assured

by the competition for customers.

In August, Massachusetts' utility regulators took the lead from California by ordering their own version of restructuring. It bears some resemblance to the Knight proposal. Utility generating, transmission and distribution services would be split apart. Customers would be able to choose their power suppliers. And virtually anyone with the financing can compete to generate electricity.

While some national attention will now shift to Massachusetts to see how the industry evolves there, California is still the state to watch in the West. There will be several venues to focus that attention. California Governor Pete Wilson and the state Legislature have both gotten involved in the decision-making in that state. Fessler maintains that "that is all to the good."

**Q** *Why did California take such a broad approach to deregulating its investor-owned utilities, instead of the trial and error, smaller, more incremental approach being explored by some states?*

We, by and large, view the Commission not as the source of the impetus to restructure the electric industry. We believe the electric services industry is in a state of rapid transformation. What we are trying to do is to bring the theories and practices of regulation into congruence with today, rather than have them be stuck with an industry vision of 20 years ago. We are trying to put in place a governmental response to this industry that continues to defend public interest, but does so with the tools and opportunities that are increasingly at hand. In today's world, this means we rely whenever possible on market mechanisms to encourage compe-

tion where competition can be fostered, and to retreat from the command-and-control modalities of regulation to the extent that we believe public interest will now be protected by competitive forces.

On the generation side of the electric services industry, that competitive presence is already at hand. The issue is how to facilitate and foster its further, more-effective development. You cannot have an industry that is suffering from the inroads of a competitive presence while being held to the view by government that there is no competition and that government "guesstimates," arrived at through elaborate regulatory proceedings, are to be the future of some segments of that market — to wit, in California, the investor-owned utilities.

We have no authority over many of these new competitive entrants. We're not seeking such authority. We're trying to make these adjustments. That leads us to engage on a very, very broad range of issues. This is not a case where we can identify a specific problem for which a carefully tailored solution might be devised.

**Q** *In drafting your major-ity proposal, you envisioned creating a pool that power generators would bid their resources into to arrive at low-priced electricity. But existing nuclear power plants and some other facilities were given special status. They are considered "must run" and do not have to be bid into the pool. Why were they given such status? Are they not competitive resources?*

In California, 20 to 25 percent of the electrons we are consuming right now are produced by three nuclear facilities in which we are heavily invested financially and are extraordinarily dependent from a

practical matter. If we were to shut off Diablo Canyon, Palo Verde and San Onofre, there would be a humongous regional consequence. California would suddenly have to get 25 percent of its electricity from elsewhere. That would have a stupefying effect on every electricity market that's connected to that grid.

So it's not just *our* concern that we make rational use out of these nuclear units. It is a *regional* concern. Nuclear generating stations are not peaking plants. You need a matter of months to ramp them up and down. So looking at the physics of electricity, we are aware that these nuclear generating units are going to act differently in a competitive market. The nuclear units are run flat out because that is the most efficient way to use nuclear power.

We're trying to figure out what will be their situation in a competitive market that will be posting prices on an hourly or half-hourly basis. The answer is, we're not sure. It appears, if you look at the European markets, that the nuclear units will do very well. Their marginal costs are very low. They have almost zero fuel costs. But they have very high relative operating and maintenance costs.

Of course we have the overhang of what do we do with the spent nuclear fuel. The state of California is one of about 18 states that are suing the federal government now for the gross misprision of the fiduciary duties that they have assumed. We have paid in excess of a billion dollars into the funds that are supposedly collected and administered by the federal government for the purpose of providing a solution to the nuclear storage problem. All we've seen is our money going away. We have seen nothing come

back. But that will not stop or bring to its knees the nuclear power presence in the state of California in the near term.

**Q** *What about the fate of renewable resources in this state?*

They are critical, absolutely critical. First of all, renewables are a big indigenous industry to us. It is a matter of some irony to me that you all in the Pacific Northwest have acquired the enviable reputation of being terribly interested in ecology and in being "green," and you have spent a "green stamp" compared to our investment of the family fortune on renewable energy. We are, on the world stage, the big actor in installed wind capacity, installed geothermal capacity, installed solar capacity, installed biomass capacity. And I continue to believe in those resources. I think that we are wise not to put all our energy in one fuel source.

Right now we don't look very smart. It would appear that we should shut down all these things and replace them with combined-cycle gas turbines. I notice that much of the development plans in the Northwest are that you're going to be busily installing gas turbines. Natural gas is an abundant North American fuel stock that we do not have to import from anyplace where we have to send an army to go get it or to protect it. Compared to oil, who could be against it? I'm not.

But in California, we are not self-sufficient in any fossil fuel. If we combined our fossil fuels, we would not be self-sufficient. We have not only looked to nuclear power as a choice, but also to renewable resources. Many renewables, most obviously wind, are now becoming very competitive. So it is, again, somewhat an

irony to me, that we have invested ratepayer dollars in the first and second iterations of wind power, and now as a result of what has been learned, and the technological strides that have been made in that marvelous industry, we have "version 3.2" of windmills being produced here, but they will be installed elsewhere because we do not need further generating capacity in the state of California.

So in my native state of Wyoming, there may be, through a consortium led by PacifiCorp, the installation of a large, highly efficient, we assume, deployment of wind energy that is going to be using these most recent generation wind mills that can produce electricity at a very competitive rate.

I'm delighted to see that happen. I'm aware that that will go into the grid. I view that grid as a regional transnational resource. It is in Canada. It is in Mexico. And it is epicentered in the western part of the United States. But it is a Western resource that we all jointly own and must communally operate.

**Q** *Have you looked at how your actions in California might affect that West Coast grid?*

If we are successful in California, with the Federal Energy Regulatory Commission's apparent vigorous help, in putting together a statewide independent grid operator we will have stopped 80 years of transmission wars in this state, between entities that are or are not owners of transmission assets. We will have done so without nationalizing any assets or disturbing underlining ownership. But we will have put the operational control in an entity that is utterly independent of and indifferent to who owns generation.

There will be modest efficiency gains by collapsing the now-overlapping efforts of each utility to run the transmission operations within its own service territory. If this independent system operator has, as the majority [of the Commission members] proposed it in May, a dispatch function, and a function that looks at price not only from the vantage point of what is being bid-in for generation, but is also transmission-sensitive, then I believe we will have efficiency gains. I don't believe any other Western state will permit us to enjoy those efficiency gains in a manner that they don't share in.

I think anything that works will be something that spreads. First we'll have to see if it works. If it does, there will be few persons in our part of North America who are going to be resisting gaining for their populace, their ratepayers of all classes, the benefits of similar arrangements. That would seem to me highly sensible.

**Q** *You say "ratepayers of all classes." Do you think residential customers will benefit to the degree that industrial customers will?*

Oh indeed I do! If we're successful in bringing about in California the revelation of the price of generation, if that becomes unbundled from the mysterious bill you now get, then everybody can see what electricity costs. Then you give consumers of all classes a facile means of reacting to the price signals the market will clearly send every day, so they can see that it is expensive to add to the peak load in this state between the hours of three and five on a summer afternoon. We're indifferent to that now. It doesn't make a damn bit of differ-

ence when I use electricity. Why shouldn't I run home and flip on my stove, turn on my washing machine, turn on whatever appliances I want. We must now build out to meet that. During the other 22 hours of the day all that generation sits there idle.

Our concept is to give every customer the opportunity to choose to be billed either by average energy use, as is done now in California and most places, or, if you want, we will give you a bill that reflects your use in real time. That will give me as a ratepayer the greatest control over what I pay for electricity that I've ever had.

We're told that we have about 14 manufacturers here in California that are prepared or currently make real-time metering equipment. The meters cost between \$100 and \$140. With very mass production, we believe that price will plummet. I believe there can be a vigorously competitive industry in installing those. There's no reason why the utility alone would be the installer. So we see that as a barrier, but a tractable barrier.

That's the best win, win, win situation I can imagine. I win as a consumer because I now can take steps that are in my self-interest, that go to the bottom line of what is left in my family's bank account at the end of the month with regard to energy consumption.

