

DRAFT FISCAL YEAR 2010 BUDGET AND FISCAL YEAR 2009 REVISIONS

April 15, 2008

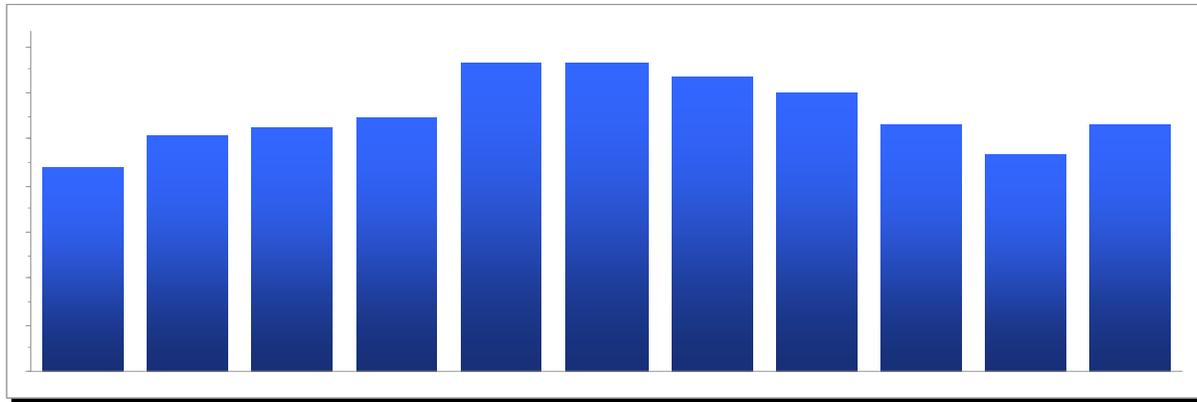


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A. MISSION AND GOALS STATEMENT

(The Council's mission and goals are derived from Public Law 96-501, The Pacific Northwest Electric Power Planning and Conservation Act of 1980)

MISSION

To balance protection of two vital Northwest resources: **affordable electricity** and **healthy fish and wildlife populations**.

GOALS

- To provide leadership in developing policies for regional electric power and fish and wildlife issues.
- To develop and implement a plan to achieve an adequate, efficient, economical, reliable and environmentally sound power supply while mitigating the effects of the hydroelectric system on the Columbia River and its tributaries by protecting and enhancing fish and wildlife in a scientifically sound manner.
- To encourage development and use of cost-effective conservation and renewable resources in the region.
- To encourage cooperation, balance the needs of competing interests and ensure protection of the public interest by providing an accountable, open and fair decision-making process.

B. STABILIZING LONG-TERM FUNDING

BUDGET HISTORY

I. COUNCIL FUNDING BACKGROUND

The Northwest Power Act, as passed by Congress in 1980, establishes a funding mechanism to enable the Council to carry out its functions and responsibilities. The Bonneville Power Administration provides this funding through ratepayer revenues. The Act establishes a formula to determine a funding limitation threshold, and authorizes the Council to determine its organization, and prescribe practices and procedures to carry out its functions and responsibilities under the Act.

The Act further provides that the funding limitation applicable to annual Council budgets will be calculated on a basis of .02 mill multiplied by the kilowatt hours of firm power forecast to be sold by the Bonneville administrator during the year to be funded. The limitation may be increased to .10 mills, provided the Council makes an annual showing that such limitation will not permit the Council to carry out its functions and responsibilities under the Act.

The basis of the funding methodology (firm power forecast to be sold) embraces authorities set forth in other sections of the Act that describe the Congressional expectation that Bonneville will serve all anticipated load growth for the region in the future. As such, the Act authorizes Bonneville to supply all of the incremental electricity needed in the

future for the region, if so desired by its customers and others.

II. FISCAL YEAR 2010

The Council has determined that the 0.02-mill limitation will not allow the Council to carry out its functions and responsibilities under the Power Act in Fiscal Year 2010. As detailed in Appendix C of this report, the Council determined that an amount equal to 0.091 mill, which totals \$9,683,000, will be required in Fiscal Year 2010.

III. FUNDING METHODOLOGY IS NO LONGER WORKABLE

In 2008, 28 years after Congress passed the Power Act, it is clear that the law, while visionary with respect to future power supplies and mitigation of hydropower impacts on Columbia River Basin fish and wildlife, did not foresee, and could not have foreseen, changes that have occurred in the electric utility industry and with regard to fish and wildlife recovery in the Northwest. These changes affected Bonneville's firm-power sales — and therefore calculation of the Council's budget — and also resulted in increased responsibilities for the Council. The changes include:

- Bonneville load growth projections have not materialized as anticipated. Regional energy sales have increased by approximately 4,800 average megawatts since 1980. Of this increase, Bonneville's firm sales might have

increased by nearly 2,800 average megawatts had Bonneville met the region's incremental load growth as envisioned by Congress in the Act.

-Because conservation is a resource under the Act, it could be argued that the conservation that has been achieved by Bonneville and its customers should be considered in Bonneville's firm power sales (880 average megawatts).

-In addition to cost-effective conservation, changes in dam operations to improve fish passage have diminished power generation capability by approximately 1,200 average megawatts of potential firm sales.

-It cannot be determined from the legislative history of the Act whether Congress intended the .10 mill funding limitation to be in constant dollars. If this were the case, inflation would have to be added each year to get the nominal funding limitation. The limitation in nominal dollars for 2008 would be about .22 mills, thereby providing an offset to the firm sales anomalies that have occurred over time.

-Approximately 60 percent of the Council's budget now supports planning and implementation of the Council's fish and wildlife program, compared to about 15 percent in 1982. Much of the Council's added fish and wildlife workload stems from the 1996 amendment to the Act that emphasized independent science review and the application of cost-effectiveness principles when recommending fish and wildlife projects for funding. Basing the Council's funding methodology only on the forecast sales of firm power ignores the new responsibilities related to fish and wildlife recovery that the Council must now budget.

The realities described above illustrate why it has been necessary for the Council to absorb nearly 33 percent in inflation costs from 1982 to 2008. The Council also has

attempted to manage and accommodate growing workloads under its fish and wildlife responsibilities during this same period. These constraints, along with an outdated funding formula, have made it increasingly difficult for the Council to carry out its full responsibilities under the Act.

In 2006, the Council was able to realize some relief through Bonneville's Final Interpretation that Residential Exchange Program (REP) firm load should be included the firm power forecast used to calculate the Council's budget cap. This interpretation is consistent with the Council's historic practice of including the REP load in the firm sales forecast.

IV. ANNUAL BASELINE BUDGETS

Since 1997, the Council has responded to the circumstances that have flawed the funding methodology of the Act by negotiating annual budget ceilings with Bonneville that cover specific Bonneville rate periods. These negotiated agreements incorporate various budgetary constraints such as:

- a. Current-level service budgets from the preceding budget period.
- b. Restrictive cost-of-living adjustments for personal services expenditures.
- c. Cost-cutting actions to cushion the impact of inflation.
- d. Program improvements individually cost-justified.

By applying these budgeting principles on an annual basis, the Council has been able to successfully confine budget growth to less than 3 percent per year over the last ten years (1998-2008).

V. BUDGET VERSUS ACTUAL EXPENDITURE CONSIDERATIONS

The Council attempts to project workloads and resource requirements two years in advance with some opportunity for budget revisions occurring prior to the beginning of each fiscal year.

During each annual budget cycle the Council:

- a. Manages overall expenditures to the most cost-effective level.
- b. Conserves unanticipated cost savings in a prudent manner.
- c. Reprioritizes the allocation of funding and staff resources to accommodate new workloads and unanticipated responsibilities.

Actual expenditures in one budget year may not necessarily be reliable indicators of funding requirements in future budget cycles because:

- a. Changes in Council workloads, programs, and responsibilities are difficult to anticipate and are often initiated by external events in the region or by requests from the Congressional delegation or the states' governors.
- b. Programs and activities that are budgeted but deferred because of new and emerging higher priorities are often re-budgeted in succeeding years because of their continued need and importance.

VI. FISCAL YEARS 2009 - 2010 DRAFT BUDGETS

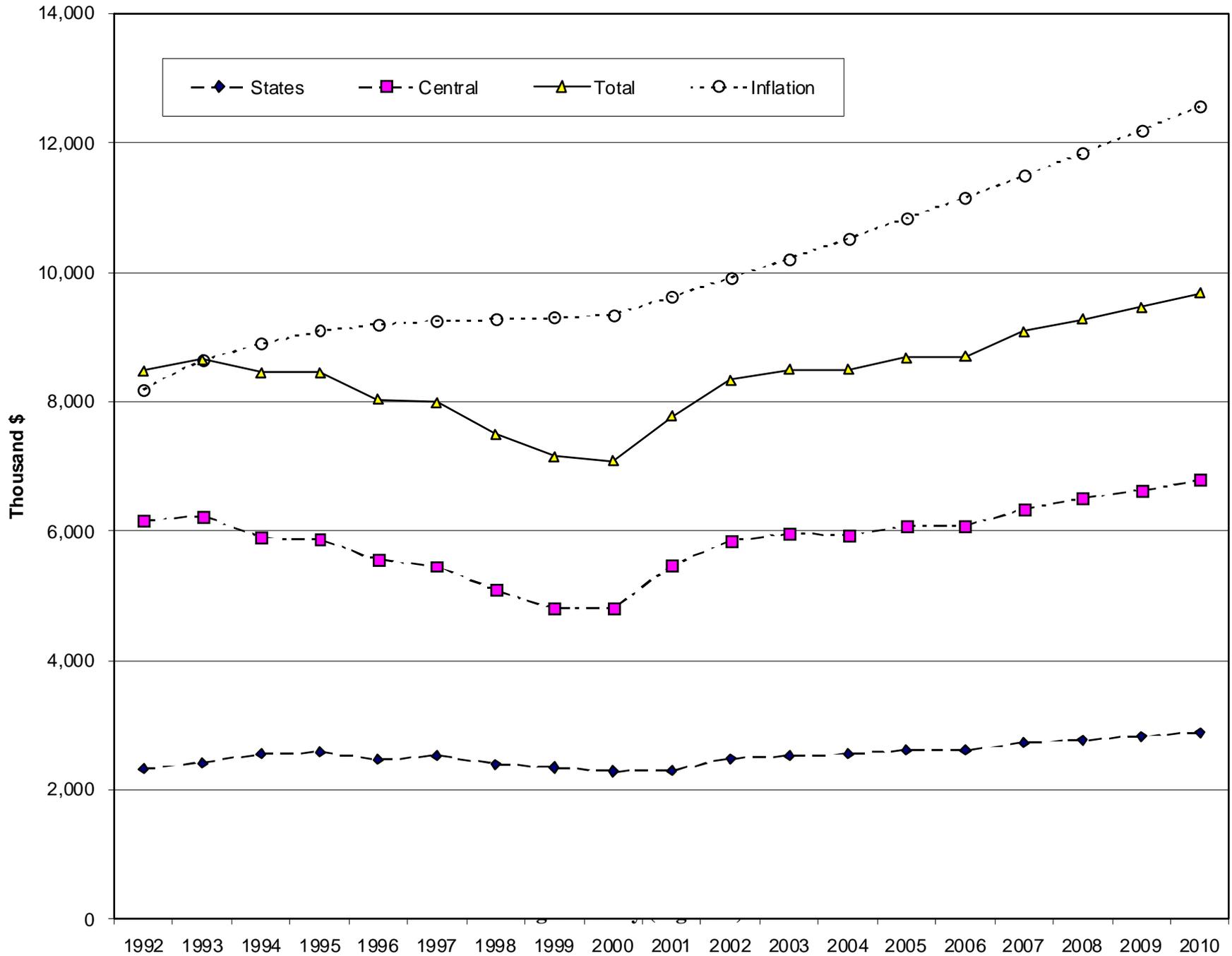
The Council's draft budget reflects the proposed budget for Fiscal Year 2010 and the recommended revisions to the Fiscal Year 2009 budget. In addition, the draft budget contains the out-year budget projection for fiscal years

2011 and 2012. The Council is committed to carrying out its current responsibilities and workloads within these projected funding levels.

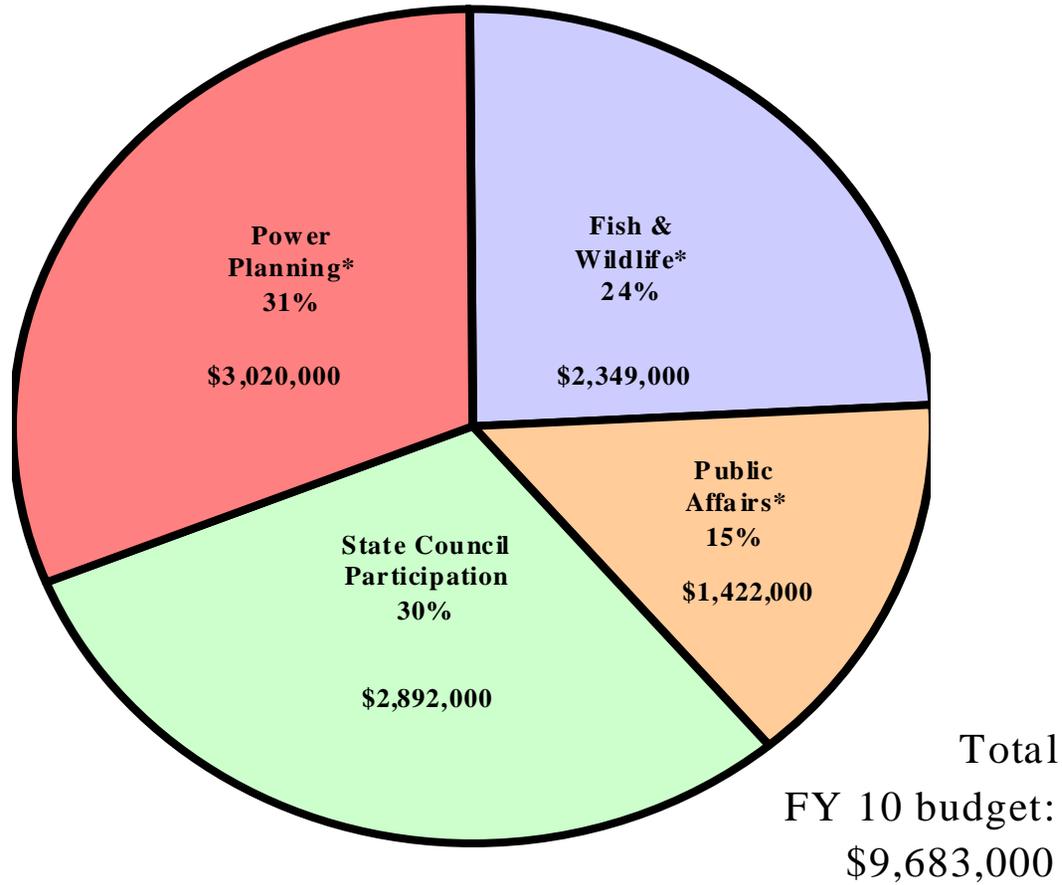
A summary of the draft budgets for the last four budget years follows. These projections show an average annual growth over the four-year period, 2007 - 2010, of approximately 3 percent per year. This reflects current-level service based on the fiscal year 2006-revised budget.

