

Northwest Power and Conservation Council

**FISCAL YEAR 2005 BUDGET
AND
FISCAL YEAR 2004 REVISIONS**

September 2003

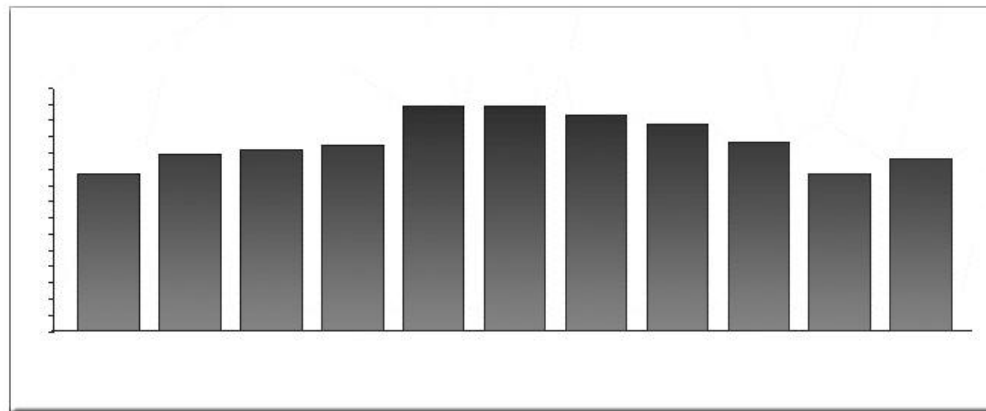


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A. MISSION AND GOALS STATEMENT

(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

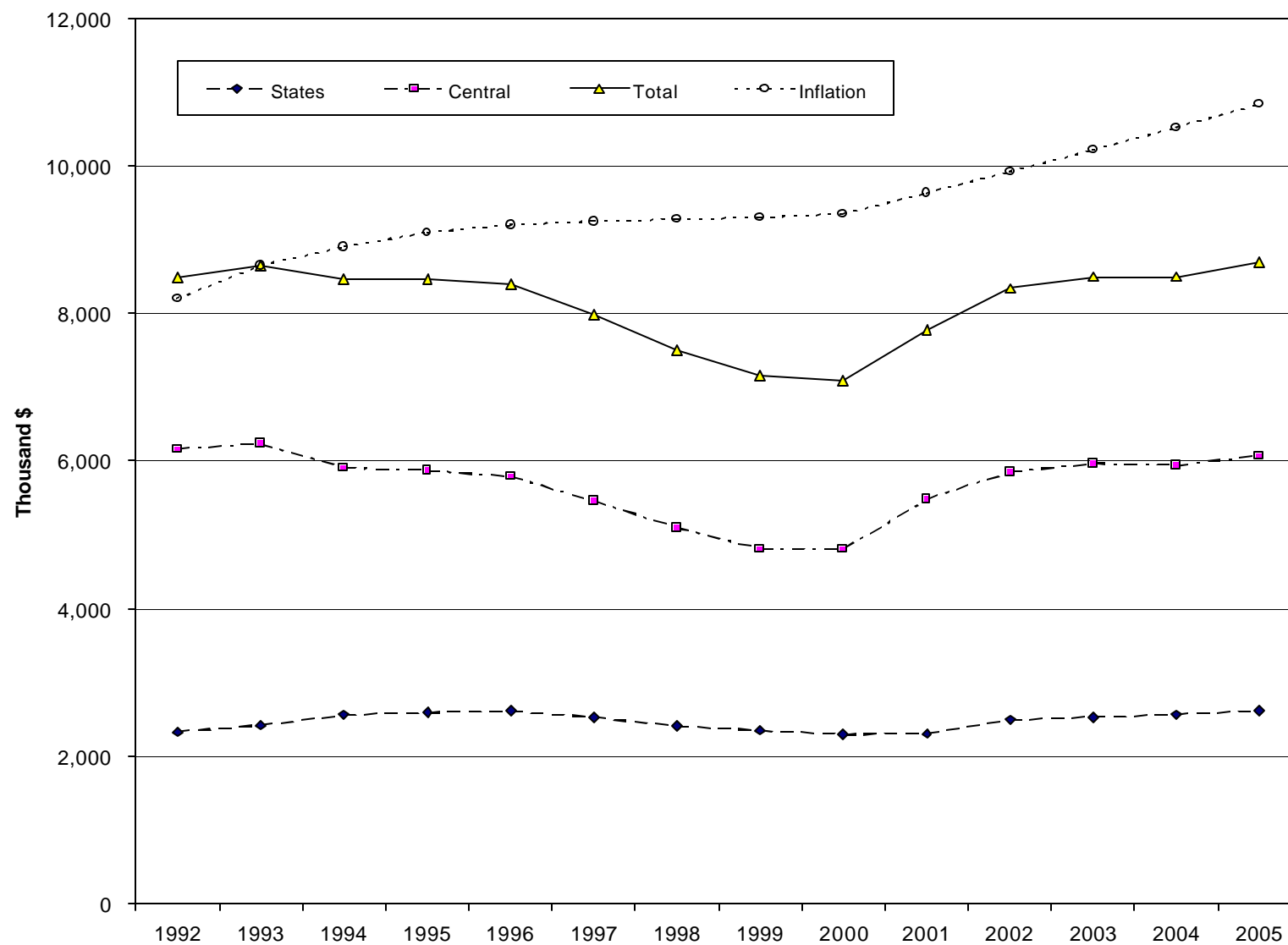
BUDGET HISTORY

The proposed budgets for Fiscal Year 2004 and Fiscal Year 2005 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.

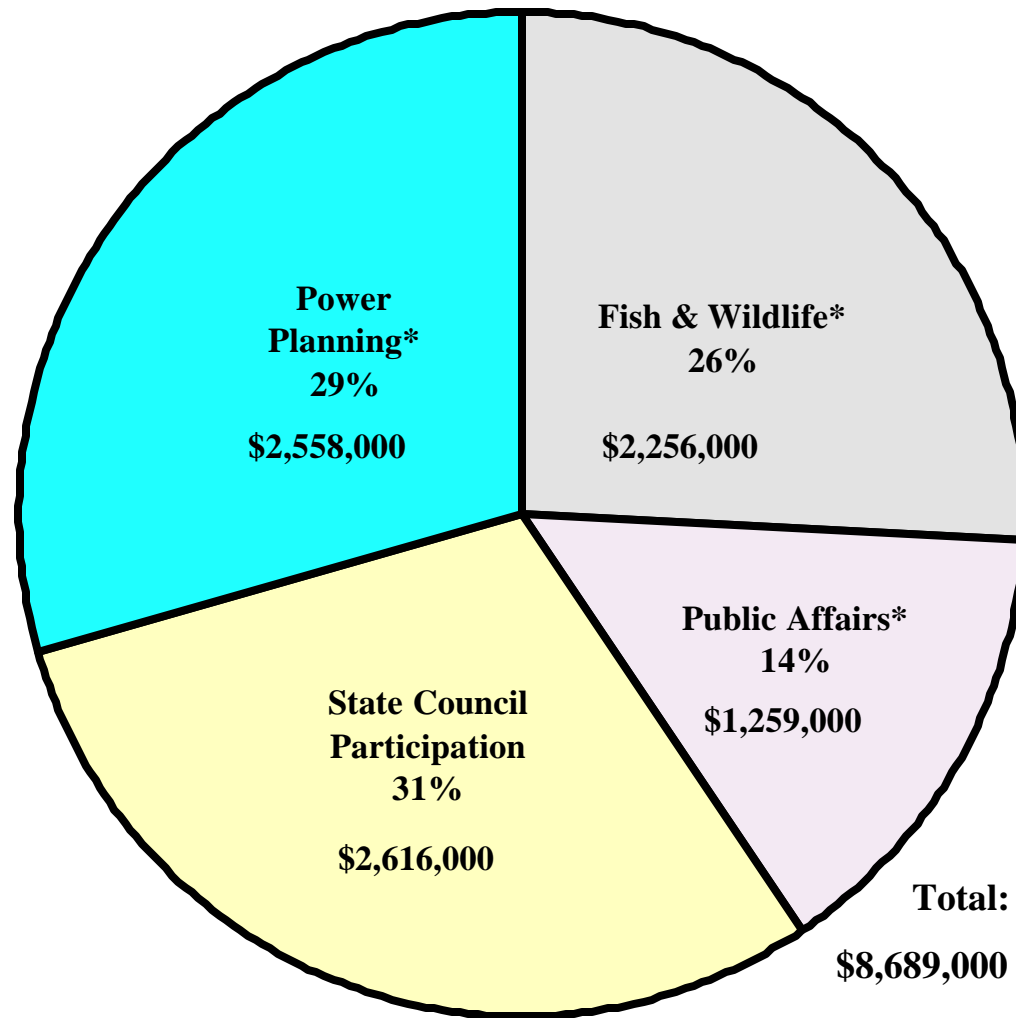
The Council's budget for the six-year period between Fiscal Year 1995 and Fiscal Year 2001 decreased approximately 23 percent. Since Fiscal Year 1996 (six years), the actual and projected cumulative annual inflation for the Portland area is approximately 22.5 percent.

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)



Budget by Function (Figure 2)



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

FISCAL YEAR 2004/FISCAL YEAR 2005 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 2004 and Fiscal Year 2005 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, absorb approximately two percent projected inflation for Fiscal Year 2004 and for Fiscal Year 2005.
3. Reallocate staffing where possible.