I will do it of course by shifting load away from peak hours. By shifting load away from peak hours, the entire society benefits in the short run because we do not have to dispatch the most costly generation in order to cover the peak periods.

In the long run, the entire society is able to make greater protracted use out of today's power plants, rather than having to augment them.

We believe this will produce a much more sustainable, environmentally responsible, economically sensible use of the entire investment in the infrastructure.

**Q** *What's your sense of the legislative response to your proposal?*

Well there's a lot of good news and some people think some bad news. The good news is that the legislature is interested in this subject. From my perspective, that is all to the good. We are talking about issues of extraordinary, broadly cast impact upon the economy and therefore the populace of my state. For the elected representatives of my state's population to be interested in those issues is absolutely the right thing.

So far, both houses have held hearings. They have made clear their desire to be kept briefed as to what it is we are proposing to do. I believe this commission has acted in a manner that is exemplary in terms of the broad way we have cast the participatory net in this case. We have 147 active participants right now. I don't think there has been a series of public policy discussions conducted in California's history, and I don't believe there is a state that can match this in the degree that it has been an open matter. You can turn on your computer and see every single document that has been filed available on the Internet. It has been so since the get-go. Every proceeding we have had has been televised throughout this state. You can go to any major public library and check out the tapes if it was inconvenient for you to have sat and watched the matter. We are holding public participation hearings throughout the state. That is just because it is what we should do.

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North American  
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We told the Legislature that we would advance a decision as our recommended approach, and that we would wait for 90 days. Those 90 days have now come and gone. We will now do what we said we would do. We will now bring the matter forward to the adoption of final policy recommendations, and we will begin implementation hearings.

The Legislature, during the period in which we all understood they might act, did not bring any bills forward. Those are the prerogatives of the members. My job is to keep them informed so they might exercise their judgment to intervene or not, to provide direction or circumspection or not as they choose on the most informed predicate that is available to them. We will continue that effort.

There will be an abundance of time for the legislature, when they see the final policy decision and they don't like it, to just say no or

say "do that but..." or to say "do that and...."

**Q** *I understand that your Governor has brokered a deal with Southern California Edison and the manufacturers associations that differs from your proposal. What is your sense of that deal and your response to it?*

The majority opinion states in emphatic terms that on May the 24th we put out our best judgment as to what was in the best interest of the people of the state of California. It said to everybody in the entire world, "If you have a superior idea in terms of framing goals, we want to hear about it. If you accept the goals that we have set, but you can devise superior methods of getting to those goals, or of implementing them, now is the time to tell us."

So I have been asked, though I find it stupefying to be asked, if I am at all offended by or am concerned that some group or individual might come forward and take us up on that invitation. The answer is no. Rarely are invitations issued in good faith that you are then offended if people accept. So we will look at whatever it is that is recommended to us in terms of policy by this particular group or by anyone else. That is our job, and I welcome it. If three members of this commission become convinced that any aspects of those recommendations or any recommendations furnished by anyone else are superior in the ways that we have delineated, then it would be our absolute responsibility to embrace those as being more advantageous to the public than that which we have devised to date. There can be no other way of going about this. ■

# Too Much to Carry On

by John Harrison

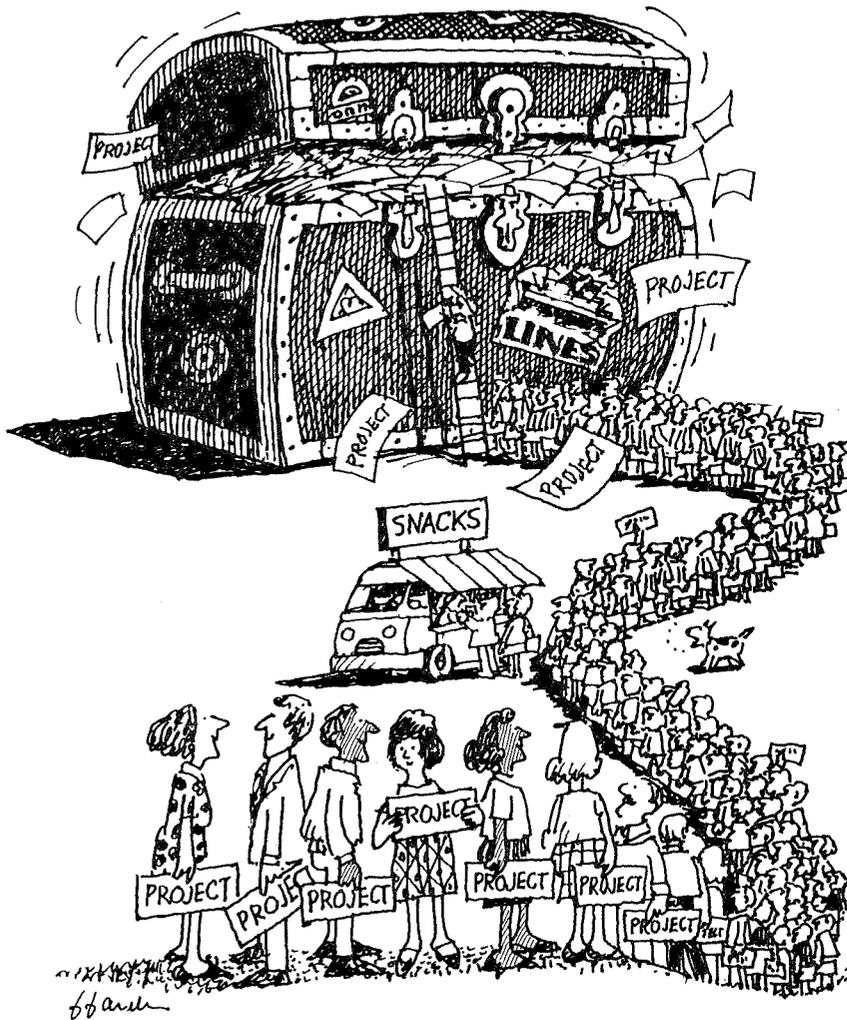
You might call it the Big Squeeze. Faced with a constrained budget for projects to improve fish and wildlife populations in the Columbia River Basin, the region's fish and wildlife agencies and Indian tribes cut and stuffed and squeezed some \$144 million worth of salmon and steelhead recovery measures into a \$54 million budget for Fiscal Year 1996.

Some salmon projects are cut back, but priorities help pick the ones to move forward.

"It was extremely difficult," said Tom Giese, funding coordinator for the Columbia Basin Fish and Wildlife Authority, which made the cuts at the request of the Northwest Power Planning Council. The Authority represents most of the region's federal, state and tribal fishery managers.

"In the end, we weren't cutting fat," Giese said. "It was brutal. I felt like a butcher, cutting all the way to the bone, while sparing as much meat as possible."

But it's done, and now the Northwest has a long list of prioritized projects — nearly 300 — some of them new, some of them ongoing, to improve fish and wildlife populations that have been affected over time by the construction and operation of dams. The \$77.5 million budget for Fiscal Year 1996, set by the Bonneville Power Administration, includes the \$54 million for projects to improve salmon and steelhead populations, \$11.6 million for resident fish projects — those fish that don't swim to the ocean — and the same amount for wildlife projects. The budget actually totals \$83 million, but Bonneville takes \$5.5 million for its staff costs.



## Responding to financial limits

The project stuffing process was in response to Bonneville's efforts to become more competitive. This means cutting costs in every aspect of its operation, including the cost of implementing the Columbia River Basin Fish and Wildlife Program, which is prepared by the Power Planning Council under the authority of the Northwest Power Act of 1980. Bonneville officials say rising costs for fish and wildlife restoration must be reined in if the agency is to have a stable financial future.

Not all of the fish and wildlife costs are incurred under the Council's program. Bonneville also must follow the directives of the National Marine Fisheries Service, which is charged with protecting three runs of Snake River salmon under the Endangered Species Act. The Service issues "biological opinions" regarding impacts on salmon from such sources as hydropower operations. The biological opinions are in lieu of a recovery plan for those fish, which the agency expects to complete in early 1996.