Fiscal Year 2006	\$8,700,000	
Fiscal Year 2007	\$9,085,000	(4.4%)
Fiscal Year 2008	\$9,276,000	(2.1%)
Fiscal Year 2009	\$9,467,000	(2.1%)
Fiscal Year 2010	\$9,683,000	(2.3%)

The Council showing, required by the Act, for Fiscal Year 2010 is contained in Appendix C.



Budget by Function (Figure 2)



* Includes central office administration burden for executive management, as well as legal, fiscal and administrative services.

FISCAL YEAR 2009/FISCAL YEAR 2010 BUDGET STRATEGY

The Council continues to be conscious of the need for healthy financial conditions for the Bonneville Power Administration. In an effort to be responsive, the Council in Fiscal Year 2009 and Fiscal Year 2010 will maintain similar budget constraints to those initiated in 1998.

To accomplish this, the Council will:

1. Continue to identify efficiencies in operations and administration in order to limit inflationary increases to an average of 3 percent during fiscal years 2007-2010.
2. Reallocate staffing where possible to absorb new workload without increasing FTEs.
3. Re-prioritize resources as necessary to respond to new requests for technical analysis. Reschedule or postpone work anticipated during the budget-development process in order to respond to the most essential requests for studies and analyses.

PROPOSED BUDGET REQUESTS

Fiscal Year 2010 Budget

Based on the major issues and levels of effort discussed on the preceding pages and described in more detail in other sections of this document, the Council has determined that

the proposed budget expenditures are necessary and appropriate for the performance of its functions and responsibilities as authorized by the Northwest Power Act, Section 4(c)(10)(A). The Council further has determined that the 0.02 mill per kilowatt-hour limitation on expenses will not permit the Council to carry out its functions and responsibilities under the Act, Section 4(c)(10)(A). (See Appendix C for a detailed description of the Council's showing under the Act.) The Council proposes that the projected budget in the amount of \$9,683,000 for Fiscal Year 2010, equal to 0.91 mills per kilowatt-hour for the estimate of forecasted firm power sales, be included in the Bonneville administrator's Fiscal Year 2010 budget submittal.

Fiscal Year 2009 Budget Revisions

The Council's Fiscal Year 2009 revised budget remains the same as the previously submitted Fiscal Year 2009 budget request of \$9,467,000. The Council's budget for Fiscal Year 2010 and Revised Fiscal Year 2009 is based on current-year expenditure levels plus adjustments for shifting workloads, certain program improvements, and cost-of-living adjustment factors as provided by the U.S. Department of Energy (Bonneville) and the Oregon Economic and Revenue Forecast. A number of cost-containment measures for personal services, travel, contracts, and services and supplies have been incorporated in the budget.

Budget/Expenditure Summary (Table 1)
(000's omitted)

	FY07 Budget	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget	FY11 Projected	FY12 Projected	FY13 Projected	FY14 Projected
Expenditures:											
Personal Services*	\$4,762	\$4,419	\$4,920	\$4,870	\$5,053	\$5,033	\$5,163	\$5,279	\$5,417	\$5,524	\$5,636
Travel	212	157	218	218	218	\$221	220	222	222	222	222
Contracts	382	271	355	373	348	\$359	353	353	353	353	353
Other Operating Expenses	<u>994</u>	<u>1,052</u>	<u>1,012</u>	<u>1,022</u>	<u>1,015</u>	<u>\$1,021</u>	<u>1,055</u>	<u>1,061</u>	<u>1,152</u>	<u>1,154</u>	<u>1,154</u>
SUBTOTAL	\$6,350	\$5,899	\$6,505	\$6,483	\$6,634	\$6,634	\$6,791	\$6,915	\$7,144	\$7,253	\$7,365
State Budgets	<u>2,735</u>	<u>2,596</u>	<u>2,771</u>	<u>2,764</u>	<u>2,833</u>	<u>2,833</u>	<u>2,892</u>	<u>2,946</u>	<u>2,999</u>	<u>3,049</u>	<u>3,103</u>
TOTAL	<u>\$9,085</u>	<u>\$8,495</u>	<u>\$9,276</u>	<u>\$9,247</u>	<u>\$9,467</u>	<u>\$9,467</u>	<u>\$9,683</u>	<u>\$9,861</u>	<u>\$10,143</u>	<u>\$10,302</u>	<u>\$10,468</u>

* Authorized positions represent full staffing. Underutilization of authorized positions can occur during the fiscal year and result in an under-expenditure in the personal services budget. Also, costs associated with payroll taxes, insurance, and benefits can be different than budget projections because of staffing changes and inflationary effects. Some positions are filled on a part-time basis.

FY 2009 Revised Program Forecast (Table 2)
(000's omitted)

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
Compensation	\$1,144	\$851	\$511	\$355	\$736	\$3,597
Other Payroll Expenses	457	340	204	141	294	1,436
Travel	68	57	46	21	29	221
Contracts	108	175	0	8	68	359
Other Operating Expenses	76	8	103	8	826	1,021
SUBTOTAL	\$1,853	\$1,431	\$864	\$533	\$1,953	\$6,634
State Budgets:	<u>(000's)</u>					
Idaho	\$692					
Montana	692					
Oregon	697					
Washington	752					
SUBTOTAL	\$2,833					2,833
TOTAL						<u><u>\$9,467</u></u>

FY 2010 Program Forecast (Table 3)
(000's omitted)

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
Compensation	\$1,151	\$887	\$522	\$369	\$761	\$3,690
Other Payroll Expenses	\$460	\$354	\$208	\$147	\$304	\$1,473
Travel	\$66	\$66	\$41	\$18	\$29	\$220
Contracts	\$150	\$165	\$0	\$8	\$30	\$353
Other Operating Expenses	<u>\$76</u>	<u>\$8</u>	<u>\$125</u>	<u>\$8</u>	<u>\$838</u>	<u>\$1,055</u>
SUBTOTAL	\$1,903	\$1,480	\$896	\$550	\$1,962	\$6,791
State Budgets:	<u>(000's)</u>					
Idaho	\$708					
Montana	\$709					
Oregon	\$711					
Washington	\$764					
SUBTOTAL	\$2,892					<u>\$2,892</u>
TOTAL						<u><u>\$9,683</u></u>

C. INTRODUCTION

BACKGROUND

The Northwest Power and Conservation Council was created by Congress in 1980 through the Pacific Northwest Electric Power Planning and Conservation Act and held its first meeting on April 28, 1981. The Council is an interstate compact agency of Idaho, Montana, Oregon, and Washington, not an agency of the U.S. government. (Section 4 (a)(2)(A)).

The principal duties of the Council under the Northwest Power Act are to: 1) develop a regional power plan to assure the Northwest an adequate, efficient, economical and reliable power; 2) develop a fish and wildlife program to protect, mitigate and enhance fish and wildlife affected by hydroelectric development in the Columbia River Basin and make annual funding recommendations to the Bonneville Power Administration for projects to implement the program; and 3) provide for broad public participation in these processes and inform the public about regional energy and fish and wildlife issues (Sections 2(1)(A) and (B), (3), (3)(A)). Bonneville, Bureau of Reclamation, Corps of Engineers, and Federal Energy Regulatory Commission are the principal agencies charged with implementing the fish and wildlife program (Sections 4(h)(10), (11)(A)). Bonneville implements the Council's conservation and electric power plan (Sections 4(d)(2), 6(b)(1)).

Funding for the Council is provided by Bonneville, a self-financing federal agency, not by the Federal Treasury or by

any state government in the region. The Northwest Power Act directs that expenses of the Council (subject to certain limits described in Appendix C of this report) shall be paid from funds available to the Bonneville administrator and shall be included in Bonneville's annual budget submitted to Congress pursuant to the Federal Columbia River Transmission System Act (Section 4(c)(10)(A)).

The goals of the Power Act – assuring an adequate, efficient, economical, and reliable power supply; encouraging conservation and renewable resources; and protecting, mitigating, and enhancing the fish and wildlife resources of the Columbia River Basin – are of vital importance to the social and economic welfare of the Northwest.

COUNCIL RESPONSIBILITIES

Northwest Conservation and Electric Power Plan

The Power Act directs the Council to develop and periodically amend a plan to ensure the Pacific Northwest of an adequate, efficient, economical, and reliable electric power supply (Section 4(d)). The Council adopted the first version of its Northwest Power Plan in 1983 and amended the plan in 1986, 1989, 1991, 1996, 1998, and 2004.

At the time Congress passed the Power Act, wholesale electricity sales were regulated. Since the mid-1990s, however, wholesale power has been sold competitively. While federal law changed the nature of electricity sales, the Power Act goals of assuring reliable and affordable electricity remain an important focus and responsibility of the Council's regional power planning. The Council continues its efforts to accomplish the goals of the Northwest Power Act in ways that are consistent with the changing electricity market.

The 2004 revision of the power plan, called the Fifth Northwest Power Plan, focused on maintaining the adequacy and reliability of the power system within the current market structure, balancing the interactions between fish and power, and ensuring appropriate levels of resource diversity and risk management. To reach these goals, the Council views its power planning responsibilities to include, in addition to preparing and periodically amending the power plan:

1. Promoting Conservation and Renewable

Resources. Working with regional interests to devise ways of providing guidance in meeting the region's conservation and renewable resource goals, and working with the Regional Technical Forum to track regional progress.

2. Analyzing the Wholesale Electricity Market.

Providing information, evaluation, and analysis of the evolving wholesale electricity marketplace to promote full, fair, and effective competition throughout the region.

3. Analyzing the Power System. Providing valuable, high-quality, and timely analyses of the interactions between fish and the electric power system, including

enhanced analytical models that more accurately capture the effects of changes in the operation and configuration of the hydroelectric system, and energy system reliability.

Columbia River Basin Fish and Wildlife Program

The Power Act (Section 4(h)) directs the Council to develop, adopt, and periodically amend a program to protect, mitigate, and enhance fish and wildlife affected by the development and operation of hydroelectric projects in the Columbia River Basin and also review Bonneville's progress in implementing the program (Sections 4(h and-i)). In addition, the Council monitors the efforts of the Corps of Engineers, Bureau of Reclamation, and Federal Energy Regulatory Commission to take into consideration the fish and wildlife program in decision-making.

The Council adopted its first Columbia River Basin Fish and Wildlife Program in November 1982. The Council amended the program in 1984, 1987, 1992, and 1994/95. The Council last revised the program in December 2000 (all but the section addressing mainstem Columbia and Snake river mainstem operations), April 2003 (the mainstem dam operations section), and 2004/05 (adding subbasin plans). The program incorporates a basinwide vision, biological objectives, strategies, and a scientific framework in a unified plan for fish and wildlife recovery.

With the assistance of the Independent Scientific Review Panel, the Council also reviews and makes recommendations concerning projects proposed for funding by Bonneville to implement the fish and wildlife program.

The 2000 revision included a multi-species approach for decisionmaking, and the 2003 mainstem amendments included a plan for the operation of the federal hydrosystem. An initiative to develop subbasin plans throughout the Columbia Basin began in 2003. Those 59 plans, adopted in 2004 and 2005, will help define the environmental and biological goals specific to fish and wildlife within the basin. In addition to preparing the fish and wildlife program, the Council views its fish and wildlife planning responsibilities to include:

1. Utilizing Best Available Scientific Information.

Through two panels of independent scientists, ensuring that the best available science is applied in the development of regional fish and wildlife recovery measures.

2. Economic Analysis. Through the Independent Economic Analysis Board, bringing more rigorous economic analysis to the development and evaluation of fish and wildlife measures.

Public Involvement

The Power Act requires the Council to develop and maintain comprehensive programs to inform the public of major regional power and fish and wildlife issues, and obtain feedback from the public, Bonneville, Bonneville's customers, fish and wildlife agencies, Indian tribes, and others for consideration in its decision-making (Section 4(g)). The Council also is required to report to Congress annually on actions taken to implement the Power Act (Section 4(h)). In addition to these activities, the Council views its public involvement responsibilities to include:

1. Encouraging Regional Cooperation. Fostering regional cooperation and coordination on activities that support the goals of the Power Act.

2. Educating the public about the Council's decision-making and involving the public in those processes. The Public Affairs Division arranges public meetings and public hearings, arranges for transcription of these meetings when necessary to create a legal record of proceedings, distributes information about decision-making processes, receives comments from the public and distributes them to the Council members, staff, and the public, and performs other duties to ensure public participation in decision-making.

D. ORGANIZATION FUNCTIONS

COUNCIL ORGANIZATION

The governors of Idaho, Montana, Oregon, and Washington each appoint two members to the Northwest Power and Conservation Council. The eight-member Council sets policy and provides overall leadership for Council activities.

The Council's work is performed, depending on the tasks, by the Council's professional staff (including staff in a central office and in each state), consultants under contract, or by public agencies and Indian tribes under intergovernmental agreements. The Council's executive director is responsible for coordinating with the eight member Council, supervising the central office staff, administering the contracts, and overseeing the day-to-day operations of the Council. The Council approves major contracts and the overall work plan.

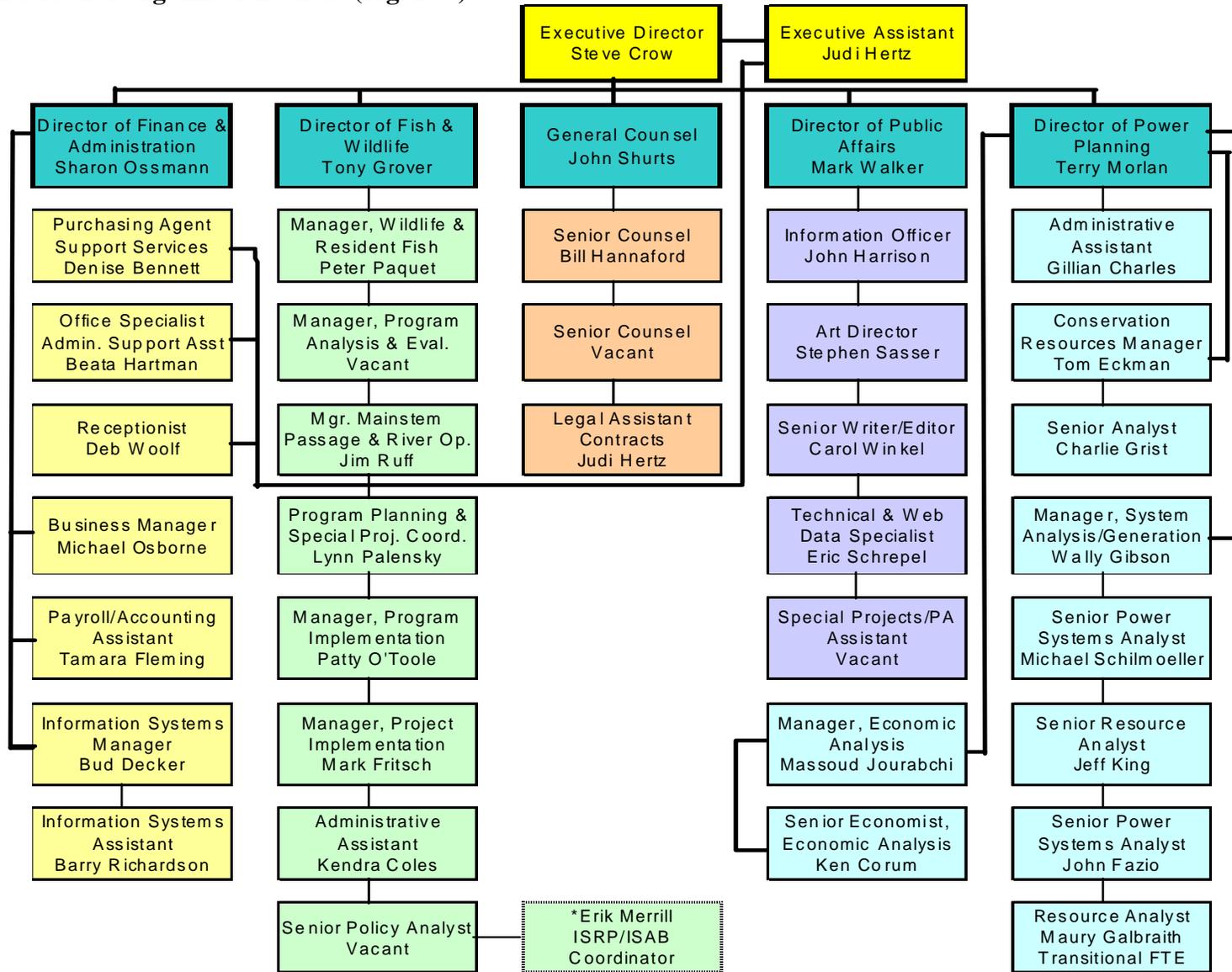
STATE OFFICE ORGANIZATION

Professional staff in each state provide technical review and assistance to Council members in evaluating matters before the Council. State staff also participate in designing and developing public involvement programs that focus on the implementation of the power plan and fish and wildlife program in their particular states. This support is provided through existing state agencies or by individuals directly under Council member direction.

