Clark Fork Settlement Agreement
Final Management Committee Meeting Minutes
Noxon Emergency Services Building
September 27, 2016

Management Committee Representatives in Attendance
Avista Corporation: Tim Swant
Cabinet Resource Group: Jim Nash
Elk Creek Watershed Council: Mike Miller
Green Mountain Conservation District: Howard Bakke
Idaho Department of Environmental Quality (DEQ): Tom Herron
Idaho Department of Fish and Game (IDFG): Chip Corsi
Kalispel Tribe: Joe Maroney
Lake Pend Oreille Idaho Club (LPOIC): Ryan Roslak
Montana Department of Fish, Wildlife and Parks (MFWP): Jim Williams
Noxon-Cabinet Shoreline Coalition (NCSC): Rick Robinson
Panhandle Chapter Trout Unlimited (PCTU): Don Childress (Alternate)
Sanders County Commissioners: Tony Cox
United States Fish and Wildlife Service (USFWS): Wade Fredenberg (Alternate)
United States Forest Service (USFS), Cabinet Ranger District: John Gubel

Interested Parties
Avista Corporation–Bruce Sorensen, Guy Paul, René Wiley, Nate Hall, Heide Evans, Patty Shea, Paul Kusnierz, Shana Bernall, Eric Oldenburg, Sean Moran, and Lisa Vollertsen; Avista Corporation Grant Writer–Susan Drumheller; Elk Creek Watershed Council–Judy Hutchins; Idaho Department of Fish and Game–Matt Corsi and Ken Bouwens; Montana Department of Fish, Wildlife and Parks–Mark Deleray, Ryan Kreiner, and Jason Blakney; Pinnacle Research–Kim Bergstrom; United States Forest Service, Cabinet Ranger District–Doug Grupenhoff, Craig Neesvig

Welcome and Introductions
Tim Swant welcomed everyone and opened the 44th meeting of the Management Committee (MC) at 10:00 a.m. (MST). Individuals introduced themselves and a quorum was recognized.

Meeting Etiquette
Swant summarized meeting etiquette and the formal decision-making process. Swant reminded MC members that the 30 minute rule will be recognized. Heide Evans informed MC members that membership verification forms were modified in an effort to save paper and are needed to fulfill (in part) the requirements under Paragraph 33 of the Clark Fork Settlement Agreement (CFSA). As always, if your contact information changes in between meetings, please notify Avista as soon as possible.

Agenda Review and Approval
Swant reviewed the meeting agenda and reminded members that two informational packets were mailed out prior to this meeting. Members were encouraged to attend the dinner at Pilgrim

Creek Park and the Idaho tour on September 28th. Loren Albright requested an additional agenda item–update on the Walleye suppression projects.

Consent Mail Update

Evans explained that consent mailings are a business process utilized to seek approval of various items between formal MC meetings. As shown on your agenda, there have been three consent mailings since the spring MC meeting and all were approved.

Appendix R – Clark Fork Heritage Resources Program

Swant explained the Cultural Resource Management Group (CRMG) was established to ensure compliance with cultural and historic resources associated with the Clark Fork Project and implementation of the Settlement Agreement and FERC license. The CRMG includes representation from five Native American tribes, Idaho and Montana State Historic Preservation Offices, USFS, and Avista. In addition to their own projects and monitoring existing sites, the CRMG reviews all proposed projects to insure compliance with Section 106 and to ensure cultural and historic resources are protected. Due to the confidential nature of some of the information the CRMG tends to function behind the scenes.

René Wiley provided an update on CRMG activities to date. The CRMG worked with program leaders to evaluate the potential cultural impacts of projects with soil and vegetation disturbance. The CRMG is also working on annual monitoring of known cultural sites. The Pilgrim Creek Park Native American interpretive site was completed in May. This display includes a teepee, fish drying rack, two canoes with paddles, and three educational signs.

FERC Update

Evans explained that Paragraph 30 of the CFSA requires Avista to keep the MC informed of license compliance items. In response to FERC's request, Avista will file a biannual update regarding the status of funding for the Cabinet Gorge Dam Fish Passage Facility (CGFPF) with the Commission in mid-October. Additional information on this topic will be discussed later today.

Kaniksu Land Trust (KLT) Update

Nate Hall explained KLT was originally structured as a support organization for the Management Committee and CFSA. Initial funding was mostly provided by a single entity and there were concerns with meeting the IRS requirements for a non-profit organization. As was the hope all along, KLT recently changed the organization structure to a traditional non-profit organization in recognition of maturing into a local land trust.

Kaniksu Land Trust provided support for CFSA-related conservation easements and purchases in Sanders and Bonner counties. The first property of interest is the Twin Creek acquisition that is anticipated to close this fall. The second property is 75 acres of undeveloped property, of which 34 acres are wetlands near Heron, Montana. Kaniksu Land Trust secured a North American Wetlands Conservation Act grant to fund a portion of the purchase price. The third property of interest is a conservation easement along the Pack River. Other community outreach programs that KLT is involved in include the Prescription Park Pilot Project and the BioBlitz event to inventory nature resources at the University of Idaho property in Sandpoint.