"Nowhere else in the world are you going to find such a huge financial commitment to saving an endangered species," Bonneville Deputy Administrator Jack Robertson told *The Oregonian* newspaper of Portland in July. "But Bonneville can't continue to make this commitment if it's losing revenue."

Bonneville's draft budget for Fiscal Year 1996 includes \$477.5 million for fish and wildlife. Of that, about \$100 million is for projects — about \$20 million more than in 1995. Foregone revenues and power purchases to

"The job was comparable to fitting a size 14 foot into a size 7 shoe."



make up the estimated lost generation account for \$261 million, up from \$228 million this year. Foregone revenues refers to the value of the hydropower Bonneville could have sold if it had not been required by the Council's program and the biological opinions to hold water behind storage reservoirs during the fall and winter. This stored water is released in the spring and early summer to help juvenile salmon migrate to the ocean. The water releases during the fish migration period increase flows to about half of what they were before the dams were built. Bonneville sells electricity during this period, but only on a short-term basis and at prices far lower than at other times of the year.

## Fish as fall guys?

Financing fish and wildlife recovery poses a difficult challenge for Bonneville, particularly as the agency faces an increasing number of competitors who do not have similar obligations. But some observers criticize Bonneville for hacking away at its fish and wildlife budget while leaving other financial obligations comparatively unscathed.

Nuclear power is the major component of the rates Bonneville charges for its power, accounting for more than twice the fish and wildlife component. But Bonneville can't simply terminate its nuclear debt, particularly on the bonds sold to finance the uncompleted plants.

Other cost-reduction strategies have been suggested for Bonneville to increase its competitiveness without deep cuts in its fish and wildlife budget.

"Bonneville's competitiveness should not and need not be achieved on the backs of fish," said Ken Casavant, Power Planning Council member from eastern Washington and chair of the Council's fish and wildlife committee.

Others agree. "Conservation, renewable energy and wild salmon are not impediments to BPA doing business," said Sara Patton, director of the Seattle-based Northwest Conservation Act Coalition. "They are the reasons for BPA to cut costs, pay its debts and remain competitive so that it can carry out the mission Congress gave it in 1980: to promote energy efficiency, develop clean renewable energy resources and bring back healthy wild salmon runs."

## The hardest job

The leader of the agency that prioritized fish and wildlife projects this year has a simple message: the 1996 budget is not enough. "This [prioritization] has been an arduous and frustrating job taking hundreds of hours of intense work under a short time constraint," wrote Jack Donaldson, executive director of the Columbia Basin Fish and Wildlife Authority in a letter to Donald Sampson, chairman of the Authority.

Donaldson called the prioritization "...the most significant work the [Authority] has accomplished in my nine years as executive director." He said the work was "the very best that can be done for Fiscal Year 1996 given the short time allowed us and the fiscal constraints placed on us by the Bonneville Power Administration. The job was comparable to fitting a size 14 foot into a size 7 shoe." Later in his letter, the director commented, "As in previous years, this priority-setting effort demonstrates that the recent BPA budget levels of \$72 to \$78 million are inadequate to implement the fish and wildlife program."

The work of prioritizing projects took place in conferences of three separate groups convened by the Basin Authority addressing wildlife, resident fish and salmon. The wildlife group actually completed prioritizing projects in 1991, and those priorities are reflected in the final list. The resident and anadromous fish groups did their work this year.

The work was simple in concept, but difficult in practice. Each group ranked projects on the basis of criteria developed by the groups and approved by the Council. Each criteria had a range of points — from 0 to 15 — and

*"Washington will take the hardest hit, there's no question."*



each project's total number of points determined its place in the ranking.

Criteria measured the projects' potential effectiveness and importance. For example, in the resident fish criteria, a project scored high if it was in an area above Chief Joseph Dam. That's where salmon migrations end in the Columbia River, and so many of the projects above the dam are substitutions for the loss of salmon, an important cultural and economic resource for the area's Indian tribes. In the anadromous criteria, a project ranked high if it would boost adult salmon returns in a timely manner and if it would enhance or maintain genetic diversity.

In the end, facing the size 7 shoe with the size 14 foot, some projects simply had to be left on the floor. The budgets of 123 projects — some of them ongo-

ing, some of them new — were reduced, and 48 of those were reduced to zero.

Projects left with no funding include:

- \$6.25 million for cost-sharing to purchase water in the upper Snake River Basin for enhanced flows to aid salmon migration downstream;
- \$5 million for salmon production projects in Columbia River tributaries;
- \$4 million for projects to mitigate the impact of hydroelectric dams on wildlife in Oregon;
- \$1.2 million for a facility to sample juvenile fish at Bonneville Dam.

Another difficult dilemma — another among many — was the cost of wildlife mitigation in Washington. Under terms of an agreement negotiated in 1993 by the state, Indian tribes and Bonneville, the federal agency pays \$12 million a year into a trust fund that finances wildlife mitigation projects in Washington. That's \$400,000 more than Bonneville budgeted for regionwide wildlife mitigation projects in Fiscal Year 1996. In the end, Washington agreed to defer many projects to future years to fit its projects into the regionwide budget.

"Washington will take the hardest hit, there's no question," funding coordinator Giese said. "Those projects haven't gone away. We're just buying time; we're not solving the problem. There will be a bigger bow wave of work that isn't getting done, and another payment [from Bonneville to Washington] is due in 1996."

So the Fiscal Year 1997 prioritization could be more difficult. Or, it could be easier.

“Essentially, it will be a zero-based budgeting exercise each year,” Giese said. “If you want to add money somewhere, you will have to cut it from someplace else. It’s that simple.”

### Looking ahead

What could be done to make the annual prioritization easier? Donaldson suggests several changes for the Council to consider, including:

- **Take more time.** The process needs a year, he says. In 1995, the Authority had about five months, and that wasn’t enough time.

- **Get better information.** Complete information is needed on each project, including estimated cost and how the project meets the evaluation criteria.

- **Review budget emphasis.** Budget priorities should be examined, as the amount of money set aside for different elements of the program — habitat, hatcheries, etc. — can signify the importance of projects in those areas.

- **Improve project criteria.** Improving the clarity of the criteria used to rank projects would reduce the potential for bias and also make the ranking more effective.

- **Technical review.** A technical review of projects by peers would help improve coordination of efforts and budgets and reduce the potential for project duplication.

- **Monitor implementation.** Project implementation should be monitored and results reported to the Council at least quarterly.

In addition, Donaldson suggested that the Authority and the Council insist that Bonneville’s budget be sufficient to fulfill the mandate of the Northwest Power Act to mitigate the impact of Columbia River Basin dams on

*“If you want to add money somewhere, you will have to cut it from someplace else.”*