CENTRAL OFFICE ORGANIZATION

The central staff, under the leadership of the executive director, has been organized into five divisions: Power; Fish and Wildlife; Public Affairs; Legal; and Administrative.

Divisional Organization Chart (Figure 3)



* ISRP/ISAB funded position

E. POWER DIVISION

The efforts of the Power Division in Fiscal Year 2009 and Fiscal Year 2010 will be focused on developing and beginning to implement the Council's Sixth Power Plan. As the Sixth Power Plan is developed staff will continue to facilitate implementation of the Council's Fifth Power Plan. The Fifth Power Plan was driven by many of the issues affecting the power supply and price situation of 2000-2001. These include the difficulty of maintaining the adequacy and reliability of the power system within the current market structure, the interactions between fish and power, and the importance of appropriate levels of resource diversity and risk management, to name a few. Much of the analytical focus of the Fifth Plan was on the trade-offs between average cost and risk. We believe the resulting plan better informs regional policy-makers, power suppliers, and consumers and will assure an adequate and affordable electricity supply in the future while meeting the region's obligations to protect, mitigate, and enhance the fish and wildlife resources of the Columbia Basin. The plan demonstrates the value of significant and sustained investment in conservation and the importance of preparing to develop significant quantities of wind power in the longer term.

We expect that these basic values are likely to persist into the Sixth Power Plan, which the Power Division expects to complete by the end of Fiscal Year 2009. Therefore, efforts at implementation should continue throughout the process of developing the Sixth Power Plan.

In particular, the division will be concentrating its efforts on the following areas:

Development of the Sixth Power Plan:

This will involve significant technical analysis and the involvement of other regional organizations and interests through technical advisory committees and Council discussions. The work will include:

- In the initial steps of the plan revision, updating the data and models that are used to help develop a power plan. The Council will implement a new demand-forecasting system that addresses short-term variations in demand as well as long-term trends in energy use. The portfolio model used to analyze the cost and risk of possible plans will be enhanced and updated, and the GENESYS model of the regional power system will be refined. All of the changes will help better understand and plan for capacity needs as well as energy needs.
- Developing new forecasts of demand, energy prices, generating resource costs, and efficiency improvements.
- Planning for integrating substantial amounts of wind power into the regional power system and addressing the cost and transmission requirements of that integration. In addition, the adoption of new renewable portfolio standards in three of the four Northwest states will need to be taken into account in the plan, as will new legislation on limiting carbon emissions.

Implementation of the Council's Fifth Power Plan

This will involve working closely with Bonneville, state regulators, utilities, and others in the following areas:

- Development of conservation resources. The combination of higher avoided costs and new technologies resulted in a significantly larger amount of cost-effective conservation than what was included in the last power plan. Development of that conservation in a sustained manner will yield significant benefits.
- Better identification of the amount and cost of demand-response resources in the region, and development and implementation of policies and programs necessary to utilize those resources. Demand response is the ability to voluntarily reduce loads in response to high prices or tight supplies. The plan's analysis indicates significant value to demand response if available in the amounts and costs estimated.
- Take the necessary steps to implement generating resources when needed including:
 - Resolving uncertainties regarding the ability to site large wind-power developments in the region and the cost of integrating large amounts of wind generation into the power system.
 - Monitoring and evaluating the potential for sequestering carbon from power generation and other low carbon energy alternatives.
 - Assessing regional resource adequacy by applying the resource adequacy standards adopted by the Council in 2008.
 - Encouraging load-serving entities to use effective resource planning methods that incorporate consideration of risk.

- Encouraging the development of institutions and mechanisms for effective planning, expansion, operation, and management of the region's transmission system.
- Resolving barriers to the development of renewable and high-efficiency generating resources.
- Continuing efforts to encourage consideration of cost-effectiveness in fish and wildlife planning and better integrating fish and wildlife mitigation and power planning.
- Monitoring and evaluating the state of the science and policy of climate change and adjusting resource planning accordingly.

Participation in regional and western energy policy development forums:

- The Northwest is increasingly part of a West-wide power system. Actions elsewhere in that system can have profound implications for the Northwest. This has necessitated dedicating increasing amounts of staff time to activities like Columbia Grid, Northern Tier Transmission Group, the Western Electricity Coordinating Council (WECC) and many of its committees, the Committee on Regional Electric Power Cooperation (CREPC), and so on. Division staff will continue to be involved in these activities in the coming years.
- In addition, the Power Division will continue its involvement with the activities intended to change the way in which the Bonneville Power Administration carries out its responsibilities in power supply. The thrust of those changes is to:

- provide power beyond the capability of the existing system only to those who request it and who agree to bear the costs of the additional resources acquired through tiered rates or a similar mechanism; and
- continuing to facilitate cost-effective conservation and renewables development.
- The Council formed the Northwest Resource Adequacy Forum to develop resource adequacy standards and measures. The adopted standards will continue to be refined and implemented over the next two years.
- The Council will manage the new Northwest Wind Integration Forum to complete the activities recommended in the Wind Integration Action Plan.
- The Council will also manage a regional process to advance the development of demand response resources, The Pacific Northwest Demand Response Program.
- Council staff will participate in utility integrated-resource planning processes by providing data and advice.
- The staff will continue to be an active participant in conservation organizations such as the Northwest Energy Efficiency Alliance, the Regional Technical Forum, and the Oregon Energy Trust.

Providing information and analytical support to the region, including:

- Supporting efforts to develop cost-effective energy efficiency initiatives and renewable resources, particularly through support of the Regional Technical Forum (RTF); activities related to Bonneville's Conservation and Renewable

Resource Discount (C&RD); and conservation acquisitions as part of Bonneville's efficiency program and those of individual utilities in the region. The RTF has attracted funding from Bonneville and the region's utilities and is now the primary regional source of technical information on cost-effective efficiency measures and the verification of their savings.

- Supporting the activities of the Independent Economic Analysis Board.
- Providing analysis of the effects of fish recovery initiatives on the power system.
- Periodic evaluation of future power supply adequacy.
- Providing analytical support to understand the carbon footprint of the Northwest Power System and to inform implementation of regional carbon-reduction goals.
- Providing information and data on the regional energy system in response to requests.
- Providing specialized energy analyses to support other regional organizations.

Maintaining and enhancing the Council's planning and analytical capability:

- The Council staff must devote substantial time and resources to preserving and enhancing its modeling and analysis capabilities. During 2008 and 2009 this will include:
 - Refining and applying the new demand forecasting capability
 - Refining the portfolio risk assessment model and making it accessible to utilities in the region.

- Enhancing the GENESYS model of hydroelectric and other generating resources.
- Further developing analytical capabilities for the Western power and transmission grid.
- Staying abreast of emerging efficiency and generating technologies and their costs.

These activities will form the core of the Power Division's activities over the next two years. The work plan and staffing of the Power Division reflect the following functions:

1. Power System Analysis (Contracts \$60,000)

A. Carry out system analyses of power issues.

Assess and inform the region regarding adequacy of the power supply, implications for power system reliability, and alternatives for maintaining an adequate and reliable power supply. Evaluate resource strategies and perform issue-specific analyses (contract support is required to maintain the Council's license to the AURORA™ price forecasting model and assistance in the staff's own modeling efforts).

B. Analyze the carbon emission of the Northwest power system and the broader Western power system.

C. Complete the Olivia system for developing utility-scale versions of the portfolio risk analysis model. Making this model accessible and scaled to individual utility planning will facilitate consideration of risk in utility integrated resource planning.

D. Carry out analyses of the effects of fish and wildlife initiatives on the power system.

The Council provides the states and the people of the Northwest the capability to independently analyze and evaluate the interactions between the power system and fish and wildlife. Division staff will continue to provide this analytical capability and, in particular, will perform analyses in support of the Council's amendment of its Fish and Wildlife Program.

E. Maintain data on existing and potential generating resources.

The Council has become a source for reliable data on both existing and potential new generating resources. Division staff will continue to research new technologies and their costs and maintain publicly available databases containing this information.

F. Maintain and enhance the GENESYS Model for evaluation of the Northwest power system.

This model is widely used for understanding the operations of the hydroelectric system in the context of other generating resources. It is also the primary tool for the region to estimate the effects of operational constraints for fish and wildlife on the capability of the power system.

2. Energy Efficiency and Renewables (Contracts \$50,000)

A. Support the Regional Technical Forum to identify cost-effective efficiency actions and to document their savings through utilities' and others' actions.

The Regional Technical Forum will be updating information in its conservation database and Web site, and will be monitoring,

evaluating, and documenting utility conservation savings. The division provides management and guidance for the Regional Technical Forum.

- B. Research and maintain data on energy efficiency technologies and their costs.** The Council is a key source of this information. The Council's information is widely used in utility integrated resource plans and in other forums addressing conservation opportunities and policies.
- C. Work with Bonneville, regional utilities, regulators, and legislators to help achieve the efficiency targets in the Council's power plan.** The conservation staff participate actively in many regional forums where decisions affecting conservation are made, providing data, advice, and analysis.

3. Economic Assessment and Forecasting of Electricity Demand (Contracts \$40,000)

- A. Maintain information on the regional economy, fuel and electricity prices, and electricity demand.
- B. Upgrade the Council's demand-forecast tools. The division has developed new short-term demand forecasting tools and has adopted a new long-term of demand-forecasting model. These models will facilitate more detailed analysis of hourly and seasonal demand patterns to support improved capacity analysis.
- C. Provide analysis in support of conservation and demand response resource potentials and consumer response.
- D. Continue to support the efforts of the Independent Economic Analysis Board.

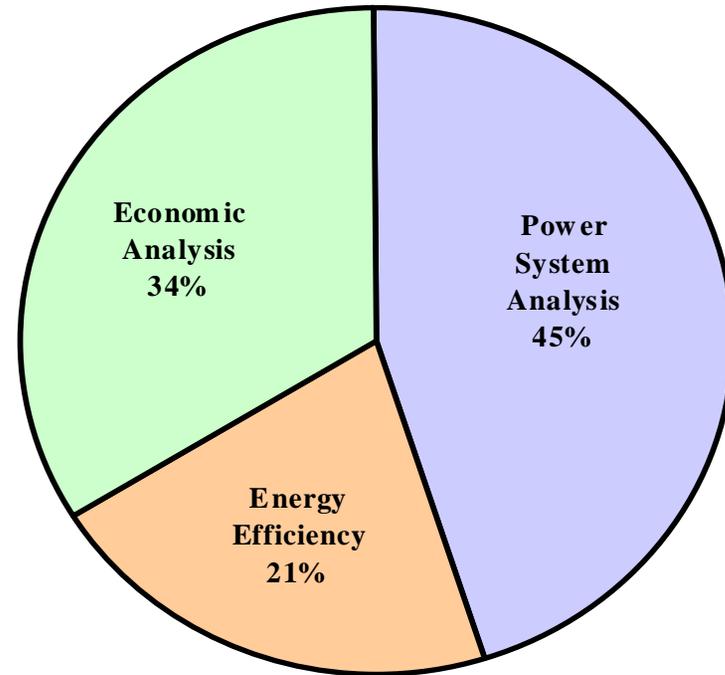
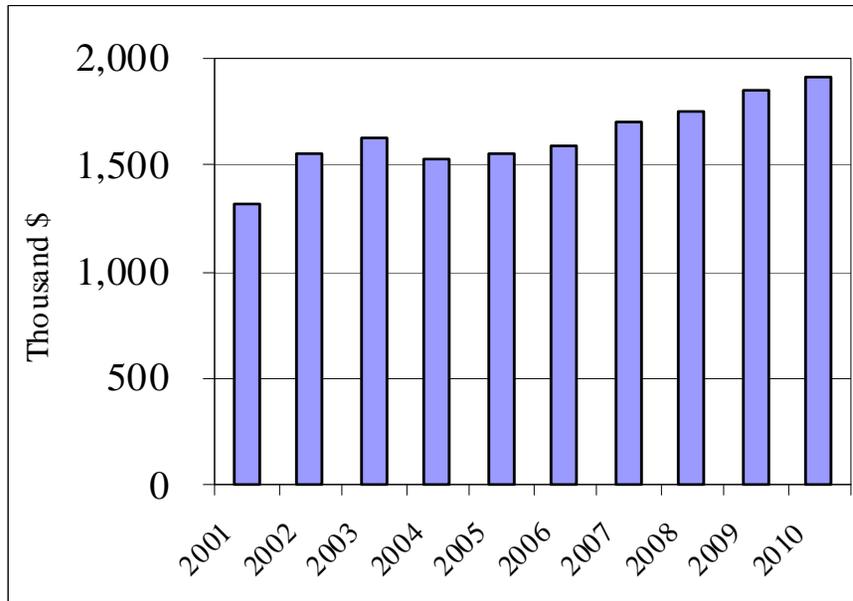
Travel

In Fiscal Year 2009 and Fiscal Year 2010 travel costs for Power Division staff will increase slightly to reflect the higher cost of airfare.

Staffing

As a part of the Power Division's long-term succession plan, the division added one junior-level staff member to help evaluate generating resources. That person is expected to work with senior staff through Fiscal Year 2008 and a portion on Fiscal Year 2009.

