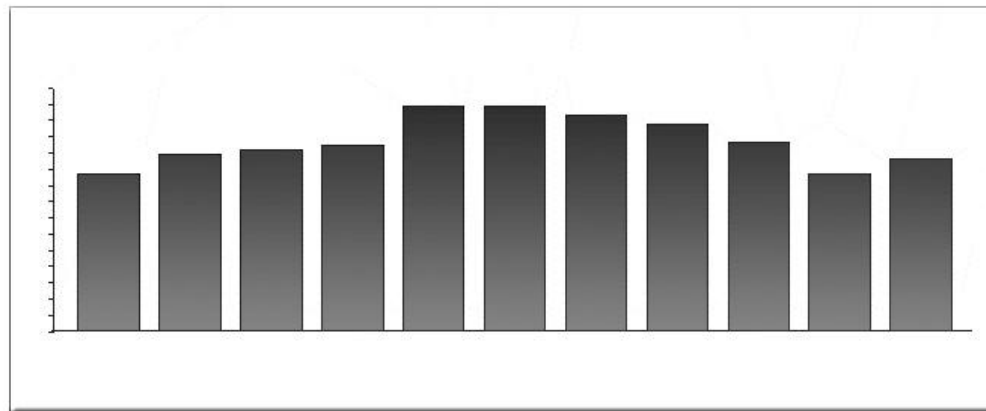


Northwest Power Planning Council

**FISCAL YEAR 2004 BUDGET
AND
FISCAL YEAR 2003 REVISIONS**

August 13, 2002



Northwest
Power Planning
Council

Council document 2002-12

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A. MISSION AND GOALS STATEMENT

(Public Law – 96-501)
Northwest Power Act

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 a plan to ensure 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.
- 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. BUDGET AND EXPENDITURE SUMMARY

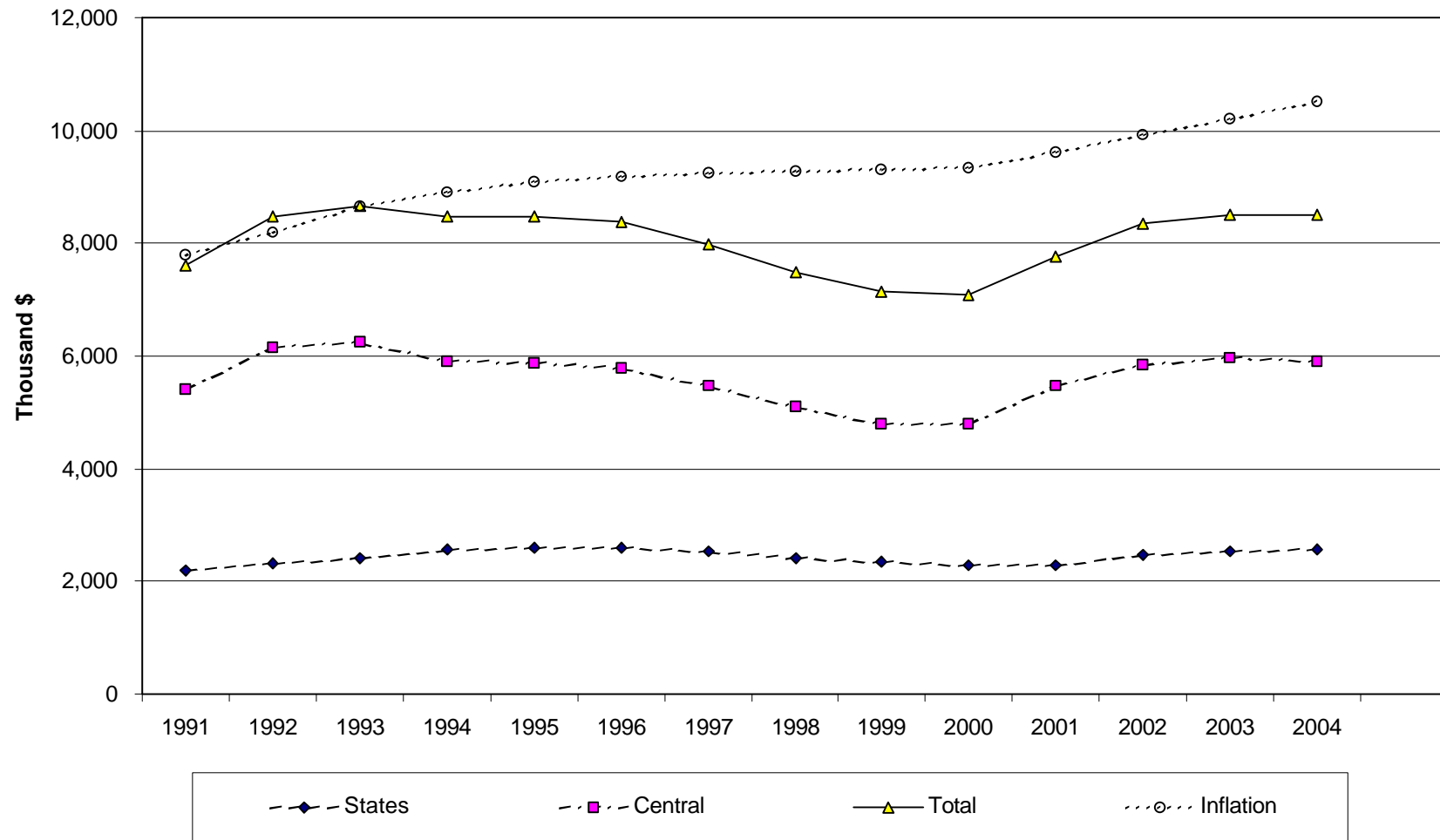
BUDGET HISTORY

The proposed budgets for Fiscal Years 2003 and 2004 reflect some increases due to increased responsibilities related to fish and wildlife program accountability, and the development of a new power plan. In addition, issues have arisen regarding the reliability of the Northwest energy system and renewed interest in conservation acquisition. From the time the Council was formed in 1981 and continuing through Fiscal Year 1999, the Council budget has averaged \$6,700,000 per fiscal year, with a low of \$5,964,000 in Fiscal Year 1984 and a high of \$8,651,000 in Fiscal Year 1993. Actual expenditures have averaged \$6,200,000 per fiscal year. Funding levels for the Council's budget have ranged from 0.061 to 0.093 mills per kilowatt-hour of the Bonneville Power Administration's annual projection of firm energy sales.

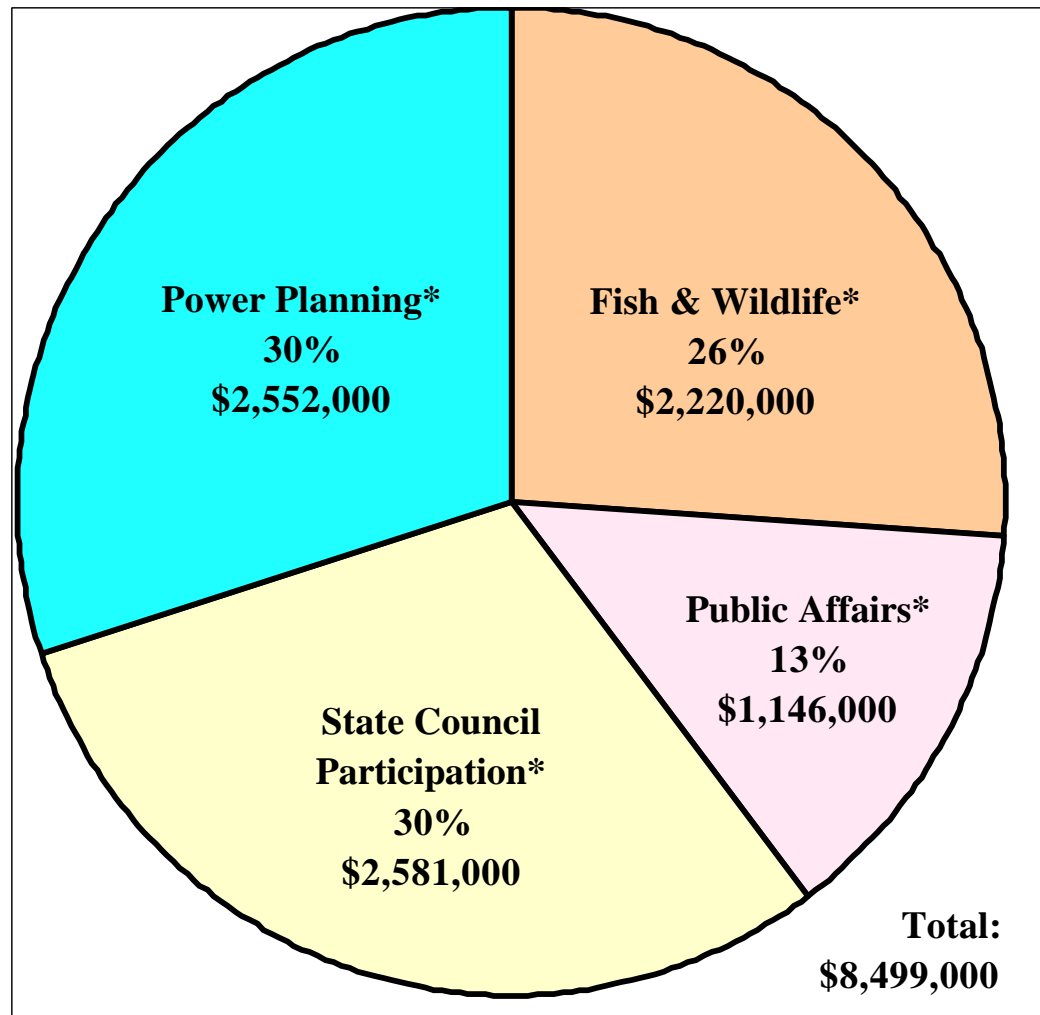
The Council's budget for the six-year period between Fiscal Years 1995 and 2001 decreased approximately 23 percent. Since Fiscal Year 1996 (six years), the actual and projected cumulative annual inflation for the Portland area is approximately 22.5 percent.

Each year the Council attempts to under-spend its budget. This is accomplished by adjusting staff workloads and deferring some contract studies while having others performed by Council staff. In addition, the Council continues to freeze some position vacancies or abolish other positions through organization restructuring.

Budget History (Figure 1)



FY 2004 Budget by Function (Figure 2)



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

FISCAL YEAR 2003/FISCAL YEAR 2004 BUDGET STRATEGY

The Council continues to be conscious of the need for healthy financial conditions for Bonneville Power Administration even though conditions in the energy market now make it appear that Bonneville could be in a tenuous financial position because of last year's electricity market volatility. The Council faces changes in its own role due to the restructuring in the electric utility industry and enhanced efforts to establish improved accountability in regional fish and wildlife recovery planning. In an effort to be responsive, the Council in Fiscal Year 2003 and Fiscal Year 2004 will maintain similar budget constraints to those initiated in 1998.

To accomplish this, the Council will:

1. Maintain a somewhat reduced level of energy systems analysis capability by reallocating staff workloads and deferring projects to other entities where possible, and re-prioritizing resources for only the most essential studies and analyses.
2. Continue efficiencies in operations and administration, in general, to absorb approximately two percent projected inflation for Fiscal Year 2003 and for Fiscal Year 2004.
3. Reallocate staffing where possible.

PROPOSED BUDGET REQUESTS

Fiscal Year 2004 Budget

Based on the major issues and levels of effort discussed on the preceding pages and described in more detail in other sections of the budget, the Council has determined that the proposed budget expenditures are necessary and appropriate for performance of its functions and responsibilities as authorized by the Northwest Power Act, Section 4(c)(10)(A). The Council has further 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 \$8,499,000 for Fiscal Year 2004 equal to 0.087 mills per kilowatt-hour for the estimate of forecasted firm power sales be included in the administrator's Fiscal Year 2004 budget submittal.

Fiscal Year 2003 Budget Revisions

The Council is increasing by \$73,000 its previously submitted Fiscal Year 2003 budget request of \$8,420,000. This results primarily from increases in both the central and state offices budgets for operating costs, contract services, travel and staffing in support of enhanced responsibilities including analysis of power supply adequacy/reliability, energy efficiency and renewables and competitive market analysis. A more detailed analysis of the Fiscal Year 2003-revised budget is shown in Section J, Table 19 and Appendix A.