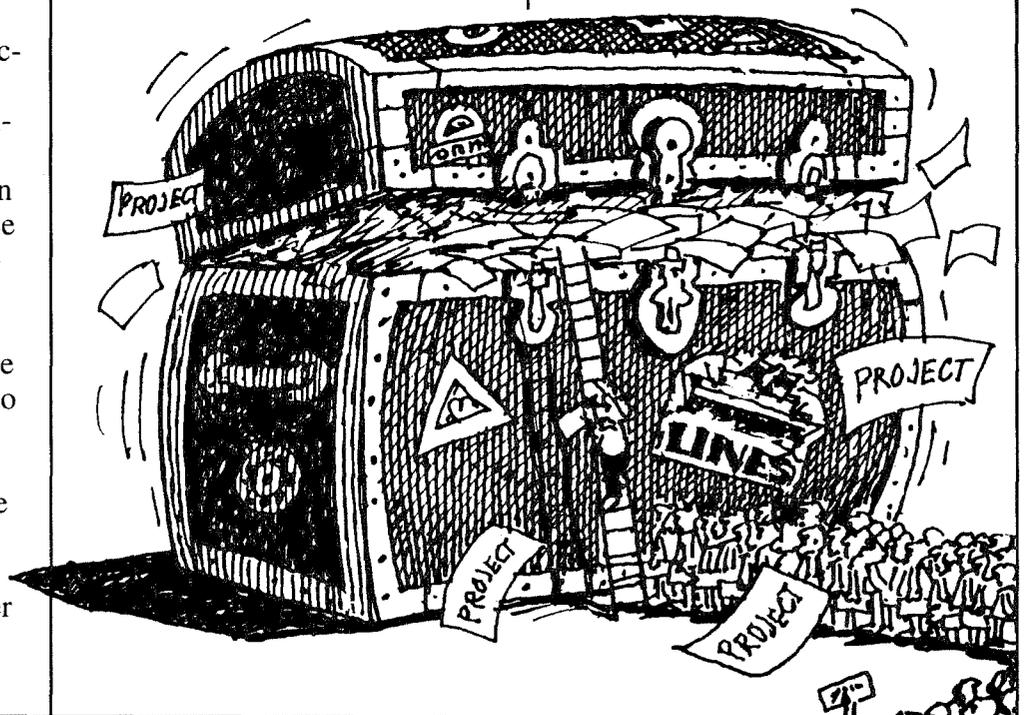


fish and wildlife. This is different than declaring the budget sufficient for some other purpose, such as ensuring Bonneville’s competitiveness. While Donaldson did not suggest a precise amount, he said future annual budgets need to be closer to \$120 million to fully

implement the program and meet the goals of the Act. Council Member Casavant agreed that the project-ranking process needs changes. Specifically, Casavant said the Council and the Authority need to decide how to handle ongoing projects.

“It’s not whether we should cut the ongoing projects and fund new ones, but whether the ongoing projects should be revisited,” Casavant said. “Not all of them, presumably, merit continued funding. It’s certainly logical to not interrupt ongoing projects, but projects should not be funded in the coming year simply because they were funded last year and the year before that.”

“Tom [Giese] has the least enviable job in the region, and that is to divide up the shortage,” Casavant said. “He did yeoman’s work, and we owe him and everyone at the Basin Authority a vote of appreciation.” ■



# Power Planning in the "New" Northwest

compiled by Jim Middaugh

## A sampling of comment on issues in the next power plan.

The issues are complex. The constituencies countless. Making sense of the public's thinking on power planning has never been easy. But given the vast changes sweeping across the utility industry and the costs associated with saving salmon and other fish and wildlife species, the Northwest Power Planning Council's current task of updating the region's power plan is even more difficult.

To ensure the public has a say in the plan, the Council has traveled the region, reaching out to experts and average citizens alike, asking their views on the future of the Northwest's power system and all the issues related to it.

It would be impossible to specifically represent every opinion and viewpoint the Council has heard in its regional outreach, or to represent those views on all the issues connected to power planning. What follows is a sampling of some representative viewpoints on some of the most prevalent issues from a range of leaders involved in the regional debate



over the future of the Columbia River, the Bonneville Power Administration and the region's world-renown power system. Their views were collected from

various sources, including interviews, testimony, comments before the Council and news reports.

# The Spokespeople

- Peter DeFazio** U.S. Representative for Oregon's Fourth Congressional District and former chair of the Congressional Task Force on the Bonneville Power Administration.
- K.C. Golden** Policy director of the Northwest Conservation Act Coalition.
- Ken Harrison** Chairman of the board of Portland General Electric Company.
- Walt Pollock** The Bonneville Power Administration's vice president for marketing, conservation and production.
- Brett Wilcox** President of Northwest Aluminum Company.

## The Issues

### Competition in the Utility Industry

#### DeFazio

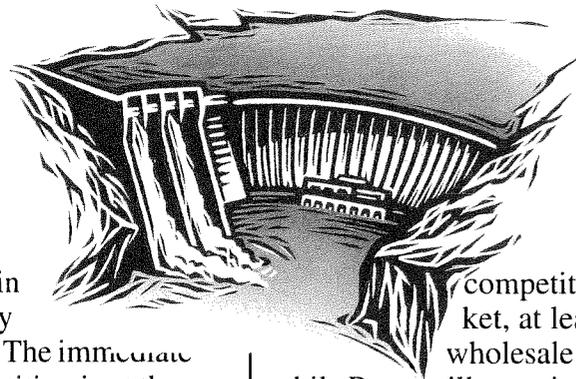
Today, new competitive forces in the nation's energy markets have combined with the crushing debt from Bonneville's bad nuclear investments to jeopardize the agency's once strong competitive position.

#### Golden

The question isn't whether the industry will become more competitive. It already has. The question is, What are the right goals and rules for the competition? Will energy providers compete to minimize today's rates at the expense of tomorrow's economic and environmental goals? Will they compete *against* our kids, or *for* them? The market won't make those decisions. People will.

#### Harrison

We need to recognize the world has changed. This country is unavoidably and inexorably on the road to a free market system.



#### Pollock

Competition in the electric utility business is here. The immediate impact of competition is at the wholesale level. Bonneville is a 100-percent wholesale entity. Our customers have choices and they will increasingly have choices, so we have a pretty hard constraint that's developing on our ability to do business: We can't charge more than people will pay. That translates into a corollary that we can't incur more costs than we can recover through revenues. Those things seem self-evident, but they're very different from the electric utility business that Bonneville faced 16 years ago when I came to the agency. It's a very, very different world right now than it was then, or even five years ago.

#### Wilcox

Bonneville's real problem is that the structure of the electric power industry has changed to a

competitive market, at least at the wholesale level, while Bonneville continues to be bound by an old "regulatory" structure. As we move into this new wholesale competitiveness environment, it will fundamentally change Bonneville.

### Future of Bonneville

#### DeFazio

It's time to ask whether a Bonneville that fails to serve the region's long-term interests is worth saving in its current form. Northwest residents must decide which is more important: a coordinated regional energy system that continues to promote the worthy goals included in the Northwest Power Act, or a federal agency whose public purposes are being sacrificed in the interests of bureaucratic self-preservation.

market. The only way to resolve this dilemma is to eliminate the [Act's] rate directives and allow Bonneville to sell its power at whatever rates the market will bear.

region. Transcending the dismal choice between these two bedrock Northwest values is a top priority for the region. It's also precisely the Council's statutory mission, so it's an astonishing moment to find some folks questioning the Council's relevance. Let's not mistake a more challenging job for a less important one.

### Pollock

Some of the tools under discussion include limiting annual fish investment on Bonneville's part to gross revenues, thus allowing fish and wildlife programs to share the benefits in good years and be able to be curtailed somewhat below a base in poor years. In addition, under discussion are mechanisms to help set priorities. There has to be sufficient accountability built in for results and certainty built into the program. The accountability has to be there.

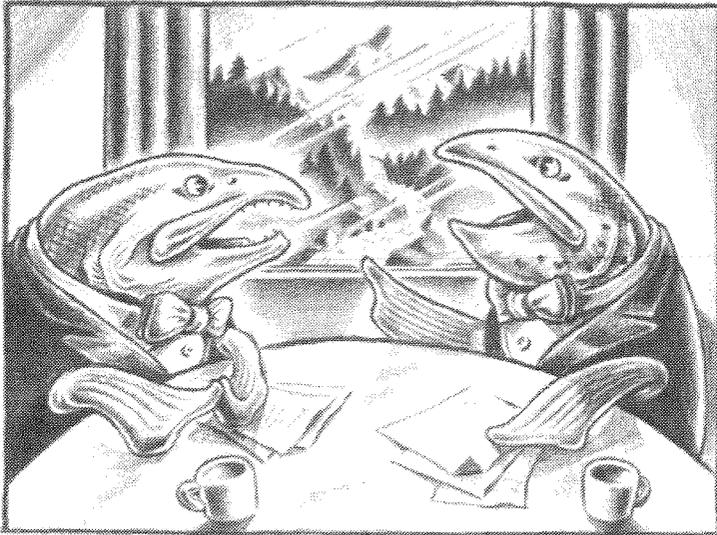
### Harrison

To the extent that we as a region haven't charged enough in the past because we've artificially kept

prices low, maybe innocently, by not spending enough on fish, then probably our customers should pay. I mean we're citizens of the region and if we have to pay more, we probably have some piece of that.