Budget History (Figure 4)



FY10 Program Allocations
\$1,903,000

Expenditures by Category (Table 4)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	\$1,057	\$1,058	\$1,138	\$1,087	\$1,144	\$1,151
Taxes, Insurance & Benefits	322	423	455	435	457	460
SUBTOTAL	\$1,379	\$1,481	\$1,593	\$1,522	\$1,601	\$1,611
TRAVEL						
Staff	\$61	\$62	\$64	\$62	\$66	\$64
Advisory Committees	2	2	2	2	2	2
SUBTOTAL	63	64	66	64	68	66
CONTRACTS						
(See detail Table 5)	90	132	132	125	108	150
OTHER OPERATING EXPENSES						
(See detail Table 5)	82	75	76	75	76	76
TOTAL	<u>\$1,614</u>	<u>\$1,752</u>	<u>\$1,867</u>	<u>\$1,786</u>	<u>\$1,853</u>	<u>\$1,903</u>

Supplemental Expenditures (Table 5)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
I. CONTRACTS						
A. Energy Plan - Printing	\$0	\$0	\$0	\$0	\$0	\$0
B. Conservation/Renewables	25	50	25	45	38	50
C. System Analysis	30	22	41	20	20	60
D. Demand Forecasting	35	60	66	60	50	40
	<u>35</u>	<u>60</u>	<u>66</u>	<u>60</u>	<u>50</u>	<u>40</u>
TOTAL	<u>\$90</u>	<u>\$132</u>	<u>\$132</u>	<u>\$125</u>	<u>\$108</u>	<u>\$150</u>
II. OTHER OPERATING EXPENSES						
A. Data Subscription Service	\$32	\$38	\$38	\$38	\$38	\$38
B. Staff Development and Training	2	5	3	5	3	3
C. Advisory Committee Meetings Expense	1	1	1	1	1	1
D. Services and Supplies	9	3	9	3	9	9
E. Temp Services	13	3	0	3	0	0
F. Modeling Service	25	25	25	25	25	25
G. Power Plan - Printing	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$82</u>	<u>\$75</u>	<u>\$76</u>	<u>\$75</u>	<u>\$76</u>	<u>\$76</u>

F. FISH AND WILDLIFE DIVISION

The Council's continuing role in protecting, mitigating and enhancing fish and wildlife affected by hydropower dams of the Columbia River Basin is reflected in the budget proposed for the Fish and Wildlife Division for 2009-2010.

Primary Fish and Wildlife Division activities include:

1. Implementing the 2000 Fish and Wildlife Program, including the implementation of subbasin plans adopted by the Council in 2004 and 2005 will continue through 2008. It is expected that there will be an amended version of the Program at the end of calendar year 2008.
2. Conducting an amendment process to amend the Council's 2000 Fish and Wildlife Program.
3. Implementing the amended Fish and Wildlife Program.
4. Implementing the amendments of the mainstem section of the program.
5. Planning, preparation and initiation of the process for reviewing project proposals in the next project review process with attention to a) the growing operations and maintenance funding needs of ongoing projects, 2) integrating monitoring and evaluation tasks funded by the program and 3) implementation of a comprehensive data management strategy.
6. Coordinating program measures and their implementation with NOAA Fisheries and the U.S. Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations.
7. Monitoring the implementation of projects receiving funding and tracking the results
8. Conducting reviews and developing reports concerning the U.S. Army Corps of Engineers' capital construction expenditures, as requested by Congress.
9. Analyzing, through the Independent Economic Analysis Board, the economic impacts of fish and wildlife program measures and commenting on how best to balance and mitigate these impacts.

A description of these activities for Fiscal Years 2009 and 2010 follows:

1. Implementing the 2000 Fish and Wildlife Program, including subbasin plans. The Council adopted the current fish and wildlife program in December 2000. The program establishes an overall framework for the fish and wildlife mitigation effort, organizing the Columbia Basin into provinces and, within each province, subbasins. The program establishes a basinwide vision, biological objectives, and strategies. Subbasin plans were completed on schedule in May 2004 and adopted by the Council following independent scientific review and public comment. The amendment process was completed in October 2005. In the 2006-2007 period the Council shifted its focus to implementing the plans through prioritization of Bonneville funding and coordination with other implementation and funding processes. This process was completed in November 2006. This work will require staff support for coordination with other funding and implementation processes and the continued integration of

scientific review, monitoring integration and implementation assistance.

2. Planning for and carrying out the Fish and Wildlife Program amendment process (Contracts \$20,000): The Council proposed the scope of the amendment process and example objectives in the fall of 2007, with a call for recommendations to amend the program in October 2008. The Council closed the recommendation period on April 4, 2008 and will conduct the amendment process through the remainder of 2008. The adoption of provincial objectives will help monitor program performance at broad scales and inform evaluation of progress toward provincial goals. The adoption of objectives also will help inform the allocation of program strategies, particularly in the role of artificial production and the allocation of habitat efforts. This amendment process will rely on Council staff expertise in the fish and wildlife and legal divisions.

3. Implementation of the mainstem amendments to the fish and wildlife program. The Council adopted amendments to the mainstem section of the program in April 2003. These amendments call for a variety of evaluations and experimental operations that must be implemented through the NOAA Regional Forum processes. The Council expects to participate in decision processes to implement the mainstem amendments and provide a forum for regional participation in implementation decisions. The Council will seek assistance from the Independent Scientific Advisory Board in matters of experimental design and review of scientific information. These activities will continue throughout 2008 and will be adjusted for 2009 to reflect Fish and Wildlife Program amendments.

4. Artificial Production Improvement: In 1997, Congress mandated a review by the Council of artificial production practices. In response, the Council conducted a comprehensive review of production in the Columbia Basin and reported its findings to Congress near the end of Fiscal Year 1999. The 2000 Fish and Wildlife Program incorporated the review's recommendations and established an Artificial Production Advisory Committee to work with the regional fish managers to complete specific evaluations of the more than 100 artificial production facilities in the Columbia River Basin and implement the recommendations of the review. The initial review of the regional facilities was completed in 2003. This work also formed the first phase of Hatchery Genetic Management Plans required for permitting the operations of facilities under the Endangered Species Act. Currently, fish and wildlife division staff are participating in the next phase of artificial production review and reform through the Hatchery Scientific Review Group which will complete its work in October of 2008. The products of this work inform ESA recovery planning, as well as the purposes of the program.

NOAA Fisheries is undertaking a review of regional hatchery facilities at direction of Congress that is expected to be completed by spring 2008. This review is being coordinated with the Council. The fish and wildlife division staff will work with NOAA Fisheries' specific reforms and improvements at artificial production facilities that can be undertaken, and to establish a schedule and budget to accomplish the remainder of the changes. The Council staff is participating in a technical analysis of the integration of artificial production objectives with the habitat conditions documented by subbasin plan assessments. This integration is expected to inform the development of provincial-scale

objectives and to prioritize hatchery reform measures. Contract assistance is expected for facilitating prioritization discussions with production program managers.

5. Provincial project reviews and comprehensive recommendations to the Bonneville Power

Administration (Contracts \$30,000). In 1996, the Power Act was amended for the first time. The amendment formalized a process, established previously by mutual agreement between Bonneville and the Council, in which the Council reviews projects proposed for funding and makes recommendations to Bonneville. The amendment to the Power Act added independent scientific review of these proposals and Council consideration of cost-effectiveness and ocean conditions.

Consistent with the Power Act amendment, the Council established the Independent Scientific Review Panel and associated peer review groups to carry out the scientific review of projects called for in the amendment. Further, the Council will seek advice from these groups concerning the consideration of ocean conditions and their impact on salmon survival. To assist with the cost-effectiveness analyses, the Council established the Independent Economic Analysis Board.

The fish and wildlife managers, the Council, Bonneville, and others continue to refine the prioritization process for selecting recovery measures to be funded. How these two elements — an administrative budget and the prioritization process — work together is a matter of great importance to the Council and the region.

In 2008 the Council will develop a schedule and process for subsequent proposal reviews that will commence in 2008. The recommendations from these reviews will inform Bonneville funding for the next rate period that is expected to begin in 2010 and beyond.

Planning for and implementing the next review process will continue to require significant staff time in order for the reviews to intensify focus on operation and maintenance requirements, prioritizing monitoring tasks to support regional needs, and for understanding project accountability and accomplishments.

In addition, the staff conducts reviews of within-year funding reallocation needs for recommendation by the Council to Bonneville. The staff also conducts sequenced reviews of artificial production projects and other large-capital projects for improved management of project scope and cost. The Council staff provides the core budget development and review for Bonneville's fish and wildlife funds. This function requires at least two staff members with support from the Legal Division and the state Council offices.

6. Coordinating program measures with ESA implementation. The division coordinates program implementation with ESA recovery planning and Biological Opinions for operation of the federal power system. Recovery planning for listed salmon and steelhead is using the subbasin plans adopted by the Council. Ongoing coordination includes tracking of recovery planning technical products, implementation planning, and monitoring.

The 2004 Biological Opinion for the FCRPS is under a court-ordered remand, along with the Upper Snake River Biological Opinion. As revised mitigation requirements are defined in the new Biological Opinions, which is anticipated in May 2008, the division continues to coordinate review and implementations of actions assigned to Bonneville for funding. A Biological Opinion for the Willamette River is due to be released in July 2008, which will also likely contain implementation obligations for Bonneville.

Needs identified under other biological opinions, including the opinions issued by the U.S. Fish and Wildlife Service on Kootenai River sturgeon and on bull trout are also being addressed by the Council. The Council will continue to work with NOAA Fisheries and the U.S. Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations while balancing the allocation of available funding to meet other state, tribal, and local priorities.

7. Monitoring and evaluating program results.

(Contracts \$15,000) An important part of program implementation is assuring not only that a project is completed, but also that the intended results are achieved.

The Fish and Wildlife Division staff plays a significant role in facilitating integration of regional-scale monitoring and evaluation with the ongoing monitoring programs of the states and tribes. This work is significant because of the potential for duplication of effort at enormous cost. With significant Council staff participation, regional monitoring partnerships have developed strategic plans for monitoring and evaluation collaboration extending from California to

Canada. Prioritizing funding to support this integrated effort will be a focus of staff work in the next project-selection process. In addition, Council staff will work to assist in the further development of monitoring protocols and the allocation of effort from many funding sources. The Independent Scientific Review Panel will continue to assist this effort by reviewing products of the collaborative efforts.

The Council will continue to work with the regional partners to implement regional data management strategies.. The focus will continue to be on providing a single point of access for information maintained in the various databases within the region and to make the data from those sites readily available for further analysis.

The Council will continue to participate in regional efforts to coordinate regional data management systems that support decisionmaking. The Council is working with NOAA Fisheries, Bonneville, and other regional fish and wildlife interests to coordinate continued refinement of an Internet-based data portal to provide access to decentralized databases.

This activity is expected to continue to require about one and a half full-time equivalent staff positions.

8. Council and ISRP review of U.S. Army Corps of Engineers capital construction program. This review, an addition to the Council's review of projects directly funded by Bonneville, was mandated by Congress in 1997 and made a responsibility of the Council and the Independent Scientific Review Board. It requires a review of the major U.S. Army Corps of Engineers' capital expenditures in the Columbia Basin, which collectively have a multi-million

dollar annual budget, preparation of Council recommendations, and reports to Congress. The Council expects to conduct reviews in fiscal years 2008 and 2009, balancing assignments for the independent scientific panels with project-selection responsibilities.

Council fish and wildlife staff also participate, as available, on the NOAA Fisheries/National Marine Fisheries Service Regional Forum Implementation Team, System Configuration Team, and the in-season Technical Management Team, all of which advise the federal operating agencies on dam and reservoir operations during the April-through-August fish migration season to optimize passage conditions for juvenile and adult salmon.

9. Analysis of fish and wildlife impacts resulting from power system operations. Council staff continue to provide basic analysis of the potential fish and wildlife impacts under various operating scenarios for the Columbia River power system and to provide recommendations for minimizing those impacts. In fiscal years 2008 and 2009 the staff will continue to provide analysis of new operational proposals and to present evaluations of experimental operations to the Council and the region.

10. Independent Economic Analysis Board (IEAB) (Contracts \$100,000). The Council established the IEAB to assist in evaluating economic impacts of current and proposed program measures.

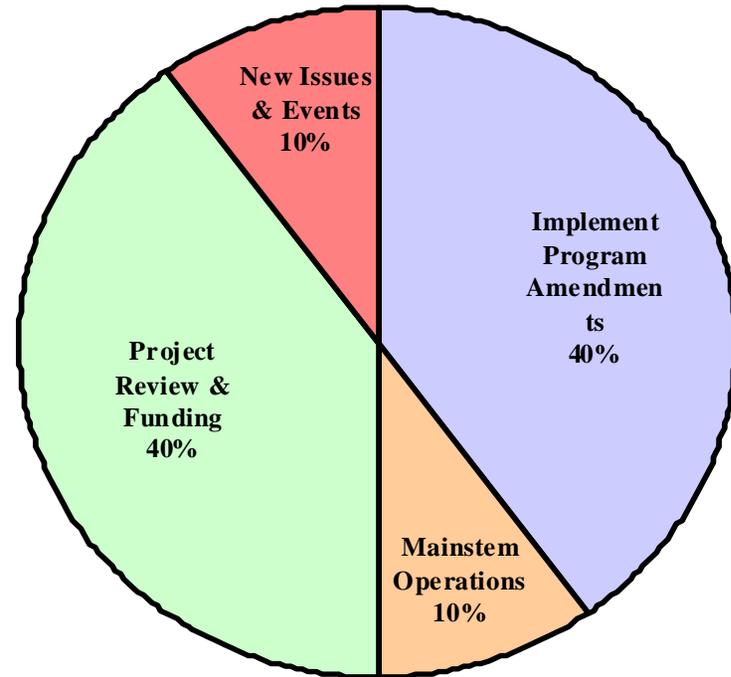
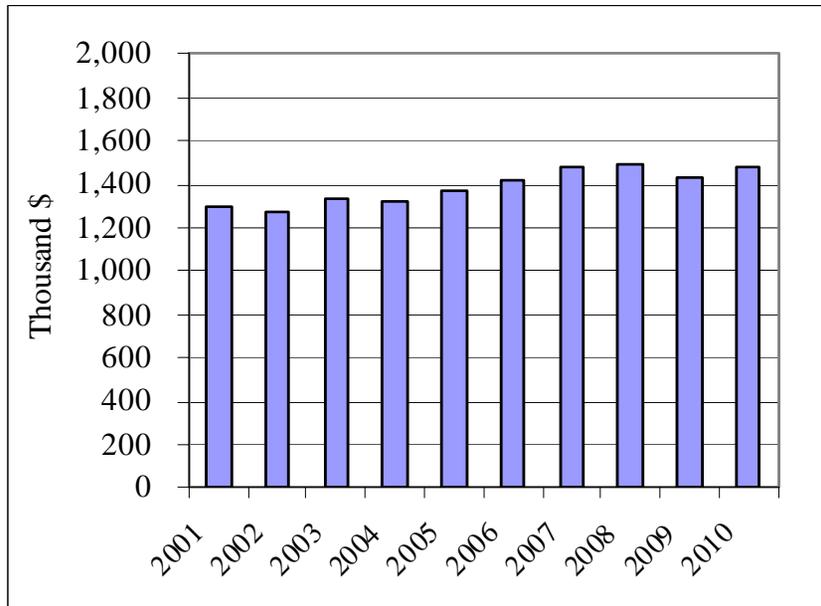
The IEAB also has been asked to advise the Council on the cost-effectiveness considerations it must take into account as part of the prioritization of projects and funding recommendations to Bonneville. Staff helped establish this group and is assisting with gathering and synthesizing

information and coordination between the IEAB and the Council.

Staffing

Staffing remains the same.

