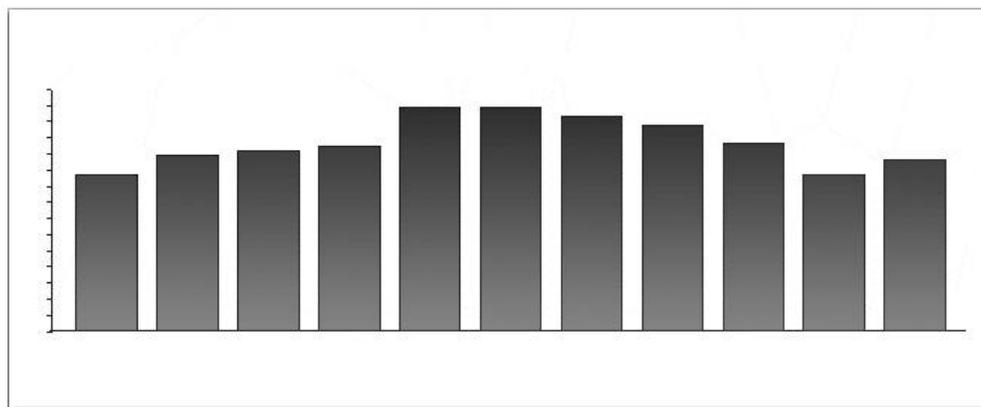


Northwest Power Planning Council

FISCAL YEAR 2002 BUDGET AND FISCAL YEAR 2001 REVISIONS

August 9, 2000



Northwest
Power Planning
Council

Council document 2000-15

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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 Council's budget has been sharply decreasing over the past four years. The proposed budgets for Fiscal Year 2001 and Fiscal Year 2002 reflect some increases due to increased responsibilities related to fish and wildlife program accountability. 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 2000 has decreased approximately 23 percent. Since Fiscal Year 1993 (six years), the actual and projected cumulative annual inflation for the Portland area is 23.7 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)

FISCAL YEAR 2001/FISCAL YEAR 2002 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 will be a viable competitor. 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 2001 and Fiscal Year 2002 will maintain most budget constraints that began in 1995. These budgets continue to be comparable to the Council budget in Fiscal Year 1989.

To accomplish this, the Council will:

- 1) Maintain reduced level of energy systems analysis contract services by reallocating staff workloads and deferring projects to other entities where possible, and re-prioritizing resources for only the most essential studies and analyses.
- 2) Continue efficiencies in operations and administration, in general, to absorb approximately two percent projected inflation for Fiscal Year 2001 and for Fiscal Year 2002.
- 3) Reallocate staffing where possible.

PROPOSED BUDGET REQUESTS

Fiscal Year 2002 Budget

Based on the major issues and levels of effort discussed on the preceding pages and described in more detail in other sections of the budget, the Council has determined that the proposed budget expenditures are necessary and appropriate for performance of its functions and responsibilities as authorized by the Northwest Power Act, Section 4(c)(10)(A). The Council has further determined that the 0.02 mill per kilowatt-hour limitation on expenses will not permit the Council to carry out its functions and responsibilities under the Act, Section 4(c)(10)(A). (See Appendix C for a detailed description of the Council's showing under the Act.) The Council proposes that the projected budget in the amount of \$7,880,000 for Fiscal Year 2002 equal to 0.078 mills per kilowatt-hour for the estimate of forecasted firm power sales be included in the administrator's Fiscal Year 2002 budget submittal.

Fiscal Year 2001 Budget Revisions

The Council is increasing by \$848,000 its previously submitted Fiscal Year 2001 budget request of \$6,929,000. This results primarily from increases in the central office budgets for operating costs, contract services, travel and staffing in support of added

responsibilities. A more detailed analysis of the Fiscal Year 2001 revised budget is shown in Section J, Table 19 and Appendix A.

The Council's budget for Fiscal Year 2002 and Revised Fiscal Year 2001 is based on current year (Fiscal Year 2000) 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). 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)

Program Forecast FY 01 (Table 2)

Program Forecast FY 02 (Table 3)

C. INTRODUCTION

BACKGROUND

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

The Council was authorized by Congress and created by the Northwest states to encourage conservation and development of renewable electricity resources in the Northwest, to assure the region an adequate, efficient, economical and reliable power supply, to protect and rebuild fish and wildlife populations damaged by Columbia River Basin hydropower development and operations, and to provide for broad public participation and consultation in the development of a regional power plan and a related fish and wildlife program. Sections 2(1)(A) and (B), (3), (3)(A). The Northwest Power Act requires the Council to prepare a fish and wildlife program for the Columbia River and its tributaries, a 20-year conservation and electric power plan for the region, and other programs and studies relating to the use and supply of electric power in the Northwest. The Bonneville Power Administration (Bonneville), Bureau of Reclamation, Corps of Engineers and Federal Energy Regulatory Commission are the principal agencies charged with implementing the fish and wildlife program. Sections 4(h)(10), (11)(A). Bonneville implements the Council’s conservation and electric power plan. Sections 4(d)(2), 6(b)(1).