### Wilcox

Fish costs clearly are costs of the hydro system, and you do have to get them down. When I look at Bonneville priorities, I put the Endangered Species Act and restoring salmon as the number one priority for the regional power system, not just because the Endangered Species Act says it is, but because it's the right thing to do. ■



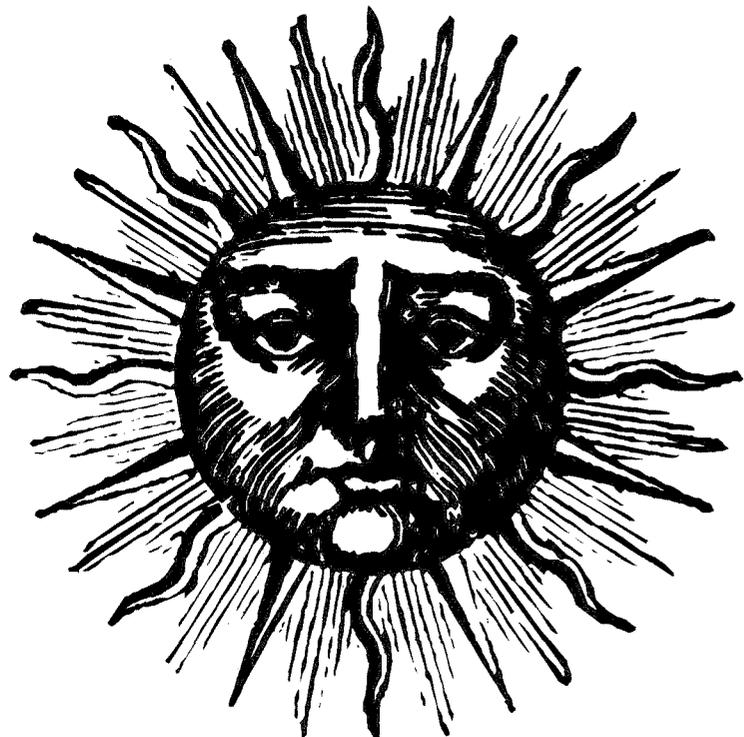
## Fish and Wildlife

### DeFazio

Salmon costs are only a small part of Bonneville's problem when compared to Bonneville's record of mismanagement and its crippling nuclear debt. The fish bandage for Bonneville's fiscal woes now being prepared in the Senate is the wrong medicine for what ails Bonneville. Instead of arbitrarily limiting salmon recovery efforts, Congress and Bonneville should act to ensure that none of Bonneville's customers can evade their share of the agency's nuclear debts.

### Golden

Asking Northwesterners to choose between abundant, affordable, renewable energy from the Columbia River and a healthy Columbia Basin ecosystem is like asking us to choose to live somewhere else. These are the two qualities that distinguish the Northwest as a uniquely attractive



# Westin Gets it Right

Seattle-based Westin Hotels commissions its buildings to make sure they work as planned.

by Carlotta Collette



**O**ver the telephone, L.E. “Dusty” Rhode gives me directions to The Westin Hotel in Seattle. “Just look for the twin towers,” he says. “You can’t miss them.”

I think of all the things I have missed with just such directions as I come up I-5 and into the city, but the twin towers — cylinders, actually — are *hard* to miss. Built in the late 1960s, when “tubular”

was the rage, the 47-story Westin towers are wrapped in steel and glass, with the hotel in one building and corporate headquarters in the other.

“In ’67 when these were built,” says Rhode, the Seattle hotel’s building superintendent, “energy was cheap. No one cared about savings. These were constructed like Cadillacs, everything is a little overbuilt.”

Being “overbuilt,” Rhode assures me, is no guarantee that the building is anything approaching optimum in its operations. Nor, for that matter, does being a “Cadillac” ensure that the owners got the buildings they paid for.

But today, The Westin Hotel in Seattle is the most energy-efficient of the 65-hotel chain. Electricity use at the hotel has been trimmed by about a third, shaving \$200,000



Dusty Rhode reviews maintenance manuals for some of the 6,000 pieces of equipment in the Westin Hotel in Seattle.

off the hotel's annual electric bills. The Westin also has probably the best-managed water use in a hotel, and staff there recycle about a third of the garbage generated every day.

How did this 30-year-old, energy-hogging Cadillac get transformed? Rhode and his crew "commissioned" it.

When the cost of electricity bolted upward by more than 500 percent in the early 1980s, then-superintendent of the Seattle hotel, Gus Newbury, brought in Dusty Rhode, as a test and balance engineer, to get energy use in the building under control.

Rhode credits Newbury, who is now corporate manager of engineering at Westin and Rhode's boss, with having "a vision. He understood that someone who knew what they were doing could come in and make *everything* bet-

ter." At first Newbury only had Rhode work on the energy use in one tower. After six months at that, Rhode was given what he calls his "dream job," to look at all the systems in both towers, find out what they are supposed to do, figure out why they don't do it and fix the problems.

*The  
Seattle Westin  
now uses  
30 percent  
less electricity  
than it did in  
1983.*

"We looked around at all the equipment and wondered what the owner thought he bought," Rhode explains. "Not what did the architect put in, or what the contractor hooked up, but what the owner wanted and paid for. We had to be a little psychic. The key here was being able to work for the *owner*, not the design contractor or the mechanical contractor. It's not necessarily in their best interest to get everything working right."

Rhode started with the floor plans and blue prints to get a sense of what systems are in the buildings and where. Just compiling the prints was a major undertaking. It had been decades since any of the maintenance crews had used blueprints to track problems, and no one knew where they were. The same was true for operating manuals for air handling systems or other equipment. Rhode figures

there are about 6,000 pieces of equipment that his crews maintain in the twin towers.

"Until we commissioned the hotel, maintenance was totally reactionary — if something broke it might take a couple of hours just to find the right tool to fix it," he says. The whole approach to maintenance changed with the commissioning.

Tools are now in a well-organized tool room. Repair jobs are screened through one person who prioritizes them and assigns the best person for the task. There are well-equipped shops to handle various sorts of projects: a wood-working area, plumbing and electrical areas, sheet metal shop, etc. But most important, maintenance is done routinely now to keep equipment operating at its peak.

Rhode guides me through the labyrinthine depths of the hotel — the places where the real work of keeping a hotel going takes place: the boiler rooms, the laundry, the kitchen, the repair shops. He rattles on about water savings — 80,000 gallons a day just by reusing water condensed from one piece of equipment — and the ways heat given off by equipment is used to preheat water for other processes. It becomes clear that every piece of equipment he manages has been carefully studied to make sure it is used as effectively as possible. Nothing is wasted. Energy, steam, water and heat are all recirculated and applied to other tasks.

Rhode's enthusiasm rises as he leads me finally to the tiny room where it all comes together. Along one wall are the blueprints, roll after roll, each with a color-coded tag dangling from it. The tags are cross-referenced to a set of files stored in several cabinets below the blueprint racks. Along an adja-

*"It pays to pay attention to these details because it translates into lower operating dollars."*

cent wall are the product manuals, also cross-referenced to the files. The files contain the background on each of the 6,000 pieces of equipment.