Budget History (Figure 5)



FY10 Program Allocations
\$1,480,000

Expenditures by Category (Table 6)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	\$858	\$889	\$832	\$911	\$851	\$887
Taxes, Insurance & Benefits	293	356	333	364	340	354
SUBTOTAL	\$1,151	\$1,245	\$1,165	\$1,275	\$1,191	\$1,241
TRAVEL						
Staff	\$42	\$55	\$60	\$53	\$53	\$62
Advisory Committees	0	4	4	4	4	4
SUBTOTAL	42	59	64	57	57	66
CONTRACTS						
(See detail Table 7)	153	185	185	185	175	165
OTHER OPERATING EXPENSES						
(See detail Table 7)	12	8	8	8	8	8
SUBTOTAL	\$1,358	\$1,497	\$1,422	\$1,525	\$1,431	\$1,480

Supplemental Expenditures (Table 7)
(000's omitted)

	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY08</u> <u>Estimate</u>	<u>FY09</u> <u>Budget</u>	<u>FY09</u> <u>Revised</u>	<u>FY10</u> <u>Budget</u>
I. CONTRACTS						
A. Subbasin Planning	0	0	0	0	0	0
B. Program Amendment	0	40	40	20	20	20
C. Monitor Prgrm Implementation	0	15	15	35	30	15
D. Project Review	0	30	30	30	25	30
E. Subbasin Implementation	0	0	0	0	0	0
F. IEAB	133	100	100	100	100	100
	<u>133</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
TOTAL	<u>\$133</u>	<u>\$185</u>	<u>\$185</u>	<u>\$185</u>	<u>\$175</u>	<u>\$165</u>
II. OTHER OPERATING EXPENSES						
A. Staff Development	\$2	\$4	\$4	\$4	\$4	\$4
B. Computer Equip/Software	0	0	0	0	0	0
C. Temp. Services-Data Dev.	8	0	0	0	0	0
D. Wildlife Coordination	0	0	0	0	0	0
E. Meeting Room Rent/Minutes	2	4	4	4	4	4
F. Meetings/Hearings	0	0	0	0	0	0
G. Temporary Clerical	0	0	0	0	0	0
H. Other Services & Supply	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$12</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>

G. PUBLIC AFFAIRS DIVISION

The Public Affairs Division's primary task is to fulfill the directive of the Northwest Power Act to inform and involve Northwest citizens about the Council's activities. Section 2(3) states a purpose of the Act is "to provide for the participation and consultation of the Pacific Northwest states, local governments, consumers, customers, users of the Columbia River System (including federal and state fish and wildlife agencies and appropriate Indian tribes), and the public at large within the region" in the Northwest's planning for electrical power and protection of fish and wildlife resources. Section 4(g)(1) of the Act requires the Council to develop "comprehensive programs" to ensure public involvement and to "inform the Pacific Northwest public of major regional power issues."

The division carries out this mandate in two important ways. First, it assists the Council members, state offices, Power Division, and Fish and Wildlife division in informing and involving the public of Council activities. Second, the division develops and carries out public information and involvement activities on major issues pertaining to the Council and the Columbia River Basin. Accordingly, the division is the Council's primary contact with the media and with the public. The division's publications are sources of information for interest groups and the general public. The Council's Web site (www.nwcouncil.org) is updated regularly with Council meeting agendas and minutes, all publications released by the Council, as well as a host of other information including subbasin planning materials, fish and wildlife project information, power division reports, current reports by the Independent Scientific Advisory Board, the

Independent Economic Analysis Board, the Independent Scientific Review Panel, and the Regional Technical Forum. The public is invited to comment on all reports and issue papers relevant to the Council's decision making process.

The Public Affairs Division carries out the following activities:

1. Public involvement, outreach, and government relations. The public affairs staff develops public involvement and communication plans and supports Council members and staff in carrying out public involvement activities. These include drafting and, when needed, delivering speeches; writing, editing, and proofreading; design and graphics; slides and overheads; video production; and handling logistics for meetings, hearings, etc. This function also includes outreach and liaison activities to Congress, federal agencies, state legislatures, other government entities, groups interested in the Council's work, relevant entities in the Canadian portion of the Columbia basin, and the general public.

2. Printed and electronic publications. Publication production by the Public Affairs Division is one of the principal ways to increase public awareness and involvement in Council issues. Printed and electronic publications include the *Council Quarterly*, a newsletter about the Council's activities published four times a year; a monthly electronic newsletter, *Monthly Spotlight*, for the Council's primary constituents, including members of

Congress and their staffs; the Council's *Annual Report to Congress*; brief summaries of issue papers, agenda items, and larger publications; and special publications such as issue brochures and reports to governors and legislators. The division also edits and publishes the *Northwest Power Plan*, *Columbia River Basin Fish and Wildlife Program*, *Annual Report to the Northwest Governors on Expenditures of the Bonneville Power Administration* (pertaining to fish and wildlife), and other major Council documents. The majority of the division's operating expense budget covers publishing costs (printing, postage, graphics, etc.) for Council documents.

All printed publications and documents, including brochures, newsletters, important letters, memoranda and Council decision documents are posted on the Council's Web site. The Web site also contains general information about the Council's history, statutory obligations, bylaws, Council members and staff, conflict of interest rules, the Council's budget, and other information. In addition, users of the Council's Web site can communicate with the Council via e-mail.

3. Media relations. The division responds to numerous media requests, briefs editors and reporters on major issues, distributes news releases, and places feature stories about the Council and its work in a variety of publications. Media activities include work with newspapers, general and trade magazines, radio, and television. The division monitors all media to keep the Council informed on the type of coverage it is getting on major issues.

4. Public meetings. The Council meets monthly throughout the region. In addition, public hearings,

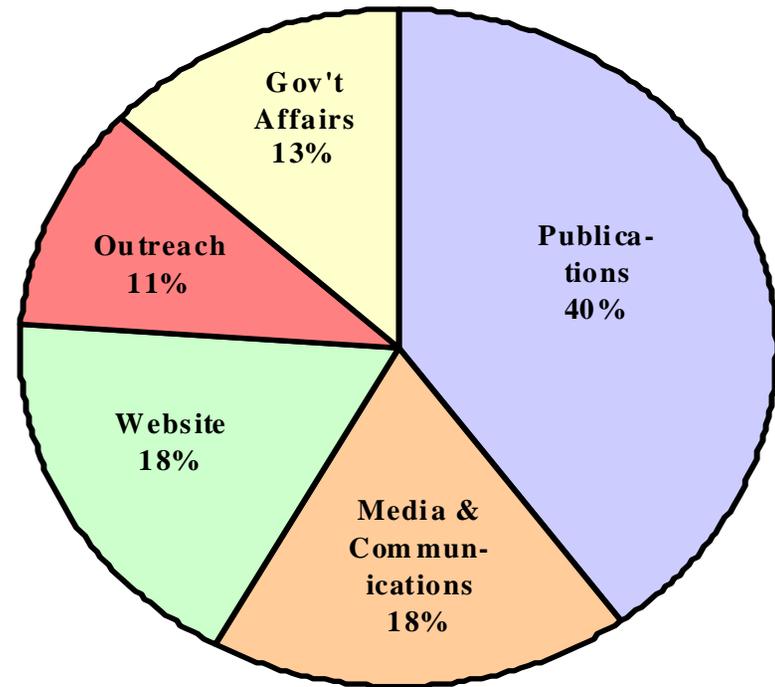
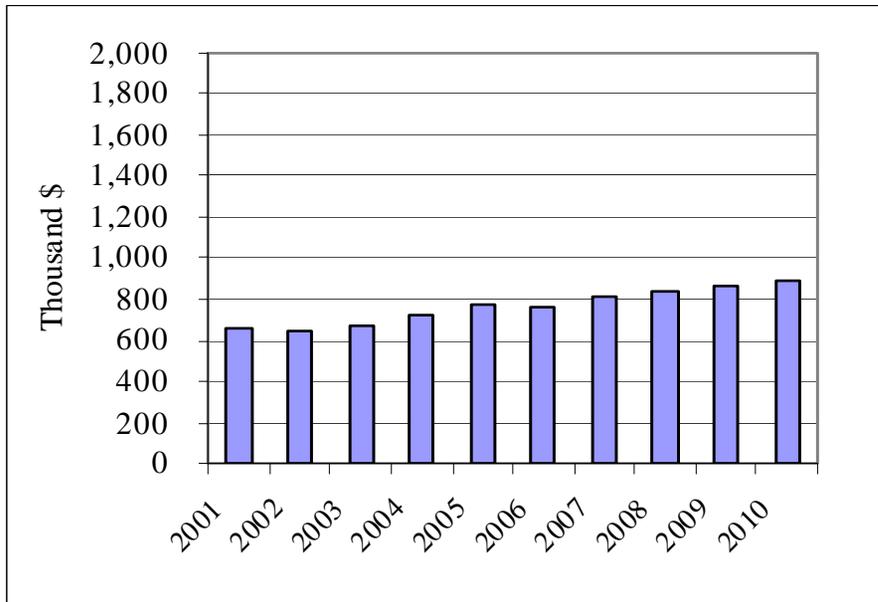
consultations with interested parties and appearances before governmental entities are scheduled on a regular basis to ensure public involvement. Staff support for Council meetings includes writing speeches and presentations, preparing audio/visual aids, developing handout materials, preparing media packets, announcing public hearings, making major documents available, and summarizing agenda items and Council actions for the web site.

5. Information services. The Public Affairs Division answers most general information calls and correspondence from the public. Information requests handled by the division range from phoned-in questions to preparing complete reports. The division also provides information to schools, civic organizations, and other interested parties.

Staffing

Staffing is unchanged.

Budget History (Figure 6)



FY10 Program Allocations
\$896,000

Expenditures by Category (Table 8)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	432	499	498	512	511	522
Taxes, Insurance & Benefits	162	199	199	204	204	208
SUBTOTAL	594	698	697	716	715	730
TRAVEL						
Staff	22	23	21	23	26	21
Advisory Committees	0	20	20	20	20	20
SUBTOTAL	22	43	41	43	46	41
CONTRACTS						
(See detail Table 9)	0	0	0	0	0	0
OTHER OPERATING EXPENSES						
(See detail Table 9)	125	95	125	96	103	125
TOTAL	741	836	863	855	864	896

Supplemental Expenditures (Table 9)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
I. CONTRACTS						
A. Annual Report Printing	\$0	\$0	\$0	\$0	\$0	\$0
B. Public Info/Invol Project	0	0	0	0	0	0
C. Writing/Editing	0	0	0	0	0	0
D. Distribution F & W Film	0	0	0	0	0	0
TOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
II. OTHER OPERATING EXPENSES						
A. Publications						
1. Illustrations	\$3	\$5	\$2	\$5	\$2	\$2
2. Publish Newsletter	28	17	28	17	28	28
B. Other Printing	9	6	10	6	10	10
C. Photos/Processing	0	2	0	2	0	0
D. Public Meetings	0	0	0	0	0	0
E. Staff Development	1	1	1	1	1	1
F. Postage and Mailing	6	10	10	10	6	10
G. Information Services	36	24	24	24	24	24
H. Subscriptions/Reference	12	20	20	21	12	20
I. Temporary Services	2	0	10	0	0	10
J. Other Services & Supply	25	7	17	7	17	17
K. Public Notice Media Buys	3	3	3	3	3	3
TOTAL	<u>\$125</u>	<u>\$95</u>	<u>\$125</u>	<u>\$96</u>	<u>\$103</u>	<u>\$125</u>

H. LEGAL DIVISION

The Legal Division provides legal advice and representation to the Council and its staff. The division supports the power planning, fish and wildlife, and administrative divisions in the development of Council plans, programs, policies, rules and procedures, in the negotiation of major agreements, and in the development of contracts involving substantial expenditures or significant legal issues. The division also develops and assists in administering the Council's conflict-of-interest policies, Freedom of Information Act requests, personnel issues, and other matters.

The Legal Division is an important participant in overseeing the implementation of the power plan and fish and wildlife program by Bonneville, the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Federal Energy Regulatory Commission, and other agencies and utilities. The division will also continue to represent the Council in appeals of its plan, program or other actions. The division also assists in implementation of legal requirements for review of proposed fish and wildlife expenditures and in analyzing issues and options in the restructuring of the electric energy industry.

The Legal Division practices preventive law by anticipating legal issues and resolving problems in lieu of litigation, where appropriate.

The division also participates in conferences and educational programs related to energy and fish and wildlife.

Legal division activities include the following:

1. Fish and Wildlife Program Amendments. The Legal Division participates in any scheduled revisions of the power plan and amendments of the fish and wildlife program by designing amendment processes that meet legal requirements, providing legal advice on particular amendment issues, by assisting in the drafting of requests for recommendations and draft and final amendments, maintaining administrative records, documenting final Council actions, and providing appropriate notice of proposed and final Council actions. Major amendments to the fish and wildlife program in the form of more than 50 subbasin plans concluded in Fiscal Year 2005. The Council has begun a process to review and possibly amend the portions of the fish and wildlife program above the subbasin level, an effort that will carry through Fiscal Year 2009 and into Fiscal Year 2010. The Legal Division will play a significant role in this process. Contract funding is provided for transcripts of public hearings and other matters associated with the amendment process.

2. Fish and wildlife program implementation. The Legal Division assists the Council and the Fish and Wildlife Division in every phase of overseeing the implementation of the fish and wildlife program by other entities. This includes assisting the Council through the process of developing annual recommendations to the Bonneville Power Administration for how to use its fund in a manner consistent with the Council's program. In the fall of 1996, Congress enacted legislation requiring the Council, with advice from an independent scientific panel,

to conduct an extensive new review of projects proposed for funding with Bonneville fish and wildlife funds. In addition to considering independent scientific advice, the Council must make new determinations regarding the cost-effectiveness of measures and the impact of ocean conditions on salmon survival. In 1998, Congress requested the Council also to review federal capital programs and other programs whose costs are reimbursed by Bonneville. The Legal Division plays an active role in analysis and in documenting the Council's determinations.

The Legal Division also plays an important role in assisting with the integration of the Council's fish and wildlife program adopted to satisfy the requirements of the Northwest Power Act with the plans and programs developed by others to address other adverse effects on fish and wildlife species or to meet other legal requirements, most notably the federal Endangered Species Act. With the adoption of subbasin plans into the program, the Council's program now has a broader framework to work with to protect, mitigate, and enhance fish and wildlife in the Columbia Basin. The Legal Division will be working with the Council and Fish and Wildlife Division in facilitating funding partnerships to implement subbasin plans in a manner that satisfies the obligations of the Power Act, and effectively and efficiently serves these other needs as well.

In addition, the division works with federal and state agencies, reservoir operating agencies, Indian tribes, and utilities in carrying out program measures, and represents the Council in Federal Energy Regulatory Commission proceedings to the extent appropriate.

3. Power plan implementation and review. The Power Division has begun the underlying studies and

analyses that will support the Council's Sixth Power Plan. The Legal Division assists the Power Division by identifying legal issues associated with the development of the plan and ensuring that the plan fulfills the legal requirements of the Northwest Power Act. Once the Fish and Wildlife Program amendments have been adopted, the Legal Division will assist the Power Division in ensuring that the Sixth Power Plan accounts appropriately for the requirements of the program. When the formal plan amendment process begins, the Legal Division will assist in the drafting of proposed amendments, in reviewing and organizing public comment on those amendments, and in drafting the response to comments that concludes the amendment process. The Legal Division will also ensure that the procedural requirements of the amendment process are met. The Legal Division will attend consultations, amendment hearings, and other meetings, as appropriate.

4. Administrative law. The Legal Division will continue to provide a lead role in the development and implementation of administrative rules and procedures of the Council. This includes continuing assistance in contracting, personnel matters, FOIA requests and other disclosure of information, the use of advisory committees, the application of open meeting rules, financial reporting and disclosure, conflicts of interest, and similar matters. The Legal Division advises the Council on the interpretation and revision of its bylaws and other rules and procedures. The Legal Division also participates directly in the preparation of all staff analysis and recommendations to the Council.