The Council's budget for Fiscal Year 2004 and Revised Fiscal Year 2003 is based on current year (Fiscal Year 2001) expenditure levels plus adjustments for increased workload, 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)

	<u>FY01</u> <u>Budget</u>	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>	<u>FY05</u> <u>Projected</u>	<u>FY06</u> <u>Projected</u>	<u>FY07</u> <u>Projected</u>	<u>FY08</u> <u>Projected</u>
Expenditures:											
Personal Services*	\$3,895	\$3,760	\$4,001	\$4,067	\$4,113	\$4,236	\$4,359	\$4,485	\$4,504	\$4,741	\$4,871
Travel	166	189	164	164	170	175	166	151	151	151	151
Contracts	431	312	577	409	578	608	437	428	338	503	503
Other Operating Expenses	<u>984</u>	<u>1,086</u>	<u>1,108</u>	<u>1,023</u>	<u>1,044</u>	<u>947</u>	<u>956</u>	<u>965</u>	<u>977</u>	<u>1,012</u>	<u>1,017</u>
 SUBTOTAL	\$5,476	\$5,347	\$5,850	\$5,663	\$5,905	\$5,966	\$5,918	\$6,029	\$5,970	\$6,407	\$6,542
 State Budgets	<u>2,301</u>	<u>2,273</u>	<u>2,489</u>	<u>2,431</u>	<u>2,515</u>	<u>2,527</u>	<u>2,581</u>	<u>2,648</u>	<u>2,727</u>	<u>2,809</u>	<u>2,891</u>
 TOTAL	<u>\$7,777</u>	<u>\$7,620</u>	<u>\$8,339</u>	<u>\$8,094</u>	<u>\$8,420</u>	<u>\$8,493</u>	<u>\$8,499</u>	<u>\$8,677</u>	<u>\$8,697</u>	<u>\$9,216</u>	<u>\$9,433</u>
 Authorized Positions*											
Central	35.0	35.0	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8	30.8
States	23.5	23.5	24.3	24.3	24.3	24.3	24.5	24.5	24.5	24.5	24.5

* 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 2003 Program Forecast (Table 2)
(000's omitted)

	<u>Power Planning</u>	<u>Fish & Wildlife</u>	<u>Public Affairs</u>	<u>Legal</u>	<u>Admin</u>	<u>Total</u>
Compensation	\$947	\$756	\$405	\$316	\$737	\$3,161
Other Payroll Expenses	322	257	138	107	251	1,075
Travel	36	69	26	20	24	175
Contracts	290	250	30	8	30	608
Other Operating Expenses	<u>34</u>	<u>7</u>	<u>69</u>	<u>4</u>	<u>833</u>	<u>947</u>
SUBTOTAL	\$1,629	\$1,339	\$668	\$455	\$1,875	\$5,966
State Budgets:		<u>FTEs</u>				
Idaho	\$622	6.2				
Montana	585	5.8				
Oregon	636	6.5				
Washington	<u>684</u>	<u>6.0</u>				
SUBTOTAL	\$2,527	24.5				<u>2,527</u>
TOTAL						<u><u>\$8,493</u></u>

FY 2004 Program Forecast (Table 3)
(000's omitted)

	<u>Power Planning</u>	<u>Fish & Wildlife</u>	<u>Public Affairs</u>	<u>Legal</u>	<u>Admin</u>	<u>Total</u>
Compensation	\$972	\$783	\$419	\$322	\$757	\$3,253
Other Payroll Expenses	330	266	142	109	257	1,106
Travel	35	56	28	22	25	166
Contracts	150	210	30	8	39	437
Other Operating Expenses	<u>34</u>	<u>8</u>	<u>64</u>	<u>7</u>	<u>843</u>	<u>956</u>
SUBTOTAL	\$1,521	\$1,323	\$683	\$468	\$1,921	\$5,918
State Budgets:		<u>FTEs</u>				
Idaho	\$632	6.2				
Montana	597	5.8				
Oregon	650	6.5				
Washington	<u>701</u>	<u>6.0</u>				
SUBTOTAL	\$2,581	24.5				<u>\$2,581</u>
TOTAL						<u>\$8,499</u>

C. INTRODUCTION

BACKGROUND

The Northwest Power Planning Council (the “Council”) was created by Congress in 1980, in accordance with the Pacific Northwest Electric Power Planning and Conservation Act (the “Northwest Power Act”),¹ and held its first meeting on April 28, 1981. The Council is an interstate compact agency, not an agency of the U.S. government. Section 4 (a)(2)(A).

The Council was authorized by Congress and created by the Northwest states to encourage conservation and development of renewable electricity resources in the Northwest, to assure the region an adequate, efficient, economical and reliable power supply, to protect and rebuild fish and wildlife populations damaged by Columbia River Basin hydropower development and operations, and to provide for broad public participation and consultation in the development of a regional power plan and a related fish and wildlife program. Sections 2(1)(A) and (B), (3), (3)(A). The Northwest Power Act requires the Council to prepare a fish and wildlife program for the Columbia River and its tributaries, a 20-year conservation and electric power plan for the region, and other programs and studies relating to the use and supply of electric power in the Northwest. The

Bonneville Power Administration (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 per Appendix C) shall be paid from funds available to the Bonneville administrator and 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 Power Planning Council in a time of transition

The future role of the Council begins with the proposition that a debate over the continuing role of the Northwest Power Act and the Council is underway, and that the Act may eventually be amended. The region still needs to understand the issues that arise in the current transition and determine how its common interest should be represented in the future.

The Council takes the view that one of the primary ways it can add value during this transition is by continuing to provide high-quality, objective analysis. By clarifying

¹16 U.S.C. Sec. 839b *et seq.*, Pub. L. No. 96-501. Hereinafter, references to particular provisions of the Act will be made to sections only (e.g., “Section 4(d)(2)”).

regional choices and impacts, measuring them against the purposes of the Northwest Power Act, and generating open, informed debate, the Council can lay a foundation for regional consensus. The Council's work under the Governors' auspices in facilitating the Comprehensive Review of the Northwest Energy System, the Transition Board, and the Bonneville Cost Review are examples of this kind of work. Similarly, the Council has undertaken pursuant to congressional request reviews of proposed federal capital investments at the dams, hatchery investments, and fish and wildlife governance. The Council's analysis of Bonneville's potential stranded cost exposure and development of a multi-species framework for fish and wildlife policy are additional examples of these kinds of activities. More recently the Council has provided useful regional analysis of electricity market pricing and reliability of the Northwest energy system and optimum operation of the hydropower system for both fish and power.

The Council's staffing and logistical support of the Regional Technical Forum (a Council advisory committee) is still another example where regional value is achieved in developing standardized protocols for verifying and evaluating energy conservation standards.

Although this work may tend to be analytical and informational, the Council will also continue to play an active role in finding regional consensus on these issues. It is true that many of the questions that face the region – how the region fits into national energy restructuring legislation, the configuration of Snake and Columbia River dams, and the region's future influence in energy and fish and wildlife policy – are likely to be determined by federal agencies or Congress, not just the region. However, it is also true that

the Northwest will play a powerful role in this debate if it develops an informed consensus on these matters. The Council intends to help the region forge and maintain this consensus so that these issues are not decided without the region's voice.

At the same time, the Council must continue to examine and balance the region's investment in energy alternatives with fish and wildlife recovery efforts. In recent years, the Council has become more and more involved in examining Bonneville Power Administration energy and fish and Wildlife costs. The Council sees these activities as valuable both to the region and to Congress.

These observations, together with specific requests from Congress and the Council's statutory responsibilities, identify important areas of work that are addressed in this budget document.

COUNCIL RESPONSIBILITIES

Northwest Conservation and Electric Power Plan

While the transition to a deregulated electric power industry is not occurring as quickly as earlier envisioned in the 1996 Comprehensive Review, the ongoing restructuring of the electric power industry is requiring the Council to continue to re-direct its efforts, away from traditional regional planning, toward accomplishing the goals of the Northwest Power Act in ways that are more consistent with competitive electricity markets. Those goals—assuring an adequate, efficient, economic and reliable power system; encouraging conservation and renewable resources; providing environmental quality; and protecting, mitigating and enhancing the fish and wildlife resources of the

Columbia River Basin—remain valid goals. The decisions made during the utility industry's transition will influence the region's ability to attain those goals in the future. Accordingly, the Council views its responsibilities during the utility industry transition to include:

- 1. Conservation and Renewable Resources.** Working with regional interests to devise ways of overcoming market barriers, participating in market transformation activities, providing guidance in meeting the region's conservation and renewable resource goals and working with the regional technical forum to track regional progress;
- 2. The Competitive Marketplace.** Providing information, evaluation and analysis of the evolving marketplace to ensure full, fair and effective competition throughout the region; and
- 3. Public Participation and Involvement.** Informing and involving interested members of the public on transitional issues that have the potential to affect them, their environment and their economy.
- 4. Continuing to provide quality and timely analysis** of the interactions between fish and the electric power system, including providing enhanced analytical models that more accurately capture the effects of changes in the operation, configuration of the hydroelectric system and energy system reliability.
- 5. Supporting the work of the Independent Economic Analysis Board** to bring more rigorous

economic analysis to the development and evaluation of fish and wildlife measures.

- 6. Ensuring that the best available science is applied** in the development of Regional Fish and Wildlife recovery measures.
- 7. Serving as regional catalyst for cooperation** on activities that support the goals of the Power Act;
- 8. Serving as a source of objective, timely information and analysis** that will serve the region's public interest and advance the effectiveness of an increasingly competitive electricity market.

Columbia River Basin Fish and Wildlife Program

Develop, adopt and amend a 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 review the actions of the Bonneville Power Administrator to determine the consistency of those actions with the program and the extent to which the program is being implemented as well as to assist development of program amendments. Sections 4(g-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.

Public Involvement

Develop and maintain comprehensive programs to inform the public of major regional power and fish and wildlife issues, obtain public views and consult with Bonneville, Bonneville's customers, fish and wildlife agencies, Indian tribes and others. Sections 2(3) and 4(g).

COUNCIL ACTIONS

The Council adopted its first fish and wildlife program in November 1982, and amended the program in Fiscal Years 1984, 1987, 1992 and 1994. The Council adopted its first regional power plan during Fiscal Year 1983, amended the plan in Fiscal Year 1986 and adopted a plan supplement in Fiscal Year 1989. In 1991, the Council adopted its 1991 Northwest Conservation and Electric Power Plan. Public affairs activities during these times focused on informing and educating the public about the Council's decision-making process in the fish program and the energy plan. The Fourth Power Plan was adopted in 1998. The plan's primary focus was to further the recommendations of the Comprehensive Review of the Northwest Energy System. A new power plan is scheduled for Fiscal Year 2003.

The Council initiated actions early in Fiscal Year 2000 to amend its fish and wildlife program. This process, incorporating a basin-wide vision, biological objectives, strategies and a scientific framework, moves us closer to a unified regional plan. The first phase of the new fish and wildlife program, a multi-species approach for decision making, was adopted in December 2000. Adoption of the amendments to the program continues into Fiscal Year 2002, with a mainstem rulemaking.

D. ORGANIZATION FUNCTIONS

THE NORTHWEST POWER PLANNING COUNCIL

The Governors of Idaho, Montana, Oregon and Washington each appoint two members to the Northwest Power Planning 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, consultants under contract, or by public agencies or Indian tribes under intergovernmental agreements. The Council's executive director is responsible for supervising the staff, administering the contracts and meeting deadlines. The Council approves major contracts and the overall work plan. Professional staff in each state provide technical review and assistance to Council members in evaluating matters before the Council and input into work performed by the central staff. State staffs 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 agencies or by individuals directly under Council member direction.

CENTRAL ORGANIZATION

The central staff, under the leadership of the executive director, has been organized into six major functions:

1. **Energy system analysis:** includes all activities pertaining to the development of the energy plan, monitoring its implementation and facilitating the transition to a more competitive electricity industry. Technical analyses of energy issues, scope of work development and monitoring of contractor performance and project design are included under this function.
2. **Fish and wildlife:** includes all program activities pertaining to the development and implementation of the Columbia River Basin Fish and Wildlife Program. Policy and technical analyses, program monitoring and evaluation, and program accountability, are included in this function, as well as liaison and coordination with fish and wildlife entities, tribes and hydropower project operators and regulators.
3. **Policy and legal:** includes those activities required by the Act to "ensure widespread public involvement and information on regional power and fish and wildlife policies, and to develop strategies and processes for carrying out the Council's overall responsibilities under the act." Section 4(g)(1).
Also included are those activities associated with monitoring federal agency and congressional action to implement the Council's fish and wildlife program and energy plan, as well as providing timely information and coordinating testimony before congressional committees on Council activities and programs. Timely reporting to the

Council about actions by congressional appropriations and budget committees to implement the fish and wildlife program and the energy plan are part of this activity. Legal counsel on policy matters are provided through advice, consultation and representation in legal proceedings. Areas of the law that guide the Council include the Northwest Power Act, administrative procedures and practices, Federal Energy Regulatory Commission proceedings, Indian law, contracts and litigation.