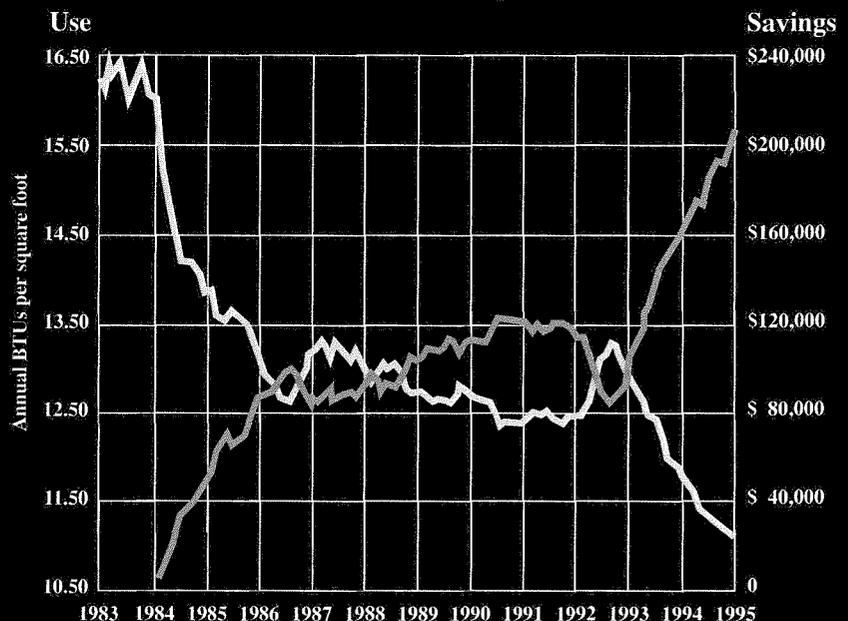
If something breaks down, almost anyone can go into the little room, look up the equipment in the file cabinet, find the color-coded blueprint and appropriate manual, and fix it. If they're still not sure how to make things right, there are also training videos that are cross-referenced to most of the equipment. The television,

video recorder and a chair are also tucked into the snug little room.

This room represents the key steps in commissioning existing buildings. First you assemble the documentation on a building. For existing structures, this process alone can take months. Once you know what's there, you make sure it all is working as effectively as possible. Then you train staff in how to maintain everything at its optimum. Finally, you institute a preventive maintenance schedule because, as Rhode describes it, "It's just like with a car. The best way to improve mileage is to keep it tuned up, keep the wheels aligned, the tires inflated correctly and drive properly."

At the Seattle Westin, the results of just such a tune up are dramatic. After the commissioning activities, the hotel introduced energy conservation measures, with incentives from the Bonneville Power Administration and Seattle City Light. With both commissioning and conservation, the Seattle Westin now uses 30 per-

## Annual Electricity Use and Savings The Westin Hotel, Seattle



cent less electricity than it did in 1983. Rhode figures that 46 percent of these total energy savings came from the commissioning activities that were carried out before any energy saving measures were installed.

And that's just the energy savings. Because of the commissioning, the hotel is more comfortable — there are far fewer guest complaints than previously — and the people who work there can and do take pride in their accomplishments.

If commissioning sounds like too ambitious an undertaking for the rewards, listen to Gus Newbury. "It pays to pay attention to these details because it translates into lower operating dollars," he explains. "It just makes sense. Otherwise you rarely get what you think you're getting. There's an emphasis on structural code and fire safety, but you can end up with a certificate of occupancy for a building that doesn't meet the design intent or doesn't perform efficiently. Litigation looms if something goes wrong. The owner is always the one left holding the bag. Commitments have already been made, and it takes time to go back in and figure out what's not working. Time works against the owner. Time is on the contractor's side. They can wait you out. If they know your building is going to be commissioned, they won't take shortcuts. They know they'll get caught."

The Westin chain now commissions all its new construction and any major renovations. "The whole commissioning concept needs to be embraced in the very earliest stage of construction or renovation," says Newbury. At Westin hotels, he explains, "the commissioning agent comes in first, organizes the design team

and develops the commissioning plan. It shouldn't slow things down or cost much more if you plan for commissioning from the beginning. Everyone on the team needs to look at how we are going to test and make it practical to maintain the systems, so they continue to deliver what they're supposed to."

Newbury and Rhode would both like to see building commissioning become standard practice in the construction industry. "It would be ideal," says Newbury, "if local authorities would take the same stance with commissioning that they take with fire, life and safety concerns. There should be building codes that require it, with

inspections and code compliance. The existing process is so full of disincentives to do the right thing first.

"We don't look at it as a purely economic issue. We see it as safety, comfort, operation and maintenance ease. People who work in industries can't afford to have things go wrong. We can't afford to have things not do what we want them to do." ■

## The Northwest Conference on **BUILDING** 1995 **COMMISSIONING**

**T**he Westin Hotel in Seattle will be the site of the Northwest Conference on Building Commissioning, November 14, 1995. The conference is being produced by Portland Energy Conservation, Inc., and is co-sponsored by the Northwest Power Planning Council, the Bonneville Power Administration, the U.S. Department of Energy, the Oregon and Washington state energy offices, PacifiCorp, Portland General Electric, Montana Power Company, Puget Sound Power and Light, Washington Water Power, Seattle City Light, the Eugene Water and Electric Board, Tacoma City Light, the Pacific Northwest Laboratory and others. The conference will include a trade show and a second half-day session for architects and designers. Contact the conference manager at PECEI, phone 503-248-4636, ext. 205, or FAX 503-295-0820 for more information.

# WHAT'S NEXT FOR ENDANGERED FISH?

by John Harrison

## Recovery planning continues for Northwest fish under federal Species Act.

**F**rom the coastal rivers of Oregon to the mountains of central Idaho, petitions are being filed under the Endangered Species Act to list declining fish populations. Here's a look at the species and what's being done:

**Coastal coho salmon:** In July 1995, the National Marine Fisheries Service proposed three populations of coho salmon that spawn in Pacific coastal rivers for protection as threatened species. That means species are "likely to become an endangered species within the foreseeable future throughout all or a significant portion of their range," according to the Fisheries Service.

Grouped geographically, the three coho populations are in central California from the San Lorenzo River to Punta Gorda, California; in southern Oregon/northern California from Punta Gorda to Cape Blanco; and from Cape Blanco to the Columbia River in northern Oregon.

Coho from the lower Columbia River and from Puget Sound were designated "candidate species" — one step short of listing. The Fisheries Service declined to take any action on coho from Washington's

Olympic Peninsula. Lack of information was the primary reason for the decision not to propose listing the Washington runs.

The decisions resulted from petitions that were filed on behalf of all six populations in 1993. The Fisheries Service will accept public comments on its coho decisions until October 17, 1995. The petitions identified loss of spawning and rearing habitat, deteriorating ocean conditions and the impact of hatchery fish as the key factors in the decline of coastal coho.

The Fisheries Service has until July 19, 1996, one year after the initial announcement, to make a final decision about its listing proposals. During that time, the Service will conduct public hearings and accept written comments. After that, if the decision is to list the species, the Fisheries Service would have a year to prepare a recovery plan.

"The stocks we're proposing for listing are currently a

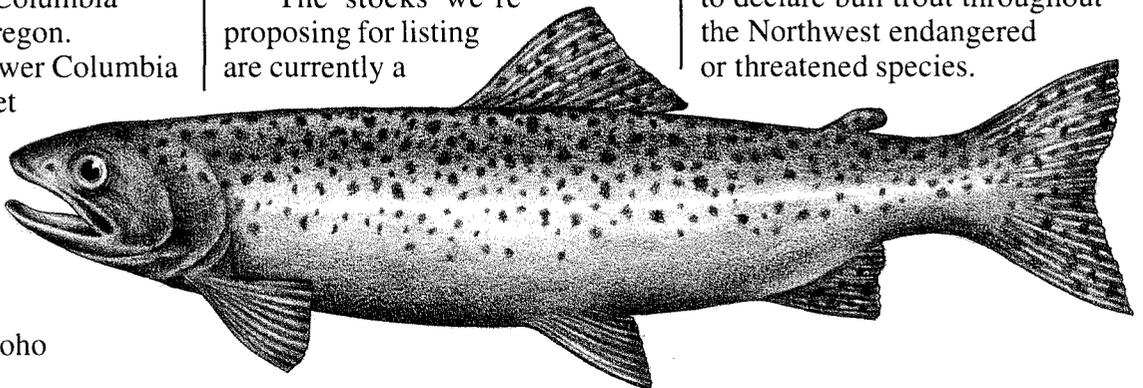
fraction of their former size," said Will Stelle, regional director of the Fisheries Service. "Without help from state and federal government, from Indian tribes and from private landowners, these fish will continue on their way to extinction."