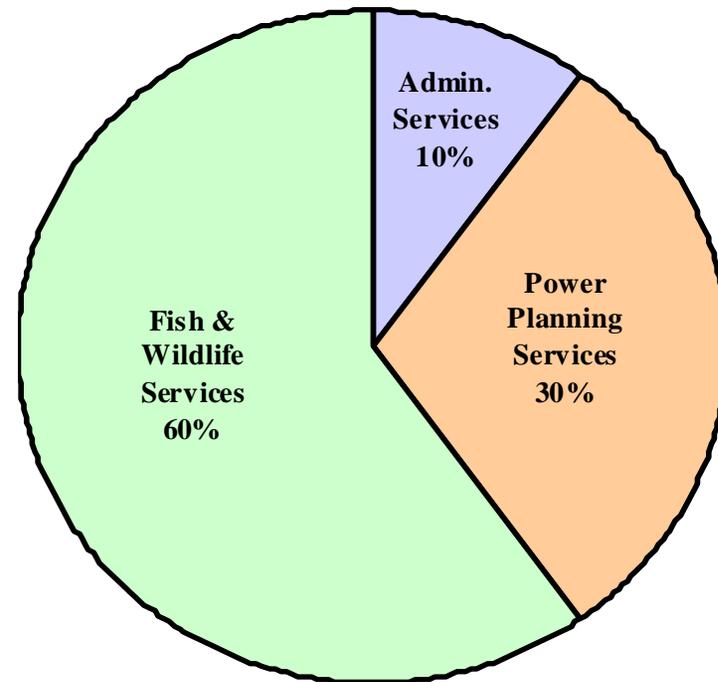
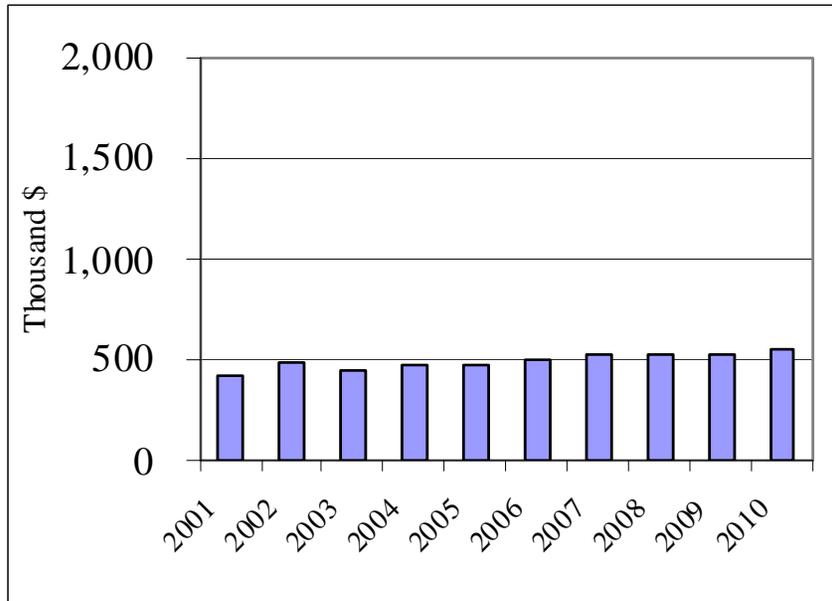
5. Outside legal counsel. The Council has included in the budget of the Legal Division an amount for outside legal counsel to provide expertise and counsel in areas of

the law not within the experience of the Legal Division. These include areas such as personnel and labor law.

6. Litigation. The division handles litigation, with the assistance of outside counsel if needed. The division does not foresee the need to employ outside counsel during Fiscal years 2009 and 2010, although participation in litigation requiring the help of outside counsel is hard to predict. To address potential needs, the Council has an agreement with the Bonneville Power Administration that litigation costs will be met by using any available uncommitted contract funds, unused funds from other budget categories and/or by submitting a supplemental budget request to Bonneville. In the past, litigation costs have been met in part by reallocating uncommitted contract funds.

The Legal Division also devotes an increasing amount of time to monitoring ongoing litigation that affects the Council's interests and advising the Council on those implications. This especially includes litigation over the federal agencies' efforts to comply with the Endangered Species Act, a legal conflict not expected to conclude anytime soon.

Budget History (Figure 7)



FY10 Program Allocations
\$550,000

Expenditures by Category (Table 10)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	\$238	\$355	\$300	\$362	\$355	\$369
Taxes, Insurance & Benefits	67	142	120	144	141	147
SUBTOTAL	\$305	\$497	\$420	\$506	\$496	\$516
TRAVEL						
Staff	\$10	\$21	\$18	\$21	\$21	\$18
SUBTOTAL	\$10	\$21	\$18	\$21	\$21	\$18
CONTRACTS						
(See detail Table 11)	0	8	8	8	8	8
OTHER OPERATING EXPENSES						
(See detail Table 11)	7	8	8	8	8	8
TOTAL	\$322	\$534	\$454	\$543	\$533	\$550

Supplemental Expenditures (Table 11)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
I. CONTRACTS						
A. Hearings	\$0	\$5	\$5	\$5	\$5	\$5
B. Outside Legal Counsel	0	3	3	3	3	3
C. Litigation Services	0	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$0</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>
II. OTHER OPERATING EXPENSES						
A. Continuing Education	\$1	\$2	\$2	\$2	\$2	\$2
C. Reference Materials	6	6	6	6	6	6
D. Federal Register Notices	0	0	0	0	0	0
E. Other Services & Supply	0	0	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$7</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>

I. ADMINISTRATIVE DIVISION

The Administrative Division provides executive direction for all Council staff operations. In addition, financial, administrative, and human resources services are provided to the Legal Division, Power Planning Division, Fish and Wildlife Division, and the Public Affairs Division.

Office of the Executive Director

Staff work for all Council activities is directed from this office. In addition, the coordination of Council activities with regional energy and fish and wildlife entities, as well as with congressional delegations and regional organizations, is undertaken.

Finance and Administration

1. Financial management. Activities in this area include the operation of monthly accounts payable, payroll, Bonneville funding awards and general ledger accounting systems. Budget development (Section 4(c) (4) of the Power Act) and administration, as well as arranging for annual audits (Section 4(c)(10)) of the Council's financial records, are part of this function.

2. Contract administration. This responsibility (Section 4(a)(4)) includes establishing contract administrative records, reviewing and approving contractor invoices, and monitoring contractor costs in relation to work accomplished. Other responsibilities include amendments to contracts, review for conflict of interest and arbitration of contractor performance issues.

3. Information system support. The Council has strengthened its overall system analysis capability through the use of more advanced computerized modeling methods and database management techniques. The Council also has improved productivity with computerized business systems, Internet access, website development and desktop publishing. Related costs include two full-time staff who assist all divisions, provide state office computer support, oversee equipment maintenance agreements software leases, installation of data-storage devices, computer systems, and various computer supplies. Projected computer support requirements are studied for each division's anticipated workloads over three to five-year periods. See Appendix B for additional detail regarding the information systems budget.

4. Human resource services. This function includes responsibility for the administration of employee insurance and benefit programs, grievance procedures, Equal Employment Opportunity practices, and staff development policies. Development of salary administration procedures, employee performance appraisal policies, and the Council compensation plan (Section 4(b)(3)) also are included.

5. Administrative support. The Administrative Division provides support for Council meetings and hearings, including scheduling, room arrangements, recording, and transcription requirements. Contract funds (\$25,000) are allocated for preparing minutes of meetings. The division also prepares the *Directory of Organizations*, a comprehensive listing of the organizations and agencies that are involved with the Council's work.

Mail and copying services, maintenance of the Council's mailing lists, and office reception activities also are provided by the administrative staff.

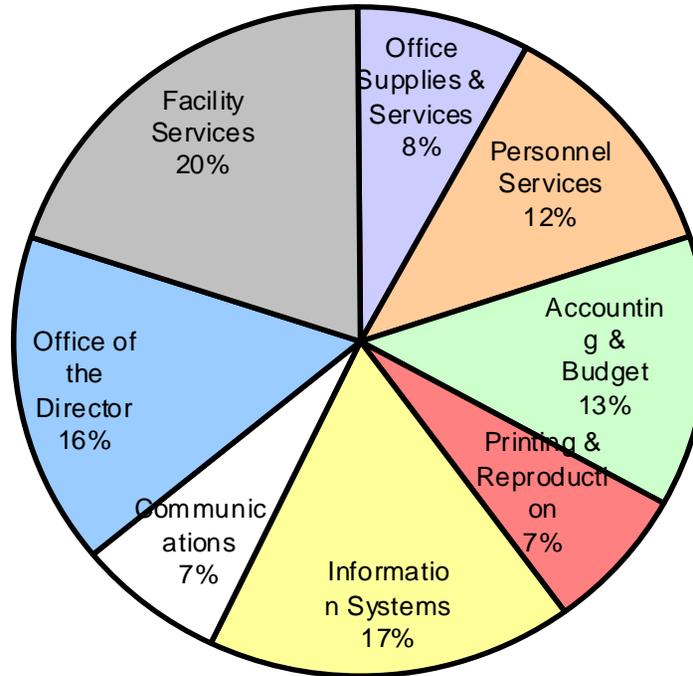
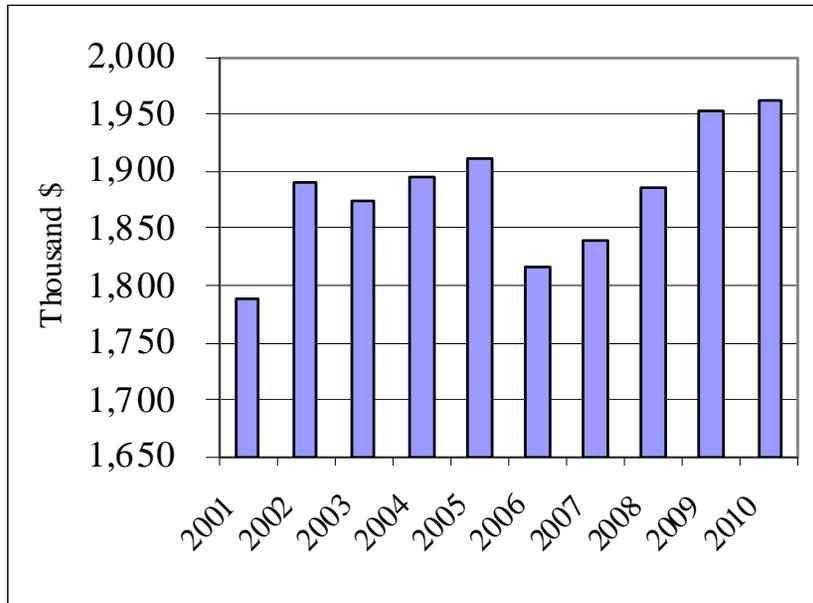
Contract funds (\$5,000) are used for administrative audits and studies, office systems analysis, retirement/pension plan matters, compensation/benefits planning, management audits, and information systems support.

The Administrative Division also is accountable for planning office space, communication systems, office equipment systems (for example, mailing, copying, and computer systems), and administrative records.

Staffing

Reorganization of the Administrative Division was completed in Fiscal Year 2006. By reallocating workload, reduction of one FTE and the associated savings were achieved in fiscal year 2007 and continue through fiscal year 2010.

Budget History (Figure 8)



FY10 Program Allocations
\$1,962,000

Expenditures by Category (Table 12)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	\$681	\$714	\$711	\$739	\$736	\$761
Taxes, Insurance & Benefits	309	285	284	295	294	304
SUBTOTAL	\$990	\$999	\$995	\$1,034	\$1,030	\$1,065
TRAVEL						
Staff - Admin	\$17	\$28	\$26	\$30	\$26	\$26
Staff - Data Processing	3	3	3	3	3	3
SUBTOTAL	\$20	\$31	\$29	\$33	\$29	\$29
CONTRACTS						
(See detail Table 13)	28	30	48	30	68	30
OTHER OPERATING EXPENSES						
(See detail Table 13)	826	826	805	828	826	838
TOTAL	\$1,864	\$1,886	\$1,877	\$1,925	\$1,953	\$1,962

Supplemental Expenditure (Table 13)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
I. CONTRACTS						
A. Meeting Minutes	\$17	\$25	\$23	\$25	\$23	\$25
B. Chairman Support	0	0	20	0	40	0
C. Outside Legal Services	11	5	5	5	5	5
TOTAL	\$28	\$30	\$48	\$30	\$68	\$30
II. OTHER OPERATING EXPENSES						
A. Employee Recruiting	\$1	\$12	\$2	\$10	\$10	\$10
B. Staff Development	3	6	5	5	5	5
C. Office Supplies	21	23	23	23	23	24
D. Freight	7	6	8	6	8	8
E. Telephone	36	40	45	43	45	45
F. Postage	16	18	18	18	18	18
G. Payroll Processing Services	11	11	11	11	11	12
H. Reference Materials	2	1	1	1	1	1
I. Meetings	51	45	55	45	55	55
J. Rent	337	361	350	361	352	355
K. Insurance	17	17	17	18	18	18
L. Equipment Rental	13	29	15	30	25	30
M. Repair and Maintenance	33	42	40	42	40	42
N. Accounting Software/Support	6	10	10	10	10	10
O. Audit and Accounting	47	46	46	46	46	46
P. Mailing Services	7	0	0	0	0	0
Q. Furniture and Equipment	60	15	15	15	15	15
R. Record Storage	0	0	0	0	0	0
S. Temporary Services	13	0	0	0	0	0
T. Computer Serv. & Supply	145	140	140	140	140	140
U. Computer Staff Development	0	4	4	4	4	4
TOTAL	\$826	\$826	\$805	\$828	\$826	\$838

J. STATE BUDGETS

STATE COUNCIL OFFICE ORGANIZATION

Idaho, Montana, Oregon, and Washington passed enabling legislation authorizing state participation on the Council. Two Council members are appointed by the governor of each state (Section 4 (a)(2)(B) of the Power Act). Each state Council office is an entity of its respective state government. The central office of the Council provides the budgeting, accounting, payroll and benefits administration for state Council offices. Supplemental budget requests, if required, would be subject to the formal budget amendment process of the Council. The states of Oregon and Washington have Council offices in both the eastern and western portions of their respective states.

Each state individually budgets for those activities necessary to carry out that state's participation and responsibilities under the Act. These funds provide for the Council members' compensation, travel, staff support, and office expenses. Each state has the option to hire staff, to use outside contractors or the technical services of other state agencies to analyze the impact of the plan and program on the state, to develop state public information and involvement programs, and for administrative support. State budgets can vary both in the "personal services" category and the "contracts" category, depending upon the type of Council organization in each state. Use of state energy agency and/or fish and wildlife agency staff provides Council members with technical support on state policies and issues related to the Council's fish and wildlife

program and the power plan. Council members use their own staff for most technical review activities.

State Council offices carry out the following activities:

1. Represent state interests. Council members represent state interests as well as regional interests in all fish and wildlife and energy system matters. This involves establishing and maintaining close working relationships with entities within their states that have a stake in the outcome of the Council's planning efforts. These include, but are not limited to, entities that are operators of hydroelectric projects, public and private utilities, groups concerned with protection of the environment, state fish and wildlife agencies, energy regulatory agencies, and legislative and local government rulemaking bodies.