Clark Fork Annual Report

Swant explained that the Clark Fork Annual Report to FERC (Annual Report) takes a great deal of time and energy to develop, and there is concern with how many people actually read the entire report. The MC formally approves the Annual Report budget sheet, and this section of the report will remain unchanged.

Swant explained that a draft Annual Report example was included in the MC mailout prior to the meeting. The revised template includes an expanded executive summary, project list (activities, status, etc.), and key references. Swant informally discussed revising the Annual Report with FERC staff – FERC would consider another format as long as Avista continues to meet FERC requirements. Avista will discuss potential revisions to Section 8.0 with the USFWS.

Wade Fredenberg understands the amount of time and effort that it takes to produce the Annual Report; however, the comprehensive document is useful for new agency personnel. Swant stated the executive summary will be expanded to capture key accomplishments. If information is needed on a specific project Swant suggested contacting the project leaders. Chip Corsi suggested providing a short historical narrative for projects online with links for programmatic reports. Swant stated that the Avista website for the Clark Fork Project will be refreshed this year and there has been a low number of visitors to the site. Avista recently developed a DVD-based searchable database for all of Avista's aquatic related reports that is available upon request.

Mark Deleray noted the bi-weekly programmatic updates from Appendix C staff are useful and would like those to continue. Swant replied that the programmatic updates will continue on a monthly basis and Avista will continue to research options to make reports available. Ryan Roslak suggested including a list of contacts for individual PM&Es. Swant will include the list of key contacts to the annual report. The MC concurred with the revised FERC annual report format.

Terrestrial Resources Technical Advisory Committee (TRTAC) Update

Hall explained that the TRTAC met on September 14 to review projects and there were no issues identified for MC review.

Avista continues to implement the Private Recreation Permit Program, with 205 private permits issued this year, and address issues related to ownership/and trespass on Avista property. Hall also mentioned MFWP and IDFG enforcement contracts were continued to help patrol and enforce regulations on Avista property.

Hall reviewed the progress with the herbicide and pesticide program including the treatment for Eurasian water milfoil (EWM). Funding was provided to Sanders County Aquatic Invasive Plants Task Force (Task Force) to assist with controlling EWM and Curly Leaf Pondweed in Noxon and Cabinet Gorge reservoirs. The overall goal of the project is to control the spread of EWM through a multi-pronged management approach with the use of herbicides, bottom barriers, boat check stations, and educational public outreach. This project is a cost-share between appendices B, G, and H, Montana Department of Natural Resources and Conservation,

NCSC, and in-kind support from the Sanders County Task Force, and Montana State University (MSU).

There were unique challenges in controlling EWM, when environmental conditions (i.e., low flows and high water temperature) were ideal for rapid, early growth of all aquatic plant species, including EWM. Due to these conditions, areas of EWM that were previously reduced to maintenance levels in Noxon Reservoir saw significant re-growth. Focus was shifted and the planned approach of aggressive treatment on Cabinet Gorge Reservoir was redirected to treatments on Noxon Reservoir to avoid losing the progress that had been made over the past six years. Dr. Getsinger (U.S. Army Corps of Engineers) provides technical guidance to the Task Force on herbicide applications. The Task Force is in the process of developing a long-term maintenance control plan.

Kim Bergstrom explained that last year hybridized (native and non-native) plants were discovered in Noxon Reservoir. Hybridized EWM plants are more resistant to herbicides and have a fast reproductive rate. The Task Force is working with Dr. Ryan Thum, geneticist from MSU, to research the hybrid plants and effectiveness of herbicides. The cost for herbicide treatment is approximately $1,000 per acre. In 2016, pre-treatment surveys of Noxon Reservoir were completed and a public meeting was held in July. Approximately 199 acres of EWM were treated in Noxon Reservoir. Post-treatment monitoring is scheduled for October 5. If you are interested in attending contact Paul Kusnierz, Nate Hall, or Ruth Watkins. The herbicide treatment is effective at targeting EWM and does not appear to impact native vegetation. The ultimate goal of the herbicide treatment is to reduce EWM to a point where only periodic maintenance treatments will be needed.

Roslak asked which herbicide is used in the reservoir. Bergstrom replied the Task Force utilized liquid herbicide Triclopyr, Endothal, and Diquat which have a short contact time. Roslak expressed concern that the cost per acre is high and will research the cost of liquid herbicides.

Bergstrom provided a PowerPoint presentation on revisions for the Recreation Resource Management Plan (RRMP). This is the first update to the plan since it was originally developed during relicensing in the late 1990′s. The updated plan will be a companion document to the original RRMP, and will serve as a guiding document for recreation site and resource management. A subgroup (Avista, MFWP, and USFS) participated in the revision process, such as document review and updates, site tours, and discussions. The plan will include accomplishments over the past 15 years, an assessment of recreation site conditions and program effectiveness, and improvements for the next 15 years. Overall, there are 57 recreation sites (developed and dispersed) and 14 boat launches associated with Avista's project area, which receive about 100,000 group visits each summer. Visitors to these sites are mainly participating in water-based activities such as fishing and swimming.