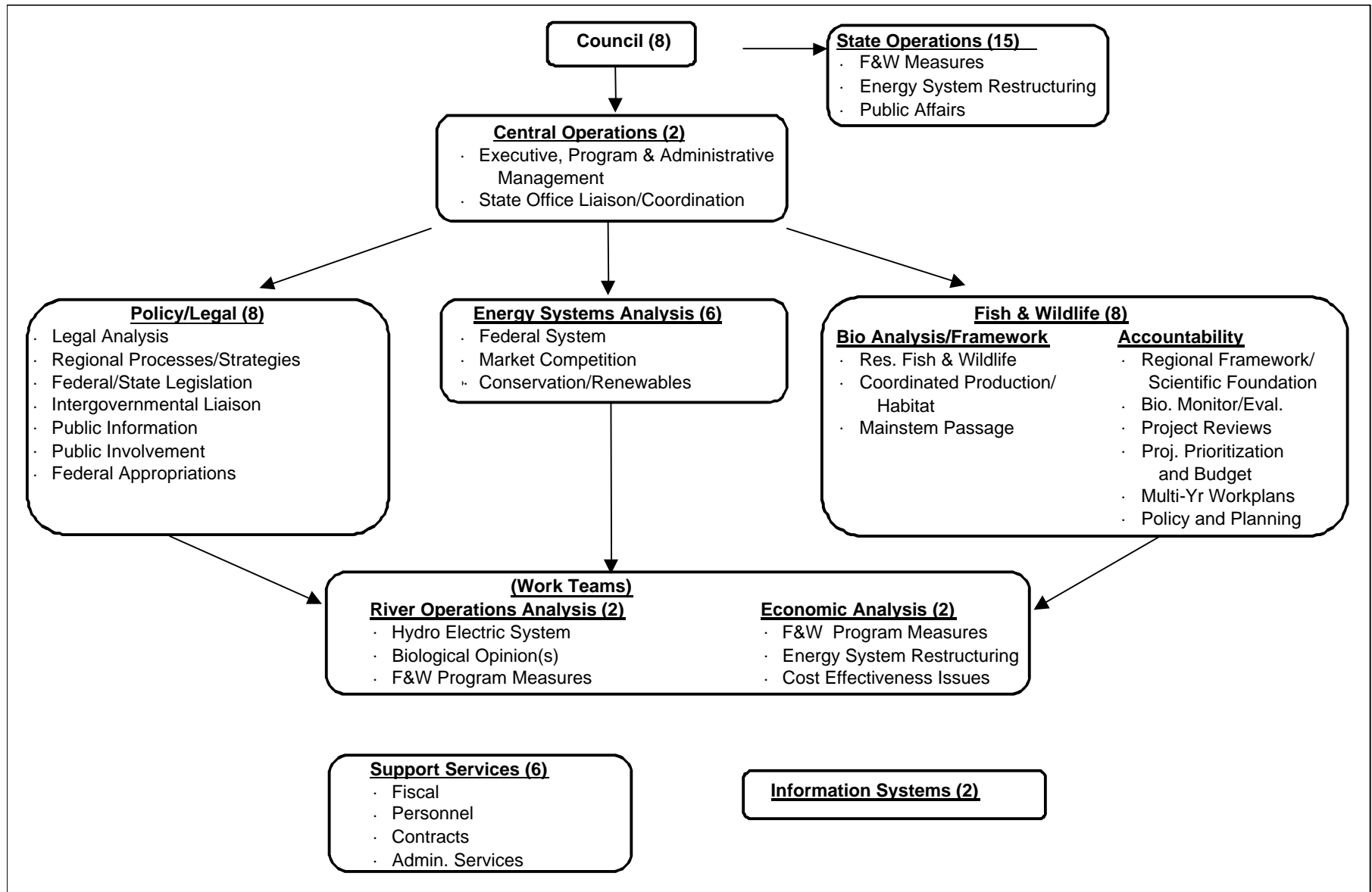
4. **Support services:** include accounting, contract administration, information systems, procurements, personnel policies and procedures, and staff support services for the Council. Included in this is budget development and fiscal auditing, which are required by law.
5. **Economic analysis (Work team):** The Council established the Independent Economic Analysis Board (IEAB) to help the Council in evaluating economic impacts of current and proposed fish and wildlife program measures.

This body advises the Council on the cost-effectiveness considerations it must take into account as part of the fish and wildlife prioritization of projects and funding recommendations to The Bonneville Power Administration. Council staff provide analytical support for both the Independent Economic Analysis Board and for economic impacts in the region associated with the transition to a competitive electricity market.

6. **River operations analysis (Work team).**

Independently analyses of the interactions between fish and wildlife measures and the power system is an important role of the Council. Until new structures are implemented for governing decisions among the multiple uses of the Columbia River System, the Council will continue to play a role and enhance its capabilities in this area. Council staff provide timely and accurate analysis of the interactions of fish and wildlife measures and the power system. For example, work has occurred to significantly enhance capability in this area by integrating the Council's two primary system analysis models - SAM (System Analysis Model) and ISAAC (Integrated System for the Analysis of Acquisitions). The integrated model provides better assessments of the power-related costs of changes in river operations or configuration's to accommodate fish and wildlife, particularly in situations of severe drought.

Organizational Chart (Figure 3)



E. POWER DIVISION

The efforts of the power division for Fiscal Year 2003 and Fiscal Year 2004 will be focused on the development of a the Council's fifth power plan, the initial stages of implementation of that plan, and contributing to the successful resolution of the many important electricity policy issues facing the region and the West. In the experiences of the power supply and price situation of 2000 – 2001 are many lessons regarding the shortcomings of the current wholesale market structure and its linkage to retail market. They include the difficulty of maintaining the adequacy and reliability of the power system within that market structure, the interactions between fish and power, and the importance of appropriate levels of resource diversity and risk management to name a few. It will be important to build on the lessons derived from the experience of the past few years to develop a regional plan that can help inform regional policy makers, power suppliers and consumers decisions so that we can assure an adequate and affordable electricity supply in the future while meeting the region's obligations for the protection, mitigation and enhancement of the fish and wildlife resources of the Columbia Basin.

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

- Review and revision of the Council's power plan. As has been the case with past plans, the plan will examine generating and efficiency resource characteristics, future fuel prices and load growth scenarios and strategies for accommodating that

growth at the lowest economic and environmental costs. It has been several years since the Region has been willing to invest in the research necessary to know how it is using electricity. This year, however, updated data will be developed for the commercial sector while electricity use within the residential and industrial sectors will be estimated from secondary sources.

- This plan will also try to help the region address some of the issues revealed by the 2000 – 2001 electricity “crisis.” These include:
 - How to assure adequate investment in new generation;
 - How to achieve greater responsiveness of retail demand to wholesale prices;
 - How to assure that cost-effective levels of investment in efficiency are maintained in the face of downward as well as upward price volatility;
 - What is the value of resource diversity and how do you assure that diverse resources such as renewables, distributed generation and Demand Side Management (DSM) are adequately represented in the region's resource mix;
 - How do we avoid the compromises between fish and power that affected fish operations during the summer of 2001.

There are other issues that will either be addressed in the context of the Fifth Power Plan or separately if

they are moving on a time scale that requires they be addressed separately. These include:

- The future roles and obligations of the Bonneville Power Administration as the region works to reconcile Bonneville's role in context of the competitive wholesale market and preserve the regional benefits of the federal system.
- Reconciling the planning, expansion and operation, of the regional transmission system with the increasing pressures imposed by the competitive wholesale market. This could build on the formation of a regional transmission organization (RTO) as is being encouraged by the Federal Energy Regulatory Commission. However, if it is decided that there is not the regional will to proceed with an RTO, there remain issues that will have to be addressed to assure an adequate, reliable and efficient regional transmission system.

There are also on-going responsibilities which the power division will have to address. These include:

- The support of efforts to develop cost-effective energy efficiency initiatives and renewable resources, particularly through support of the operation of the Regional Technical Forum's (RTF); activities related to the Bonneville Conservation and Renewable Resource Discount (C&RD); and conservation acquisitions as part of Bonneville's power augmentation effort. The RTF has successfully completed the initial phase of its work and implementation of the C&RD is well underway. However, there remain on-going responsibilities for the further development of these efforts.

- Support of the activities of the Independent Economic Advisory Board.
- Providing analysis of the power system effects of fish recovery initiatives.
- Periodic evaluation of future power supply adequacy.

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 these functions:

1. Power System Analysis – (Contracts \$50,000).

- A. Carry out system analyses in support of power plan development.** Assess and inform the region regarding adequacy of power supply, implications for power system reliability and alternatives for maintaining and adequate and reliable power system. 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. Carry out analyses of the power system effects of fish and wildlife initiatives.** 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 efforts to amend its Fish and wildlife program

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

A. Support the Regional Technical Forum to facilitate regional activities and implementation of Bonneville's conservation and renewables rate discount (C&RD). The Regional Technical forum will be updating information in the C&RD database and web site and monitoring and evaluating utility actions under the C&RD. Division staff will be supporting this work.

B. Work with Bonneville, it's customers and other parties to implement conservation as part of Bonneville's power augmentation effort.

C. Support the work of the Northwest Energy Efficiency Alliance and the Oregon Energy Trust. The Council was instrumental in facilitating the formation of the Northwest Energy Efficiency Alliance. Its mission is bringing about lasting improvements in the markets for selected energy-efficiency products, services and practices. Power division staff will continue to work with Alliance to carry out this mission. The Oregon Energy Trust has recently begun operation and will be funding and managing the implementation of conservation in the service territories of Oregon's investor-owned utilities. Council staff will provide technical support to OET's planning efforts.

D. Develop the Conservation Resource Assessment for the new Power Plan. The information developed for the RTF can provide the basis for this assessment. However, if the Plan is to assess the

potential savings, updated information regarding the electricity-using stock of buildings and equipment will be necessary. Contract funds are included in the budget to analyze commercial sector data from a regional effort to update this information. Also included is engineering support for the analysis of prototype building and processes.

3. Participate in and facilitate regional efforts on issues related to the planning, expansion and operation of the regional transmission system. Power division staff will support the participation of the Council in regional efforts to form a Regional Transmission Organization or alternatives to an RTO. Staff will participate in regional work groups and provide the Council with analysis of alternatives as they are developed.

4. The Division will also continue to support the efforts of the Independent Economic Analysis.

5. Develop baseline power system information/and forecasts (Contracts \$50,000).

The Division will update the information necessary for power planning such as resource characteristics, fuel price forecasts, market price forecasts and a demand forecast. Contract funding is primarily necessary to support the development of base data and modeling for demand forecasting.

6. Ensure public participation and involvement. In many respects, the competitive market will give consumers – the public – a greater say in the decisions of the electricity industry than ever before. Still, the backbone of the Northwest's power system is a public resource. Many decisions about the power system have

the capacity to affect the environment and economy of the region. The Council has the responsibility to inform and involve the interested public on such issues. To accomplish this, the Council intends to employ traditional methods of its public outreach program that have been effective over the years. It will also employ newer, faster-paced methods, like the Internet. The power division will continue to support the public involvement activities of the Council and, in particular, will work to develop materials for the Council's web site to inform the public on important issues. A series of web pages have been implemented specifically for the Fifth Power Plan. This will be a primary medium for communicating with the region on the issues and analyses of the Fifth Power Plan. Public Hearings will also be held on the draft power plan.