Funding for the Council is provided by Bonneville, a self-financing federal agency, not by the Federal Treasury or by any state government in the region. The Northwest Power Act directs that expenses of the Council (subject to certain limits per Appendix C) shall be paid from funds available to the Bonneville administrator and be included in Bonneville’s annual budget submitted to Congress pursuant to the Federal Columbia River Transmission System Act. Section 4(c)(10)(A).

The Power Planning Council in a time of transition

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

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

The Council takes the view that one of the primary ways it can add value during this transition is by continuing to provide high-quality, objective analysis. By clarifying regional choices and impacts, measuring them against the purposes of the Northwest Power Act, and generating open, informed debate, the Council can lay a foundation for regional consensus. The Council's work under the Governors' auspices in facilitating the Comprehensive Review of the Northwest Energy System, the Transition Board, and the Bonneville Cost Review are examples of this kind of work. Similarly, the Council has undertaken pursuant to congressional request reviews of proposed federal capital investments at the dams, hatchery investments, and fish and wildlife governance. The Council's analysis of Bonneville's potential stranded cost exposure and development of a multi-species framework for fish and wildlife policy are additional examples of these kinds of activities.

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

Although this work may tend to be analytical and informational, the Council will also continue to play an active role in finding regional consensus on these issues. It is true that many of the questions that face the region – how the region fits into national energy restructuring legislation, the configuration of Snake and Columbia River dams, and the region's future influence in energy and fish and wildlife policy – are likely to be determined by federal agencies or Congress, not just the region. However, it is also true that the Northwest will play a powerful role in this debate if it develops an informed consensus on these matters. The Council intends to help the region forge and maintain this consensus so that these issues are not decided without the region's voice.

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

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

COUNCIL RESPONSIBILITIES

Northwest Conservation and Electric Power Plan

While the transition to a deregulated electric power industry is not occurring as quickly as earlier envisioned in the 1996 Comprehensive Review, the ongoing restructuring of the electric power industry is requiring the Council to continue to re-direct its efforts, away from traditional regional planning, toward accomplishing the goals of the Northwest Power Act in ways that are more consistent with competitive electricity markets. Those goals—assuring an adequate, efficient, economic and reliable power system; encouraging conservation and renewable resources; providing environmental quality; and protecting, mitigating and enhancing the fish and wildlife resources of the Columbia River Basin—remain valid goals. The decisions made during the utility industry’s transition will influence the region’s ability to attain those goals in the future. Accordingly, the Council views its responsibilities during the utility industry transition to include:

1. Continuing to implement the recommendations of the Comprehensive Review regarding the Council’s role in power. These include:

- **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;
- **The Competitive Marketplace.** Providing information, evaluation and analysis of the evolving marketplace to ensure full, fair and effective competition throughout the region; and
- **Public Participation and Involvement.** Informing and involving interested members of the public on transitional issues that have the potential to affect them, their environment and their economy.

2. Continuing to provide quality and timely analysis of the interactions between fish and the electric power system, including providing enhanced analytical models that more accurately capture the effects of changes in the operation and configuration of the hydroelectric system;

3. Supporting the work of the Independent Economic Analysis Board to bring more rigorous economic analysis to the development and evaluation of fish and wildlife measures.

4. Ensuring that the best available science is applied in the development of Regional Fish and Wildlife recovery measures.

5. Serving as regional catalyst for cooperation on activities that support the goals of the Power Act;

6. Serving as a source of objective, timely information and analysis that will serve the region's public interest and advance the effectiveness of an increasingly competitive electricity market.

Columbia River Basin Fish and Wildlife Program

Develop, adopt and amend a program to protect, mitigate and enhance fish and wildlife affected by development and operation of hydroelectric projects in the Columbia River Basin; report annually to Congress on the effectiveness of the program; and review the actions of the Bonneville Power Administrator to determine the consistency of those actions with the program and the extent to which the program is being implemented as well as to assist development of program amendments. Sections 4(g-i). In addition, the Council monitors the efforts of the Corps of Engineers, Bureau of Reclamation and Federal Energy Regulatory Commission to take into consideration the fish and wildlife program.

Public Involvement

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

COUNCIL ACTIONS

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

The Council initiated actions early in Fiscal Year 2000 to amend its fish and wildlife program. This process is incorporating a scientific framework and is attempting to move closer to a more unified regional plan. Adoption of the amended program will occur late in Fiscal Year 2000.

D. ORGANIZATION FUNCTIONS

THE NORTHWEST POWER PLANNING COUNCIL

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

The Council's work is performed, depending on the tasks, by the Council's professional staff, consultants under contract, or by public agencies or Indian tribes under intergovernmental agreements. The Council's executive director is responsible for supervising the staff, administering the contracts and meeting deadlines. The Council approves major contracts and the overall work plan. Professional staff in each state provide technical review and assistance to Council members in evaluating matters before the Council and input into work performed by the central staff. State staffs also participate in designing and developing public involvement programs that focus on the implementation of the power plan and fish and wildlife program in their particular states. This support is provided through existing agencies or by individuals directly under Council member direction.