PROPOSED BUDGET REQUESTS

Fiscal Year 2005 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 the 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 \$8,689,000 for Fiscal Year 2005 equal to 0.093 mills per kilowatt-hour for the estimate of forecasted firm power sales be included in the administrator's Fiscal Year 2005 budget submittal.

Fiscal Year 2004 Budget Revisions

The Council's previously submitted Fiscal Year 2004 budget request of \$8,499,000 is unchanged. The Council's budget for Fiscal Year 2005 and Revised Fiscal Year 2004 is based on current year (Fiscal Year 2003) 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)

	FY02	FY02	FY03	FY03	FY04	FY04	FY05	FY06	FY07	FY08	FY09
	Budget	Actual	Budget	Estimate	Budget	Revised	Budget	Projected	Projected	Projected	Projected
Expenditures:											
Personal Services*	\$4,001	\$4,173	\$4,236	\$4,161	\$4,359	\$4,365	\$4,495	\$4,634	\$4,772	\$4,931	\$5,103
Travel	164	197	175	175	166	191	176	176	176	176	176
Contracts	577	291	608	568	437	422	403	338	403	403	403
Other Operating Expenses	<u>1,108</u>	<u>1,045</u>	<u>947</u>	<u>944</u>	<u>956</u>	<u>961</u>	<u>999</u>	<u>1,013</u>	<u>1,028</u>	<u>1,033</u>	<u>1,033</u>
 SUBTOTAL	 \$5,850	 \$5,706	 \$5,966	 \$5,848	 \$5,918	 \$5,939	 \$6,073	 \$6,161	 \$6,379	 \$6,543	 \$6,715
 State Budgets	 2,489	 2,421	 2,527	 2,538	 2,581	 2,560	 2,616	 2,685	 2,750	 2,819	 2,892
 TOTAL	 <u>\$8,339</u>	 <u>\$8,127</u>	 <u>\$8,493</u>	 <u>\$8,386</u>	 <u>\$8,499</u>	 <u>\$8,499</u>	 <u>\$8,689</u>	 <u>\$8,846</u>	 <u>\$9,129</u>	 <u>\$9,362</u>	 <u>\$9,607</u>

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

FY 2004 Program Forecast (Table 2)
(000's omitted)

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Compensation	\$965	\$770	\$436	\$326	\$748	\$3,245
Other Payroll Expenses	333	266	150	112	258	1,120
Travel	35	81	28	22	25	191
Contracts	157	198	30	8	29	422
Other Operating Expenses	<hr/> 34	<hr/> 8	<hr/> 79	<hr/> 7	<hr/> 833	<hr/> 961
SUBTOTAL	\$1,524	\$1,323	\$723	\$475	\$1,893	\$5,939
State Budgets:	<u>(000's)</u>					
Idaho	\$625					
Montana	597					
Oregon	637					
Washington	<hr/> 702					
SUBTOTAL	\$2,560					<hr/> 2,560
TOTAL						<hr/> \$8,499

FY 2005 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	\$991	\$798	\$452	\$332	\$769	\$3,342
Other Payroll Expenses	342	275	156	115	265	1,153
Travel	35	81	21	14	25	176
Contracts	137	198	30	8	30	403
Other Operating Expenses	<u>37</u>	<u>8</u>	<u>100</u>	<u>7</u>	<u>847</u>	<u>999</u>
SUBTOTAL	\$1,542	\$1,360	\$759	\$476	\$1,936	\$6,073
State Budgets:	<u>(000's)</u>					
Idaho	\$641					
Montana	614					
Oregon	638					
Washington	<u>723</u>					
SUBTOTAL	\$2,616					<u>\$2,616</u>
TOTAL						<u>\$8,689</u>

C. INTRODUCTION

BACKGROUND

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

The principal duties of the Council under the Northwest Power Act are to: 1) Develop a regional power plan to assure the Northwest an adequate, efficient, economical and reliable power; 2) Develop a fish and wildlife program to protect, mitigate and enhance fish and wildlife affected by hydroelectric development in the Columbia River Basin and make annual funding recommendations to the Bonneville Power Administration for projects to implement the program; and 3) Provide for broad public participation in these processes and inform the public about regional energy and fish and wildlife issues. Sections 2(1)(A) and (B), (3), (3)(A). The Bonneville Power Administration, 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 shall be included in Bonneville's annual budget submitted to Congress pursuant to the Federal Columbia River Transmission System Act. Section 4(c)(10)(A).

The Power Planning Council in a Time of Transition

The electricity industry in the United States is in the midst of significant restructuring. This restructuring is the product of many factors, including national policy to promote a competitive electricity generation market and state initiatives in California, New York, New England, Wisconsin, and elsewhere to open retail electricity markets to competition. This transformation is moving the industry away from the regulated monopoly structure of the past 75 years.

With change comes uncertainty, and one of the primary ways the Council can add value during this transition is by continuing to provide high-quality, objective analysis that helps the public make the best decisions. By clarifying regional choices, examining their potential effects, 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 Comprehensive Review of the Northwest Energy System,

the Transition Board, the Bonneville Cost Review, the development of a multi-species framework for fish and wildlife policy, and the analysis of Bonneville's potential stranded cost exposure are all Council initiatives that brought the region together to reach agreement on energy and fish and wildlife issues. The Council's staffing and logistical support of the Regional Technical Forum, a Council advisory committee, is another example of regional cooperation that resulted in the development of standardized protocols for verifying and evaluating energy conservation standards. The Council has also undertaken, at the request of Congress, reviews of proposed federal capital investments at the dams, hatchery investments, and fish and wildlife governance. More recently, the Council has provided useful analysis of electricity market pricing, the reliability of the Northwest energy system, and the optimum operation of the hydropower system for both fish and power.

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 input.

These activities, 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 envisioned earlier in the 1996 Comprehensive Review, the ongoing restructuring of the electric power industry requires that the Council redirect its efforts away from traditional regional planning to 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; and protecting, mitigating, and enhancing the fish and wildlife resources of the Columbia River Basin – are of vital importance to the social and economic interests of the Northwest. To reach these goals, 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.

3. Public Participation and Involvement. Informing and involving interested members of the public on issues that have the potential to affect them, their environment, and their economy.

4. Quality and Timely Analysis. Providing valuable analysis of the interactions between fish and the electric power system, including enhanced analytical models that more accurately capture the effects of changes in the operation and configuration of the hydroelectric system, and energy system reliability.

5. The Independent Economic Analysis Board. Bringing more rigorous economic analysis to the development and evaluation of fish and wildlife measures.

6. Independent Science. Ensuring that the best available science is applied in the development of regional fish and wildlife recovery measures.

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

Columbia River Basin Fish and Wildlife Program

Under the Northwest Power Act, the Council shall develop, adopt, and amend a program to protect, mitigate, and enhance fish and wildlife affected by the development and operation of hydroelectric projects in the Columbia River Basin; report annually to Congress on the effectiveness of the program; and review Bonneville's progress in implementing the program. 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

The Council shall develop and maintain comprehensive programs to inform the public of major regional power and fish and wildlife issues, and obtain feedback from the public, Bonneville, Bonneville's customers, fish and wildlife agencies, Indian tribes, and others for consideration in its decisionmaking. 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 educating the public about the Council's decisionmaking process in developing the fish and wildlife program and 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 completion in Fiscal Year 2003.

The Council initiated actions early in Fiscal Year 2000 to amend its fish and wildlife program. This process, incorporating a basinwide vision, biological objectives, strategies, and a scientific framework, moves the region closer to a unified plan for fish and wildlife recovery. The first phase of the new fish and wildlife program, a multi-species approach for decisionmaking, was adopted in December 2000. A mainstem plan for the operation of the federal hydrosystem was adopted to amend the program in Fiscal Year 2003.

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 provides technical review and assistance to Council members in evaluating matters before the Council. 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 area. 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: includes 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.