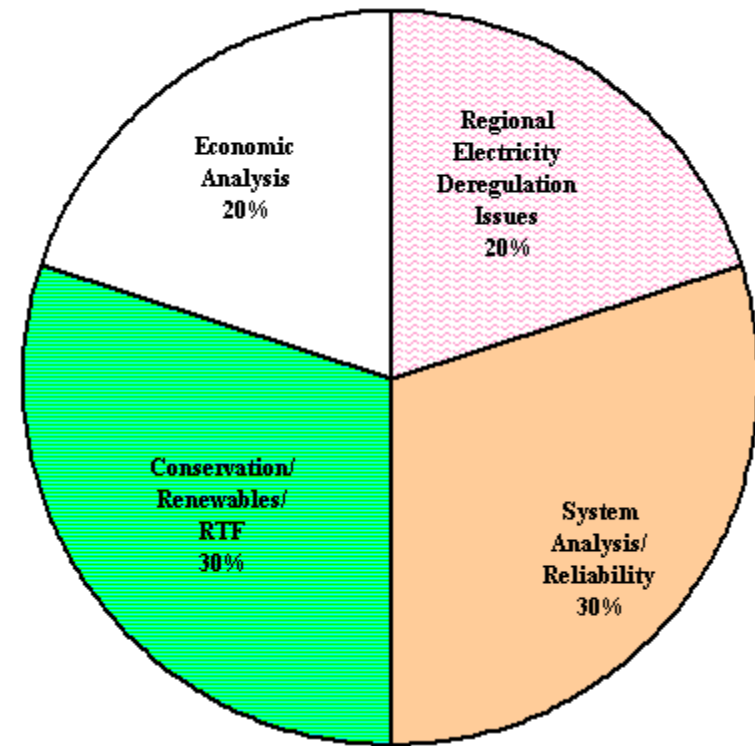
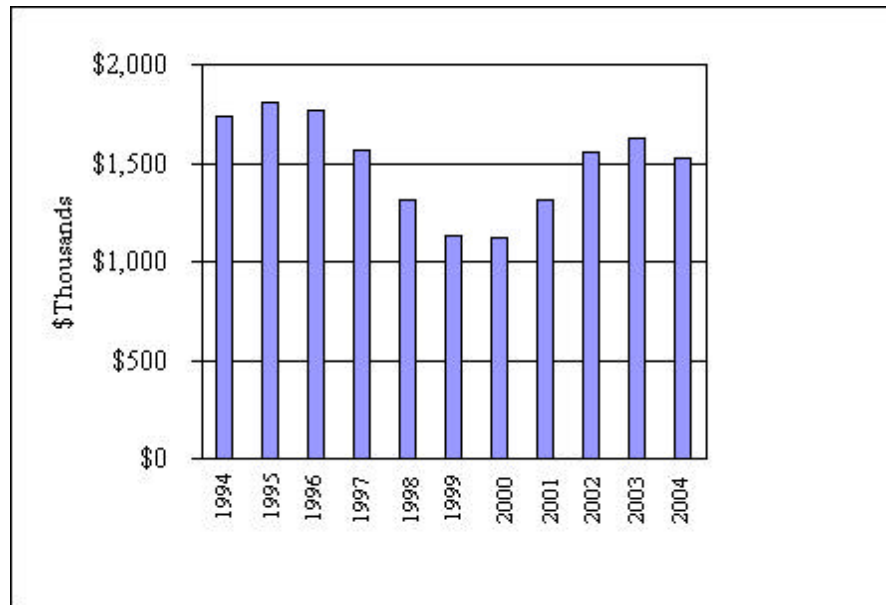
Travel

In Fiscal Year 2003 and Fiscal Year 2004 travel costs for power division staff will continue on a current service level

Staffing

Staffing is unchanged.

Budget History (Figure 4)



FY04 Program Allocations
\$1,521,000

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

	FY01 Actual	FY02 Budget	FY02 Estimate	FY03 Budget	FY03 Revised	FY04 Budget
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Compensation	\$828	\$929	\$929	\$951	\$947	\$972
Taxes, Insurance & Benefits	<u>303</u>	<u>302</u>	<u>285</u>	<u>309</u>	<u>322</u>	<u>330</u>
 SUBTOTAL	 \$1,131	 \$1,231	 \$1,214	 \$1,260	 \$1,269	 \$1,302
 TRAVEL						
Staff	\$54	\$35	\$38	\$37	\$35	\$33
Advisory Committees	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
 SUBTOTAL	 56	 36	 39	 38	 36	 35
 CONTRACTS						
(See detail Table 5)	7	250	100	250	290	150
 OTHER OPERATING EXPENSES						
(See detail Table 5)	<u>55</u>	<u>36</u>	<u>58</u>	<u>34</u>	<u>34</u>	<u>34</u>
 TOTAL	 <u><u>\$1,249</u></u>	 <u><u>\$1,553</u></u>	 <u><u>\$1,411</u></u>	 <u><u>\$1,582</u></u>	 <u><u>\$1,629</u></u>	 <u><u>\$1,521</u></u>

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
I. CONTRACTS						
A. Energy Plan - Printing	\$0	\$0	\$0	\$0	\$40	\$0
B. Competitive Market Analysis	7	100	0	100	100	50
C. Conservation/Renewables	0	0	0	0	100	50
D. System Analysis	0	50	0	50	50	50
E. Columbia River Forum	0	0	0	0	0	0
F. RTF Support	0	100	100	100	0	0
TOTAL	<u>\$7</u>	<u>\$250</u>	<u>\$100</u>	<u>\$250</u>	<u>\$290</u>	<u>\$150</u>
II. OTHER OPERATING EXPENSES						
A. Econometric Services	\$25	\$25	\$25	\$25	\$25	\$25
B. Staff Development and Training	6	5	5	5	5	5
C. Advisory Committee Meetings Expense	2	1	1	1	1	1
D. Services and Supplies	2	5	5	3	3	3
E. Workshops	5	0	22	0	0	0
F. Reference Materials/Subscript.	15	0	0	0	0	0
G. Power Plan - Printing	0	0	0	0	0	0
TOTAL	<u>\$55</u>	<u>\$36</u>	<u>\$58</u>	<u>\$34</u>	<u>\$34</u>	<u>\$34</u>

F. FISH AND WILDLIFE DIVISION

The Council's continuing role in fish and wildlife recovery is reflected in the budget proposed for the fish and wildlife division. Primary fish and wildlife division activities include: 1) implementing the 2000 fish and wildlife program, including the development and adoption of subbasin plans; 2) completing rulemaking for the mainstem section of the program and implementing adopted amendments; 3) organizing and facilitating the implementation of the recommendations of the 1999 Artificial Production Review, including conducting a facility-by-facility review of the basin's artificial production facilities. This activity includes implementing specific measures of the 2000 Biological Opinion for the Federal Columbia River Power System; 4) completing provincial reviews of projects and providing comprehensive recommendations to the Bonneville Power Administration and Congress on which of the hundreds of projects proposed each year merit funding in accordance with the 1996 amendment to the Northwest Power Act concerning funding of projects and the 1998 direction for review of Bonneville-reimbursed federal fish and wildlife programs; 5) coordinating program measures and implementation with the National Marine Fisheries Service and the US Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations; 6) monitoring the implementation of projects receiving funding, tracking the results and developing a data management system for the region; 7) conducting reviews and developing reports concerning the Corps of Engineers capital construction expenditures, as requested by Congress; 8) providing analysis of fish and

wildlife impacts resulting from emergency power system operations and comment on how to best balance and mitigate for these impacts; and 9) establishing, together with regional fish and wildlife agencies and tribes, a long-term funding agreement with the Bonneville Power Administration for fish and wildlife projects as a successor agreement to the Fish and Wildlife Budget Memorandum of Agreement which expired at the end of Fiscal Year 2001.

A description of each major activity area for the fish and wildlife division for Fiscal Year 2003 and Fiscal Year 2004 follows:

1. Implementing the 2000 fish and wildlife program, including subbasin plans - (Contracts \$50,000). The Council adopted a new fish and wildlife program in October 2000. The program establishes an overall framework, organizing the Columbia Basin into provinces, and, within each province, subbasins. The program establishes a basin-wide vision, biological objectives, and strategies. In fall, 2002, , the Council will adopt additional provisions relating to mainstem operations. The Council has also issued notice for recommendations on specific subbasin plans, which may be submitted at regular intervals over the course of the next two years.

Over the course of the next two years, the initiation and development of subbasin plans is expected to be one of the activities that places the greatest time demands on the Council members and the Council staff. While a portion of regional coordination needs are expected to be funded by

contract with Bonneville, the Council expects that this effort must will require full coordination with the state and tribal governments. Substantial fish and wildlife division staff resources will be required to conduct the amendment process to adopt subbasin plans and to coordinate public and independent scientific review of submitted plans. The fish and wildlife division staff will also work with the National Marine Fisheries Service, the U.S. Fish and Wildlife Service and the federal action agencies because of their reliance on subbasin planning for implementation of the off-site mitigation requirements of the 2000 Biological Opinion.

2. Completion of the mainstem amendments to the fish and wildlife program and subsequent implementation activities. The Council expects to complete amendment adoption in the fall of 2002. The Council expects its amendments to require follow-on staff work in implementation of research priorities, revisions to system operations and analysis of power system issues.

3. 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 incorporates the review's recommendations and establishes an Artificial Production Advisory Committee to work with the region to complete specific evaluations of each of the over 100 artificial production facilities in the Columbia River Basin and implement the recommendations of the review. The Council is also working with regional interests to identify those reforms and improvements at artificial production facilities which can be undertaken on an

expedited basis, and to establish an aggressive schedule and adequate budget to accomplish the remainder of the changes. Much of this work is performed under a separate Bonneville contract for the Artificial Production Review and Evaluation. However, coordination and oversight of this review requires significant time from one or two members of the Council staff. The results of the review will produce data required to implement measures of the 2000 Biological Opinion and to define needed repairs, upgrades and management revisions to basin facilities. The Council staff will play a significant role in prioritizing funding and implementation of the recommendations of the review.

4. Provincial project reviews and comprehensive recommendations to the Bonneville Power Administration and Congress. 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.

In this connection, the Council has established an 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 has established the Independent Economic Analysis Board.

The conference report to the FY 1999 Energy and Water Development Appropriations Act added to the ISRP's charge an annual review of the Bonneville reimbursable federal fish and wildlife programs.

The fish and wildlife managers, the Northwest Power Planning 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.

The Council is completing a major reorganization of this project selection process, with separate project selection processes for each of the 12 ecological provinces in the Columbia Basin. This reorganization began in 2000 and completes the first cycle of reviews in January, 2003. The reorganization is intended to provide a better context for project selection, by showing how individual projects will meet needs within the subbasins and by coordinating the project funded under the Council's program with other efforts underway within those subbasins. Future reviews will be based on adopted subbasin plans.

The fish and wildlife division, together with the Council as a whole and the Council members participating on the Fish and Wildlife Committee, expects to devote considerable time participating in refining and implementing the prioritization process, accounting for the budget, and monitoring and overseeing the results of that prioritization process. In particular, the staff conducts reviews of within-year funding reallocation needs for recommendation by the Council. 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 one staff member.

5. Coordinating program measures with ESA implementation. The December 2000 Biological Opinion of the National Marine Fisheries Services regarding the operation of the federal hydrosystem in the Columbia River Basin anticipates that Bonneville will fund substantial off-site mitigation. The Opinion anticipates that much, if not all, of this mitigation will be implemented through the Council's fish and wildlife program. The Council recognizes the importance of this expectation and is working to fulfill it through the provincial review process, and special project solicitations where required.

Needs identified under other biological opinions, including the opinions issued by the US Fish and Wildlife Service on Kootenai River sturgeon and on bull trout are also being addressed by the Council through its project review process. The Council will continue to work with the National Marine Fisheries Service and the US Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations.

6. Monitoring and evaluating program results - (Contracts - \$30,000). An important part of program implementation is assuring not only that the project is completed, but also that the intended results are achieved. The adoption of a program framework, including clearly stated objectives, is a vital first step in establishing what each projects is intended to achieve. The framework also helps establish how success will be measured.

Another vital step is establishing comprehensive monitoring and evaluation to determine whether the projects are in fact achieving the intended objectives, and to assure that the information gathered by the projects is analyzed and incorporated into future decisions.

The Council is focusing particularly on data management and analysis questions. The intention is not to draw all data into a single data base, but rather to provide a single point of access for information maintained in the various data bases 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 develop coordinated data management systems to support decision-making. The Council is working with the National Marine Fisheries Service, the Bonneville Power Administration, and other regional fish and wildlife interests to coordinate development of an Internet-based data access site, supporting access to decentralized databases.

The Council is also working to link regional-scale monitoring and evaluation under the Biological Opinion to project-scale monitoring and evaluation. The Council staff works to combine these purposes for efficiency and common use.

This activity is expected to require about one full-time equivalent staff position. Contract funding is provided by Bonneville to examine the data structures, user groups, and analytical needs of the region and determine opportunities to make the data that is now scattered among a variety of participants more efficient, useful, and accessible. Further

Council contract funding is expected to assist the Council in reviewing monitoring and evaluation protocols and dissemination of results.

7. Council and ISRP Review of 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 Corps of Engineers capital expenditures in the Columbia Basin involving a multi-million dollar annual budget, preparation of Council recommendations and reports to Congress.

Council staff also participates, as available, on the National Marine Fisheries Service 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.

Contracting funds from Council will be needed to provide technical expertise for effective participation in the NMFS working groups and to help implement the systemwide study plan. Implementing the capital construction review requires significant time from one member of the Council staff, as well as limited contract assistance

8. Analysis of fish and wildlife impacts resulting from power system operations. Unusually low runoff conditions in 2001 resulted for the first time in recent years in a sharp conflict between a reliable regional power supply and the needs of fish and wildlife. The Council therefore requested staff to identify potential fish and wildlife

impacts under various operating scenarios, and to provide recommendations for minimizing those impacts.