2. Technical review. Council members may require technical assistance and review capability to assess the impacts of regional issues that come before the Council on their state programs, laws, and practices. This technical review is provided by state Council staff and/or other state agency staff. Examples of regional Council issues that can affect each state differently include: implementation of the protected-areas rules in the fish and wildlife program, hatchery and habitat projects, wildlife mitigation projects, and Columbia River operations for salmon recovery.

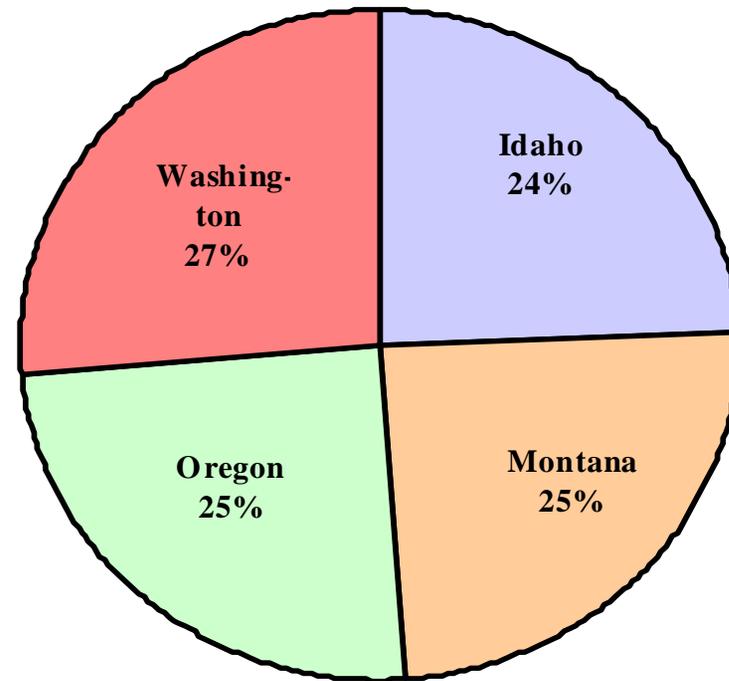
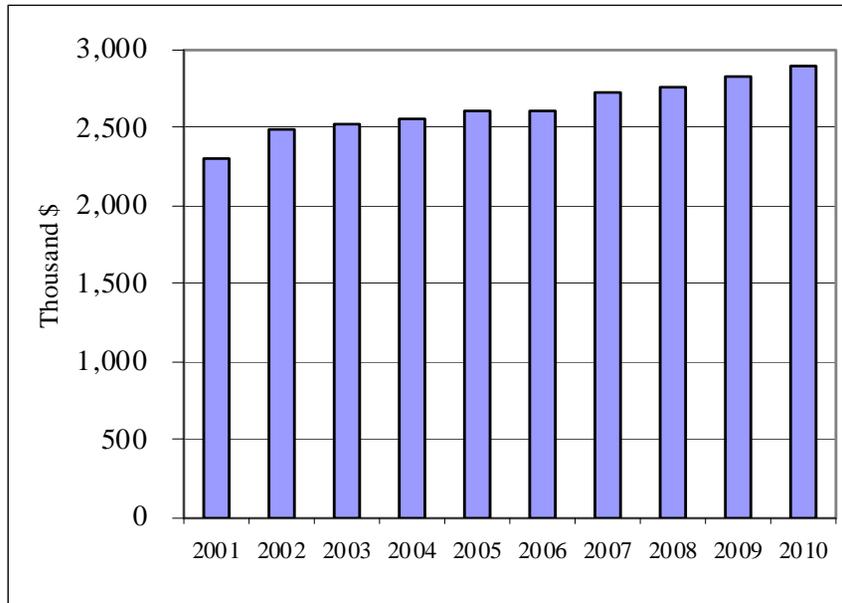
3. Public information and involvement. While the Council's central office is responsible for developing material for the Council's public information and

involvement programs, each state implements public involvement activities that are focused on Council issues that have a specific impact in that state. In addition, each state may use local advisory committees and town hall meetings for consultations on certain aspects of the Council's planning. This also can involve preparation of information regarding statewide energy and fish and wildlife issues. State public information and involvement activities are provided by state Council staff or with the assistance of other state agencies.

4. Administrative support. Council members and their secretarial/clerical staff are provided office space and office services (telephone, supplies, copier, and computer support) sometimes by a state agency such as the governor's office or energy office. Fiscal services such as payroll, accounts payable, budget, and audit also can be provided, although these are often provided by the Council's central office. Administrative support services are provided either on a direct-charge basis or through an approved indirect overhead rate.

Detailed budgets for each state Council office are shown in Tables 14 through 18.

Budget History (Figure 9)



FY10 Program Allocations
\$2,892,000

**Fiscal Year 2010
State Budgets (Table 14)
(000's omitted)**

	Idaho	Montana	Oregon	Washington	Total
	<u> </u>				
PERSONNEL					
Salaries	\$381	\$373	\$437	\$466	\$1,657
Taxes, Insurance & Benefits	<u>152</u>	<u>162</u>	<u>166</u>	<u>182</u>	<u>662</u>
SUBTOTAL	\$533	\$535	\$603	\$648	\$2,319
TRAVEL	85	85	56	50	276
CONTRACTS	21	37	0	31	89
OTHER OPERATING EXPENSES	<u>69</u>	<u>52</u>	<u>52</u>	<u>35</u>	<u>208</u>
TOTAL	<u>\$708</u>	<u>\$709</u>	<u>\$711</u>	<u>\$764</u>	<u>\$2,892</u>

Idaho (Table 15)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	\$367	\$370	\$366	\$377	\$374	\$381
Taxes, Insurance & Benefits	139	148	146	151	149	152
SUBTOTAL	\$506	\$518	\$512	\$528	\$523	\$533
TRAVEL	72	77	82	77	82	85
CONTRACTS	12	18	14	21	21	21
OTHER OPERATING EXPENSES						
A. Employee Training	7	1	7	2	2	1
B. Office Supplies	8	7	8	8	8	9
C. Telephone	12	12	12	14	14	14
D. Postage	1	1	1	1	1	1
E. Office Rent	24	30	28	30	30	32
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	1	1	1	1	1	1
H. Miscellaneous Expense	1	1	1	1	1	1
I. Repair/Maintain Equipment	4	4	4	4	4	5
J. Equipment Rental	0	4	4	4	4	4
SUBTOTAL	\$59	\$62	\$67	\$66	\$66	\$69
TOTAL	<u>\$649</u>	<u>\$675</u>	<u>\$675</u>	<u>\$692</u>	<u>\$692</u>	<u>\$708</u>

Idaho Council members receive technical and administrative support from three full-time positions. The positions primarily include energy and rates analyses, administrative program management, and secretarial support. Contract services provide for legal counsel and technical assistance when necessary. The Council offices are in Boise and Coeur d'Alene.

Montana (Table 16)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	343	353	359	362	366	373
Taxes, Insurance & Benefits	167	160	160	164	160	162
SUBTOTAL	510	513	519	526	526	535
 TRAVEL	78	83	80	83	83	85
 CONTRACTS	46	39	33	36	36	37
 OTHER OPERATING EXPENSES						
A. Employee Training	2	2	2	2	2	2
B. Office Supplies	4	4	4	8	8	8
C. Telephone	9	9	9	10	10	10
D. Postage	2	1	2	1	1	1
E. Office Rent	20	17	22	17	22	22
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	0	1	1	1	1	1
H. Miscellaneous Expense	0	1	0	1	0	1
I. Repair/Maintain Equipment	1	2	1	3	1	3
J. Equipment Rental	0	1	0	3	1	3
SUBTOTAL	39	39	42	47	47	52
 TOTAL	673	674	674	692	692	709

Council members receive administrative and technical support on energy, fish and wildlife, public information and involvement activities from one part-time and two full-time positions. Other specialized services are contracted for and utilized on an as-needed basis. The Council office is in Helena.

Oregon (Table 17)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY 10 Budget
Compensation	\$379	\$419	\$422	\$427	\$429	\$437
Taxes, Insurance & Benefits	140	159	160	162	160	166
SUBTOTAL	<u>\$519</u>	<u>\$578</u>	<u>\$582</u>	<u>\$589</u>	<u>\$589</u>	<u>\$603</u>
TRAVEL	46	55	49	56	55	56
Contracts	0	0	0	0	0	0
OTHER OPERATING EXPENSES						
A. Employee Training	3	0	1	0	0	0
B. Office Supplies	1	2	1	3	3	2
C. Telephone	10	9	10	9	10	10
D. Postage	1	1	1	1	1	1
E. Office Rent	29	36	37	36	36	36
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	0	0	0	0	0	0
H. Miscellaneous Expense	7	0	0	0	0	0
I. Repair/Maintain Equipment	0	1	1	2	2	2
J. Equipment Rental	0	0	0	0	0	0
SUBTOTAL	<u>52</u>	<u>50</u>	<u>52</u>	<u>52</u>	<u>53</u>	<u>52</u>
TOTAL	<u>\$617</u>	<u>\$683</u>	<u>\$683</u>	<u>\$697</u>	<u>\$697</u>	<u>\$711</u>

Oregon Council members are state employees. They receive technical support through services from two full-time positions. Two additional full-time positions provide administrative/secretarial support to the Council members. Some support services are provided by other state agencies. Council offices are located in Portland, Milton-Freewater, and Astoria.

Washington (Table 18)
(000's omitted)

	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget
Compensation	\$411	\$453	\$448	\$462	\$457	\$466
Taxes, Insurance & Benefits	151	172	170	176	178	182
SUBTOTAL	\$562	\$625	\$618	\$638	\$635	\$648
 TRAVEL	 42	 49	 49	 50	 50	 50
 CONTRACTS						
A. Contract Services	0	0	0	0	0	0
B. Community Trade & Economic	0	0	0	0	0	0
C. EWU Indirect	26	24	24	25	25	25
SUBTOTAL	26	24	24	25	25	25
 OTHER OPERATING EXPENSES						
A. Employee Training	0	1	1	1	1	1
B. Office Supplies	2	6	6	5	5	5
C. Telephone	7	7	7	6	8	8
D. Postage	1	1	1	1	1	1
E. Office Rent	17	22	22	22	22	22
F. Dues/Subscriptions	0	1	1	1	1	1
G. Meeting Room Rental	0	0	0	1	1	1
H. Miscellaneous Expense	0	0	0	0	1	0
I. Repair/Maintain Equipment	0	3	3	2	2	2
J. Equipment Rental	0	0	0	0	0	0
SUBTOTAL	27	41	41	39	42	41
TOTAL	\$657	\$739	\$732	\$752	\$752	\$764

Council members represent individually the eastern and the western sides of the state with one member being paid through Eastern Washington University, Cheney, Washington. Some support services are provided by other state agencies. Four full-time and one half-time positions provide research analysis, energy policy, economics, fish and wildlife analysis, technical and administrative support. Council offices are in Lacey and Spokane.

K. FISCAL YEAR 2009 REVISED BUDGET

The Fiscal Year 2009 revised budget has remained the same as the budget adopted in 2007.

costs anticipated by the Public Affairs division.

CENTRAL COUNCIL BUDGET

Personal services

Personal services for the central staff have decreased by \$20,000 in Fiscal Year 2009 due to staff vacancies. Increased staffing to accommodate succession planning goals in the Power Planning Division have been absorbed through a temporary vacancy in the Fish and Wildlife division.

Travel

The Fiscal Year 2009 travel budget increased by \$3,000 to reflect projected increases in airfare.

Contracts

The Fiscal Year 2009 contract budget is increased by \$11,000, which reflects the shift of dollars used for Chairman Support.

Other operating expenses

This category has increased by \$6,000. The increase reflects the shift of dollars from contracting to printing

STATE BUDGETS

The Idaho Office revised budget for Fiscal Year 2009 remains the same.

The Montana Office revised budget for Fiscal Year 2009 remains the same.

The Oregon Office revised Fiscal Year 2009 budget remains the same.

The Washington Office revised budget for Fiscal Year 2009 remains the same.

Table 19 shows in detail the Fiscal Year 2009 budget revisions by expenditure category for each division and the state offices.

Categorical Comparisons (Table 19)
 (000's omitted)

	COMPENSATION			TRAVEL			CONTRACTS			OTHER OPERATING EXP.		
	FY09	FY09		FY09	FY09		FY09	FY09		FY09	FY09	
	Budget	Revision	Change	Budget	Revision	Change	Budget	Revision	Change	Budget	Revision	Change
<u>CENTRAL OFFICE</u>												
Power Planning Division	\$1,522	\$1,601	\$79	\$64	\$68	\$4	\$125	\$108	(\$17)	\$75	\$76	\$1
Fish & Wildlife Division	1,275	1,191	(84)	57	57	0	185	175	(10)	8	8	0
Public Affairs Division	716	715	(1)	43	46	3	0	0	0	96	103	7
Legal Division	506	496	(10)	21	21	0	8	8	0	8	8	0
Administration Division	1,034	1,030	(4)	33	29	(4)	30	68	38	828	826	(2)
SUBTOTAL - CENTRAL	\$5,053	\$5,033	(\$20)	\$218	\$221	\$3	\$348	\$359	\$11	\$1,015	\$1,021	\$6
STATES												
Idaho	\$528	\$523	(\$5)	\$77	\$82	\$5	\$21	\$21	\$0	\$66	\$66	\$0
Montana	526	526	0	83	83	0	36	36	0	47	47	0
Oregon	589	589	0	56	55	(1)	0	0	0	52	53	1
Washington	638	635	(3)	50	50	0	25	25	0	39	42	3
SUBTOTAL - STATES	\$2,281	\$2,273	(\$8)	\$266	\$270	\$4	\$82	\$82	\$0	\$204	\$208	\$4
TOTAL	\$7,334	\$7,306	(\$28)	\$484	\$491	\$7	\$430	\$441	\$11	\$1,219	\$1,229	\$10

APPENDIX A. FISCAL YEAR 2009 REVISIONS

(000's omitted)

	BUDGET	REVISION	CHANGE
Compensation	\$3,611	\$3,597	(\$14)
Other Payroll Expenses	<u>1,442</u>	<u>1,436</u>	<u>(6)</u>
Total Compensation/Payroll	\$5,053	\$5,033	(\$20)
Travel	218	221	3
Contracts	348	359	11
Other Operating Expenses	<u>1,015</u>	<u>1,021</u>	<u>6</u>
Total Travel/Contract/Other	\$1,581	\$1,601	\$20
Idaho	\$692	\$692	\$0
Montana	692	\$692	0
Oregon	697	\$697	0
Washington	<u>752</u>	<u>\$752</u>	<u>0</u>
Total States	<u>2,833</u>	<u>2,833</u>	<u>0</u>
TOTAL	<u><u>\$9,467</u></u>	<u><u>9,467</u></u>	<u><u>\$0</u></u>

APPENDIX B. INFORMATION SYSTEMS

The Council began to develop its information systems capability in 1982 with the installation of the comprehensive computer models necessary to draft the first power plan. Since then, the Council has continued to invest in computing equipment and software programs to support power system and fish and wildlife computer models and databases, as well as the Council's growing reliance on computers for business operations and on desktop publishing, networking, and the Internet for public information and involvement activities.

The Council has integrated computers extensively into its planning activities and support services. Computers give the Council the planning capability it needs to carry out its functions and responsibilities with minimum staffing levels and limited outside contracting, as well as the communications power to interact with interested individuals, agencies, and entities around the world. Power Division staff use the Council's networking capabilities to develop, monitor, and support complex computer models and extensive databases for system analysis, decision analysis, and statistical analysis. Fish and wildlife staff coordinate with related agencies, monitor recovery programs, real-time river information, and Bonneville spending, and run fish-production and fish-passage models as well as river-reach and system-production planning databases. The Council also has developed computer networking capability with links to Bonneville, certain agencies and tribes, utility organizations, state Council offices, and the Internet.