CENTRAL ORGANIZATION

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

1. Energy system analysis. includes all activities pertaining to the development of the energy plan, monitoring its implementation and facilitating the transition to a more competitive electricity industry. Technical analyses of energy issues, scope of work development and monitoring of contractor performance and project design are included under this function.

2. Fish and wildlife. includes all program activities pertaining to the development and implementation of the Columbia River Basin Fish and Wildlife Program. Policy and technical analyses, program monitoring and evaluation, and program accountability, are included in this function, as well as liaison and coordination with fish and wildlife entities, tribes and hydropower project operators and regulators.

3. Policy and legal. includes those activities required by the Act to "ensure widespread public involvement and information on regional power and fish and wildlife policies, and to develop strategies and processes for carrying out the Council's overall responsibilities under the act." Section 4(g)(1).

Also included are those activities associated with monitoring federal agency and congressional action to implement the Council's fish and wildlife program and energy plan, as well as providing timely information and coordinating testimony before congressional committees on Council activities and programs. Timely reporting to the Council about actions by congressional appropriations and budget committees to implement the fish and wildlife program and the energy plan are part of this activity. Legal counsel on policy matters are provided through advice, consultation and representation in legal proceedings. Areas of the law that guide the Council include the Northwest Power Act, administrative procedures and practices, Federal Energy Regulatory Commission proceedings, Indian law, contracts and litigation.

4. Support services. include accounting, contract administration, information systems, procurements, personnel policies and procedures, and staff support services for the Council. Included in this is budget development and fiscal auditing, which are required by law.

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

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

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

Organizational Chart (Figure 3)

E. POWER DIVISION

The efforts of the power division for Fiscal Year 2001 and Fiscal Year 2002 will continue to be focused on the issues arising from the electricity industry's transition to a more competitive electricity market. In particular, the division will be concentrating its efforts on the following areas:

- Issues related to the adequacy of power supply and the reliability of the power system including refinement of the Council's analysis of power supply adequacy and investigation of options for involving end-users as voluntary participants in resolving adequacy problems.
- The support of efforts to develop cost-effective energy efficiency initiatives and renewable resources, particularly through support of the operation of the Regional Technical Forum's (RTF); activities related to the Bonneville Conservation and Renewable Resource Discount (C&RD); and conservation acquisitions as part of Bonneville's power augmentation effort.
- Support of the region's efforts to develop a regional transmission organization (RTO) that satisfies the requirements of the Federal Energy Regulatory Administration for a more efficient and reliable transmission system.
- Analyses of the interactions between the power system and fish and wildlife mitigation efforts generally and, in particular, in support of the Council's efforts to analyze and constructively affect NMFS new biological opinion as well as the Council's efforts to revise its own Fish and wildlife program.
- The positioning of the region with regard to possible federal restructuring legislation and the treatment of the Bonneville Power Administration within that legislation and supporting the Council and Governor's representatives on the Transition Board in representing the region's interests in the legislative process;
- Initial analysis leading to a review and revision of the Council's power plan with a focus on future fuel prices, generating resource characteristics and load growth.

The issues that dominate the Northwest electricity policy agenda have their roots in the changes in the electricity industry brought about by the gradual transition toward a more competitive electricity industry. This transition is proceeding at different rates in different segments of the industry and parts of the region, as probably it must. These issues will be the focus of the Power Division's activities over the next two years.

The generation segment of the industry has moved quickly to a relatively open competitive market. Many utilities around the country and some in the region are divesting themselves of their ownership of generation. The development of new resources is being undertaken largely by independent developers in response to their expectation of market prices and the opportunity to earn a competitive rate of return. But they also face the risks of losses should they misread the market. This contrasts with the recent past regulatory environment in which cost recovery and a rate of return has been almost assured. This change has raised questions about the future adequacy of power supply and

reliability of the power system. Will the market provide sufficient incentive to develop resources to address relatively short duration, relatively infrequent events where available supplies are inadequate to meet needs?

The move to opening retail markets to competition has proceeded much more slowly, particularly here in the Northwest where retail rates are among the lowest in the nation. There are good reasons why the Northwest should proceed carefully with retail access. However, when end-users do not see market prices, we have a competitive generation market without a price mechanism to equilibrate supply and demand, potentially contributing to the problem of maintaining an adequate, reliable power system.

Over the past year the Power Divisions has been analyzing the likely adequacy of power supply that can be accessed by the Northwest. This effort has required the development of new tools capable of analyzing the supply-demand balance on annual, monthly and even hourly bases. This work has found that the probability of circumstances occurring in which supply will be inadequate to meet regional needs is becoming uncomfortably high. These situations occur under conditions of extreme winter weather and relatively poor hydro conditions. The study also suggests that market mechanisms have yet to develop to address short-lived and/or infrequent supply/demand imbalances on either the supply or demand side. It also suggests a close linkage between the ability to respond to potential imbalances and the flexibility allowed hydro system operators to temporarily violate system constraints related to salmon recovery efforts.

During Fiscal Year 2001 and 2002, the Power Division will continue to work on this issue on several fronts. One is to continue to inform decision-makers of the nature and likelihood of power supply inadequacy. The second is to continue to refine the analysis to ensure that it provides as accurate an assessment of the problem as possible and permit evaluating the related economics. Finally, much will be focused on how to engage end-users as voluntary, economic and reliable participants in solving the problem. The Council believes that approaches involving demand reduction, temporary voluntary curtailment and back-up generation are likely to be the most timely and cost-effective approaches.

