

**Priest Rapids Coordinating Committee
Statement of Agreement on Re-Calibration of the NNI Fund**

Approved by the Priest Rapids Coordinating Committee: November 03, 2008

Statement:

The Priest Rapids Coordinating Committee agrees to the re-calibration of the NNI Fund per this Statement of Agreement (SOA).

- (1) Juvenile steelhead survival evaluations will occur in 2008, 2009, and 2010. If the studies are valid and the arithmetic 3-year average of the annual estimates for project steelhead survival (S2) is less than the 86.49% survival standard specified in the Priest Rapids Salmon and Steelhead Agreement (Agreement), the NNI steelhead fund will be updated on February 15, 2011, as specified below based on S2, and would carry into years after 2011. The PRCC will discuss next steps to implement in 2011 to improve steelhead survival.
- (2) Sockeye and subyearling Chinook would be de-coupled from steelhead (S2) and will be linked to the yearling Chinook (S1) for years 2008, 2009, and 2010, and NNI funds for these species will remain as specified in the Agreement.
- (3) Sockeye and subyearling Chinook would be re-coupled to steelhead in 2011. If technology **is available** to conduct sockeye and subyearling Chinook survival evaluations in 2009, 2010, and 2011, the NNI fund would be updated on February 15, 2012 based on an arithmetic 3-year average of the annual survival estimates (2009, 2010, and 2011) for sockeye (S3) and subyearling Chinook (S4). If technology is **not available** to allow estimates of S3 and/or S4, the NNI fund would be updated on February 15, 2012, based on S2 and/or S3 and S4 if available.
- (4) The NNI Fund would be back-filled for years 2009 and 2010, based on the arithmetic 3-year average of the annual estimates (2008, 2009, and 2010) for steelhead project survival. If S2 is less than 86.49% the difference in percentage would be used to adjust the NNI Fund for years 2009 and 2010. This relates only to steelhead, since steelhead have been de-coupled from sockeye and subyearlings.

For example, if S2 is 76.60%, the NNI Fund backfill is calculated as follows:

Steelhead backfill = $(86.49 - 76.60) \times \$16,449 = \$162,680.61$ per year

In this example, the total NNI Funds for steelhead backfill for 2008 and 2009 made available Feb 15, 2011, would equal \$325,361.22, plus adjustments for 2008-2011 interest and CPI for 2005-2010.

- (5) If any survival study is deemed invalid by the PRCC, the PRCC may choose to revise NNI Fund recalibration with methods similar to SOA 2008-2
- (6) Changes to the NNI re-calculation methodology may require an amendment to the license per Article 401 (Section (b) *Requirements to File Amendment Applications*; page 72). If an amendment is required members of the PRCC will support Grant PUD's license amendment request consistent with the terms of SOA 2008-2.

NNI Re-Calculation Table

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Spring Chinook	S1= 86.59%	S1= 86.59%	S1= 86.59%	S1= 86.59%	S1= 86.59%	Verify S1	S1 or retest	S1 or retest	86.49% or new measures	86.49% or new measures
Steelhead	S1	S1	S1	S1	S1	S1	S2	S2	86.49% or new measures	86.49% or new measures
Steelhead backfill					S1-S2 ¹	S1-S2				
Sockeye	S1- 2.7%	S1- 2.7%	S1- 2.7%	S1-2.7%	S1- 2.7%	S1- 2.7%	S2- 2.7%	S3 or S2- 2.7%	S3 or S2- 2.7%	S3 or S2- 2.7%
Summer Chinook	S1- 3.6%	S1- 3.6%	S1- 3.6%	S1-3.6%	S1- 3.6%	S1- 3.6%	S2- 3.6%	S4 or S2- 3.6%	S4 or S2- 3.6%	S4 or S2- 3.6%

Background:

In February 2005, the Public Utility District No. 2 of Grant County (Grant PUD) entered into the Priest Rapids Project Salmon and Steelhead Settlement Agreement (Agreement). The Agreement, provides additional protection for spring Chinook and steelhead, non-listed species (sockeye, summer Chinook, Fall Chinook) and reintroduced salmonids (coho and Okanagan spring Chinook).

A main component of the Agreement was the development of a “No Net Impact Fund” (NNI Fund). The NNI Fund was intended to provide near-term compensation for annual survivals that are less than the survival objectives in the performance standards for the Project for spring Chinook, steelhead, summer Chinook and sockeye. Specifics can be reviewed in the Agreement (Section 15.3 and 15.3).

Grant PUD conducted PIT tag and 3-D acoustic tag survival evaluations for yearling Chinook salmon in 2003, 2004 and 2005. Survival standards were achieved for yearling Chinook based on the arithmetic 3-year average of the annual estimates (86.59%). A five-year check in for yearling Chinook survival (S1) will occur in 2010 per the Agreement, and if Priest Rapids Project survival is less than 86.49%, the PRCC will discuss next steps.

In 2006, Grant PUD initiated year 1 of a three consecutive year 3-D acoustic tag juvenile steelhead survival evaluation. Results from the 2006 juvenile steelhead evaluation were invalidated by the Priest Rapids Coordinating Committee (PRCC) because the evaluation did not achieve the statistical accuracy stated in the Priest Rapids Salmon and Steelhead Agreement (Agreement), and will not be used in future NNI Fund recalculations. Results from 2006 were potentially affected by issues such as fish source and quality (Wanapum gatewells), tagger effects, and high total dissolved gas.

In 2007, Grant PUD released three separate groups of acoustic-tagged steelhead below Rock Island Dam to compare survival and migration dynamics of alternative fish sources (Rocky Reach and Wanapum Gatewell) and handling methods. This evaluation was not designed to be a true survival evaluation (only single point release), and served as a test year to correct issues that led to invalidating the 2006 study. A five year check in for steelhead survival will occur in 2015 per the Agreement, and if survival is less than 86.49%, the PRCC will discuss next steps.

¹ If S2 is greater than 86.49%, then steelhead backfill will be 0 for 2009 and 2010

On January 23, 2008, the PRCC discussed a method for a February 15, 2009, recalibration of the NNI funding as specified in the Agreement, based on a single point steelhead survival estimates for 2007 and the survival study results for 2008.

On February 27, 2008; the PRCC discussed a second method for recalibration of the NNI fund using the single year result from the 2008 steelhead survival evaluation. The PRCC had concern over using only 1 year to calculate survival estimates and chose not to pursue this proposal.

On March 26, 2008; the PRCC discussed several alternatives to recalculate the NNI fund and bring the testing schedule back on track with the Agreement. The following alternatives were proposed;

- Conduct a steelhead survival study in 2008 and recalibration the NNI fund in early 2009 (single year estimate);
- Conduct a steelhead survival study in 2009 and recalibrate the NNI fund using an arithmetic 2-year (2008 and 2009) average of the annual estimates;
- Conduct a steelhead survival study in 2010 and recalibrate the NNI fund using an arithmetic 3-year (2008-2010) average of the annual estimates.

On November 03, 2008 the PRCC agreed upon the recalculation methodology specified in SOA 2008_2.