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Northwest Power and Conservation Council

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May 14, 2025

DECISION MEMORANDUM

TO: Council members

FROM: Sandra Hirotsu
Administrative Division Director

SUBJECT: Decision to release for public comment the Fiscal Year 2027 and Fiscal Year 2026
Revised budget

PROPOSED ACTION: Staff recommends the Council approve the release of its draft fiscal year 2027 and fiscal year 2026 revised budget for a 47-day public comment period through June 30, 2025.

SIGNIFICANCE: The funding necessary for the Council to carry out its activities and responsibilities under the Northwest Power Act is provided by the Bonneville Power Administration based on the Council's adopted budget. The Council provides an opportunity for public comment on its proposed budget as part of the budget development process with the goal of adopting a budget for the next two fiscal years in July or August. The Council forwards the adopted budget to Bonneville for inclusion in its budget transmittal to Congress.

BUDGETARY/ECONOMIC IMPACTS

The proposed fiscal year 2026 revised budget is \$12,896,121 and the proposed fiscal year 2027 budget is \$ 13,338,436 .

The proposed budgets for fiscal year 2026 and fiscal year 2027 are above Bonneville's funding threshold as set forth in the Power Act. The statutory funding threshold is based on Bonneville's forecast of firm power sales for fiscal years 2026 and 2027. The Council will utilize savings from underspending its budget in fiscal years 2022, 2023 and 2025 to make up any difference between

Bonneville's funding threshold and the Council's budget. The Council will continue to work with Bonneville and the northwest congressional delegation to find a way to permit consideration of inflation in determining the Council's annual funding threshold.

BACKGROUND

In the Northwest Power Act, Congress provided a funding mechanism in Section 4(c)(10) to ensure the Council has the funding necessary to carry out its functions and responsibilities under the Act. The funding comes from the Bonneville Power Administration; the Council does not receive funding from Congressional appropriations or from the state governments.

Under the Act, Bonneville's funding threshold for the Council is tied to Bonneville's forecasted firm power sales (amount of kwh forecast to be sold in the fiscal year not revenue). The formula does not take into consideration the impact of inflation. The Council has been conservative in its spending and over the last 30 plus years its budget has grown on average at or less than the rate of inflation.

The proposed fiscal year 2026 revised budget of approximately \$12,896,121 is an increase of approximately \$68,000 from the budget adopted last year for fiscal year 2026. The proposed fiscal year 2027 budget of approximately \$13,338,436 is an increase of approximately \$102,000 from last year's projection for fiscal year 2027. The increased estimate for fiscal years 2026 and 2027 is due primarily to projected increases in operating costs, and not due to increases in projected compensation or benefits over the next two fiscal years.

PUBLIC COMMENT PERIOD

The draft fiscal year 2027 budget and fiscal year 2026 revised budget will be posted on the Council's website and available for public review and comment when approved for release by the Council. Written comments on the draft budget will be accepted through 5 p.m. PST on Monday June 30, 2025. An opportunity for oral comment will be provided at the June 2025 Council meeting.