The adaptive management protocol adopted in the RRMP, which uses Limits of Acceptable Change (LAC) and Recreation Opportunity Spectrum (ROS) concepts, is difficult to implement on a regular and meaningful basis. The concepts of ROS and LAC, which are to emphasize the rustic and rural character of the Project Area are still central to the program, but are being refined to the specific setting and needs of the Clark Fork Project. The subgroup is developing an online

reporting form, where managers can login to review and enter site-specific information. A draft plan will be provided to the TRTAC for 30-day review and a final updated plan will be provided to the MC in March 2017.

Fredenberg expressed concern with negative resource impacts from increased recreation use near sensitive native salmonid areas, such as the mouths of Bull River and Graves Creek. Hall explained that the shoreline is classified into land use classifications, those areas with land use classification of Conservation One are designated as restrictive to protect sensitive natural resources. For example, the USFS owns and operates the Bull River campground located at the inner bay, while the outer bay is considered a land use classification of Conservation One, and docks are not allowed in that area. Swant added the same classification is used for Graves Creek Bay, where only one shared use dock is permitted away from the bay in the main reservoir. Fredenberg would like to continue discussing land use classifications and the concentration of anglers in sensitive areas, with Hall or Swant.

Hall provided an update on activities under the Recreation Resources Facility Development Plan. Thompson Falls State Park host site will be moved to a more appropriate location, as well as the addition of a second site. Other projects include trail improvements, universally accessible fishing pier, picnic shelter, and relocating restroom facilities.

A designated swimming area was established at the Trout Creek Recreation Area to minimize watercraft and swimmer conflicts.

Land Acquisition Update

In 2011, the MC approved the Guidelines for Acquisition of Land Interests, Clark Fork Projects. These guidelines provide information on how to ensure compliance with the CFSA and FERC license related to properties held by Avista. For properties that are retained under Avista ownership for ten years or longer, management plans are developed to address protection of the resources. After the initial ten-year check in, the MC reviews the property status every five years until the final disposition of the property is decided.

Hall provided a PowerPoint presentation to depict the locations of properties that need to be reviewed by the MC in 2016. Trestle Creek properties (acquired in 2000-2001) and South Gold Creek properties (acquired in 2000-2002) were originally reviewed by the MC in 2010. Avista retained ownership of these properties. Hall suggested continuing the current management plan for these properties. A subgroup continues to work on developing a timber treatment plan for the Avista-owned property on Trestle Creek (375 acres). Timber harvest in the Trestle Creek drainage is challenging, and the goal is to work on a plan in the fall with a work product to the TRTAC by the end of the year and to the MC in March 2017. Management Committee members discussed the Trestle Creek properties and options for transferring ownership, public access, and timber management plans.

Bull River Wood Duck Property was acquired in 2001 and was reviewed by the MC in 2011. Public access to the Wood Duck property is open year-round and administered through a sign-in box at the access point as part of the MFWP Block Management Program.

Swant proposed maintaining the status quo of the Trestle Creek, South Gold Creek, and Bull River Wood Duck properties management for a minimum of five years, recognizing that any action requires MC review and approval, with a status review by the MC again no later than 2021.

Consensus approval of the Trestle Creek, South Gold Creek, and Bull River Wood Duck properties to maintain the status quo management plan for a minimum of five years, recognizing that any action requires MC review and approval, with a status review by the MC again no later than 2021.

In August, the MC approved a consent mail for the Twin Creek acquisition, funded by Appendix A. Hall continues to work with KLT and a private landowner on details) and the acquisition is hoped to be completed by October.

Hall continues to work with a private landowner to purchase 75 acres near Heron, Montana that contains a large wetland complex. Kaniksu Land Trust secured a NAWCA grant to fund a portion of the purchase price, and will hold ownership of this parcel. This acquisition is anticipated to close this fall.

Hall continues to work with KLT, Natural Resources and Conservation Service, and a private landowner to purchase a conservation easement on a 300 acre parcel along the Pack River.

The MC recently approved a consent mail to provide funding to address erosion on the Clark Fork Delta, work is scheduled to start next week (planting 2,000 willows and strategically placing rock along the shoreline to minimize erosion). Hall continues to monitor the Herford and Noxon sloughs, as well as the temporary enclosure fence at the Herford Slough site.

Ducks Unlimited was hired in 2014 to collect baseline information and develop an early stage wetland enhancement plan for the Bull River wetland enhancement project. This effort was completed and a proposal was developed to increase habitat diversity by creating depressions with the spoils placed around the depressions to form low mounds. In 2015, field crews gathered additional water temperature and fisheries data for the site. Hall will discuss this project with MFWP to see if additional data needs to be gathered, or if another opportunity should be explored.

Project scoping and permitting was initiated in 2014 to address Cabinet Gorge Reservoir shoreline erosion at the Laundry Site and permitting was completed this spring. The site will be planted in the fall with woody vegetation along the bank and placement of large root wad structures.