**Coastal steelhead:** In March 1995, the National Marine Fisheries Service proposed to list declining steelhead as a threatened species in Pacific coastal rivers from Oregon's Cape Blanco south to northern California's Klamath River. The proposed listing was in response to a petition filed in 1992 to list steelhead in Oregon's Illinois River. The petition cited habitat degradation as the chief reason for the decline.

The Service declined to list the Illinois River fish, saying the run was not distinct enough to warrant protection as a separate species. The Service has until March 1996 to decide whether to approve the proposed listing. Public hearings are being conducted in the affected area. As with the coastal coho, if the decision is to list the fish, a recovery plan will be prepared.

**Bull trout:** In June 1995, the U.S. Fish and Wildlife Service announced that it would not propose a listing for bull trout under the Endangered Species Act, even though bull trout runs are declining in parts of the Northwest.

Three Montana environmental groups petitioned the Fish and Wildlife Service in October 1992 to declare bull trout throughout the Northwest endangered or threatened species.



NPPC file illustration by Joan Barbour

# Letters TO THE COUNCIL

*Energy News encourages letters on subjects discussed in this magazine. Letters reflect the opinions of their authors only. They do not reflect Council policy. Please keep letters under 200 words, refer only to topics covered in Energy News and address them to LETTERS when you send them to our office. We reserve the right to cut letters to fit the space available.*

Dear Energy News,

I read with interest the article entitled "The Forgotten Fish" by John Harrison in the Summer 1995 issue. Public Utility District No. 1 of Asotin County, in conjunction with the Nez Perce Tribe, Department of Fisheries, has undertaken a small project involving white sturgeon.

In August 1994, Nez Perce Tribe officials were notified about the existence of approximately 500 white sturgeon, located at the Hanford Nuclear Reservation in what is referred to as the "K Ponds."

Upon the start of its operation in 1987, the District contacted the Nez Perce Tribe, Department of Fisheries and asked whether or not there could be any use for an existing (but idle) 3.5 million gallon per day water filtration plant for raising steelhead or salmon. At that time, water temperature seemed to be the largest drawback for potential use of the facilities for a any steelhead or salmon projects.

Since sturgeon can live in a higher water temperature, it was decided to use the District's water treatment basins as a home for approximately 150 of the 500 white sturgeons.

During the fall, winter and early spring of 1994-95, Mr. Rudy Carter of the Nez Perce Tribe, Department of Fisheries was involved in removing all the interior equipment from the basins that would contain the sturgeon.

The sturgeon were relocated from Hanford to the District facilities on April 26 and 27, 1995, and have been at that location ever since. The Nez Perce Tribe, Department of Fisheries continue to monitor the growth of the fish and have continued to introduce innovative methods of keeping dissolved oxygen within required levels.

If you would like more information please

contact *Ed Larson, Biologist, NPTDF Biologist (208)-843-2253, Rudy Carter, NPTDF Project Manager (509-758-5974) or myself.*

Sincerely,

**Ken Kukuk**  
General Manager  
Public Utility District  
No. 1 of Asotin County

Dear Energy News,

Thanks for the latest issue of Northwest Energy News. It was one of the best issues in recent years. The articles on "Commissioning a Fleet of New Buildings" and "Fighting Fire With Fire" balance the items about fish. Also interesting was the report on "California: What's Up Down There?" This issue gave a wider scope to the paper. Thanks.

**George F. Tyler**  
Olympia, Washington

Dear Energy News,

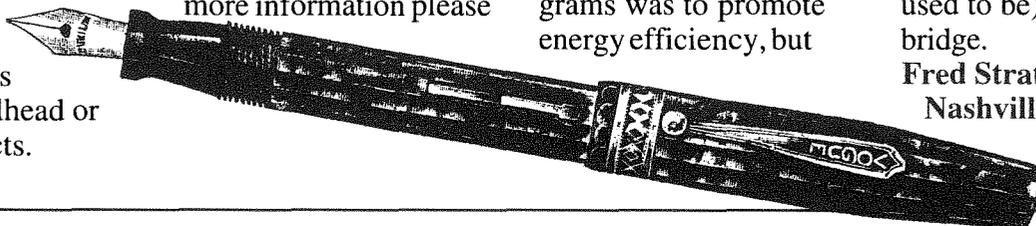
I read with great interest your recent article "Water Marketing: Promise or Peril?" I used to work for a utility company in Central Oregon. Several years ago I was assigned the responsibility of working with the utility's irrigators in a variety of conservation programs, mainly sponsored by the Bonneville Power Administration. The objective of the programs was to promote energy efficiency, but

water efficiency and savings sometimes resulted from retrofits. At the time (mid-1980s) water marketing was in an embryonic, conceptual stage. No deals were being made. However, I do recall the backlash that such proposals generated within the irrigation community.

In retrospect, I agree with Mr. Willey's comment that the "issue is less about money and more about the fear of the unknown."

However, I would go one step further: The issue is about vision. The use of natural resources is not a static condition and change is inevitable. I witnessed the addition of a strong recreation component to Central Oregon's economy. It seems to me that the concept of water marketing ought to be better received by the rural, mainly conservative, voices who generally advocate market-driven economics. If — as Mr. Willey suggests — the water will be marketed from marginal farming (or ranching) operations, then let market forces prevail. I don't buy the bogeyman scenario presented by the irrigation constituency. The handwriting was on the wall at least 10 years ago. So much for the water (that used to be) under the bridge.

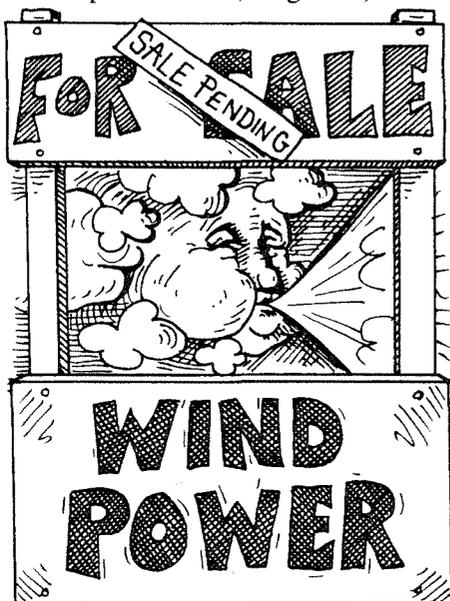
**Fred Stratton**  
Nashville, Tennessee



# SHORTS

## Northwest

The City of Portland, Oregon, and Portland General Electric signed an innovative, money-saving, wind power agreement. The new arrangement, the first of its kind in the nation, will enable Portland to buy electricity at the utility's wholesale cost. At the same time, Portland General Electric has agreed to generate or purchase more than 11 million kilowatt-hours of windpower over the five years of the power agreement. The deal helps Portland reduce its energy bills — from retail to wholesale rates — and fits with the city's goal of promoting renewable energy resources. (Source: Portland Energy Office press release, August 2.)



Pacific Northwest expected to benefit from huge power needs in Asia. Economic development in countries like China, Thailand, Indonesia, Malaysia and the Philippines is boosting power demand in those countries, and they are looking to the Northwest for help with electric generating and transmission technologies. China alone could require more than 100 gigawatts of electricity, says Roger Smith, a partner at Portland-based Rubicon International. "That's approximately two-thirds of the world's demand for energy," Smith figures. While China is looking at hydropower for much of the new energy, coal will likely be the dominant technology, and the nation has few environmental restrictions regarding coal burning. (Source: *The Oregonian*, July 27, 1995.)