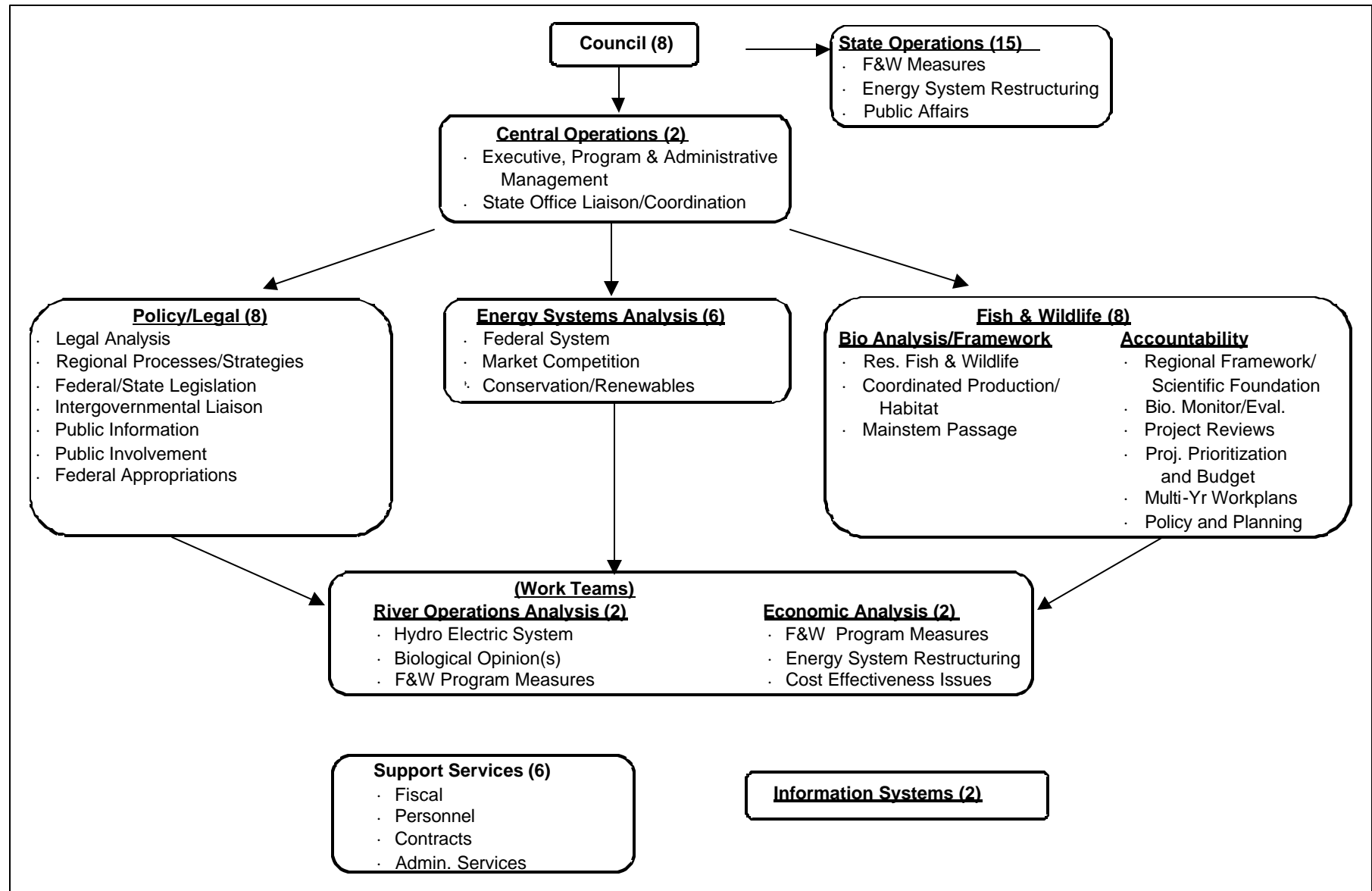
5. Economic analysis (work team): The Council established the Independent Economic Analysis Board to help the Council in evaluating economic impacts of current and proposed fish and wildlife program measures.

This body advises the Council on 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 provides analytical support for both the Independent Economic Analysis Board and for economic impacts on the region associated with the transition to a competitive electricity market.

6. River operations analysis (Work team). Provides independent analyses of the interactions between fish and wildlife measures and the power system. 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 provides timely and accurate analysis of the interactions of fish and wildlife measures and the power system. For example, Council staff use the computer model GENESYS (GENeration Evaluation SYStem) to perform integrated power system

reliability studies that reflect constraints on and capabilities of regional hydrogeneration. GENESYS simulates hourly system operation, including the dispatch of thermal power plants and purchases from and sales to other regions. This integrated model provides better assessments of the power-related costs of changes in river operations or configurations 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 2004 and Fiscal Year 2005 will be focused on the completion of the Council's fifth power plan, the 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 consumer 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:

- Completion of the Council's 5th power plan.
 - As has been the case with past plans, the plan examines 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.
- A major difference in this plan will be a greater focus on risk and the trade-offs involved in mitigating that risk.
- This plan is also trying 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.
- Facilitate public involvement in the plan including advisory committees and public hearings on the draft plan.
- Outreach to promote implementation of the Plan's action plan. This will involve working with Bonneville, utility organizations and

individual utilities, state regulatory commissions, industry and others to encourage adoption of the plan's recommendations.

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. Primary among these is the future role and obligations of the Bonneville Power Administration as the region works to reconcile Bonneville's role in the context of the evolving electricity system and preserve the regional benefits of the federal system. The Council has already made recommendations to Bonneville and will continue to work to see that those recommendations are addressed.

There are also ongoing 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 (RTF); activities related to the Bonneville Conservation and Renewable Resource Discount (C&RD); and conservation acquisitions as part of Bonneville's efficiency program and those of individual utilities in the region. The RTF has successfully completed the initial phase of its work and implementation of the C&RD is well underway. However, there remain ongoing 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 \$37,000)

A. Carry out system analyses in support of power plan development and analysis of power issues.

Assess and inform the region regarding adequacy of the power supply, implications for power system reliability and alternatives for maintaining an adequate and reliable power 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 will be monitoring and evaluating utility actions under the C&RD. Division staff will be supporting this work.
 - B. Work with Bonneville, its customers, investor-owned utilities and other parties to implement conservation.**
 - 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 the 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.
 - 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. Continue to support the efforts of the Independent Economic Analysis Board.**
- 5. Maintain power system information and begin upgrade of demand forecast tools (Contracts \$30,000).** The Division will update information such as resource characteristics, fuel price forecasts, market price forecasts, a demand forecasts that used by the energy industry. Contract funding is necessary to upgrade the Council's analytical tools for demand forecasting.
- 6. Ensure public participation and involvement (Publishing and disseminating power plan and related materials, regional hearings on the draft power plan. \$40,000).** 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 public in such issues. To accomplish this, the Council intends to employ traditional methods of its public outreach program that have been effective over the years. This will include public hearings on the draft power plan in each of the Northwest states and publishing of the plan. 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.

- 7. Outreach to encourage implementation of the recommendations of the Fifth Power Plan.** Work with utilities, state and local regulatory commissions, siting agencies, public interest groups and others to encourage implementation of the Council's Fifth Power Plan.

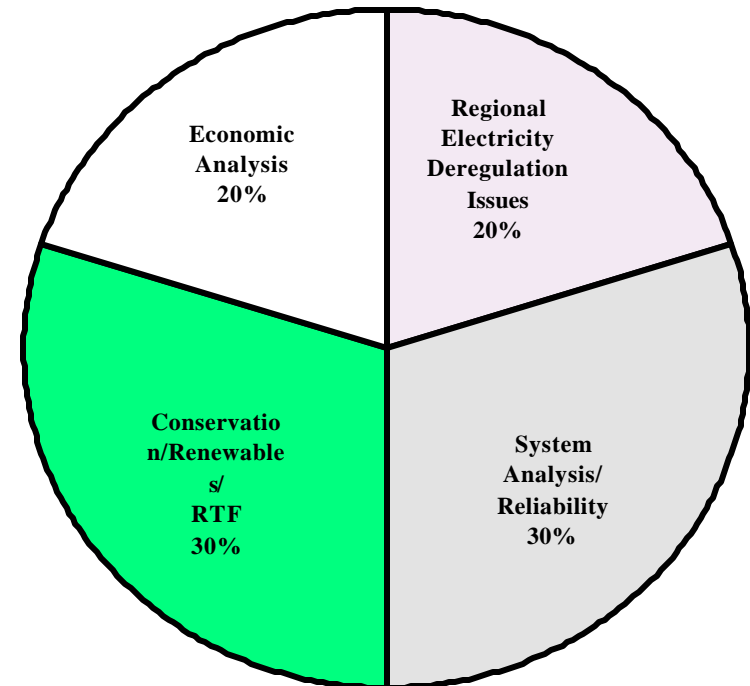
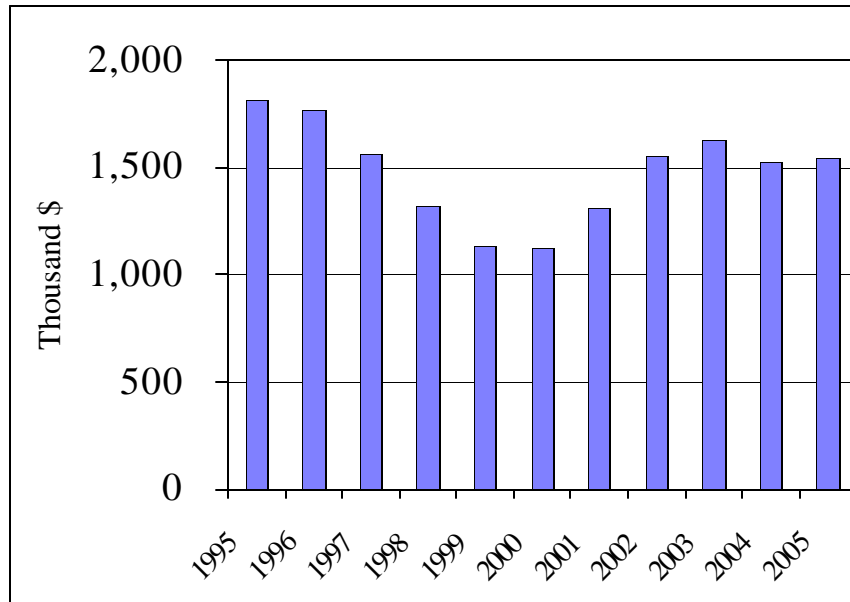
Travel

In Fiscal Year 2004 and Fiscal Year 2005 travel costs for power division staff will continue at the current service level

Staffing

Staffing is unchanged.