Another important element of the transition on-going in the electricity industry is maintaining the region's commitment to conservation, renewables and low-income energy services. One of the initiatives intended to assist in this objective is the formation of a Regional Technical Forum. The original focus of the RTF was to develop and disseminate protocols for the evaluation of energy efficiency activities by utilities, to provide a vehicle for information exchange among those pursuing efficiency initiatives and to track regional progress. Subsequently, Bonneville proposed a rate discount for customer investments in conservation and renewables and has asked the RTF to develop recommendations regarding the operation of the C&R discount and to track progress in implementation as a result of the discount. The Council formed the RTF in FY 2000. During FY 2001 and 2002 work will continue to finalize the RTF's recommendations and to monitor implementation. In a separate development, Bonneville is planning on significant

purchases of power on the market to meet anticipated demands in the 2002-2006 time frame. The Council has made recommendations to Bonneville regarding the role that conservation should play in augmenting Bonneville's power supplies. During FY 2001 and 2002, staff will be working with Bonneville, customers and others to effect these recommendations. These efforts will constitute a major portion of the Division's workload over the next two years. In addition, staff will continue to work with the Northwest Energy Efficiency Alliance in the development of market transformation opportunities.

A third element of the transition is transmission and how it should be organized and operated in the increasingly competitive market environment. Of concern are both the commercial issues about ensuring open, non-discriminatory access to the transmission system and minimizing the number of transactions and pan-caking of rates necessary to carry out commerce and reliability concerns related to both the operation, maintenance and expansion of transmission. A couple of years ago the region investigated the establishment of a super-regional independent grid operator and a more modest independent grid scheduler. The former effort was terminated, largely because of concerns about cost transfers in setting transmission rates. Recently, however, the Federal Energy Regulatory Commission (FERC) has called upon transmission owners to submit proposals for the formation of regional transmission organizations (RTOs) by the end of FY 2000 with the intent of having an RTO in operation in FY 2002. Bonneville and the investor-owned utilities have initiated a process to develop their submittals. Members of the Council and Power Division staff have been actively participating in regional discussions on transmission organizations. This effort will require a significant level of effort in this area over the coming years.

Issues involving the interaction of efforts to protect and restore fish and wildlife in the Columbia Basin with operation and economics of the regional power system demand continuing attention from the Power Division. The Council is in the process of amending its Fish and wildlife program. This will inevitably require the power staff to analyze the interactions of fish and wildlife proposals with the power system. This will include the statutorily-required analysis of the adequacy, efficiency, economy and reliability of the power system as affected by proposed fish and wildlife amendments. In addition, the National Marine Fisheries Service will be releasing a proposal for a new Biological Opinion. The Power Division will be involved in analyzing the proposal and helping the Council develop a response. The Power Division will also have on-going responsibilities related to the Independent Economic Advisory Board.

Members of the Power Division staff have supported the Governors Transition Board and members of the Council in developing specific recommendations for changes to the Federal Power Act and Bonneville's organic statutes designed to bring Bonneville's transmission under the regulation of the Federal Energy Regulatory Commission (FERC) equivalent to their regulation of the transmission of investor owned utilities. The Board has also developed specific recommendations for a contingent cost recovery mechanism. Unfortunately, there is no regional consensus on either of these issues. It is unclear

whether there will be national restructuring legislation in which these issues will be addressed. Staff is prepared to work with regional parties and the congressional delegation on these issues. In addition, staff will be monitoring the subscription process for the Transition Board and Council and will work to facilitate the successful resolution of issues as they arise.

Finally, in order to support many of the above efforts and satisfy the ongoing demand for power system information, the Power Division is beginning a process of updating and revising the information base that underlies development of a power plan. This will include updating generating resource characteristics, fuel price forecasts and assessments of conservation resource cost-effectiveness and availability. Statutorily, the Council must review the current plan no later than 2003.

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 Supply Adequacy/System Analysis – (Contracts \$25,000).**
Assess and inform the region regarding adequacy of power supply, implications for power system reliability and alternatives for maintaining and adequate and reliable power system. The Division will continue to refine its analysis of regional power supply adequacy and inform relevant interests of its findings. In addition, the Division will focus on identifying and evaluating options for securing voluntary, reliable and economic participation of end-uses in addressing adequacy/reliability issues.
- 2. Energy Efficiency and Renewables and RTF (Contracts \$45,000).**
 - 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 finalizing its recommendations to Bonneville and subsequently monitoring and evaluating utility actions under the C&RD. Division staff will be supporting this work.
 - B. Work with Bonneville, it's customers and other parties to implement conservation as part of Bonneville's power augmentation effort.** Monitor and evaluate progress toward achieving the Council's recommendations.
 - C. Support the work of the Northwest Energy Efficiency Alliance.** The Council was instrumental in facilitating the formation of the Northwest Energy Efficiency Alliance. The Alliance is a non-profit corporation with membership from public and private utilities, Bonneville, state government, the efficiency industry and the public interest community. Its mission is bringing about lasting improvements in the markets for selected energy-efficiency products, services and practices. The Alliance is funded with roughly proportional funds from Bonneville and the investor-utilities.