## Nation

San Francisco Bay area governments form pool to buy power. The Association of Bay Area Governments has announced plans for bulk purchases of natural gas and eventually electricity on behalf of member cities and counties. By buying direct, the Association expects to save its member communities hundreds of thousands of dollars in power costs. The savings in natural gas, which are permitted under current regulations, will amount to only 3 percent to 12 percent off current prices. But buying electricity direct, which may be permitted under regulations being considered by the state utility commission and the legislature, could afford substantial savings. Bay area power rates are among the highest in the nation. (Source: Press release from Association of Bay Area Governments.)

First "Cool Community" under construction. Habitat for Humanity, a non-profit organization that uses volunteers and donated materials to build homes for people with low incomes, has broken ground for an energy-efficient community to replace one destroyed by Hurricane Andrew in south Florida. The housing development will be the first large-scale demonstration of the Clinton Administration's initiative to build efficient communities that rely on carefully sited trees and light colored surfaces — concrete instead of black asphalt, for example — to keep structures cool in hot climates. Energy use in the new homes will be about half that of similar structures using current building code approaches. For more information: Robin Adair, Homestead Habitat for Humanity, phone 305-247-0847. (Source: *Energy Conservation Digest*, July 24, 1995.)

# CALENDAR

**November 7-9 Northwest Power Planning Council Meeting, The Park Plaza Hotel, Helena, Montana.** For more information, contact the Council's central office at 800-222-3355.

**November 8-9 After the License, DoubleTree Suites Hotel, Seattle, Washington.** This is a seminar that addresses issues that arise after project construction, including fishways, safety, project monitoring, operations and recreation facilities. There will be a townhall meeting, and FERC staff will be available to address a number of issues. For more information, contact the Northwest Hydroelectric Association at 503-363-0121.

**November 14 Northwest Conference on Building Commissioning, The Westin Hotel, Seattle, Washington.** Co-sponsored by the Northwest Power Planning Council, Portland Energy Conservation, Inc., the Bonneville Power Administration and others, this is the first regionwide conference bringing building industry professionals and utility staff together to address quality assurance in commercial buildings. For more information, contact Debbie Dodds at PECE, 503-248-4636, ext. 205.

**November 15-16 Opportunity Knocks: The Changing World of Energy Services, at Hyatt Regency Suites, Palm Springs, California.** Sponsored by the Electric Power Research Institute, the National Association of Energy Service Companies, Synergic Resources Corporation and others, this conference will bring together energy service companies and utility executives to address ways to continue working together in the new utility world. For more information, contact: Conference Registrar, phone 610-667-2160 or FAX 610-667-3047.

**November 30 Can this River be Saved? The World Forestry Center, Portland, Oregon.** Sponsored by Portland State University, The Daily Astorian, The East Oregonian and The Capital Press. This conference includes a panel that will discuss a proposal for a Columbia Basin Watershed Planning Council; a panel that discusses The Limits of Science: What do we mean when we say the Columbia River is oversubscribed?; and other topics. Oregon Governor John Kitzhaber will be the luncheon keynote speaker. For more information call 800-547-8887, ext. 4832.

**December 7-8 New Rules No Rules: 2001 The Northwest Power System Odyssey, at the Red Lion Lloyd Center in Portland, Oregon.** This conference will explore management of Northwest rivers, government's role in competitive energy markets, the need for a new power act and conservation and renewable energy. Co-sponsored by Northwest Electric Light and Power Association and Portland State University. For more information: phone 503-231-1994.

**December 12-14 Northwest Power Planning Council Meeting.** Council central office in Portland, Oregon. For more information, contact the Council's central office at 800-222-3355.

**December 13 Energy '96, at the Hotel Vancouver, Vancouver, British Columbia.** This seminar will present policy, financial and technical information pertinent to energy-related business in British Columbia, and will provide a forum for discussion of issues and exchange of information. For more information, contact: Penny Wentzel, phone 604-985-4388 or FAX 604-985-4390.

**March 12-15, 1996 SOLTECH '96 and Utility PhotoVoltaic Group's 1996 Annual Meeting, at the Riviera Resort & Racquet Club, Palm Springs, California.** For more information, contact: Michelle Birkenstock, Solar Energy Industries Association, 122 C Street NW, 4th Floor, Washington, DC 20001. Phone: 202-383-2620 or FAX 202-383-2670. Or contact: Angela Barbara, Utility PhotoVoltaic Group, 1800 M Street NW, Suite 300, Washington, DC 20036. Phone 202-857-0898, FAX 202-223-5537.

**April 13-18, 1996 Solar 96, "Sundancin' in the Smokies," the 25th American Solar Energy Society Annual Conference and 21st National Passive Solar Conference, in Asheville, North Carolina.** For more information, contact: American Solar Energy Society, 2400 Central Avenue, Suite G-1, Boulder, Colorado 80301. Phone: 303-443-3130 or FAX 303-443-3212.

## Northwest Power Planning Council

### Idaho

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Please send me a copy of the following publications of the Northwest Power Planning Council. (Note: not all publications are available immediately, but they will be sent to you as soon as possible.)

### Publications

- (95-21) *1995 Annual Report*
- (95-19) *An Analysis of Western Energy Markets*
- (95-18) *Columbia Basin Fish and Wildlife Program Work Plan for Fiscal Year 1996*
- (95-17) *Considerations in the Construction of a CO<sub>2</sub> Mitigation Cost Curve for the Next Northwest Power Plan (a report prepared for the Northwest Power Planning Council by Trexler and Associates, Inc.)*
- (95-16) *A Renewable Energy Resource Strategy for the 1996 Power Plan*
- (95-15) *Structure of the Northwest Electricity Industry: Alternatives and Implications*
- (95-15A) *Appendices to 95-15: Structure of the Northwest Electricity Industry: Alternatives and Implications*
- (95-14) *Staff Issue Paper on the Role of the Bonneville Power Administration in a Competitive Energy Market*
- (95-13) *The Get Guide: Northwest Power Plan*
- (95-12) *Fiscal Year 1997 Budget and Fiscal Year 1996 Revisions (final)*
- (95-10) *Columbia River Basin Research Report*
- (95-9) *Transcript of Panel on Bonneville Competitiveness and Ways to Cut Bonneville's Costs (Seattle, Washington, Council meeting, June 14, 1995)*
- (95-7) *Directory of Organizations*
- (95-2) *Synopsis of February 14, 1995 Northwest Renewable Forum (includes list of participants)*
- (94-54) *Market Transformation: What is It and How do we Get There?*

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## *from the* **CHAIR**

**T**his December marks the 15th anniversary of the signing of the Northwest Power Act. I believe this year would be a good time to take a comprehensive look at the goals of that legislation and the Council's role in carrying out those goals. The Council was formed to provide a regional forum for addressing issues that are critical to the Northwest: an efficient, economic and reliable power supply and viable fish and wildlife resources. Few would argue that such a forum has been necessary.

But there *is* argument, particularly in light of the significant changes under way in this region, that the Council is no longer an effective means of deliberating and resolving these issues. The Act principally addressed the role of the Bonneville Power Administration as it appeared to be evolving in 1980. That role — for that matter, the entire utility industry — has changed dramatically since 1980. Bonneville now is under severe financial stress, and many of us in the region and our representatives in Congress are exploring possible ways to relieve that stress.



While this review of both Bonneville's circumstances and the status of the Northwest power system as a whole is under way, I think it is appropriate for the Council to look at *its* role, too, at the legislation that created the Council and at the new needs of the Pacific Northwest. Are the goals of the Northwest Power Act still valid? If not, how should they be revised to bring regional policy into harmony with newer energy and environmental realities? Do our Governors still need a council to provide the forum for making those revisions? Does *this* Council have the regionwide credibility necessary to guide that process?

Clearly, the changes taking place in the region and in the nation as a whole will happen with or without this Council's involvement. But if there is a role for coordinated action on the part of these four states, which share such valued assets, I would like to see that role carried out as effectively as possible.

Over the next several months, we will be conducting a wide public involvement process to hear from citizens throughout the four Northwest states. I believe these discussions hold the greatest promise for asking and, I hope, answering the key questions that will guide us into the next century.

*John H. Elchert*