Budget History (Figure 4)



FY05 Program Allocations
\$1,542,000

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

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Compensation	\$906	\$947	\$933	\$972	\$965	\$991
Taxes, Insurance & Benefits	<hr/> 280	<hr/> 322	<hr/> 252	<hr/> 330	<hr/> 333	<hr/> 342
 SUBTOTAL	 \$1,186	 \$1,269	 \$1,185	 \$1,302	 \$1,298	 \$1,333
 TRAVEL						
Staff	\$42	\$35	\$35	\$33	\$33	\$33
Advisory Committees	<hr/> 10	<hr/> 1	<hr/> 1	<hr/> 2	<hr/> 2	<hr/> 2
 SUBTOTAL	 52	 36	 36	 35	 35	 35
 CONTRACTS						
(See detail Table 5)	100	290	250	150	157	137
 OTHER OPERATING EXPENSES						
(See detail Table 5)	<hr/> 83	<hr/> 34	<hr/> 34	<hr/> 34	<hr/> 34	<hr/> 37
 TOTAL	 <u>\$1,421</u>	 <u>\$1,629</u>	 <u>\$1,505</u>	 <u>\$1,521</u>	 <u>\$1,524</u>	 <u>\$1,542</u>

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

	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Estimate</u>	<u>FY04</u> <u>Budget</u>	<u>FY04</u> <u>Revised</u>	<u>FY05</u> <u>Budget</u>
I. CONTRACTS						
A. Energy Plan - Printing	\$0	\$40	\$0	\$0	\$40	\$0
B. Competitive Market Analysis	0	100	100	50	30	0
C. Conservation/Renewables	0	100	100	50	50	50
D. System Analysis	0	50	50	50	37	87
E. Columbia River Forum	0	0	0	0	0	0
F. RTF Support	100	0	0	0	0	0
	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$100</u>	<u>\$290</u>	<u>\$250</u>	<u>\$150</u>	<u>\$157</u>	<u>\$137</u>
II. OTHER OPERATING EXPENSES						
A. Econometric Services	\$25	\$25	\$25	\$25	\$25	\$25
B. Staff Development and Training	5	5	5	5	5	5
C. Advisory Committee Meetings Expense	1	1	1	1	1	1
D. Services and Supplies	5	3	3	3	3	3
E. Workshops	0	0	0	0	0	3
F. Reference Materials/Subscri	47	0	0	0	0	0
G. Power Plan - Printing	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$83</u>	<u>\$34</u>	<u>\$34</u>	<u>\$34</u>	<u>\$34</u>	<u>\$37</u>

F. FISH AND WILDLIFE DIVISION

The Council's continuing role in fish and wildlife restoration 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 regional coordination of the development, completion, review and adoption of subbasin plans; 2) implementing the amendments of the mainstem section of the program which was adopted in April, 2003; 3) organizing and facilitating the implementation of the recommendations of the 1999 Artificial Production Review, which includes reviewing the information provided by the Council's facility-by-facility review of the basin's artificial production facilities and identifying specific measures to improve artificial production in the Columbia Basin. This activity is one major emphasis of the off-site mitigation measures of the 2000 Biological Opinion for the Federal Columbia River Power System and is a good example of integrating implementation of the Biological Opinion through the Council's Program and processes; 4) conducting new rounds of 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 NOAA Fisheries and the U.S. Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations; 6) monitoring the implementation of projects receiving

funding, tracking the results and facilitating the development of 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 2004 and Fiscal Year 2005 follows:

1. Implementing the 2000 fish and wildlife program, including subbasin plans (Contracts \$30,000 Fiscal Year 2004). The Council adopted a new fish and wildlife program in December 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. The Council has called for the completion of subbasin plans throughout the region by May 2004. Until then, the Council staff:

- Directly manages contracting for state, tribal and provincial subbasin planning efforts, including technical support. This contract support is provided in part by Bonneville's master contract with the Council which totals \$15 million over two years, but is also directly supported from the Council's budget for time and travel in the Council's administrative, legal, and fish and wildlife divisions.
- Supporting the Regional Coordinating Group which is the policy-level forum for coordination of the schedule and scope of subbasin plans with the states, the tribes, the Bonneville Power Administration and the ESA-regulatory federal agencies.
- Facilitating analytical support for subbasin planning
- Facilitating an integrated monitoring and evaluation strategy to provide effectiveness and population status tracking of the implementation of subbasin plans
- Identifying appropriated federal funding and other funding sources beyond the Bonneville Power Administration for implementation of subbasin plans and assisting subbasin planners with incorporating those programs into their implementation planning.

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 funded by contract with Bonneville, the Council expects that this effort will require full coordination with the state and tribal governments.

Following the completion of subbasin plans, 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 NOAA 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.

Contract support is expected for assistance with the amendment process to adopt subbasin plans into the program.

2. Implementation of the 2003 mainstem amendments to the fish and wildlife program (Contract support \$50,000). The Council adopted amendments to the mainstem section of the program in April 2003. These amendments call for pursuing experimental operations to benefit resident (non-ocean going) and non-listed anadromous fish. The fish and wildlife division staff will support developing implementation of these experimental operations through the work of the regional system operation forum, including the Implementation Team, the Technical Management Team, the System Configuration Team and the Anadromous Fish Evaluation Program managed by the U.S. Army Corps of Engineers. The Council will seek assistance for designing experimental operations from the Independent Scientific Advisory Board.

Contract support is expected to be required to assist Council staff participation in the joint decision for governing hydrosystem operations.

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 initial review of the regional facilities will be completed in the summer of 2003. This work also forms the first phase of Hatchery Genetic Management Plans required for permitting the operations of facilities under the Endangered Species Act.

The fish and wildlife division staff will support the Council's work with regional interests to identify specific 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

4. Provincial project reviews and comprehensive recommendations to the Bonneville Power Administration and Congress (Contract support \$0). 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 has completed an initial 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 June 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 two staff members with support from the legal division and the state Council offices.

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 BiOp 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

NOAA Fisheries and the U.S. Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations.

6. Monitoring and evaluating program results (Contracts \$18,000). 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 fish and wildlife division staff plays a significant role in facilitating the integration of regional-scale monitoring and evaluation with the ongoing monitoring programs of the states and the tribes. This work is significant because of the potential for duplication of effort at enormous cost.

The Council is also focusing on data management and analysis questions. The intention is not to draw all data into a single database, but rather to provide a single point of access for information maintained in the various databases within the region, and to make the data from those sites readily available for further analysis.

The Council will continue to participate in regional efforts to develop coordinated data management systems to support decisionmaking. The Council is working with the NOAA Fisheries, 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.

This activity is expected to continue to require about one full-time equivalent staff position. 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.

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. Bonneville's financial crisis, which worsened in 2003, resulted in reduced immediate commitments by Bonneville to funding fish and wildlife programs. Bonneville also revised the terms for managing fish and wildlife contracts,

which has made more difficult the regular reporting of project contracting to monitor program implementation. 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 and to anticipate program funding requirements for the next rate case period

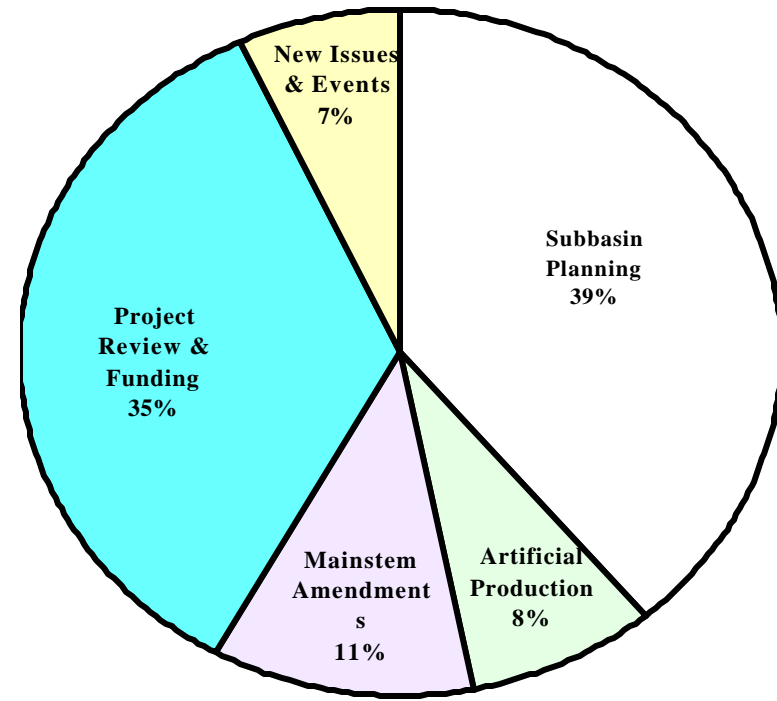
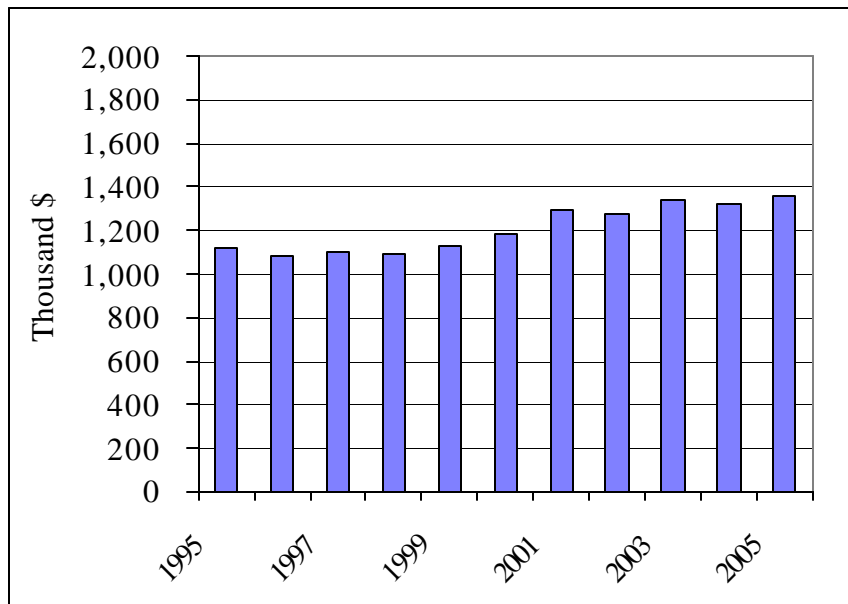
10. Independent Economic Analysis Board (IEAB) (Contracts \$100,000). The Council has established the IEAB to help the Council in evaluating economic impacts of current and proposed program measures.