This analysis, which was made available for public review and comment, helped inform the Council and the region as potential operations were discussed. The Council anticipates the need to provide independent analysis of in-season operation alternatives and impacts on fish and power.

9. New, long-term funding agreement with the Bonneville Power Administration for fish and wildlife projects. From 1996 through 2001, funding for the implementation of the Council's fish and wildlife program was provided pursuant to a Bonneville Fish and Wildlife Budget Memorandum of Agreement. This MOA expired at the end of Fiscal Year 2001.

The Council has committed to review program funding requirements again when the initial round of provincial review recommendations are complete. Bonneville has committed to an annual expense and capital funding level averaging \$186 million in the current rate case. The Council has worked with this budget to integrate Program implementation with Biological Opinion requirements as it completed its provincial review recommendations. The Council will determine whether there is a need to develop an appropriate financial management and budgeting mechanism to address program needs in the remainder of the current rate case period.

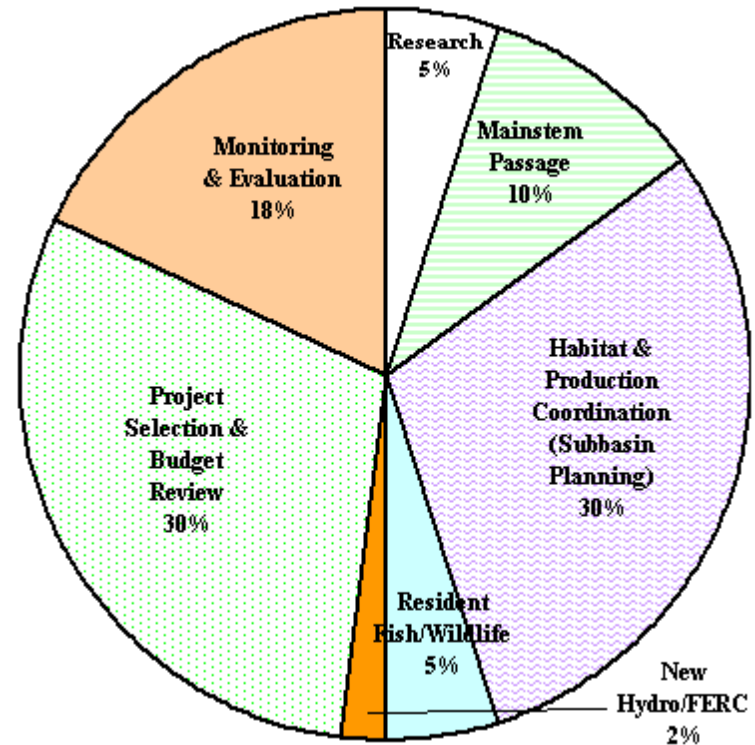
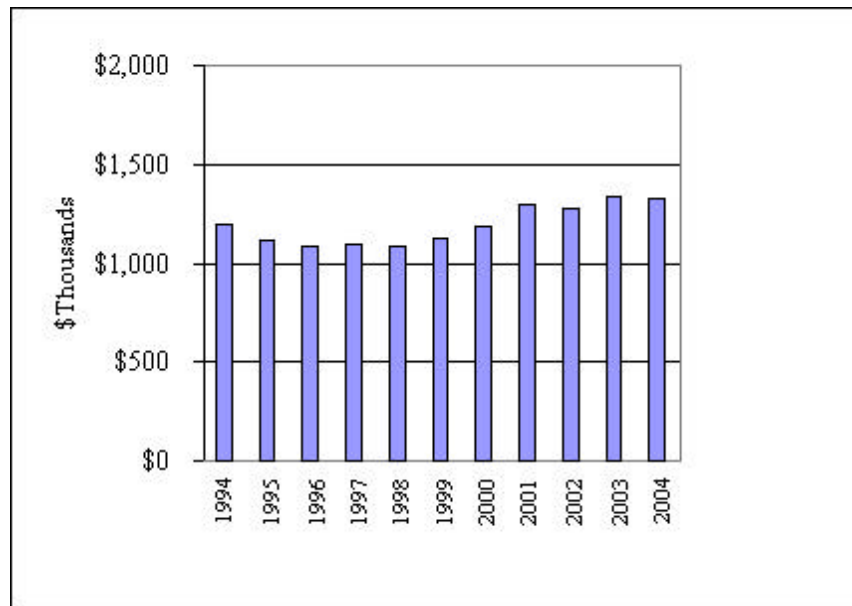
10. Independent Economic Analysis Board (IEAB) - (Contracts \$150,000). The Council has established the IEAB to help the Council in evaluating economic impacts of current and proposed program measures.

This body has also 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 the Bonneville Power Administration. Staff helped establish this group, and is assisting with gathering and synthesizing information and coordination between the IEAB and Council.

Staffing

Staffing remains unchanged.

Budget History (Figure 5)



FY04 Program Allocations
\$1,323,000

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
Compensation	\$696	\$729	\$733	\$749	\$756	\$783
Taxes, Insurance & Benefits	<u>227</u>	<u>237</u>	<u>125</u>	<u>243</u>	<u>257</u>	<u>266</u>
 SUBTOTAL	 \$923	 \$966	 \$858	 \$992	 \$1,013	 \$1,049
 TRAVEL						
Staff	\$76	\$55	\$55	\$55	\$65	\$52
Advisory Committees	<u>2</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>	<u>4</u>
 SUBTOTAL	 78	 55	 55	 59	 69	 56
 CONTRACTS						
(See detail Table 7)	256	250	250	250	250	210
 OTHER OPERATING EXPENSES						
(See detail Table 7)	<u>12</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>8</u>
 SUBTOTAL	 <u><u>\$1,269</u></u>	 <u><u>\$1,279</u></u>	 <u><u>\$1,171</u></u>	 <u><u>\$1,309</u></u>	 <u><u>\$1,339</u></u>	 <u><u>\$1,323</u></u>

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
I. CONTRACTS						
A. Framework	\$0	\$0	\$0	\$0	\$0	\$0
B. Sub Basin Planning	85	0	0	0	0	30
C. Resident Fish	32	0	0	0	0	0
D. Program Amendment	9	50	50	50	50	0
E. Monitor Program Implementation	0	50	50	50	50	30
F. Artificial Production	30	0	0	0	0	0
G. Scientific Review	0	0	0	0	0	0
H. IEAB	<u>100</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
TOTAL	<u>\$256</u>	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$210</u>
II. OTHER OPERATING EXPENSES						
A. Staff Development	\$3	\$3	\$3	\$4	\$3	\$4
B. Computer Equip/Software	0	0	0	0	0	0
C. Temp. Services-Data Dev.	0	0	0	0	0	0
D. Wildlife Coordination	0	0	0	0	0	0
E. Meeting Room Rent/Minutes	7	5	5	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	<u>2</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>\$7</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 insure 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 Internet 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 updates and 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 (Contract \$10,000). 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; and handling logistics for meetings, hearings, etc. This function also includes outreach and liaison activities to Congress, federal agencies, state legislatures and other government entities, groups interested in the Council's work, 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; an electronic newsletter for members of Congress and their staffs, *Congressional Update*; 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 does the production work for the Northwest Power Plan, Columbia River Basin Fish and Wildlife Program, Annual Implementation Work Plan, 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 to the Council's Internet web site. The web site also contains general information about the Council's history, statutory obligations, bylaws, Council member and staff profiles, 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 Internet 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. Council meetings are held monthly throughout the region. In addition, public hearings, consultations with interested parties and appearances before governmental entities are held on a regular basis to ensure public involvement. Staff support for Council meetings includes writing speeches/presentations, preparing audio/visual aids, developing handout materials, preparing press/media packets, announcing public hearings and the

availability of major documents and summarizing agenda items and actions taken for the web site.

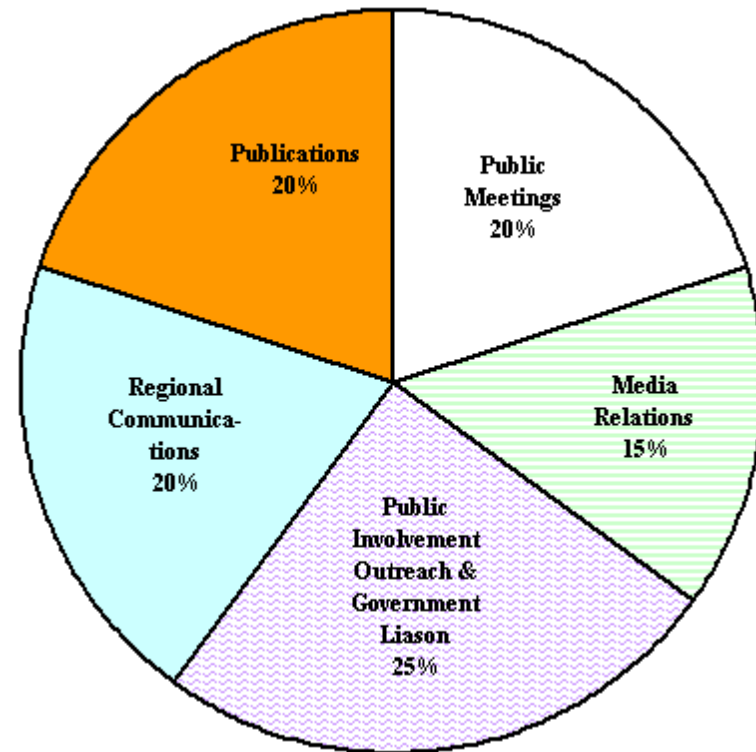
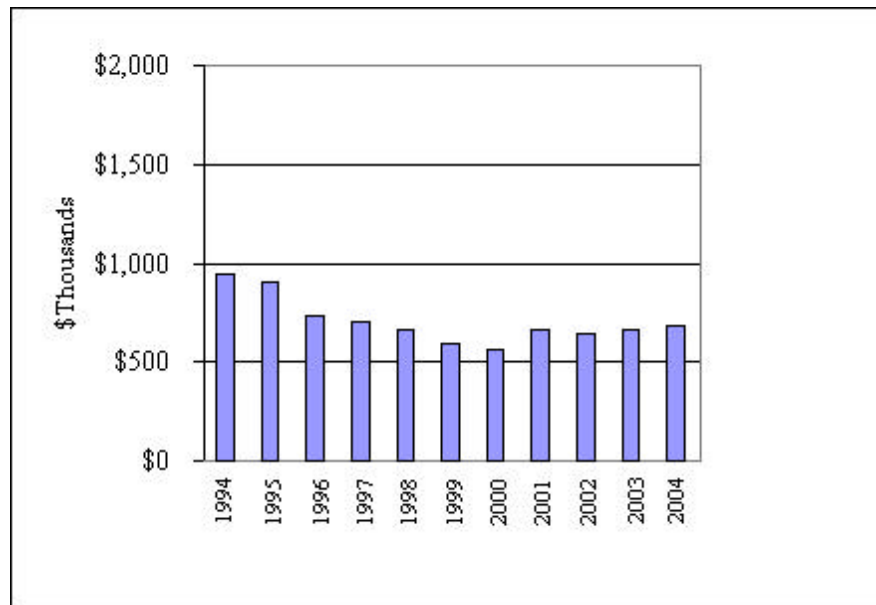
5. Information services. The public affairs division answers most general information calls and correspondence from the public. Information requests handled by the division range from phoned-in questions to preparing complete reports. The division also arranges for information to be provided to schools,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

Staffing

Staffing is unchanged.