A surveyor will be hired to design possible erosion control measures at the Finley Flats boat ramp as part of a larger project to evaluate and redesign the parking area. This project was delayed due to a personnel shortage.

Hall will contact a private landowner in the Vermilion Point area this fall to provide technical assistance for an erosion project adjacent to Avista property.

Water Resource Technical Advisory Committee (WRTAC) Update

Eric Oldenburg stated the WRTAC held their semi-annual meeting on September 13, 2016 and the majority of aquatic projects are moving forward as planned. In an effort to engage parties early on in the development of 2017 AIPs, members were encouraged to provide project proposals to program leaders as early as possible, in an effort to provide program leaders sufficient time to review and assist with development of project proposals. Oldenburg explained that Avista is implementing a new process for tracking work products to ensure reporting deadlines are being met.

Appendix A: Idaho Tributary Habitat Acquisition and Fishery Enhancement Program

Ken Bouwens explained that the Natural Resources and Conservation Service and USFS started the Lower Lightning Creek Working Group. The goal of the group is to assess possible improvements to the lower private reaches of Lightning Creek and to prevent the reoccurrence of Federal Emergency Management Agency induced large woody debris removal. The Lightning Creek large wood salvage project did not move forward, due to lack of approval by the USFS (determined it would violate the roadless designation of this area).

In August, the MC approved a consent mail for the Twin Creek acquisition. Hall continues to work with KLT and the landowner on details and the acquisition is ongoing. Hall anticipates completing the acquisition this fall. Last week the private landowners notified Bouwens that the public thought the site was open for public access. Bouwens followed up with the private landowners to post no trespassing signs and provided information to IDFG conservation officers. Hall added this is a good reminder that acquisition projects discussed as part of the CFSA programs are confidential until the transaction is completed and management plans are developed.

Grouse Creek project phase II is a cooperative effort between USFWS, USFS, Avista, and adjacent landowners. The project was completed last week and included installation of additional large woody debris complexes to upper Grouse Creek.

The purpose of the Spring and Mosquito creeks pathogen survey is to quantify the risk of spreading infectious pancreatic necrosis (IPN) and/or other viral pathogens from Spring and Mosquito creek fish populations to fish populations in the lower Clark Fork River. Preliminary results indicate the majority of Brook Trout and one Brown Trout that were sampled from Spring and Mosquito creeks tested positive for IPN.

Don Childress asked if upstream fish passage would move forward, since the pathogen issue was resolved. Deleray explained that Eileen Rice, MFWP Fisheries Chief, participated in development of the draft CFSA amendment. Those pathogen protocols will be followed in the future. Swant stated the draft CFSA amendment will be discussed later today.

Appendix B: Montana Tributary Habitat Acquisition and Recreational Fishery Enhancement Program

In 2016, coordination with the Lower Clark Fork Watershed Group and Montana Conservation Corps crews resulted in restoration project maintenance that included fence repair, planting, downsizing enclosures, and removing enclosures on Crow Creek, Bull River, and Graves Creek.

In the future, additional funds need to be included in the budget for monitoring and maintenance of restoration projects.

Doug Grupenhoff and Craig Neesvig provided a PowerPoint presentation and an overview of the Miners Gulch Restoration Project. This multi-year project, is located one mile downstream of the Chapel Slide restoration reach. Miners Gulch was identified in the Vermilion River Watershed Assessment as the next major source of sediment. This project was a cost-share (Appendix B, grants, USFS, and MFWP). Implementation was a massive undertaking and involved coordination from multiple agencies (USFS, MFWP, Avista, and others). Phase I included removing 6,000 cubic yards of material from the channel within the floodplain and terraces, re-contouring the channel, and addition of large woody debris and pools.

An annual monitoring report for this project will be produced by USFS. Riparian planting is scheduled to occur in 2017. After a bank-full event the site will be surveyed and using adaptive management, future downstream projects may be proposed and implemented. The MC members discussed Vermilion River sediment and bedload monitoring, Miners Gulch adaptive management strategy, and fish abundance.

Ryan Kreiner provided an update on the three Walleye studies:

Noxon Reservoir Fisheries Status Predictive Model: The purpose of this project was to develop a science-based predictive model to estimate the status of each resident fish species in the Noxon Reservoir over the next 20 years under two management scenarios (current management and Walleye suppression). In 2014, a researcher from the University of Idaho was selected to develop the model. The revised model was finalized earlier this year. Based on historic data, a logistic model, and physical characteristics of Noxon Reservoir, the Walleye population would likely not dominate the current fish community, although non-native warm water species as a group (i.e., Northern Pike, Smallmouth Bass, and Walleye) have become more abundant. Noxon Reservoir aquatic vegetation may provide a buffer and safe refuge for small young age class fish from predators. There seems to be a balanced relationship between predator and prey species at this time, when compared to the 1990s. Rick Robinson requested a copy of the model. Oldenburg will send the Noxon Reservoir Fisheries Status Predictive Model to Robinson.