Power division staff will continue to work with and through the Alliance to carry out this mission.

D. Provide guidance in meeting the region's conservation and renewable resource goals. The Comprehensive Review saw continued value in the Council providing guidance and suggesting goals for the region's conservation and renewables efforts. To accomplish this, power division staff must continue to identify promising efficiency and renewable resources, evaluate their cost-effectiveness in relation to market alternatives, and make this information widely available in the region.

3. Participate in and facilitate regional efforts to restructure the ownership, 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. Staff will participate in regional work groups and provide the Council with analysis of alternatives as they are developed.

4. Analyze 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. Staff will also analyze the National Marine Fisheries Service's proposed Biological opinion.

The Division will also continue to support the efforts of the Independent Economic Analysis Board and provide support for the Framework process as required.

5. Develop baseline power system information/competitive market analysis (Contracts \$15,000) The Division will update the information necessary for power planning such as resource characteristics, fuel price forecasts, market price forecasts and so on. The possibility exists of officially adopting these information packets incrementally so that interests seeking this information will have more timely information that has been through the Council's vetting process.

6. Ensure public participation and involvement. In many respects, the competitive market will give consumers – the public – a greater say in the decisions of the electricity industry than ever before. Still, the backbone of the Northwest's power system is a public resource. Many decisions about the power system have the capacity to affect the environment and economy of the region. The Council has the responsibility to inform and involve the interested public on such issues. To accomplish this, the Council intends to employ traditional methods of its public outreach program that have been effective

over the years. It will also employ newer, faster-paced methods, like the Internet. The power division will continue to support the public involvement activities of the Council and, in particular, will work to develop materials for the Council's web site to inform the public on important issues.

Travel

In Fiscal Year 2001 and Fiscal Year 2002 travel costs for power division staff will continue on a current service level

Staffing

Two half-time (.5 FTE's) conservation analyst positions are being restored in Fiscal Year 2001 in order to carry out responsibilities associated with the Regional Technical Forum and Bonneville conservation acquisition.

Also, a half-time (.5 FTE) administrative secretary is being restored in Fiscal Year 2001.

Funding for the above positions had been previously reduced in the Council's budget reduction efforts during the past three years.

Budget History

(Figure 4)

Expenditures By Category (Table 4)

Supplemental Expenditure (Table 5)

F. FISH AND WILDLIFE DIVISION

The Council's continuing role in fish and wildlife recovery is reflected in the budget proposed for the fish and wildlife division. Primary fish and wildlife division activities include: 1) completing program planning and amendments, including a basin- and province- level regional framework in Phase 1, and the adoption of subbasin plans in Phase 2; 2) 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; 3) monitoring the implementation of projects receiving funding, and tracking the results; 4) conducting reviews and developing reports concerning artificial production in the Columbia Basin, and the Corps of Engineers capital construction expenditures, as requested by Congress, 5) coordinating program measures and implementation with the National Marine Fisheries Service and the US Fish and Wildlife Service to assure that measures funded under the Council's program have maximum impact in meeting regional Endangered Species Act obligations, and 6) continued evaluation and assessment of mainstem, harvest, production and habitat improvements.

Fish and wildlife division efforts in Fiscal Year 2001 and Fiscal Year 2002 will focus on six major activities: 1) program amendments which restructure the program and establish a program framework with a vision, objectives, and strategies at each of three levels: the Basin, ecological province, and subbasin levels; 2) the a revised project selection process, with reviews of the projects for each of the ecological provinces over a three year period, incorporating the scientific review mandates of the 1996 Power Act amendments and the 1998 Congressional directives; 3) initial implementation of the reforms called for in the comprehensive artificial production review, 4) monitoring and facilitating implementation of the program; and 5) evaluation and analysis of fish and wildlife measures. Additional emphasis will be required for evaluation and accountability to ensure that program measures and projects are vigorously and effectively implemented, produce benefits, are cost-effective, minimize harm to other species and are modified or terminated if results are not as expected. Contract funds are included for the two mandated reviews (artificial production and Corps of Engineers capital expenditures), for continuing consultation with genetics and biodiversity experts on salmon and steelhead production; for mainstem survival analysis; and, for monitoring and evaluation.

A description of each major activity area for the fish and wildlife division for Fiscal Year 2001 and Fiscal Year 2002 follows:

1. Regional framework and program amendments - (Contracts \$50,000).

The Council last completed amendments to the anadromous fish sections of the program in December 1994 and to the resident fish and wildlife sections in 1995. In 1998, the Council initiated development of a regional "framework" for fish and wildlife recovery

actions. The framework process was completed in early 2000. Based on the results of the framework process, the Council has opened its fish and wildlife program for amendments in a two-phase process. Phase I will establish a comprehensive framework at the Columbia Basin level, and at the level of the ecological provinces (which typically include 5-6 subbasins). The Council expects to complete Phase 1 in or before October 2000. Phase 2, which will begin in early FY2001, will seek recommendations for specific plans for each of the 53 subbasins in the Columbia River Basin. Adoption of these amendments will require the Council to review the goals, scientific foundation, strategies and accountability provisions of its fish and wildlife program, as well as the specific measures within the program.