4/29/02 - MW

Budget History (Figure 6)



FY04 Program Allocations
\$683,000

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
Compensation	\$339	\$368	\$377	\$381	\$405	\$419
Taxes, Insurance & Benefits	<u>102</u>	<u>120</u>	<u>113</u>	<u>124</u>	<u>138</u>	<u>142</u>
 SUBTOTAL	 \$441	 \$488	 \$490	 \$505	 \$543	 \$561
 TRAVEL						
Staff	\$17	\$28	\$25	\$28	\$26	\$28
Advisory Committees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 SUBTOTAL	 \$17	 \$28	 \$25	 \$28	 \$26	 \$28
 CONTRACTS						
(See detail Table 9)	29	30	30	30	30	30
 OTHER OPERATING EXPENSES						
(See detail Table 9)	<u>94</u>	<u>98</u>	<u>96</u>	<u>73</u>	<u>69</u>	<u>64</u>
 TOTAL	 <u><u>\$581</u></u>	 <u><u>\$644</u></u>	 <u><u>\$641</u></u>	 <u><u>\$636</u></u>	 <u><u>\$668</u></u>	 <u><u>\$683</u></u>

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
I. CONTRACTS						
A. Annual Report Printing	\$0	\$0	\$0	\$0	\$0	\$0
B. Public Info/Invol Project	29	30	30	30	30	30
C. Writing/Editing	0	0	0	0	0	0
D. Distribution F & W Film	0	0	0	0	0	0
TOTAL	<u>\$29</u>	<u>\$30</u>	<u>\$30</u>	<u>\$30</u>	<u>\$30</u>	<u>\$30</u>
II. OTHER OPERATING EXPENSES						
A. Publications						
1. Illustrations	\$0	\$2	\$0	\$2	\$2	\$2
2. Publish Newsletter	11	5	20	5	20	15
B. Other Printing	2	10	8	10	5	5
C. Photos/Processing	4	2	2	2	2	2
D. Public Meetings	0	9	1	9	0	0
E. Staff Development	2	3	3	3	3	3
F. Postage and Mailing	12	2	6	2	2	2
G. Equipment Rental	0	0	0	0	0	0
H. Subscriptions/Reference	13	10	10	10	10	10
I. Temporary Services	10	30	25	0	0	0
J. Other Services & Supply	35	15	11	15	15	15
K. Public Notice Media Buys	5	10	10	15	10	10
TOTAL	<u>\$94</u>	<u>\$98</u>	<u>\$96</u>	<u>\$73</u>	<u>\$69</u>	<u>\$64</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 energy 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. Amendments. The legal division participates in the scheduled revisions of the energy 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. A major amendment of the mainstem portion of the fish and wildlife program began in Fiscal Year 2001 and will carry into Fiscal Year 2003. The Council will also begin, in Fiscal Year 2003, a multi-year effort to develop and amend into the fish and wildlife program, subbasin plans for each tributary subbasin in the basin. The legal division will play a significant role in these processes. The Council also began a revision of the power plan in Fiscal Year 2002, a process that will last into Fiscal Year 2003 and possibly beyond. Contract funding is provided for transcripts of public hearings and other matters associated with the amendment process.

2. Fish and wildlife program implementation. 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 Power Administration 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.

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. Power plan implementation, which historically has entailed working with Bonneville, utilities, federal and state regulatory agencies and others on resource acquisition activities, energy code adoption and enforcement and related matters, has changed significantly in the past several years. With the passage of the Energy Policy Act of 1992 and the implementing initiatives of the Federal Energy Regulatory Commission, the nature of regional energy planning has altered radically. The Fourth Northwest Power Plan, developed by the Council during 1995 and completed in 1998, aimed largely at identifying and offering analysis of issues that arise as the utility industry is restructured. The power plan supported the region as it worked through these issues in the Comprehensive Review of the Northwest Energy System. The legal division addresses the many legal issues that require attention in implementing the power plan, and in assessing the implications of the restructuring of the industry, as the Council begins to develop the Fifth Power Plan.

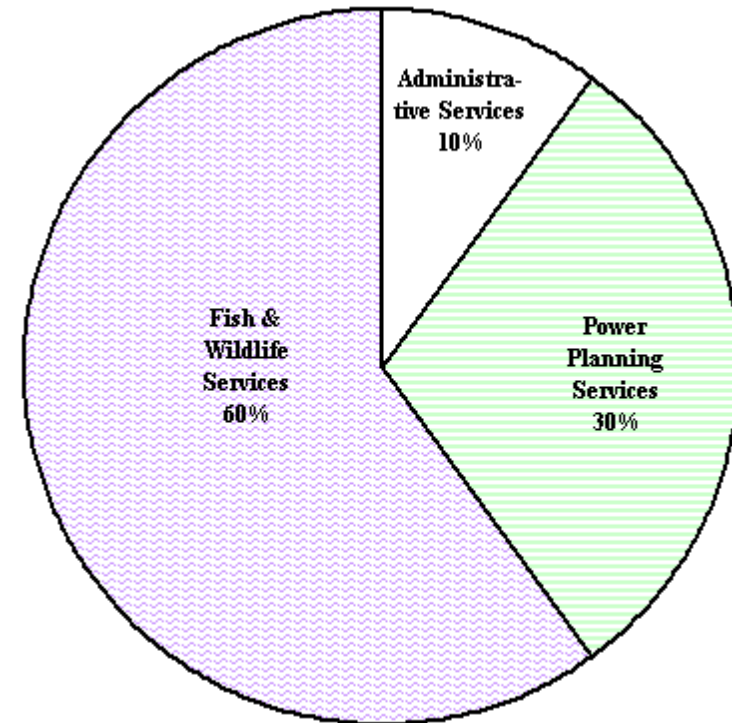
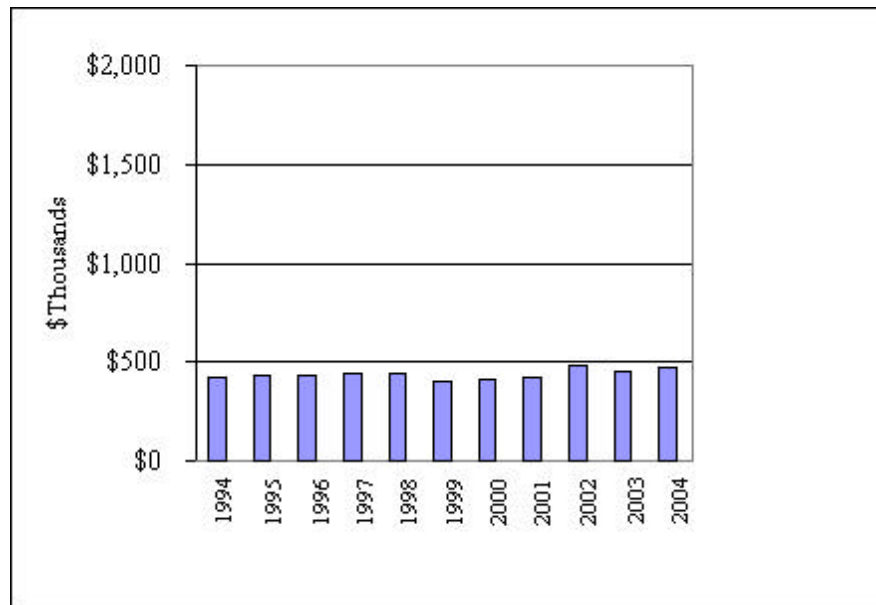
4. Administrative law. The legal division will continue to provide a lead role in the development and implementation

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. Outside counsel is not employed at this time for this purpose, and none is expected at this time, although participation in litigation requiring the help of outside counsel is hard to predict. To address potential needs, the Council has an agreement with 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.

Budget History (Figure 7)



FY04 Program Allocations
\$468,000

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
Compensation	\$288	\$302	\$302	\$313	\$316	\$322
Taxes, Insurance & Benefits	<u>99</u>	<u>98</u>	<u>108</u>	<u>102</u>	<u>107</u>	<u>109</u>
 SUBTOTAL	 \$387	 \$400	 \$410	 \$415	 \$423	 \$431
 TRAVEL						
Staff	<u>\$16</u>	<u>\$22</u>	<u>\$22</u>	<u>\$22</u>	<u>\$20</u>	<u>\$22</u>
 SUBTOTAL	 \$16	 \$22	 \$22	 \$22	 \$20	 \$22
 CONTRACTS						
(See detail Table 11)	1	7	3	8	8	8
 OTHER OPERATING EXPENSES						
(See detail Table 11)	<u>20</u>	<u>54</u>	<u>44</u>	<u>4</u>	<u>4</u>	<u>7</u>
 TOTAL	 <u><u>\$424</u></u>	 <u><u>\$483</u></u>	 <u><u>\$479</u></u>	 <u><u>\$449</u></u>	 <u><u>\$455</u></u>	 <u><u>\$468</u></u>

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
I. CONTRACTS						
A. Hearings	\$0	\$4	\$0	\$5	\$5	\$5
B. Outside Legal Counsel	1	3	3	3	3	3
C. Litigation Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$1</u>	<u>\$7</u>	<u>\$3</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>
II. OTHER OPERATING EXPENSES						
A. Continuing Education	\$1	\$3	\$3	\$3	\$3	\$3
C. Reference Materials	2	1	1	1	1	4
D. Federal Register Notices	0	0	0	0	0	0
E. Other Services & Supply	<u>17</u>	<u>50</u>	<u>40</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$20</u>	<u>\$54</u>	<u>\$44</u>	<u>\$4</u>	<u>\$4</u>	<u>\$7</u>

I. ADMINISTRATIVE DIVISION

The administrative division provides executive direction for all Council staff operations. In addition, financial, administrative, personnel and support services are provided to the legal division, power 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 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)) 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 has also improved productivity with computerized business systems, Internet access and desktop publishing. Related costs include two full-time staff who assist all divisions, equipment maintenance agreements, yearly renewal of software leases and installation of data storage devices, computer systems and various computer supplies. Computing systems hardware/software and staffing are based upon three-year data processing plans. Also, independent studies and plan updates occur when needed. Projected computer support requirements are studied for each of the division's anticipated workloads over three to five-year periods. See Appendix B for additional detail regarding information systems budget.

4. Personnel 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)) are also included.

6. Administrative support. The administrative division provides support for Council meetings and hearings, including scheduling, room arrangements, recording and transcription requirements. 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 are also provided by the administrative staff.

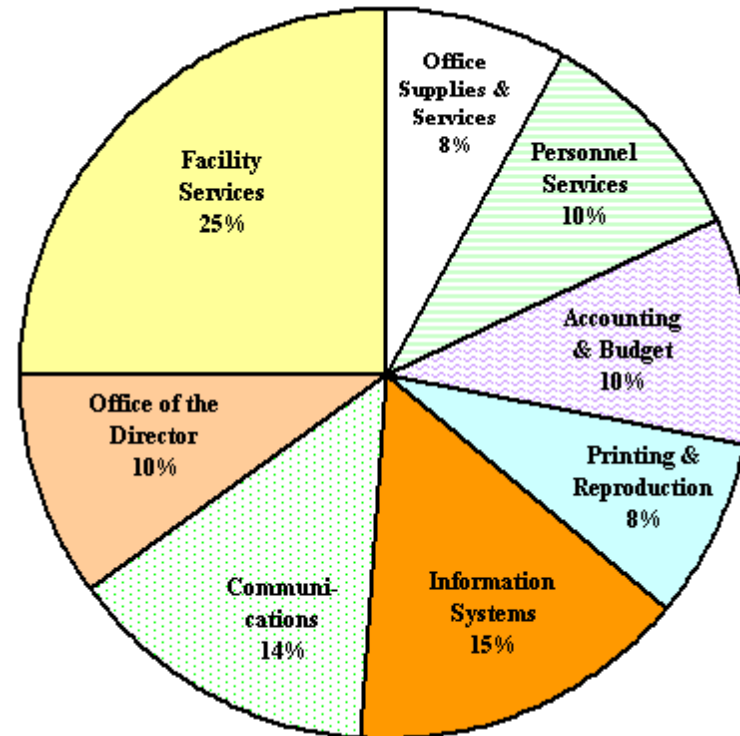
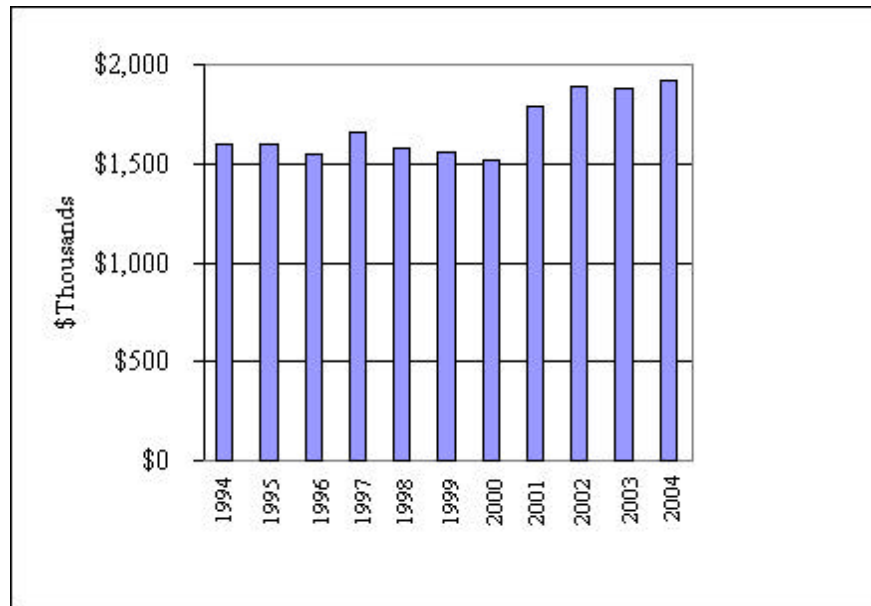
Contract funds (\$40,000) are used for administrative audits and studies, office systems analysis, retirement/pension plan matters, compensation/benefits planning, management audits and information systems support and preparation of council meeting minutes.