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)



FY05 Program Allocations
\$1,360,000

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

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Compensation	\$748	\$756	\$736	\$783	\$770	\$798
Taxes, Insurance & Benefits	<u>242</u>	<u>257</u>	<u>257</u>	<u>266</u>	<u>266</u>	<u>275</u>
 SUBTOTAL	 \$990	 \$1,013	 \$993	 \$1,049	 \$1,036	 \$1,073
 TRAVEL						
Staff	\$81	\$65	\$65	\$52	\$77	\$77
Advisory Committees	<u>0</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
 SUBTOTAL	 81	 69	 69	 56	 81	 81
 CONTRACTS						
(See detail Table 7)	132	250	250	210	198	198
 OTHER OPERATING EXPENSES						
(See detail Table 7)	<u>2</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>
 SUBTOTAL	 <u>\$1,205</u>	 <u>\$1,339</u>	 <u>\$1,319</u>	 <u>\$1,323</u>	 <u>\$1,323</u>	 <u>\$1,360</u>

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

	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Estimate</u>	<u>FY04</u> <u>Budget</u>	<u>FY04</u> <u>Revised</u>	<u>FY05</u> <u>Budget</u>
I. CONTRACTS						
A. Sub Basin Planning	0	0	0	30	30	0
B. Program Amendment	0	50	50	0	50	0
C. Monitor Program Implementatio	32	50	50	30	18	18
D. Artificial Production	0	0	0	0	0	80
E. Scientific Review	0	0	0	0	0	0
F. IEAB	<u>100</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>100</u>	<u>100</u>
TOTAL	<u>\$132</u>	<u>\$250</u>	<u>\$250</u>	<u>\$210</u>	<u>\$198</u>	<u>\$198</u>
II. OTHER OPERATING EXPENSES						
A. Staff Development	\$1	\$3	\$3	\$4	\$4	\$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	0	4	4	4	4	4
F. Meetings/Hearings	0	0	0	0	0	0
G. Temporary Clerical	0	0	0	0	0	0
H. Other Services & Supply	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$2</u>	<u>\$7</u>	<u>\$7</u>	<u>\$8</u>	<u>\$8</u>	<u>\$8</u>

G. PUBLIC AFFAIRS DIVISION

The public affairs division's primary task is to fulfill the directive of the Northwest Power Act to inform and involve Northwest citizens about the Council's activities. Section 2(3) states a purpose of the Act is "to provide for the participation and consultation of the Pacific Northwest states, local governments, consumers, customers, users of the Columbia River System (including federal and state fish and wildlife agencies and appropriate Indian tribes), and the public at large within the region" in the Northwest's planning for electrical power and protection of fish and wildlife resources. Section 4(g)(1) of the Act requires the Council to develop "comprehensive programs" to 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.nwccouncil.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. 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 web site. The web site also contains general information about the Council's history, statutory obligations, bylaws, Council members 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 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,

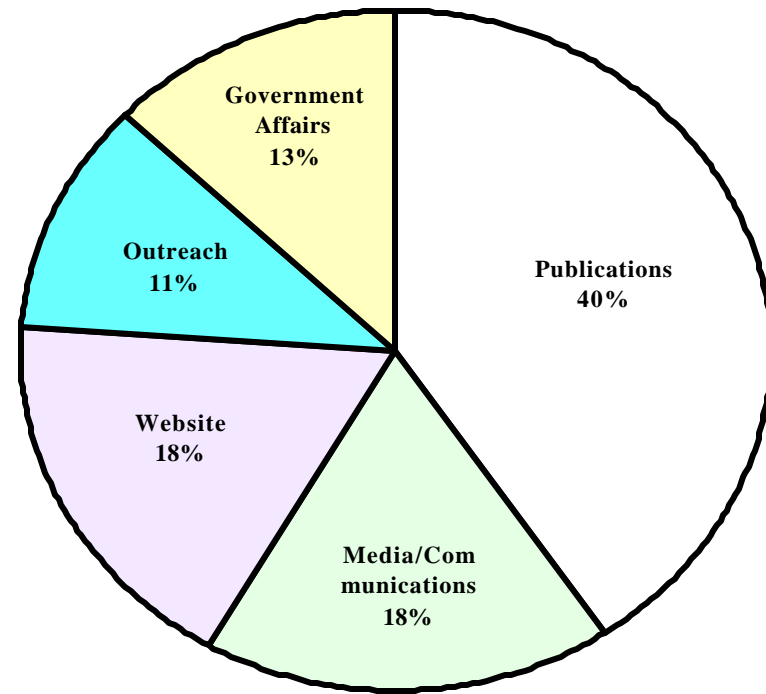
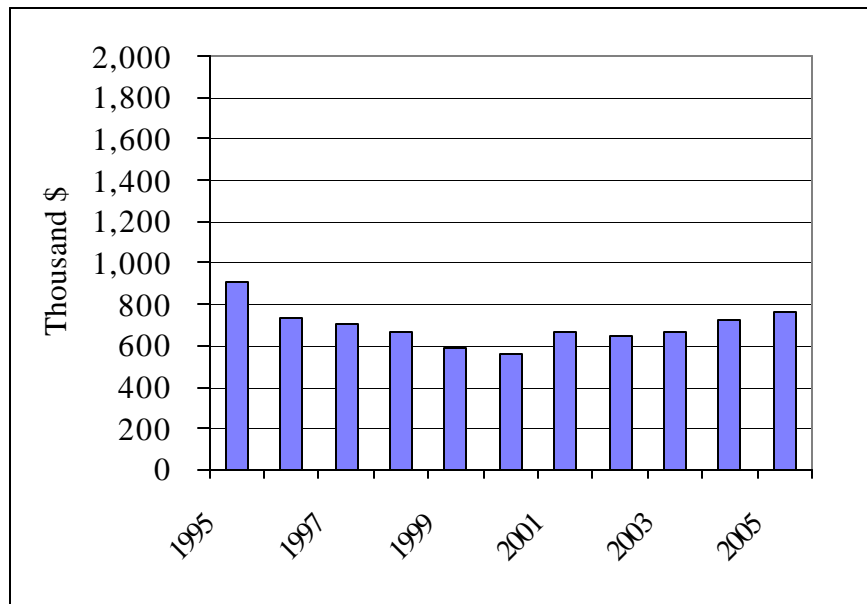
preparing press/media packets, announcing public hearings, making major documents available and summarizing agenda items and Council actions for the web site.

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

Staffing

Staffing is unchanged.

Budget History (Figure 6)



FY05 Program Allocations
\$759,000

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

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Compensation	\$381	\$405	\$418	\$419	\$436	\$452
Taxes, Insurance & Benefits	<hr/> 124	<hr/> 138	<hr/> 136	<hr/> 142	<hr/> 150	<hr/> 156
 SUBTOTAL	 \$505	 \$543	 \$554	 \$561	 \$586	 \$608
 TRAVEL						
Staff	\$18	\$26	\$26	\$28	\$28	\$21
Advisory Committees	<hr/> 0	<hr/> 0	<hr/> 0	<hr/> 0	<hr/> 0	<hr/> 0
 SUBTOTAL	 \$18	 \$26	 \$26	 \$28	 \$28	 \$21
 CONTRACTS						
(See detail Table 9)	33	30	30	30	30	30
 OTHER OPERATING EXPENSES						
(See detail Table 9)	<hr/> 103	<hr/> 69	<hr/> 69	<hr/> 64	<hr/> 79	<hr/> 100
 TOTAL	 <hr/>\$659	 <hr/>\$668	 <hr/>\$679	 <hr/>\$683	 <hr/>\$723	 <hr/>\$759

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

	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Estimate</u>	<u>FY04</u> <u>Budget</u>	<u>FY04</u> <u>Revised</u>	<u>FY05</u> <u>Budget</u>
I. CONTRACTS						
A. Annual Report Printing	\$0	\$0	\$0	\$0	\$0	\$0
B. Public Info/Invol Project	33	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>\$33</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	\$2	\$2	\$2	\$2
2. Publish Newsletter	18	20	20	15	25	30
B. Other Printing	24	5	5	5	10	10
C. Photos/Processing	1	2	2	2	2	2
D. Public Meetings	0	0	0	0	0	0
E. Staff Development	3	3	3	3	3	1
F. Postage and Mailing	10	2	2	2	2	15
G. Equipment Rental	0	0	0	0	0	0
H. Subscriptions/Reference	9	10	10	10	10	5
I. Temporary Services	25	0	0	0	0	0
J. Other Services & Supply	12	15	15	15	15	20
K. Public Notice Media Buys	1	10	10	10	10	15
TOTAL	<u>\$103</u>	<u>\$69</u>	<u>\$69</u>	<u>\$64</u>	<u>\$79</u>	<u>\$100</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 concluded in Fiscal Year 2003, but the Council is just in the beginning stages of 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 2004 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 arose as the utility industry began restructuring. 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.