Over the course of the next year, the program amendment process, and the related development of subbasin plans, is expected to be the activity that places the greatest time demands on the Council members and the Council staff.

2. Implement memorandum of agreement on Bonneville's fish and wildlife budget and prioritization process and the amendment to the Northwest Power Act. In the fall of 1995, the Clinton Administration established a multiyear budget agreement for Bonneville's fish and wildlife funding. The federal agencies in consultation with the Council and the region's tribes negotiated a memorandum of agreement to describe the accounting and other financial workings of the budget. Also in 1995, for the first time, the region prioritized fish and wildlife projects to meet Bonneville's established budget for Fiscal Year 1996. This work continued for the Fiscal Year 1997, 1998, 1999, and 2000 budgets.

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 the recommendations of the fish and wildlife managers for project funding and the Council then makes its recommendations to Bonneville based upon criteria established in the amendment. The amendment to the Power Act added a scientific review 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. This function was performed in 1999 and 2000 and will continue in 2001.

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.

A major reorganization of this project selection process is now underway, with separate project selection processes for each of the 12 ecological provinces in the Columbia Basin. 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. This initial round of the "rolling review" will continue in 2001 and 2002.

The current BPA Fish and Wildlife Budget Memorandum of Agreement expires at the end of Fiscal Year 2001. While it is not certain that the current agreement will be replaced by a similar agreement for future years, there is a continuing need to establish a budget expectation for the future years. The Council and its staff will be working during FY 2001 with other regional interests, including Bonneville, to develop an appropriate financial management and budgeting mechanism to address program needs in the subsequent years.

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 any particular year.

3. Artificial Production Review. In 1997, Congress mandated this review by the Council. 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 Council is now incorporating recommendations for needed changes in its fish and wildlife program and will be working with the region to complete specific evaluations of each of the over 100 artificial production facilities in the Columbia River Basin. The Council is also working with regional interests to identify those reforms and improvements at artificial production facilities which can be undertaken on an expedited basis, and to establish an aggressive schedule and adequate budget to accomplish the remainder of the changes.

Implementing the Artificial Production Review will require significant time from one or two members of the Council staff, as well as limited contract assistance.

4. Council and ISAB Review of Corps of Engineers capital construction program. This is the second major review mandated by Congress in 1997 and made a responsibility of the Council and the Independent Science Advisory Board. It requires a review of the major Corps of Engineers capital expenditures in the Columbia Basin involving a multi-million dollar annual budget.

Implementing the Artificial Production Review will require significant time from one member of the Council staff, as well as limited contract assistance

5. Monitoring and evaluating program results - (Contracts - \$50,000).
An important part of program implementation is assuring not only that the project is completed, but also that the intended results are achieved. The adoption of a program framework, including clearly stated objectives, is a vital first step in establishing what each projects is intended to achieve. The framework also helps establish how success will be measured.

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

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

The Council will continue to participate in regional efforts to develop coordinated data management systems to support decision-making. The Council is working with the National Marine Fisheries Service, the Bonneville Power Administration, and other regional fish and wildlife interests to coordinate development of an Internet-based data access site, supporting access to decentralized databases.

Contract funding may be needed to examine the data structures, user groups, and analytical needs of the region and determine opportunities to make the data that is now scattered among a variety of participants more efficient, useful, and accessible.

6. Monitoring improvement in survival at and between mainstem hydroelectric facilities. Council staff is co-chairing the System Configuration Team that was established by the National Marine Fisheries Service in response to its 1995 Biological Opinion for river operations. It is one of the coordination groups of the NMFS Regional Forum process.

The System Configuration Team meets at least monthly to review progress on the Corps of Engineers' planning and engineering studies related to mainstem fish passage improvements and/or collection of mainstem passage research data. Other important functions of the System Configuration Team include: 1) establishing annual budget priorities for the Corps related to the studies and fish passage improvements noted above; and 2) making appropriate modifications to a mainstem passage improvement measure or schedule where a measure is contingent upon completion of studies or research. The work of the System Configuration Team will provide needed information to assist the

National Marine Fisheries Service, the Council and the region identify which of the various mainstem passage alternatives should be pursued.

Council staff also participates on the National Marine Fisheries Service Implementation Team, Executive Committee 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. The Technical Management Team is responsible for developing and implementing an annual water management plan to accomplish this objective, under the guidance of the National Marine Fisheries Service Implementation Team and the Executive Committee. The Implementation Team and the Executive Committee are available to help resolve disputes that may arise during the fish passage season.

In March 1998, the System Configuration Team was given the task to begin developing a systemwide approach to dissolved gas management and abatement for the entire Columbia Basin. This new effort would characterize the locations and extent of dissolved gas levels produced by dams on all the main river channels and major tributaries of the Columbia and Snake rivers. The geographic scope of this cooperative effort will include river basins in British Columbia, Canada, and the states of Oregon, Washington, Idaho and Montana.