Update of Walleye Expansion in Montana Environmental Assessment: This is a carryover project. In 2014, a researcher was hired from MSU to update the original Environmental Assessment, including updating four case histories for Walleye introduction into western waters and the effects on existing fish communities, as well as information on Canyon Ferry Reservoir following the illegal introduction of Walleye. This information will assist with future Walleye management decisions on the lower Clark Fork River. The contractor is working with MFWP to complete a revised draft report. There has been no significant change since the original case histories. Limiting factors were identified for Walleye population expansion including reservoir retention time, forage availability, and water level fluctuations.

Walleye Economic Study: This is a carryover project from 2014. The purpose of this study is to evaluate potential effects of Walleye suppression in Noxon Reservoir on the local economy. A researcher was hired from the University of Montana to build a bio-economic model that relates

current and historical fish populations in Noxon Reservoir to angling pressure and incorporates MFWP data and concurrent Walleye studies to predict the future economic situation. A draft report is anticipated in October.

Kreiner provided an update on the creel survey results for Cabinet Gorge and Noxon reservoirs and the Bull River. Currently, anglers handle many more Walleye (approximately 7,000 annually) than MFWP handles (few hundred a year) through monitoring activities (i.e., gill netting and night electrofishing).

The MC members discussed Walleye population monitoring and harvest, distribution of Walleye population within the lower Clark Fork River–Lake Pend Oreille system, fishing regulations, and suppression techniques.

Fredenberg asked if MFWP plans to consolidate the Walleye information into a revised Environmental Assessment. Deleray replied the project proposal and 2016 AIP state the studies would be conducted and information reviewed, and if needed propose an Environmental Assessment. Jim Williams stated this was a transparent process and the data were gathered to address public comments and concerns, the data will be analyzed before a management decision is made. Deleray stated that MFWP decided that an Environmental Assessment will not be developed at this time and will not be developed unless a management action is proposed.

Swant recognized that MC members have been discussing the topic for 30 minutes and suggested revisiting the discussions at the March MC meeting, after the Walleye Economic Study and original Walleye Environmental Assessment (Colby and Hunter) are completed.

Oldenburg stated that the Cabinet Gorge bathymetric map was finalized and printed in April. Copies of the map are available on the back table.

Mountain lakes fisheries monitoring is a multi-year project to survey high-mountain lake fish populations. In 2016, surveys were conducted in Fishtrap, Moran Basin, and Rock Lake. St. Paul Lake sampling will occur in October. Thompson Falls State Park and Frog ponds will be sampled as well.

Matt Corsi provided a PowerPoint presentation and update on the Lake Pend Oreille Lake Trout Suppression Program (Appendix F5). Components of this program are the same as previous years. In 2016, funding for the 2017 program was approved by the MC at a reduced amount to reflect an increased cost-share from the Bonneville Power Administration. Personnel continue to modify strategies in an attempt to improve catch efficiency and reduce by-catch mortality. The long-term goal of the program is to gradually reduce fishing effort annually and transition to a maintenance suppression program that will keep Lake Trout at low densities. Matt Corsi outlined the approach to reducing effort.

<u>Appendix C: Fish Passage/Native Salmonid Restoration Plan:</u>
Oldenburg explained that the Upstream Fish Passage Program continues to collect adult Bull Trout downstream of Cabinet Gorge Dam and send genetic samples to the Abernathy Fish Technology Center for analysis. To date, 26 adult Bull Trout have been captured and 21 have

been transported to Montana. This is the second year of the Westslope Cutthroat Trout (WCT) Experimental Transport Program. Forty adult WCT were captured and implanted with passive integrated transponder (PIT) tags in the spring and transported upstream of Cabinet Gorge Dam. Childress asked how many WCT were transported to the Noxon Reservoir. Bernall will send the WCT transport information to Childress.

Pathogen samples will be collected in the fall from Bull Trout, Kokanee, and Lake Trout and will be analyzed prior to applying for a MFWP import permit for 2017. Bernall continues to work with MFWP and IDFG on an ArcGIS-based database to store information on genetic purity of WCT populations in the lower Clark Fork River. In addition, the PIT-tag database was revised this year to make it more user friendly.

Swant reviewed that in 2014 the MC instructed a subgroup (including representation from Avista, USFWS, MFWP, and IDFG) to resolve outstanding issues related to the CGFPF. The subgroup members, associated legal counsel, and Montana Chapter Trout Unlimited participated in several meetings and negotiated a draft CFSA amendment to memorialize agreements regarding the CGFPF including resolution of the CFSA Appendix C annual operations and maintenance funding, pathogens, a timeline for decision making for the Noxon Rapids Fish Passage Facility (FPF), assurances once the CGFPF was built and minimum flow issues.

A special MC meeting was held on August 16, 2016 to discuss and ratify the draft CFSA amendment, but approval was deferred to allow stakeholders additional time to review the document, and a follow-up meeting was scheduled. On August 30, 2016, Avista received written comments from the Kalispel Tribe and PCTU and minor clarifications were expressed verbally by the USFS and Confederated Salish and Kootenai Tribes (CSKT).