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

Staffing

Staffing is unchanged.

Budget History (Figure 8)



FY04 Program Allocations
\$1,921,000

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

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
Compensation	\$660	\$691	\$721	\$710	\$737	\$757
Taxes, Insurance & Benefits	<u>218</u>	<u>225</u>	<u>374</u>	<u>231</u>	<u>251</u>	<u>257</u>
 SUBTOTAL	 \$878	 \$916	 \$1,095	 \$941	 \$988	 \$1,014
 TRAVEL						
Staff - Admin	\$20	\$19	\$19	\$20	\$20	\$22
Staff - Data Processing	<u>2</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>3</u>
 SUBTOTAL	 \$22	 \$23	 \$23	 \$23	 \$24	 \$25
 CONTRACTS						
(See detail Table 13)	19	40	26	40	30	39
 OTHER OPERATING EXPENSES						
(See detail Table 13)	<u>905</u>	<u>912</u>	<u>817</u>	<u>925</u>	<u>833</u>	<u>843</u>
 TOTAL	 <u><u>\$1,824</u></u>	 <u><u>\$1,891</u></u>	 <u><u>\$1,961</u></u>	 <u><u>\$1,929</u></u>	 <u><u>\$1,875</u></u>	 <u><u>\$1,921</u></u>

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

	<u>FY01 Actual</u>	<u>FY02 Budget</u>	<u>FY02 Estimate</u>	<u>FY03 Budget</u>	<u>FY03 Revised</u>	<u>FY04 Budget</u>
I. CONTRACTS						
A. Meeting Minutes	\$16	\$25	\$16	\$25	\$25	\$24
B. Administrative Studies	3	5	10	5	5	5
C. Computer Support	0	0	0	0	0	0
D. Administrative Audits	0	10	0	10	0	10
TOTAL	\$19	\$40	\$26	\$40	\$30	\$39
II. OTHER OPERATING EXPENSES						
A. Employee Recruiting	\$13	\$10	\$12	\$10	\$10	\$10
B. Staff Development	4	7	3	5	5	5
C. Office Supplies	24	20	20	20	20	15
D. Freight	8	8	8	8	8	8
E. Telephone	61	75	63	75	68	70
F. Postage	23	30	20	30	25	25
G. Payroll Processing Services	10	9	10	9	9	9
H. Reference Materials	1	1	1	1	1	1
I. Meetings	36	35	30	30	30	30
J. Rent	386	405	405	415	415	429
K. Insurance	14	15	15	15	15	17
L. Equipment Rental	3	10	9	10	10	10
M. Repair and Maintenance	27	25	30	30	30	30
N. Accounting Software/Support	9	10	9	10	10	10
O. Audit and Accounting	45	35	45	35	40	40
P. Mailing Services	0	1	0	1	1	5
Q. Furniture and Equipment	63	15	15	15	15	5
R. Record Storage	4	4	4	4	4	0
S. Temporary Services	6	0	1	0	0	0
T. Computer Serv. & Supply	165	195	115	200	115	120
U. Computer Staff Development	3	2	2	2	2	4
TOTAL	\$905	\$912	\$817	\$925	\$833	\$843

J. STATE BUDGETS

(Fiscal Year 2004)

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). Each state Council office is an entity of its respective state government. Each state Council office goes through the same budget development process, which has legislative review and/or reporting requirements. The accounting systems are integrated with the state's accounting systems and are subject to examination by the state auditor, or in some instances, the central office provides the accounting and payroll processing support for state Council offices. Supplemental budget requests, if required, would be subject to the formal budget amendment process of each state Council office. Support services and technical staff support directly funded by the Council's central office are included and displayed in each state office budget. 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 program and the plan. The Idaho, Oregon, Montana and Washington Council offices use their own staff for most technical review activities.

State Council offices carry out the following activities:

1. Represent state interests. Council members represent their state's 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, organizations 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 impact of the 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 are: protected areas, hatchery

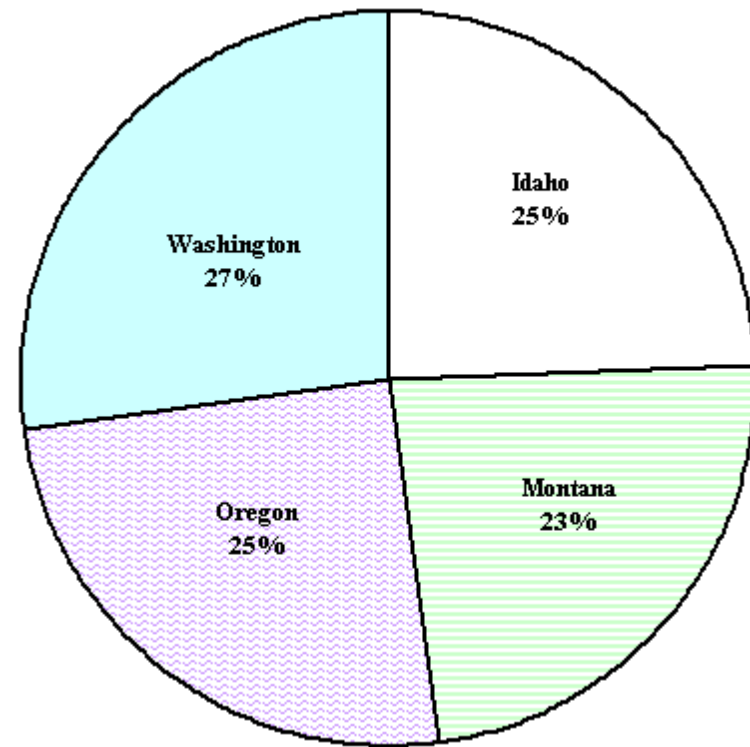
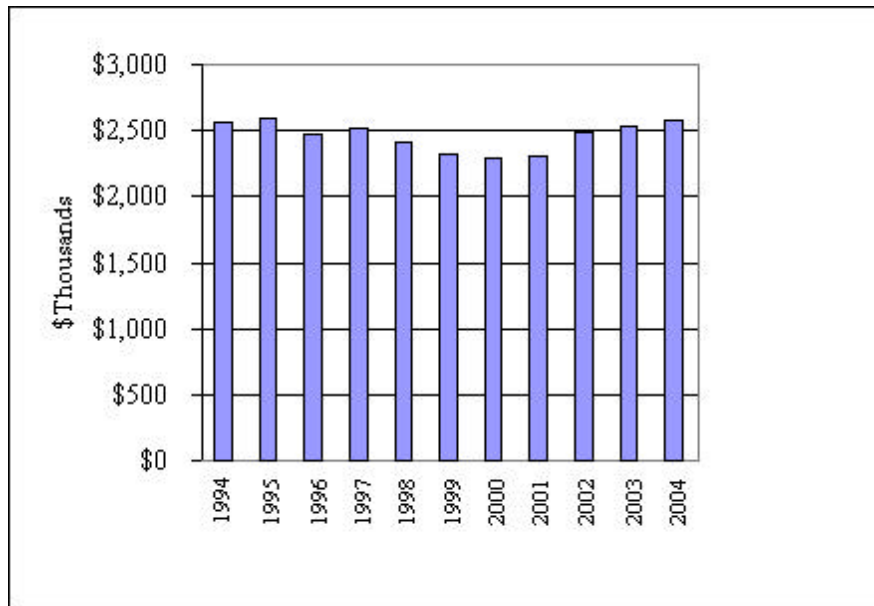
and habitat projects, wildlife mitigation projects, and Columbia River operations for salmon recovery.

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 on a particular state. In addition, each state may use local advisory committees, town hall meetings, etc., for consultations on certain aspects of the Council's planning. This can also involve the 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, word processing, etc.) sometimes by a state agency such as the Governor's office, energy office, etc. Fiscal services such as payroll, accounts payable, budget and audit can also 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)



FY04 Program Allocations
\$2,581,000

State Budgets (Table 14)
(000's omitted)

	<u>Idaho</u>	<u>Montana</u>	<u>Oregon</u>	<u>Washington</u>	<u>Total</u>
PERSONNEL					
Salaries	\$339	\$312	\$402	\$395	\$1,448
Taxes, Insurance & Benefits	<u>115</u>	<u>106</u>	<u>136</u>	<u>114</u>	<u>471</u>
SUBTOTAL	\$454	\$418	\$538	\$509	\$1,919
TRAVEL	66	82	46	45	239
CONTRACTS	58	33	16	54	161
OTHER OPERATING EXPENSES	<u>54</u>	<u>64</u>	<u>50</u>	<u>93</u>	<u>261</u>
TOTAL	<u>\$632</u>	<u>\$597</u>	<u>\$650</u>	<u>\$701</u>	<u>\$2,581</u>

Idaho (Table 15)
(000's omitted)

	FY01 <u>Actual</u>	FY02 <u>Budget</u>	FY02 <u>Estimate</u>	FY03 <u>Budget</u>	FY03 <u>Revised</u>	FY04 <u>Budget</u>
Compensation	\$341	\$368	\$368	\$376	\$332	\$339
Taxes, Insurance & Benefits	<u>164</u>	<u>119</u>	<u>119</u>	<u>121</u>	<u>113</u>	<u>115</u>
SUBTOTAL	\$505	\$487	\$487	\$497	\$445	\$454
TRAVEL	61	80	80	80	66	66
CONTRACTS	4	18	18	18	57	58
OTHER OPERATING EXPENSES						
A. Rent	21	25	25	25	26	26
B. Telephone	8	10	10	10	10	10
C. Office Expense	17	19	19	20	18	18
D. Accounting	0	0	0	0	0	0
E. Capital Outlay	0	0	0	0	0	0
F. Govt. Overhead	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
SUBTOTAL	\$46	\$54	\$54	\$55	\$54	\$54
TOTAL	<u>\$616</u>	<u>\$639</u>	<u>\$639</u>	<u>\$650</u>	<u>\$622</u>	<u>\$632</u>

* Idaho Council members receive technical and administrative support from four 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.

Montana (Table 16)
(000's omitted)

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
Compensation	\$261	\$301	\$312	\$307	\$306	\$312
Taxes, Insurance & Benefits	<u>82</u>	<u>103</u>	<u>123</u>	<u>105</u>	<u>104</u>	<u>106</u>
SUBTOTAL	\$343	\$404	\$435	\$412	\$410	\$418
TRAVEL	54	73	72	80	80	82
CONTRACTS	33	30	13	30	33	33
OTHER OPERATING EXPENSES						
A. Office Supplies	5	10	10	11	11	11
B. Communications	17	17	17	18	18	19
C. Fiscal Control	0	0	0	0	0	0
D. Repair/Maint.	2	8	2	9	9	9
E. Rent	15	16	15	18	18	19
F. Capital Outlay	1	1	1	1	1	1
G. Services	<u>5</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>
SUBTOTAL	45	58	45	57	62	64
TOTAL	<u>\$475</u>	<u>\$565</u>	<u>\$565</u>	<u>\$579</u>	<u>\$585</u>	<u>\$597</u>

* 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.

Oregon (Table 17)
(000's omitted)

	FY01	FY02	FY02	FY03	FY03	FY04
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>
Compensation	\$357	\$362	\$361	\$370	\$392	\$402
Taxes, Insurance & Benefits	<u>115</u>	<u>96</u>	<u>96</u>	<u>98</u>	<u>133</u>	<u>136</u>
SUBTOTAL	\$472	\$458	\$457	\$468	\$525	\$538
TRAVEL	42	40	32	40	46	46
Contracts	0	24	30	12	15	16
OTHER OPERATING EXPENSES						
A. Postage	0	1	1	1	1	1
B. Telephone	15	15	15	15	15	15
C. Meeting Room Rental	1	0	0	0	1	1
D. Employee Education/Training	0	0	0	0	1	1
E. Dues & Subscriptions	1	0	0	1	2	2
F. Rent	22	23	23	24	23	23
G. Office Supplies	3	3	3	3	3	3
H. Repair/Maintain Equipment	3	2	2	2	2	2
I. Printing/Publicity	0	0	0	0	1	1
J. Miscellaneous Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
SUBTOTAL	45	44	44	46	50	50
TOTAL	<u>\$559</u>	<u>\$566</u>	<u>\$563</u>	<u>\$566</u>	<u>\$636</u>	<u>\$650</u>

* Oregon Council members are state employees. They receive technical support through services from two and a half full-time positions. These support services also include assistance with public involvement activities. Two 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 and Pendleton, Oregon.