At the same time, a second and closely related basinwide dissolved gas planning effort was initiated during late April in Castlegar, British Columbia. A Transboundary Gas Group was formed as a result of these two efforts with a membership from both Canada and the U. S. having a wide variety of water quality and biological expertise. Development of a systemwide dissolved gas management plan was identified as a high priority.

The Transboundary Gas Group's overall goal is to "reduce systemwide total dissolved gas (TDG) to levels safe for all aquatic life in the most cost-effective manner possible." The group's intent is to link new and existing dissolved gas information obtained in this study effort with current and ongoing gas abatement efforts. A long-term objective of the Transboundary Gas Group is to develop an action plan for systemwide total dissolved gas abatement. To develop an action plan, the group will prepare a study plan to determine gas levels systemwide. Funding and implementation of the study plan will enable evaluation of both short- and long-term structural and operational alternatives to reduce TDG on a systemwide basis in the most cost-effective manner.

Contracting funds from Council will be needed to provide technical expertise for effective participation in the NMFS working groups and to help implement the systemwide study plan.

7. Mitigation planning - Resident fish and wildlife. The Council's program also recognizes the need for wildlife mitigation and for resident fish mitigation or

substitution of resident fish for anadromous fish in areas blocked from the ocean migration path.

Wildlife mitigation projects have been initiated through development of mitigation status reports, statements of wildlife gains and losses associated with hydroelectric projects, proposed implementation plans, and short-term and long-term agreements. Agreements are being implemented for Hungry Horse, Libby, and Dworshak dams, and an interim agreement is now in place for all federal dams in Washington state. Other wildlife mitigation plans were reviewed by the Council in its 1995 resident fish and wildlife amendment process. Additional projects that have been prioritized by the region's fish and wildlife managers will be reviewed, and long-term agreements will be encouraged and evaluated.

The Council has adopted measures to protect and enhance resident fish (those species that do not migrate to the ocean as part of their life cycle) to the extent they have been affected by hydroelectric facilities. Periodic status reports are developed each fiscal year on resident fish and resident fish substitution projects. These include projects in Montana, as well as in the blocked areas above Grand Coulee Dam and the Hells Canyon Complex.

The Council's program has recognized the need to fit those measures into a framework that includes program objectives and scheduling efforts to ensure that program expenditures produce timely results. To that end, the Council is working with interested fish and wildlife agencies and tribes in expanding the scientifically-based regional framework to better address the interactions between resident fish, anadromous fish, wildlife, and habitat.

Although anadromous fish needs in the Columbia River Basin are considerable, the Council also believes that reasonable levels of funding should be allocated annually to resident fish, and to wildlife. Accordingly, the Council has established a budget allocation of 70 percent for anadromous fish, 15 percent for resident fish, and 15 percent for wildlife of available annual funds to implement fish and wildlife program measures approved by the Council.

8. New hydropower development. In addition to mitigation for fish and wildlife losses, the Council's program is designed to prevent future losses by ensuring that new hydropower projects do not damage remaining fish and wildlife habitat. Of particular importance is continued monitoring of Federal Energy Regulatory Commission implementation of the Council's protected areas designations, which are designed to focus hydroelectric development away from areas of important habitat. The Council and its staff monitor the Commission's proceedings and provide information to the Commission and others on the Council's program.

9. Protected area designations. In Fiscal Year 1991 and Fiscal Year 1993, the Council amended its designations of areas to be protected from new hydropower

development to take into account new information as well as projects with fish and wildlife benefits. The Council's staff continues to monitor the Federal Energy Regulatory Commission's actions and consult with hydroelectric project proponents and other parties to ensure that these protected areas designations are given full consideration in the licensing and relicensing process.

10. Research and monitoring. The Council will continue to monitor salmon and steelhead, resident fish and wildlife research, and to develop ways to measure progress and evaluate the effectiveness of program measures. The implementation phase of the fish and wildlife program has been launched to improve tracking and accountability of ongoing and proposed research projects. Council staff is leading the development of a regional research, monitoring and evaluation plan, clearly linked to the evolution of the regional framework.

Staff participation in the design of a unified mechanism for regional application to research funding has successfully ensured the collection of relevant technical information necessary for review and prioritization of projects. The Council will continue to press for a coordinated basinwide approach to critical research topics, including evaluations of flow/survival, supplementation of naturally producing populations of fish, the effects of elevated total dissolved gas due to spill, the relationship between the ocean and the freshwater system, and other important topics. Special emphasis is being placed on independent evaluation of all key program features. The evaluation and refinement of the scientific contents of the proposed research and monitoring agendas are attained through participation in regional efforts such as the Plan for Analyzing and Testing Hypothesis (PATH) and the Independent Scientific Advisory Board (ISAB).

11. Independent Scientific Advisory Board (formerly the Independent Scientific Group) and the Independent Scientific Review Panel. The Independent Scientific Advisory Board (ISAB) was formed by the Council and National Marine Fisheries Service to address key scientific questions in the region. It arose out of the previously existing Independent Scientific Group (ISG) formed by the Council and the Bonneville Power Administration.