A second special MC meeting was held on September 23, 2016 to discuss and identify concerns with the draft CFSA amendment. Representatives from Avista, Idaho DEQ, Kalispel Tribe, Kootenai Tribe of Idaho, CSKT, IDFG, MFWP, PCTU, USFWS, USFS, and their respective legal counsels participated and discussed issues and concerns with the draft CFSA amendment. The major issue that will need to be resolved is included in Section 2.4 – additional mitigation funding to resolve potential future issues associated with the CGFPF (i.e., fixes). This issue was extensively discussed during negotiations between USFWS and Avista; however, there was a genuine misunderstanding between the USFWS and Avista on the funding allotment of $500,000. Several follow-up items were identified in the draft CFSA amendment, and the parties agreed to attempt to negotiate final agreements over the next few weeks and to schedule another follow-up meeting.

Roslak requested clarification on the funding allotment issue. Swant clarified that Avista will be responsible for fixing issues with the CGFPF, if it does not function according to the design and BODR criteria. The CGFPF design incorporated a variety of components to provide additional operation flexibility at a variety of flows (i.e., three high elevation entrances and three low elevation entrances). Avista agreed to provide a onetime allotment in the amount of $500,000 for minor modifications, if needed. If stakeholders are not comfortable with the CGFPF design then the design process can be revisited. Unfortunately, there are a limited number of FPFs

designed to capture Bull Trout. The USFWS did not believe this was a onetime funding cap of $500,000 and believe that this amount is insufficient to comprehensively cover future needs.

Roslak stated it is unreasonable for Avista to request rate payers to pay for unlimited or significant additions to the CGFPF. If there are concerns with the CGFPF design, then those need to be addressed by revisiting the design process now. Maroney replied that the value engineering process was engaged to provide Avista alternative designs for a cheaper FPF while still meeting biological objectives, similar approach as Box Canyon Dam. There are unknowns associated with future needs for the facility.

Swant explained, at the time of relicensing there were unknowns associated with fish passage and questions regarding whether it was even necessary. It was agreed at that time to approach fish passage in a stepwise manner to answer unknowns associated with fish passage and determine if it was needed. If fish passage was determined to be needed, then Avista would utilize a separate fund – facility fund to design and construct a FPF. The CFSA agreed that if the annual operations fund is overrun then the facility fund could be used as supplemental funding for projects, if needed. In 2002, the annual operation fund contribution was exceeded and the MC agreed to utilize the facility fund to operate and maintain small-scale traps the MC had approved to facilitate upstream fish passage at Cabinet Gorge and Noxon Rapids dams. The remaining unresolved issue being addressed in the CFSA amendment is whether operations and maintenance for the CGFPF is funded from the facilities or annual operations fund. A compromise was reached to resolve the funding issue and is included in Section 2.4 of the CFSA amendment. Currently there is $8-9 million of unexpended carryover funding available for PM&E related projects. In addition to a onetime allotment in the amount of $500,000 for minor modifications in accordance with the CFSA the MC has the ability to approve the use of these carryover funds for future modifications to the CGFPF. As agreed to in the 2010 Joint Agreement, the facility fund would be used to build CGFPF, Noxon Rapids FPF (if deemed appropriate), and up to seven additional permanent tributary traps if the prototype proved to effectively capture fish.

Swant stated MC stakeholders that have concerns with the CFSA amendment need to attend the subgroup meetings. The construction contractor hoped to start the in-water work in January 2017 on an expedited timeline, which is now not feasible due to the delays with finalizing the CFSA amendment and the lengthy permitting and approval process. After the subgroup agrees on the CFSA amendment language, the document will be sent to MC members for 30-day review, and active CFSA participants will be asked to sign the CFSA amendment, to demonstrate unity to FERC on these complex issues. The CFSA amendment will be included in Avista's FERC license amendment application, which requires 30 day MC review, and FERC has up to one year to review and approve the license amendment. Avista needs to apply for 404 and 401 permits which can take 6 to 12 months for review and approval.

Fredenberg clarified the USFWS position on Bull Trout standard for Fishway is for the safe and timely passage of fish around barriers, time is of the essence, we are not trying to seek more money, instead the goal is to pursue and ensure effective passage. The obstacle is the language within Section 2.4 of the CFSA amendment that relates to the use of mitigation funding if the CGFPF is not capturing native salmonids; instead of fixing those issues Avista will re-commence

current methods (electrofishing, etc.). Swant replied there was a genuine misunderstanding between the USFWS and Avista on the frequency of this funding allotment. The CGFPF design is flexible (attraction flow, numerous entrances at varying elevations, etc.) and it will take years to evaluate what is actually the most effective configurations for capturing target species.

Roslak stated the MC has the ability to reallocate unexpended funds from other PM&Es to address issues with the CGFPF as they arise and there are funds available, if needed.

Maroney stated Kalispel Tribe has additional comments and concerns with other areas of Section 2.4. Corsi stated all concerns need to be addressed before moving forward, this is the 17th year of implementation of Avista's 45-year FERC license, it would be nice to agree on a design and move forward in a timely manner.