Washington (Table 18)
(000's omitted)

	<u>FY01</u> <u>Actual</u>	<u>FY02</u> <u>Budget</u>	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</u> <u>Budget</u>
Compensation	\$359	\$413	\$373	\$424	\$384	\$395
Taxes, Insurance & Benefits	148	126	108	139	111	114
SUBTOTAL	\$507	\$539	\$481	\$563	\$495	\$509
TRAVEL	37	80	80	82	45	45
CONTRACTS						
A. Contract Services	0	0	0	0	39	40
B. Community Trade & Economic	18	31	35	0	37	37
C. EWU Indirect	21	22	24	24	24	25
SUBTOTAL	39	53	59	24	100	102
OTHER OPERATING EXPENSES						
A. Office Supplies	5	6	7	7	7	7
B. Telephone	10	10	6	11	6	6
C. Postage	1	1	1	1	1	1
D. Insurance	0	0	0	0	0	0
E. Dues/Subscriptions	1	1	1	1	1	1
F. Meeting Room Rental	0	1	1	1	1	1
G. Repair/Maintain Equipment	1	6	6	6	6	6
H. Office Rent	21	21	21	23	21	21
I. Employee Training	1	1	1	1	1	1
SUBTOTAL	40	47	44	52	44	45
TOTAL	<u>\$623</u>	<u>\$719</u>	<u>\$664</u>	<u>\$721</u>	<u>\$684</u>	<u>\$701</u>

*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. Five full-time positions provide administrative and technical support including research analysis, energy policy and economics, and fish and wildlife analysis.

K. FISCAL YEAR 2003 REVISED BUDGET

The Fiscal Year 2003 revised budget has been increased by \$73,000. The revised budget is \$154,000 more than the current Fiscal Year 2002 budget.

CENTRAL COUNCIL BUDGET

Personal services

Personal services for the central staff has increased \$123,000.

Travel

The Fiscal Year 2003 travel budget is increased by \$5,000, and reflects current level expenditures.

Contracts

The Fiscal Year 2003 contract budget is increased by \$30,000. The revised budget is \$30,000 more than the current Fiscal Year 2002 budget with increases associated with the work of the Independent Economic Analysis Board, subbasin planning and power supply adequacy/reliability and the development of baseline information for competitive market analysis.

Other operating expenses

This category has decreased by \$97,000. The revised budget is \$161,000 less than the Fiscal Year 2002 budget. The primary area of increase is for temporary services and the preparation of council meeting minutes with some adjustments also for information systems support.

STATE BUDGETS

- The Idaho Council revised budget for Fiscal Year 2003 (\$622,000) is decreased \$28,000.
- The Montana revised budget for Fiscal Year 2003 (\$585,000) is increased \$6,000. This increase restores funding for policy analysis that had been reduced in prior budgets.
- The Oregon revised Fiscal Year 2003 (\$636,000) budget is increased \$70,000 to provide public involvement capability and subbasin planning support.
- The Washington Council revised budget for Fiscal Year 2003 (\$684,000) is decreased \$37,000. This restores previous budget reductions and allows for additional capability to support the development of data systems and subbasin planning. Washington state law mandates that there be both an Eastern Washington Council office and a Western Washington Council office.

Table 19 shows in detail the Fiscal Year 2003 budget revisions by expenditure category for each division and the state offices.

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

	COMPENSATION			TRAVEL			CONTRACTS			OTHER OPERATING EXPENSES		
	FY03 Budget	FY03 Revision	Change	FY03 Budget	FY03 Revision	Change	FY03 Budget	FY03 Revision	Change	FY03 Budget	FY03 Revision	Change
<u>CENTRAL OFFICE</u>												
Power Planning Division	\$1,260	\$1,269	\$9	\$38	\$36	(\$2)	\$250	\$290	\$40	\$34	\$34	\$0
Fish and Wildlife Division	992	1,013	21	59	69	10	250	250	0	8	7	(1)
Public Affairs Division	505	543	38	28	26	(2)	30	30	0	73	69	(4)
Legal Division	415	423	8	22	20	(2)	8	8	0	4	4	0
Administration Division	<u>941</u>	<u>988</u>	<u>47</u>	<u>23</u>	<u>24</u>	<u>1</u>	<u>40</u>	<u>30</u>	<u>(10)</u>	<u>925</u>	<u>833</u>	<u>(92)</u>
 SUBTOTAL - CENTRAL	 \$4,113	 \$4,236	 \$123	 \$170	 \$175	 \$5	 \$578	 \$608	 \$30	 \$1,044	 \$947	 (\$97)
<u>STATES</u>												
Idaho	\$497	\$445	(\$52)	\$80	\$66	(\$14)	\$18	\$57	\$39	\$55	\$54	(\$1)
Montana	412	410	(2)	80	80	0	30	33	3	57	62	5
Oregon	468	525	57	40	46	6	12	15	3	46	50	4
Washington	<u>563</u>	<u>495</u>	<u>(68)</u>	<u>82</u>	<u>45</u>	<u>(37)</u>	<u>19</u>	<u>53</u>	<u>34</u>	<u>56</u>	<u>91</u>	<u>35</u>
 SUBTOTAL - STATES	 <u>\$1,940</u>	 <u>\$1,875</u>	 <u>(\$65)</u>	 <u>\$282</u>	 <u>\$237</u>	 <u>(\$45)</u>	 <u>\$79</u>	 <u>\$158</u>	 <u>\$79</u>	 <u>\$214</u>	 <u>\$257</u>	 <u>\$43</u>
 TOTAL	 <u>\$6,053</u>	 <u>\$6,111</u>	 <u>\$58</u>	 <u>\$452</u>	 <u>\$412</u>	 <u>(\$40)</u>	 <u>\$657</u>	 <u>\$766</u>	 <u>\$109</u>	 <u>\$1,258</u>	 <u>\$1,204</u>	 <u>(\$54)</u>

APPENDIX A. FISCAL YEAR 2003 REVISIONS

	<u>BUDGET</u>	<u>REVISION</u>	<u>CHANGE</u>
Personnel:			
Authorized Positions	<u>30.8</u>	<u>30.8</u>	<u>0.0</u>
Compensation	\$3,104	\$3,161	\$57
Other Payroll Expenses	<u>1,009</u>	<u>1,075</u>	<u>66</u>
Total Compensation/Payroll	\$4,113	\$4,236	\$123
Travel	170	175	5
Contracts	578	608	30
Other Operating Expenses	<u>1,044</u>	<u>947</u>	<u>(97)</u>
Total Travel/Contract/Other	\$1,792	\$1,730	(\$62)
State Budgets:			
Authorized Positions (FTEs)	24.3	24.5	0.2
Idaho	\$650	\$622	(\$28)
Montana	579	585	6
Oregon	566	636	70
Washington	<u>721</u>	<u>684</u>	<u>(37)</u>
Total States	<u>2,515</u>	<u>2,527</u>	<u>11</u>
TOTAL	<u>\$8,420</u>	<u>\$8,493</u>	<u>\$72</u>
Total Authorized Positions	55.1	55.3	0.2

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 extensively integrated computers 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 monitor and support regional restructuring efforts. They use 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 public information and involvement division uses desktop publishing and graphic production tools to produce both printed and electronic publications and provide access to Council documents via the Council's web site. Legal staff provide litigation support and maintain administrative records.

Administrative staff manage all support services, accounting and budget systems. 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 website, electronic mail service and ftp document access
- System Analysis Model and its descendents
- GENESYS resource analysis model - to evaluate system reliability.
- 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 NT and Windows 2000 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 to computers at Bonneville, and, via the Internet, to the outside world.

The Council's state offices also use networked personal computers for both administrative and technical support to their members. All the state offices have access to the

Internet for electronic mail and data exchange with each other and with other state agencies.

Software

The Council staff use computers in nearly all aspects of their 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 have exchanged single-focus, server-based applications for more powerful, Windows-oriented, multitasking hardware and software packages that improve the productivity of Council staff 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 retain the ability to use existing databases 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. The first plan was developed in Fiscal Year 1985. In Fiscal Year 1995, an updated three-year plan focused on upcoming technologies, including the Internet and video teleconferencing, and their impact on Council operations. In Fiscal Year 1997, priority projects included upgrades of the central office operating system and network software to accommodate new versions of Windows and office automation applications and to retain the ability to get

technical support on mission-critical software like electronic mail and word processing. State office networks have been upgraded for compatibility with the central office.

In Fiscal Year 2000 the data processing staff focused on upgrades to improve consistency among the various Council offices and reliability in Council E-mail and file servers, as well as, improvements to a variety of user support functions such as calendar management, access to Council resources during travel, public presentations and phone conferencing. In 2001-2, staff upgraded the entire Council network to Windows 2000 and Office 2000, which has greatly increased the stability of computing on the desktop.

The current data processing plan includes improvements to data storage, greater flexibility for staff while traveling and additional resources for web-enabling Council data and applications.

All costs associated with information systems are aggregated in the following tables. The budgets for Fiscal Year 2002 and Fiscal Year 2003 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)

	FY02 Estimate	FY03 Revised	FY04 Budget
Compensation	<u>\$182</u>	<u>\$190</u>	<u>\$197</u>
Taxes, Insurance & Benefits	<u>62</u>	<u>64</u>	<u>67</u>
 SUBTOTAL	 \$244	 \$254	 \$264
 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>149</u>	<u>120</u>	<u>127</u>
 TOTAL	 <u><u>\$397</u></u>	 <u><u>\$377</u></u>	 <u><u>\$394</u></u>

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

	<u>FY02</u> <u>Estimate</u>	<u>FY03</u> <u>Revised</u>	<u>FY04</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	\$20	\$22	\$23
B. Software Leases	0	0	0
C. Space	4	4	4
D. Supplies	25	25	30
E. Communications	30	35	30
F. Capital Investments:			
1. Hardware	60	29	30
2. Software	10	5	10
3. Site	0	0	0
G. Temporary Technical Support	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL	 <u><u>\$149</u></u>	 <u><u>\$120</u></u>	 <u><u>\$127</u></u>

APPENDIX C. FISCAL YEAR 2003 BUDGET COUNCIL SHOWING

I. THE NORTHWEST POWER ACT

In 1981, the Northwest Power Act, provided in Section 4(c)(10)(A) that the Bonneville administrator shall 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 of an amount equal 0.02 mills multiplied by the kilowatt-hours of firm power forecast to be sold by the Bonneville Administrator 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 criterion. 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 2004, based upon Bonneville’s forecast of firm power sales, the 0.02 mill funding level is \$2,000,000. The 0.10 mill funding limit is \$9,775,000. The

funding requirement, as determined by the Council, for Fiscal Year 2004 is \$8,499,000 equal to 0.087 mills of forecast firm 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 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). Due to deregulation of the electric utility industry, much of the Council’s power planning responsibilities are being redirected toward assisting the four Northwest states during the utility industry restructuring.

2. Columbia River Basin Fish and Wildlife Program. Develop, adopt and 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 fish and wildlife resources. 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 periodically throughout the region as part of its process for developing the regional energy plan and the 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 their respective states.

The states' portion of the budget for Fiscal Year 2004 is \$2,581,000, equivalent to 0.026 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 2004 budget is \$1,521,000, equivalent to 0.016 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 2004 is \$1,323,000, equivalent to 0.013 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. Specific efforts are made to work with state and local government entities in promoting and coordinating Council programs with governmental efforts in energy planning and fish and wildlife. 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, 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 an Internet 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 2004 is \$683,000, equivalent to 0.007 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, 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 2004 is \$468,000, equivalent to 0.005 mills of forecast firm power sales. The legal division projection of line item expenditures and 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 2004 is \$1,921,000 equivalent to 0.020 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 minimum staffing levels and limited outside contracting. Complex computer models and extensive databases are operated and maintained for system analysis, decision analysis, load forecasting and statistical analysis, as well as hydropower system, power resource and conservation databases. 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, word processing and 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 2004 is \$394,000, equivalent to 0.004 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 2004 are necessary and appropriate.

	FY 2004	
States participation	\$2,581,000	0.026 mills
Central Council:		
Power Planning	\$1,521,000	0.016 mills
Fish and Wildlife	\$1,323,000	0.013 mills
Public Affairs	\$683,000	0.007 mills
Legal	\$468,000	0.005 mills
Administrative	<u>\$1,921,000</u>	<u>0.020 mills</u>
TOTAL	<u>\$8,499,000</u>	<u>0.87 mills</u>

Budget History (Figure 10)