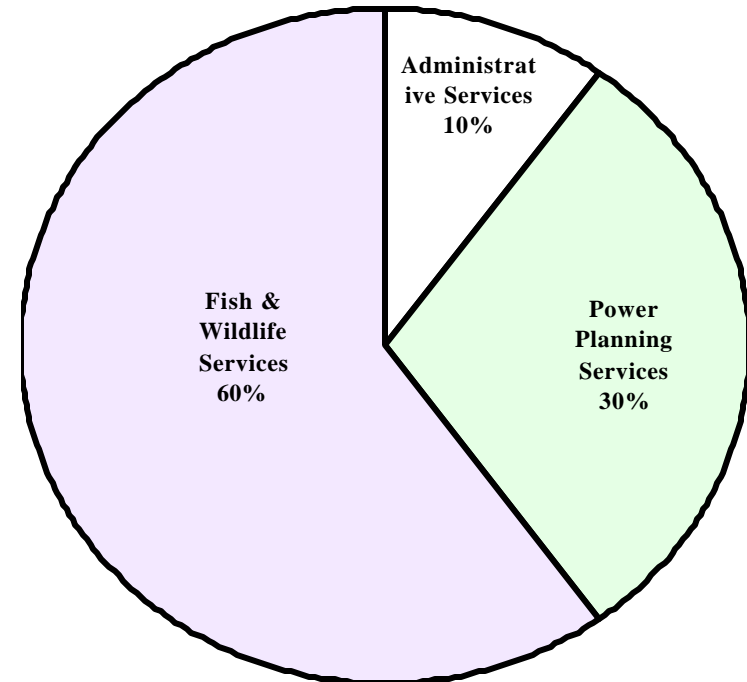
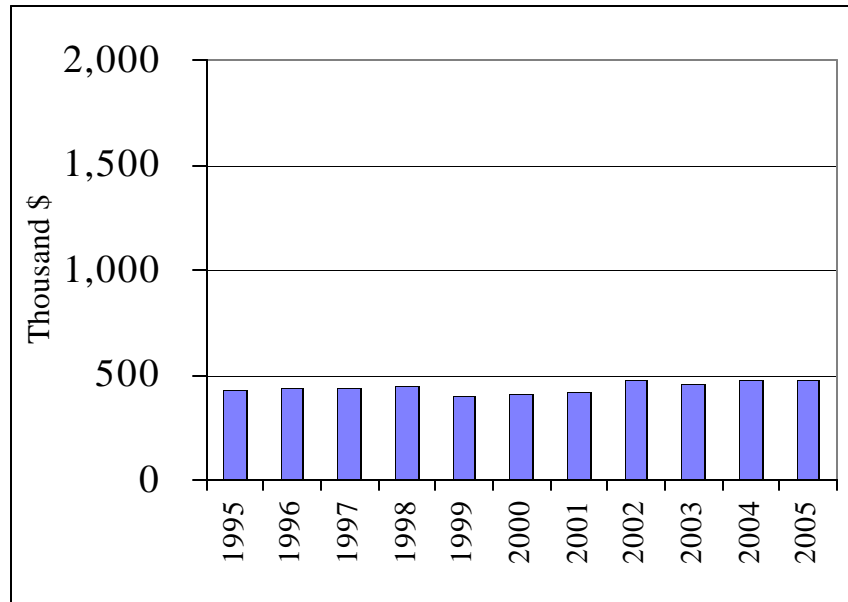
4. Administrative law. The legal division will continue to provide a lead role in the development and

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 the Bonneville Power Administration that litigation costs will be met by using any available uncommitted contract funds, unused funds from other budget categories and/or by submitting a supplemental budget request to Bonneville. In the past, litigation costs have been met in part by reallocating uncommitted contract funds.

Budget History (Figure 7)



FY05 Program Allocation:
\$476,000

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

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Compensation	\$308	\$316	\$317	\$322	\$326	\$332
Taxes, Insurance & Benefits	<hr/> 95	<hr/> 107	<hr/> 95	<hr/> 109	<hr/> 112	<hr/> 115
 SUBTOTAL	 \$403	 \$423	 \$412	 \$431	 \$438	 \$447
 TRAVEL						
Staff	<hr/> \$22	<hr/> \$20	<hr/> \$20	<hr/> \$22	<hr/> \$22	<hr/> \$14
 SUBTOTAL	 \$22	 \$20	 \$20	 \$22	 \$22	 \$14
 CONTRACTS						
(See detail Table 11)	2	8	8	8	8	8
 OTHER OPERATING EXPENSES						
(See detail Table 11)	<hr/> 20	<hr/> 4	<hr/> 4	<hr/> 7	<hr/> 7	<hr/> 7
 TOTAL	 <hr/> \$447	 <hr/> \$455	 <hr/> \$444	 <hr/> \$468	 <hr/> \$475	 <hr/> \$476

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

	<u>FY02 Actual</u>	<u>FY03 Budget</u>	<u>FY03 Estimate</u>	<u>FY04 Budget</u>	<u>FY04 Revised</u>	<u>FY05 Budget</u>
I. CONTRACTS						
A. Hearings	\$1	\$5	\$5	\$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>\$2</u>	<u>\$8</u>	<u>\$8</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	1	1	1	4	4	4
D. Federal Register Notices	0	0	0	0	0	0
E. Other Services & Supply	<u>18</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$20</u>	<u>\$4</u>	<u>\$4</u>	<u>\$7</u>	<u>\$7</u>	<u>\$7</u>

I. ADMINISTRATIVE DIVISION

The administrative division provides executive direction for all Council staff operations. In addition, financial, administrative, and human resources services are provided to the legal division, power 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. Human resource services. This function includes responsibility for the administration of employee insurance and benefit programs, grievance procedures, Equal Employment Opportunity practices and staff development policies. Development of salary administration procedures, employee performance appraisal policies and the Council compensation plan (Section 4(b)(3)) are also included.

5. Administrative support. The administrative division provides support for Council meetings and hearings, including scheduling, room arrangements, recording and transcription requirements. Contract funds \$25,000 are allocated for preparing minutes of meetings. The division also prepares the *Directory of Organizations*,

a comprehensive listing of the organizations and agencies that are involved with the Council's work.

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

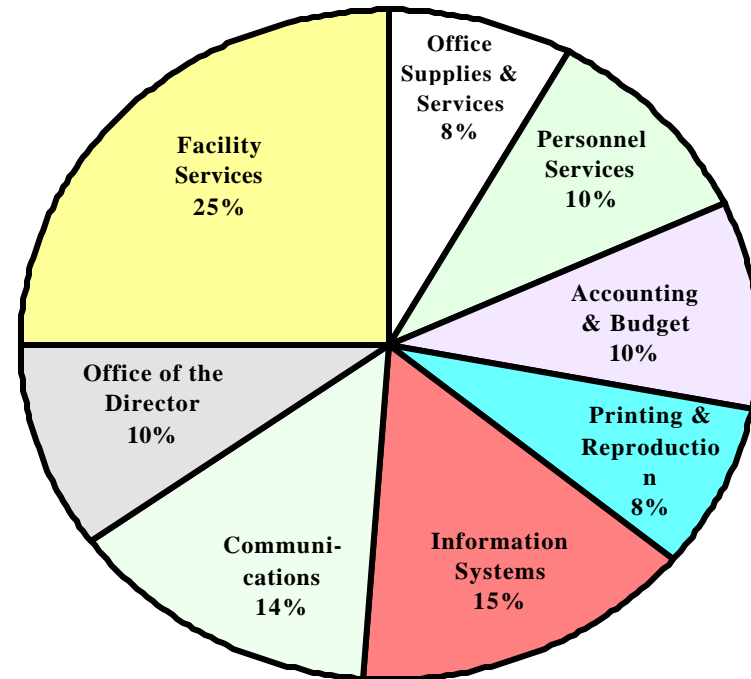
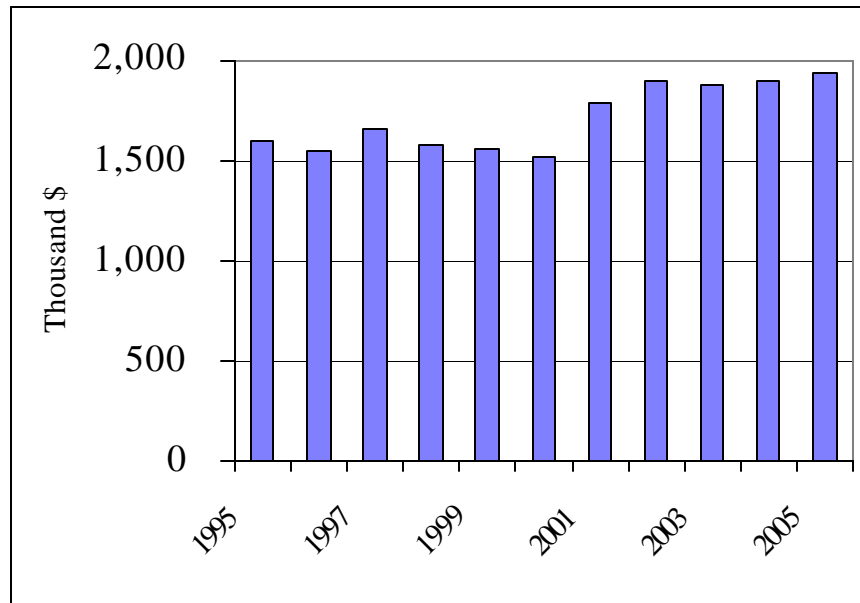
Contract funds (\$5,000) are used for administrative audits and studies, office systems analysis, retirement/pension plan matters, compensation/benefits planning, management audits and information systems support and preparation of council meeting minutes.