Swant provided a brief PowerPoint presentation on the CGFPF original and the two preferred alternative designs that resulted from the value engineering process. The USFWS expressed concern with the unknowns associated with the alternative designs and the potential risk associated if an alternative design is chosen, constructed, and does not effectively capture Bull Trout and there is no funding to retrofit or improve the facility. The USFWS is inclined to let Avista build a facility that is not proven to work, but you need to have ownership if the facility fails to function as expected.

Swant replied there is only one operating FPF that was specifically built for capturing Bull Trout. All other FPF currently capturing Bull Trout have been designed for anadromous salmonids (salmon and trout). This lack of Bull Trout capture data has created uncertainty for many stakeholders as to whether the current CGFPF design will meet the criteria of effective passage.

During the September 23, 2016 special MC conference call parties agreed to discuss revised language, distribute revised language, and reconvene in three weeks. Swant encouraged stakeholders to participate in the subgroup discussions. The purpose of the upcoming MC meeting is for stakeholders and associated legal counsel to discuss and attempt to resolve any outstanding clarifications and/or issues for the CFSA amendment. The Design Review Team (a subgroup of the MC) will reconvene to decide on a preferred CGFPF design to bring forward to the MC for review and approval.

Oldenburg reviewed that earlier this year the MC approved by consent mail revised tributary trapping protocols. The refined protocols are intended to increase the survival of juvenile Bull Trout and recapture rates of adult Bull Trout. To date, 107 juvenile Bull Trout (64 from Graves Creek) have been transported downstream of Cabinet Gorge Dam.

Graves Creek permanent weir trap modifications appear to be effective at retaining Bull Trout and will continue to be evaluated. The Monitoring and Evaluation Plan will be reviewed by the Aquatic Implementation Team this fall to evaluate the operation and fish capture effectiveness of the Graves Creek permanent weir trap.

Passive integrated transponder tag arrays were installed and operated in Prospect Creek, Cooper Gulch, Graves Creek, and Trout Creek. The Prospect Creek and Cooper Gulch study was

recently completed and found that these Bull Trout populations almost exclusively express a stream-resident life history.

Continued sampling efforts for bedload movement monitoring in the East Fork Bull River; however, due to unusually low spring runoff, bank-full flows were not reached and this sampling will be pushed back to 2017.

The purpose of the Non-Native Fish Suppression East Fork Bull River Project is to restrict non-native salmonid access, perform abundance monitoring, and collect a sub-sample of eggs from positively identified Brown Trout redds. This year's monitoring data shows an increase in Brown Trout abundance, while juvenile Bull Trout abundance appears to be below the long-term average.

Fish abundance monitoring was conducted, in coordination with Appendix B, in the Graves Creek drainage with less intensive sampling in Pilgrim and Deadhorse creek drainages. Redd surveys are scheduled to begin in October.

Appendix D: Bull Trout Protection and Public Education Project

This program is a collaborative effort between IDFG, MFWP, and PCTU. Idaho Department of Fish and Game education efforts were focused on providing fish identification and proper release techniques to anglers, hosting field trips at the WaterLife Discovery Center, and other educational activities within the local community. Montana Fish, Wildlife and Parks continued the "hooked-on-fishing not on drugs" program in public schools, and the Bull Trout trailer was located at the Sanders County Fair and the Huckleberry Festival. Enforcement staff continue to pay particular attention to Bull Trout spawning streams and field crews maintain communication with enforcement staff as to any suspicious activities. Panhandle Chapter Trout Unlimited continued to ensure an adequate supply of Bull Trout materials and participated in events including the Panida Theater Fly Fishing Film Festival, Trout and About Festival, as well as a new fundraising effort to support "Casting for Recovery".

Appendix E: Watershed Council Program

Avista continues to coordinate with Green Mountain Conservation District, Lower Clark Fork Watershed Group, and Bonner Soil and Water Conservation District to assist with program implementation and support administrative efforts for existing watershed councils in Montana and Idaho.

Appendix F1: Lower Clark Fork River Water Quality Monitoring Program

The Clark Fork Coalition, Avista, Montana DEQ, Idaho DEQ, University of Montana, and City of Missoula held their annual kickoff meeting in May to review the 2016 water quality sampling program. The Clark Fork Coalition is the lead for coordination of the subgroup, posting of final data, and reporting this information on their website. Avista continues to collect water quality samples at the three designated locations on the lower Clark Fork River (March – November).

Appendix F2: Monitoring of Noxon Reservoir Stratification and Mobilization of Sediment Nutrients/Metals

Avista continues to monitor river flows which steadily decrease until about mid-August. The water column monitoring "trigger" is outflow from Noxon that is less than 8,000 cfs for at least 4 out of 7 consecutive days between July 1 and September 30. The trigger criteria was reached on August 4 and flows have continued below 8,000 cfs for 33 days. A proposal may be included in the 2017 AIP for collecting the third and final sample pending discussion with the WRTAC.