Major applications

Examples of major information systems include:

- Fish-recovery projects monitoring process
- Council Web site, electronic mail service and ftp document access
- System Analysis Model and its descendents
- GENESYS resource analysis model - to evaluate system reliability.
- OLIVIA economic portfolio risk analysis
- Data bases - conservation measures, river reaches, hydropower system, administrative records, and mailing lists.

Equipment

The Council uses a network of personal computers and a cluster of Windows servers and data storage devices to support Council programs. Several laser and color printers support the Council's publication activities. These systems communicate through a network that also connects, via the Internet, to the outside world.

The state offices also use networked personal computers for both administrative and technical support to their Council members and staff. All the state offices have access to the Internet for electronic mail and data exchange with each other and with other state agencies.

Council staff continue to be mobilized throughout the region by use of mobile technologies such as wireless networking, remote e-mail and file access, cell phones, and smartphones.

Software

The Council staff uses computers in nearly all aspects of daily work. To maintain and improve the value of staff involvement in regional planning and evaluation efforts, data processing staff plan regular updates to operating system and application software to ensure compatibility with other regional entities.

Over the past several years, staff members have exchanged single-focus, server-based applications for more powerful, Windows-oriented, multitasking hardware and software packages that improve staff productivity and enhance the quality of Council products. In recent years, these improvements have extended to the World Wide Web, which the Council uses extensively to make data, models, and issue papers available to anyone with Internet access. Even with these upgrades, staff still retains the ability to use existing data bases and models on which the planning function still relies.

Computer systems planning

The Council staff identifies long-range data systems support requirements based on three-year data processing plans. Recent data processing plans included oversight of a major facilities upgrade to Council public meeting space, addition of server and website for PTR (formerly C&RD), continued planning for an organization-wide upgrade to a current suite of Microsoft Office applications as well as improvements to data storage, and exploring new technologies available for staff while traveling. Having implemented all of these, the current data processing plan focuses on stabilizing the integration of and training in these new technologies then looking forward to determine the next direction in up coming and new technologies to best leverage existing systems and infrastructure to meet the Council's future needs.

All costs associated with information systems are aggregated in the following tables. The budgets for Fiscal Year 2009 revised and Fiscal Year 2010 reflect current-level staff services with some adjustment for contracted software/hardware support. Any costs associated with the replacement of current hardware/software systems will be accomplished within existing computer funding levels and/or by Council authorization for reprogramming of unexpended funds in other budget categories.

Expenditures by Category (Table B-1)
(000's omitted)

	FY08 Estimate	FY09 Revised	FY10 Budget
Compensation	<u>\$148</u>	<u>\$152</u>	<u>\$157</u>
Taxes, Insurance & Benefits	<u>59</u>	<u>61</u>	<u>63</u>
 SUBTOTAL	 \$207	 \$213	 \$220
 TRAVEL			
Regional	4	3	3
Out-of-Region	<u>0</u>	<u>0</u>	<u>0</u>
 SUBTOTAL	 \$4	 \$3	 \$3
 CONTRACTS			
(See detail Table B-2)	0	0	0
 OTHER OPERATING EXPENSES			
(See detail Table B-2)	<u>140</u>	<u>140</u>	<u>140</u>
 TOTAL	 <u><u>\$351</u></u>	 <u><u>\$356</u></u>	 <u><u>\$363</u></u>

Supplemental Expenditures (Table B-2)
(000's omitted)

	<u>FY08</u> <u>Estimate</u>	<u>FY09</u> <u>Revised</u>	<u>FY10</u> <u>Budget</u>
I. CONTRACTS			
A. Hardware/Software Support	<u>0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
II. OTHER OPERATING EXPENSES			
A. Equipment Maintenance Agreements	\$15	\$17	\$18
B. Staff Development	4	4	4
C. Space	5	5	5
D. Supplies	23	25	28
E. Communications	15	15	17
F. Capital Investments:			
1. Hardware	54	60	50
2. Software	24	14	18
3. Site	0	0	0
G. Temporary Technical Support	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$140</u></u>	<u><u>\$140</u></u>	<u><u>\$140</u></u>

APPENDIX C. FISCAL YEAR 2010 BUDGET COUNCIL SHOWING

I. THE NORTHWEST POWER ACT

Section 4(c)(10)(A) of the Northwest Power Act directs the administrator of the Bonneville Power Administration to pay the expenses the Council determines are necessary or appropriate for the performance of its functions and responsibilities, including reimbursement to those states with members on the Council. This section also establishes a funding limitation equal to 0.02 mills multiplied by the kilowatt-hours of firm power forecast to be sold by Bonneville during the year to be funded. Upon an annual showing by the Council that such limitation will not permit the Council to carry out its functions and responsibilities under the Act, the administrator may raise such limit to any amount not in excess of 0.10 mills. The literal interpretation of the word “showing” requires that the Council provide evidence that: 1) substantiates that annual funding in the amount provided by the 0.02 mills of firm forecast power sales will not be adequate to carry out its functions under the Act; and 2) explains the basis on which additional funding is required. The Council’s budget document is intended to provide sufficient information to meet this criteria. The organization of the budget document and the level of detail provided shows how the Council intends to use the funding provided to carry out its major responsibilities under the Act.

In Fiscal Year 2010, based upon Bonneville’s forecast of firm power sales (as of 03/31/2008), the 0.02-mill funding level is \$2,117,000. The 0.10-mill funding limit is \$10,583,000. The funding requirement, as determined by

the Council, for Fiscal Year 2010 is \$9,683,000, which is equal to 0.0918 mills of forecast firm power sales based on the following Council functions and responsibilities.

II. COUNCIL FUNCTIONS/RESPONSIBILITIES

The Council’s minimum responsibilities under the Act fall into five general categories:

1. Northwest Power Plan. Adopt and periodically amend a regional conservation and electric power plan that includes: energy conservation programs, 20-year forecasts of electric energy demands, 20-year power resource forecasts, cost-effective methods for providing regional reliability and reserves, and methods for determining quantifiable environmental costs and benefits (Sections 4(d) and 4(e) of the Act).

2. Columbia River Basin Fish and Wildlife Program. Develop, adopt, and periodically amend the program to protect, mitigate, and enhance fish and wildlife affected by development and operation of hydroelectric projects in the Columbia River Basin. Report annually to Congress on the effectiveness of the program and the extent to which the program is being implemented, and assist development of program amendments (Sections 4(h), 4(g) and 4(i)).

3. Public information and public involvement. Provide for the participation of the Pacific Northwest states, local governments, consumers, customers, users of

the Columbia River system (including federal and state fish and wildlife agencies and appropriate Indian tribes), and the public at large in planning for the Northwest's electric power and protection of Columbia River Basin fish and wildlife affected by hydropower. Develop and maintain comprehensive programs to inform the public of major regional power and fish and wildlife issues (Sections 2(3) and 4(g)).

4. Other responsibilities. In addition to the above responsibilities, the Council is directed to establish voluntary advisory committees it determines are necessary to assist in the development, collection, and evaluation of statistical, biological, economical, social, and environmental information relevant to the Council's development and amendment of a regional conservation and electric power plan and fish and wildlife program (Section 4(c)(11) and (12)).

The Council is required to conduct public meetings throughout the region as part of its process for developing and amending the regional power plan and fish and wildlife program (Section 4(d)(1)).

5. Organization requirements. In addition to the Council determining its funding requirements, the Act also provides that the Council shall determine its organization and prescribe its practices and procedures for carrying out its functions and responsibilities under the Act (Section 4(c)(4)). As part of its budget-development process, the Council publishes for public review and comment its organization chart, practices, procedures, and funding requirements associated with the above responsibilities. The Council also distributes for public review and comment its annual work plans for power planning and fish

and wildlife program activities. Following public comment, an annual report describing the Council's activities is published and forwarded to Congress.

III. STATES' PARTICIPATION

The first component of the Council's budget is the funding necessary to support each state's participation as provided by the Act. This portion of the Council's budget covers the funding for the Council members' operation of their state offices, local public involvement efforts, and technical support necessary to provide a suitable state review capability of those energy and fish and wildlife issues having a particular impact on the respective states. Oregon and Washington require that the Council offices be established in both the eastern and western portions of the states.

The states' portion of the budget for Fiscal Year 2010 is \$2,892,000, equivalent to 0.027 mills in firm power sales. The line item expenditure projections and a description of state Council activities is contained in Section J of this budget document.

IV. CENTRAL COUNCIL – POWER DIVISION

The regional electric power and conservation planning responsibilities established by the Act are carried out by a centralized technical staff. The Power Division analyzes changing conditions and monitors implementation of the power plan. Outside contracting occurs to a limited extent to augment research done by other entities or to provide technical capability that the Council does not possess. The Council conducts independent regional analysis by using computer modeling and analytical methods with data

collected by outside sources (advisory committees are utilized to the extent appropriate).

The power planning portion of the Council's Fiscal Year 2010 budget is \$1,903,000, equivalent to 0.018 mills in firm power sales. The line item expenses for power planning and a description of program actions are described in Section E of this budget document.

V. CENTRAL COUNCIL – FISH AND WILDLIFE DIVISION

The activities necessary for development of the fish and wildlife program, monitoring its implementation, reviewing actions of Bonneville and others to determine consistency with the program, and developing program amendments are conducted by a central staff of fish and wildlife specialists (excluding management and administrative support). The fish and wildlife planning efforts of the staff focus on mainstem passage and flows, system/subbasin production planning, research coordination, new hydropower development and actions by the Federal Energy Regulatory Commission, wildlife mitigation, resident fish and fish substitutions, and habitat and tributary passage. Monitoring and evaluation of fish and wildlife program effectiveness, as well as facilitating the resolution of barriers to implementation of specific program measures, are two of the most significant activities of the Fish and Wildlife Division.

The fish and wildlife portion of the Council's budget for Fiscal Year 2010 is \$1,480,000, equivalent to 0.014 mills in firm power sales. The line item expenditure projections and a description of the Fish and Wildlife Division programs are contained in Section F of this budget document.

VI. CENTRAL COUNCIL – PUBLIC AFFAIRS DIVISION

The Council's Public Affairs Division develops and maintains comprehensive programs to inform and involve the public in major regional power and fish and wildlife issues. This includes consultations with Bonneville, Bonneville customers, fish and wildlife agencies, Indian tribes, and others. Public affairs staff also: 1) coordinate contacts with Congress; 2) monitor federal appropriations and budget committee actions to implement the fish and wildlife program and the energy plan; 3) provide information to congressional committees; and 4) coordinate Council testimony before House and Senate committees.

The Council maintains an extensive mailing list (more than 15,000 individuals and organizations) as a major part of its outreach efforts to inform interested parties and to solicit their participation in the Council's regional planning activities.

The principal way in which the Council attempts to reach the public is through its publications. These include a quarterly publication, *Council Quarterly*, an annual report to Congress, an annual report to the Governors on Bonneville spending to implement the fish and wildlife program, summaries of current Council issues, and the Council's public meeting agenda. The Council also reaches the public through the various media, including briefings for editors/reporters, Council meeting press packets, news releases, feature stories in a variety of publications and advertising the availability of the Council's major documents. The Council maintains a Web site (www.nwcouncil.org) where agendas, summaries of issues

and activities, and all major Council publications are available.

The Public Affairs Division portion of the Council budget for Fiscal Year 2010 is \$896,000, equivalent to 0.009 mills in firm power sales. Line item expenditure projections and program descriptions for public affairs are contained in Section G of this budget document.

VII. CENTRAL COUNCIL – LEGAL DIVISION

Legal services are provided by three attorneys who provide administrative support and general legal advice, as well as support for the power planning, fish and wildlife, and public information and involvement programs.

Legal advice and representation, as well as the development of Council rules and procedures, including the negotiation of contracts, are provided by the Legal Division. The division participates in scheduled revisions of the energy plan and the fish and wildlife program by providing legal counsel at public hearings and consultations with interested parties, assisting and drafting amendments, and maintaining the administrative record of Council actions and rulemakings.

The Legal Division serves a necessary role in helping oversee the implementation of the energy plan and the fish and wildlife program by Bonneville, the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Federal Energy Regulatory Commission, and other agencies and utilities. Legal representation of the Council in appeals of its plan, program, and other actions is provided, although no funding is provided for unanticipated litigation.

Administrative law support is necessary for administrative proceedings and addressing institutional legal questions, as well as ensuring that the Council adheres to the provisions of the Sunshine Act, the Freedom of Information Act, Administrative Procedures Act, government contracting practices, administrative record, and advisory committees.

The legal services portion of the Council's budget for Fiscal Year 2010 is \$550,000, equivalent to 0.005 mills of forecast firm power sales. The Legal Division projection of line item expenditures and a description of specific activities are presented in Section H of this budget document.

VIII. CENTRAL COUNCIL – ADMINISTRATIVE DIVISION

The Administrative Division provides the executive direction for all central Council operations and administrative and financial support for the Council.

The office of the executive director provides the direction for all staff work on Council programs and for program support services. Financial and administrative services are provided, including budget development, audits, contract management, accounting/payroll systems, and personnel administration.

The cost of management services and supplies that are applicable to all divisions are aggregated in the Administrative Division budget. The major expense components are office rent, telephone, office supplies, postage/ mailing, equipment rental, audit fees, insurance, and computer support services.

The Administrative Division portion of the Council’s budget for Fiscal Year 2010 is \$1,599,000 equivalent to 0.015 mills of firm power sales. The Administrative Division line item expenditure projection and activity descriptions are contained in Section I of this budget document.

IX. CENTRAL COUNCIL – INFORMATION SYSTEMS

The Council has fostered a high degree of computer integration with its planning activities and support services. Computer systems and software are necessary to give the Council the capability to carry out its functions and responsibilities with minimal staffing levels and limited outside contracting. Complex computer models and extensive data bases are operated and maintained for system analysis, decision analysis, load forecasting, and statistical analysis, as well as for hydropower system, power resource and conservation data bases. Fish and wildlife planning uses fish-production and fish-passage models, as well as river reach and system-production planning databases. The Administrative Division uses the Council’s computer capability for maintaining administrative records requirements, for word processing, and for all accounting/budget systems. The Council also has developed a computer communications network capability that allows computer linkage with Bonneville, certain agencies and tribes, utility organizations, state Council offices, and the Internet.

The information services portion of the Council's budget for Fiscal Year 2010 is \$363,000, equivalent to 0.003 mills of forecast firm power sales. These costs are included in the Administrative Division’s budget. A more detailed

description of the information systems function is contained in Appendix B of this budget document.

X. SUMMARY

Based on this showing and the supporting detailed information contained in this budget document, the Council has determined that the 0.02 mill limitation will not allow the Council to carry out its functions and responsibilities under the Act and that the following budget expenditures proposed for Fiscal Year 2010 are necessary and appropriate.

	FY 2010	
States participation	\$2,892,000	0.027 mills
Central Council:		
Power Planning	1,903,000	0.018 mills
Fish and Wildlife	1,480,000	0.014 mills
Public Affairs	896,000	0.009 mills
Legal	550,000	0.005 mills
Administrative	<u>1,962,000</u>	<u>0.018 mills</u>
TOTAL	<u>\$9,683,000</u>	<u>0.091 mills</u>

Budget History (Figure 10)