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)



FY05 Program Allocations
\$1,936,000

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

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
Compensation	\$707	\$737	\$723	\$757	\$748	\$769
Taxes, Insurance & Benefits	382	251	293	257	258	265
SUBTOTAL	\$1,089	\$988	\$1,016	\$1,014	\$1,006	\$1,034
 TRAVEL						
Staff - Admin	\$20	\$20	\$20	\$22	\$22	\$22
Staff - Data Processing	4	4	4	3	3	3
SUBTOTAL	\$24	\$24	\$24	\$25	\$25	\$25
 CONTRACTS						
(See detail Table 13)	24	30	30	39	29	30
 OTHER OPERATING EXPENSES						
(See detail Table 13)	837	833	830	843	833	847
 TOTAL	\$1,974	\$1,875	\$1,900	\$1,921	\$1,893	\$1,936

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

	<u>FY02</u> <u>Actual</u>	<u>FY03</u> <u>Budget</u>	<u>FY03</u> <u>Estimate</u>	<u>FY04</u> <u>Budget</u>	<u>FY04</u> <u>Revised</u>	<u>FY05</u> <u>Budget</u>
I. CONTRACTS						
A. Meeting Minutes	\$22	\$25	\$30	\$24	\$24	\$25
B. Administrative Studies	2	5	0	5	5	5
C. Computer Support	0	0	0	0	0	0
D. Administrative Audits	0	0	0	10	0	0
TOTAL	<u>\$24</u>	<u>\$30</u>	<u>\$30</u>	<u>\$39</u>	<u>\$29</u>	<u>\$30</u>
II. OTHER OPERATING EXPENSES						
A. Employee Recruiting	\$18	\$10	\$10	\$10	\$10	\$10
B. Staff Development	1	5	5	5	5	5
C. Office Supplies	25	20	20	15	15	15
D. Freight	8	8	8	8	8	8
E. Telephone	73	68	55	70	65	70
F. Postage	16	25	25	25	20	20
G. Payroll Processing Services	11	9	9	9	9	9
H. Reference Materials	1	1	1	1	1	1
I. Meetings	41	30	40	30	30	30
J. Rent	383	415	415	429	429	442
K. Insurance	3	15	15	17	17	17
L. Equipment Rental	10	10	10	10	10	12
M. Repair and Maintenance	40	30	30	30	30	30
N. Accounting Software/Support	10	10	10	10	10	10
O. Audit and Accounting	44	40	40	40	40	40
P. Mailing Services	0	1	1	5	5	5
Q. Furniture and Equipment	15	15	15	5	5	9
R. Record Storage	4	4	4	0	0	0
S. Temporary Services	1	0	0	0	0	0
T. Computer Serv. & Supply	131	115	115	120	120	110
U. Computer Staff Development	2	2	2	4	4	4
TOTAL	<u>\$837</u>	<u>\$833</u>	<u>\$830</u>	<u>\$843</u>	<u>\$833</u>	<u>\$847</u>

J. STATE BUDGETS

STATE COUNCIL OFFICE ORGANIZATION

Idaho, Montana, Oregon and Washington passed enabling legislation authorizing state participation on the Council. Two Council members are appointed by the governor of each state. Section 4 (a)(2)(B). 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

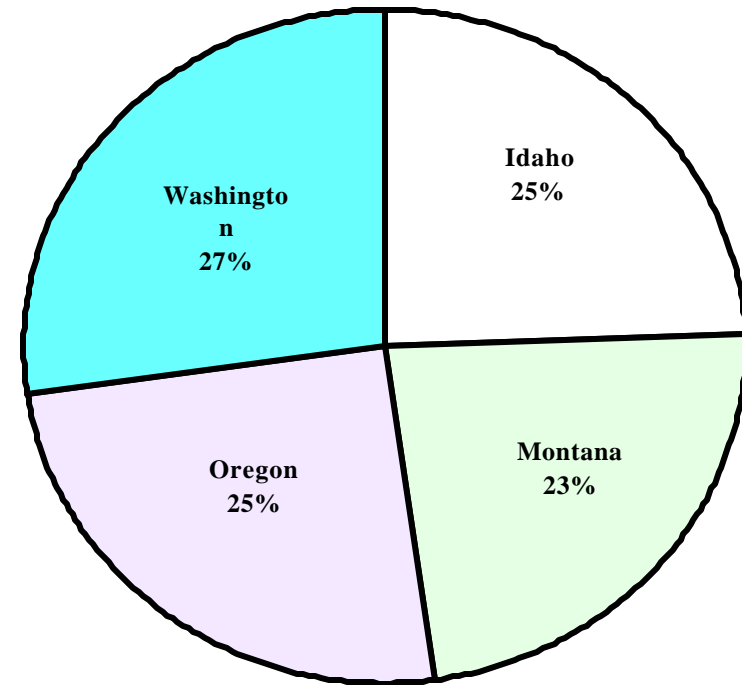
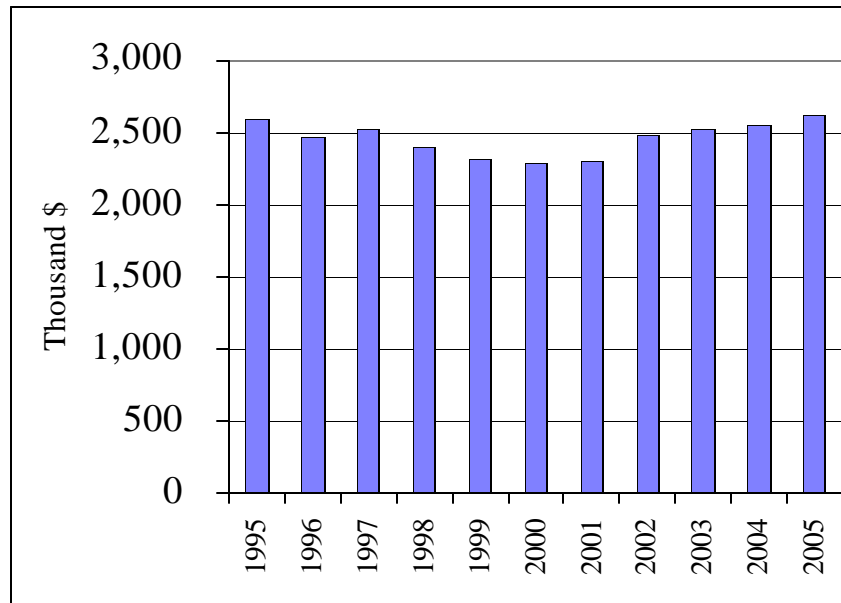
affect each state differently are: protected areas, hatchery and habitat projects, wildlife mitigation projects, and Columbia River operations for salmon recovery.

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)



FY05 Program Allocations
\$2,616,000

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

	Idaho	Montana	Oregon	Washington	Total
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
PERSONNEL					
Salaries	\$339	\$316	\$398	\$394	\$1,447
Taxes, Insurance & Benefits	<hr/> 117	<hr/> 109	<hr/> 137	<hr/> 136	<hr/> 499
SUBTOTAL	\$456	\$425	\$535	\$530	\$1,946
TRAVEL	69	88	47	47	251
CONTRACTS	59	33	0	50	142
OTHER OPERATING EXPENSES	<hr/> 57	<hr/> 68	<hr/> 55	<hr/> 96	<hr/> 276
TOTAL	<hr/> \$641	<hr/> \$614	<hr/> \$638	<hr/> \$723	<hr/> \$2,616

Idaho (Table 15)
(000's omitted)

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
Compensation	\$384	\$332	\$332	\$339	\$332	\$339
Taxes, Insurance & Benefits	99	113	113	115	115	117
SUBTOTAL	<u>\$483</u>	<u>\$445</u>	<u>\$445</u>	<u>\$454</u>	<u>\$447</u>	<u>\$456</u>
TRAVEL	62	66	66	66	69	69
CONTRACTS	8	57	57	58	55	59
OTHER OPERATING EXPENSES						
A. Rent	21	26	26	26	26	27
B. Telephone	10	10	10	10	10	11
C. Office Expense	20	18	18	18	18	19
D. Accounting	0	0	0	0	0	0
E. Capital Outlay	0	0	0	0	0	0
F. Govt. Overhead	0	0	0	0	0	0
SUBTOTAL	<u>\$51</u>	<u>\$54</u>	<u>\$54</u>	<u>\$54</u>	<u>\$54</u>	<u>\$57</u>
TOTAL	<u>\$604</u>	<u>\$622</u>	<u>\$622</u>	<u>\$632</u>	<u>\$625</u>	<u>\$641</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>FY02 Actual</u>	<u>FY03 Budget</u>	<u>FY03 Estimate</u>	<u>FY04 Budget</u>	<u>FY04 Revised</u>	<u>FY05 Budget</u>
Compensation	\$302	\$306	\$301	\$312	\$310	\$316
Taxes, Insurance & Benefits	124	104	120	106	107	109
SUBTOTAL	<u>\$426</u>	<u>\$410</u>	<u>\$421</u>	<u>\$418</u>	<u>\$417</u>	<u>\$425</u>
 TRAVEL	 81	 80	 80	 82	 83	 88
 CONTRACTS	 12	 33	 33	 33	 33	 33
 OTHER OPERATING EXPENSES						
A. Office Supplies	15	11	11	11	11	12
B. Communications	17	18	18	19	19	20
C. Fiscal Control	0	0	0	0	0	0
D. Repair/Maint.	2	9	9	9	9	10
E. Rent	13	18	18	19	19	20
F. Capital Outlay	0	1	1	1	1	1
G. Services	12	5	5	5	5	5
SUBTOTAL	<u>59</u>	<u>62</u>	<u>62</u>	<u>64</u>	<u>64</u>	<u>68</u>
 TOTAL	 <u>\$578</u>	 <u>\$585</u>	 <u>\$596</u>	 <u>\$597</u>	 <u>\$597</u>	 <u>\$614</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)