Appendix F3: Aquatic Organism Tissue Analysis

There were no proposed activities for 2016 in conjunction with this PM&E. Projects under this program are dependent on IDFG and MFWP activities. A final report for the Noxon and Cabinet Gorge reservoirs mercury concentration study is anticipated in the fall.

Appendices F4 and T: Water Quality Protection and Monitoring Plan for Maintenance, Construction, and Emergency Activities and Project Operations Package

Oldenburg provided an overview of the measures contained in these appendices. All costs for these measures are borne by Avista. The project operations package defines general operating limits for Noxon Rapids and Cabinet Gorge dams and the protection and monitoring plan serves as standard operating procedures under certain circumstances, such as operating outside of the general operating limits. Avista held the Project Operations meeting and relayed information to the USFS. There were no variances from the general operating limits and none are anticipated for the remainder of 2016.

Appendix F5: Dissolved Gas Supersaturation Control, Mitigation, and Monitoring

There are four basic components to this PM&E: 1) project operations, 2) total dissolved gas (TDG) monitoring, 3) TDG alternative mitigation and monitoring program, and 4) Gas Supersaturation Control Plan (GSCP) alternative.

In 2016, Avista continued to follow the spillgate procedures as defined in the GSCP. For Cabinet Gorge Dam this now includes the operation of the ice and trash gates, and was amended to include operation of the modified spillway #2 during spill. Spillway operations were amended in 2016 to include use of spillways #4 and #5 during spill.

All of the TDG monitoring equipment was sent back to the manufacturer for annual calibration and maintenance. Seasonal TDG monitoring equipment was deployed on March 17 at three locations. Peak flow at Cabinet Gorge Dam occurred on May 28 at just under 53,000 cfs. This serves as an official notification that within the next two weeks, post-construction testing for spillway #4 and #5 will be performed if spill conditions allow.

The primary goal of the LPO Bull Trout Survival Study is to evaluate the outmigration to returning adult survival of Bull Trout and Westslope Cutthroat Trout in Trestle and Granite creeks. Passive integrated transponder tag arrays were maintained and data continued to be collected for future data analysis.

Continued to implement the Box Canyon Reservoir Northern Pike Suppression Project through the use of gill nets. This is the second year of implementing the program at a reduced level.

Continued water quality trophic and phytoplankton monitoring with the goal of identifying the trophic status of LPO, compared to lower Clark Fork River and Pend Oreille River.

The goal of the strontium isotope baseline study is to collect water samples this fall to establish baseline data throughout the system. This information will be used to help develop future projects.

The Clark Fork field station is used by IDFG and Avista personnel as field offices. A contractor uses the facility as a base of operations for the LPO Trap and Gill Net Program. An environmental review and hazardous materials survey were completed to determine what facility repairs are needed. After the final report is received IDFG and Avista will discuss next steps.

Guy Paul provided a presentation and an update on the spillway crest modification project. Modifications to spillway #2 were completed and successfully operated during the spill season. In 2016, construction was completed for modifications of spillways #4 and #5. These three modified spillways combined provide the capacity to reduce TDG on a flow of approximately 20,000 cfs. Total dissolved gas performance test results of these modified spillways indicated that there is not much of a difference between a modified spillway and an unmodified spillway on the shallow side, and it is worthwhile to modify spillways on the deep side of the tailrace. This fall Avista plans to conduct additional post-construction TDG testing if conditions allow. Based upon those tests, begin final design engineering for spillways #1 and #3. The goal is to improve TDG performance and to reach the interim TDG target of 120% at a 7Q2 flow as identified in the GSCP Addendum. Avista has until 2018 to complete construction and evaluate the modified spillways at Cabinet Gorge Dam.

Clark Fork Newsletter

Swant explained the Clark Fork Newsletter is an outreach effort and will be distributed electronically this winter.

Grant Writer Update

Swant reviewed the history of the CFSA grant writer and introduced Susan Drumheller. Ruth Watkins is in the process of phasing into retirement and is training Drumheller to be the new grant writer. Drumheller provided an update on 2016 grant funding, with a total of $224,000 received. Grant funding was secured for the Bull River riparian revegetation project, Thompson Falls State Park trail, and Sanders County EWM herbicide projects.

Other

Swant reminded members that draft 2017 project proposals are due December 1, 2016. Watkins and Drumheller are available to help with grant writing assistance, please contact them before November. Project proposal guidelines are available for those individuals that are interested in submitting study plans for CFSA related projects. If there is interest in proposing a project for funding, please contact Avista to receive a project proposal packet.

Next MC Meeting

The next MC meeting will be on November 2nd to discuss the CFSA amendment. The required spring 2017 meeting will be held in Sandpoint, Idaho on March 14-15, 2017. The proposed

meeting will be a two-day meeting. There is an Aquatic Project Ranking meeting scheduled for January 4, 2017; the WRTAC meeting is scheduled for January 17, 2017; and the TRTAC meeting is scheduled for January 18, 2017.

Swant reminded the group that the bus tour tomorrow starts at 8:00 a.m. Swant thanked everyone for their participation and adjourned the meeting at 4:50 p.m. (MST).