	<u>FY02 Actual</u>	<u>FY03 Budget</u>	<u>FY03 Estimate</u>	<u>FY04 Budget</u>	<u>FY04 Revised</u>	<u>FY05 Budget</u>
Compensation	\$344	\$392	\$392	\$402	\$390	\$398
Taxes, Insurance & Benefits	113	133	133	136	135	137
SUBTOTAL	\$457	\$525	\$525	\$538	\$525	\$535
 TRAVEL	 32	 46	 46	 46	 46	 47
 Contracts	 21	 15	 15	 16	 16	 0
 OTHER OPERATING EXPENSES						
A. Postage	1	1	1	1	1	1
B. Telephone	13	15	15	15	15	19
C. Meeting Room Rental	0	1	1	1	1	0
D. Employee Education/Training	0	1	1	1	1	0
E. Dues & Subscriptions	0	2	2	2	2	1
F. Rent	23	23	23	23	23	29
G. Office Supplies	2	3	3	3	3	3
H. Repair/Maintain Equipment	2	2	2	2	2	2
I. Printing/Publicity	0	1	1	1	1	0
J. Miscellaneous Expense	20	1	1	1	1	0
SUBTOTAL	61	50	50	50	50	55
 TOTAL	 \$571	 \$636	 \$636	 \$650	 \$637	 \$638

* 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 Milton-Freewater, Oregon.

Washington (Table 18)
(000's omitted)

	FY02 Actual	FY03 Budget	FY03 Estimate	FY04 Budget	FY04 Revised	FY05 Budget
Compensation	\$377	\$384	\$346	\$395	\$387	\$394
Taxes, Insurance & Benefits	155	111	155	114	134	136
SUBTOTAL	\$532	\$495	\$501	\$509	\$521	\$530
 TRAVEL	 44	 45	 45	 45	 45	 47
 CONTRACTS						
A. Contract Services	14	39	33	40	30	34
B. Community Trade & Economic	24	37	37	37	37	38
C. EWU Indirect	23	24	24	25	25	26
SUBTOTAL	61	100	94	102	92	98
 OTHER OPERATING EXPENSES						
A. Office Supplies	4	7	7	7	7	8
B. Telephone	9	6	6	6	6	7
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	1	1	1	1	1	1
G. Repair/Maintain Equipment	2	6	6	6	6	7
H. Office Rent	12	21	21	21	21	22
I. Employee Training	1	1	1	1	1	1
SUBTOTAL	31	44	44	45	44	48
TOTAL	\$668	\$684	\$684	\$701	\$702	\$723

*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 2004 REVISED BUDGET

The Fiscal Year 2004 revised budget has increased \$200 from that adopted in 2002.

CENTRAL COUNCIL BUDGET

Personal services

Personal services for the central staff has increased \$6,000.

Travel

The Fiscal Year 2004 travel budget is increased by \$25,000, and reflects current level expenditures.

Contracts

The Fiscal Year 2004 contract budget is decreased by \$15,000.

Other operating expenses

This category has increased by \$5,000. The revised budget is \$84,000 less than the Fiscal Year 2002 budget. The primary net 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 2004 (\$625,000) is decreased \$7,000.

The Montana revised budget for Fiscal Year 2004 (\$597,000) is unchanged.

The Oregon revised Fiscal Year 2004 (\$636,000) budget is decreased \$13,000.

The Washington Council revised budget for Fiscal Year 2004 (\$702,000) is increased \$1,000.

Table 19 shows in detail the Fiscal Year 2004 budget revisions by expenditure category for each division and the state offices.

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

	COMPENSATION			TRAVEL			CONTRACTS			OTHER OPERATING EXP.		
	FY04	FY04		FY04	FY04		FY04	FY04		FY04	FY04	
	Budget	Revision	Change	Budget	Revision	Change	Budget	Revision	Change	Budget	Revision	Change
<u>CENTRAL OFFICE</u>												
Power Planning Division	\$1,302	\$1,298	(\$5)	\$35	\$35	\$0	\$150	\$157	\$7	\$34	\$34	\$0
Fish & Wildlife Division	1,049	1,036	(14)	56	81	25	210	198	(12)	8	8	0
Public Affairs Division	561	586	25	28	28	0	30	30	0	64	79	15
Legal Division	431	438	7	22	22	0	8	8	0	7	7	0
Administration Division	1,014	1,006	(8)	25	25	0	39	29	(10)	843	833	(10)
SUBTOTAL - CENTRAL	\$4,359	\$4,365	\$6	\$166	\$191	\$25	\$437	\$422	(\$15)	\$956	\$961	\$5
<u>STATES</u>												
Idaho	\$454	\$447	(\$7)	\$66	\$69	\$3	\$58	\$55	(\$3)	\$54	\$54	(\$0)
Montana	418	417	(1)	82	83	1	33	33	0	64	64	0
Oregon	538	525	(13)	46	46	0	16	16	0	50	50	0
Washington	509	521	12	45	45	0	102	92	(10)	45	44	(1)
SUBTOTAL - STATES	\$1,919	\$1,909	(\$10)	\$239	\$243	\$4	\$209	\$196	(\$13)	\$213	\$212	(\$1)
TOTAL	\$6,278	\$6,274	(\$5)	\$405	\$434	\$29	\$646	\$618	(\$28)	\$1,169	\$1,173	\$4

APPENDIX A. FISCAL YEAR 2003 REVISIONS

(000's omitted)

	BUDGET	REVISION	CHANGE
Compensation	\$3,253	\$3,245	(\$8)
Other Payroll Expenses	<u>1,106</u>	<u>1,120</u>	<u>14</u>
Total Compensation/Payroll	\$4,359	\$4,365	\$6
Travel	166	191	25
Contracts	437	422	(15)
Other Operating Expenses	<u>956</u>	<u>961</u>	<u>5</u>
Total Travel/Contract/Other	\$1,559	\$1,574	\$15
Idaho	\$632	\$625	(\$7)
Montana	597	597	0
Oregon	650	637	(13)
Washington	<u>701</u>	<u>702</u>	<u>1</u>
Total States	<u>2,580</u>	<u>2,561</u>	<u>(19)</u>
TOTAL	<u>\$8,498</u>	<u>\$8,500</u>	<u>\$2</u>

APPENDIX B. INFORMATION SYSTEMS

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

The Council has 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 web site, 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)

	FY03 Estimate	FY04 Revised	FY05 Budget
Compensation	<u>\$181</u>	<u>\$191</u>	<u>\$197</u>
Taxes, Insurance & Benefits	<u>62</u>	<u>65</u>	<u>67</u>
 SUBTOTAL	 \$243	 \$256	 \$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>117</u>	<u>124</u>	<u>114</u>
 TOTAL	 <u>\$364</u>	 <u>\$383</u>	 <u>\$381</u>

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

	<u>FY03 Estimate</u>	<u>FY04 Revised</u>	<u>FY05 Budget</u>
I. CONTRACTS			
A. Hardware/Software Support	<u>0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
II. OTHER OPERATING EXPENSES			
A. Equipment Maintenance Agreements	\$15	\$22	\$25
B. Software Leases	0	0	0
C. Space	4	4	4
D. Supplies	35	35	35
E. Communications	15	20	20
F. Capital Investments:			
1. Hardware	33	35	20
2. Software	15	8	10
3. Site	0	0	0
G. Temporary Technical Support	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$117</u></u>	<u><u>\$124</u></u>	<u><u>\$114</u></u>

APPENDIX C. FISCAL YEAR 2005 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 criteria. The organization of the budget document and the level of detail provided shows how the Council intends to use the funding provided to carry out its major responsibilities under the Act.

In Fiscal Year 2005, based upon Bonneville’s forecast of firm power sales (3/19/01), the 0.02 mill funding level is \$2,000,000. The 0.10 mill funding limit is \$9,316,000. The

funding requirement, as determined by the Council, for Fiscal Year 2005 is \$8,689,000 equal to 0.093 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 2005 is \$2,616,000, equivalent to 0.028 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 2005 budget is \$1,542,000, 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 2005 is \$1,360,000, equivalent to 0.015 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.nwccouncil.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 2005 is \$759,000, equivalent to 0.008 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 2005 is \$476,000, 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 2005 is \$1,936,000 equivalent to 0.021 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 2005 is \$381,000, 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 2005 are necessary and appropriate.

	FY 2005	
States participation	\$2,616,000	0.028 mills
Central Council:		
Power Planning	1,542,000	0.016 mills
Fish and Wildlife	1,360,000	0.015 mills
Public Affairs	759,000	0.008 mills
Legal	476,000	0.005 mills
Administrative	<u>1,936,000</u>	<u>0.021 mills</u>
TOTAL	<u>\$8,689,000</u>	<u>0.093 mills</u>

Budget History (Figure 10)