In 1996, the ISG issued a draft report "Return to the River: Restoration of Salmonid Fishes in the Columbia River Ecosystem." This report was in response to the Council's request to review its fish and wildlife program. Although the report did not involve new scientific study, it reviewed current scientific knowledge and both reordered and re-expressed it in new ways.

Staff is heavily involved in working through the implications of this report with respect to the fish and wildlife program. The Council has asked for the development of a regional framework that will include, as a key component, a scientific foundation.

The 1996 amendment to the Power Act reaffirmed a previously existing process for the prioritization and funding of fish and wildlife projects. In addition, the amendment

added another step in that process, a review by an Independent Scientific Review Panel and peer review groups. The 1998 congressional directive for review of Bonneville-reimbursed federal fish and wildlife programs added another step in this process. Staff has been and will continue to be involved with the ISRP and sub-groups in a number of ways, including aiding in their formation, providing and synthesizing information, and coordinating their efforts with those of the fish and wildlife managers and the Council.

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

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

In FY 1999, funding for the Board was \$390,000; roughly \$200,000 from the Council's budget, the remainder from other sources such as the Regional Framework, Artificial Production Review, the Corps of Engineers, etc.

Staffing

A watershed coordinator position (1.0 FTE) is being restored in Fiscal Year 2001. Funding for this position was eliminated in previous budget reductions.

Budget History

(Figure 5)

Expenditures By Category (Table 6)

Supplemental Expenditure (Table 7)

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.nwppc.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 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 affairs division carries out the following activities:

- 1. Public involvement, outreach and government relations (Contract \$30,000).** The public affairs staff develops public involvement and communications 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 publications include *NWPPC NeWs*, a regularly published newsletter about the Council's activities; *Progress*, a short, single-issue publication published to coincide with Council meetings highlighting successful projects or activities supported or initiated by the Council in the Columbia Basin; a faxed newsletter for members of Congress and their staffs, *Congressional Update*; the Council's *Annual Report* to Congress; the *Directory of Organizations*, a comprehensive listing of the

organizations and agencies that are involved with the Council's work; brief summaries of issue papers, agenda items and larger publications; and special publications, such as 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 important letters, memoranda, and Council decision documents, are posted to the Council's Internet web site. The web site also contains general information about the Council's history, statutory obligations, bylaws, Council member and staff profiles, conflict of interest rules, the Council's budget and other information. In addition, users of the Council's web site can communicate with the Council via Internet e-mail.

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

4. Public meetings. Council meetings and work sessions are held every four weeks throughout the region. In addition, public hearings, consultations with interested parties and appearances before governmental entities are held on a regular basis to ensure public involvement. Staff support for Council meetings includes writing speeches/presentations, preparing audio/visual aids, developing handout materials, preparing press/media packets, announcing public hearings and the availability of major documents and summarizing agenda items and actions taken for the Internet site.

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

Staffing

Funding is provided in Fiscal Year 2001 for a half-time (.5 FTE) writer/editor government liaison position. Full funding for this position was eliminated in previous budget reductions.

Budget History

(Figure 6)

Expenditures By Category (Table 8)

Supplemental Expenditure (Table 9)

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 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 (Contracts - \$4,000). 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 fish and wildlife program is anticipated to begin in Fiscal Year 2000, and the legal division is expected to play a significant role in the process. Contract funding is provided for transcripts of public hearings.

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 1997, Congress requested the Council also to review federal capital programs and other

programs whose costs are reimbursed by Bonneville. The legal division plays an active role in analysis and in documenting the Council's determinations.

The division also works with fish and wildlife division staff in developing a framework for a multi-species, ecosystem recovery program that is mindful of obligations under the Northwest Power Act, Indian treaties, the Endangered Species Act and other laws. The framework is expected to supply a foundation for amendments to the Council's fish and wildlife program.

In addition, the division works with federal and state agencies, reservoir operators, 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 two 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 Draft Fourth Northwest Power Plan, developed by the Council during 1995 and completed in 1998, aimed largely at identifying and offering analysis of issues that arise as the utility industry becomes competitive. The draft plan supported the region as it worked through these issues in the Comprehensive Review of the Northwest Energy System. The legal division assisted the Council and the Governor's Transition Board in finding ways to implement the recommendations of the Comprehensive Review. The legal division addresses the many legal issues that require attention in implementing these recommendations. The division plays an important role working with the Governors, the Transition Board and the power division and on issues related to a "Northwest chapter" of national energy legislation.

4. Administrative law. Throughout Fiscal Year 2001 and Fiscal Year 2002, 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 (Contracts - \$10,000). The Council has included in the budget of the legal division the amount of \$10,000 in Fiscal Year 2002 for outside legal counsel to provide expertise and counsel in areas of the law not within the experience of the legal division. These include areas such as personnel and labor law.

6. Litigation. The division handles litigation, with the assistance of outside counsel if needed. The Council's budget proposes reduced funding for use of outside counsel. To address those potential needs, the Council has an agreement with Bonneville Power Administration that litigation costs will be met by using any available uncommitted contract funds, unused funds from other budget categories and/or by submitting a supplemental budget request to Bonneville. In the past, litigation costs have been met in part by reallocating uncommitted contract funds.

The Council is currently involved in one lawsuit. In 1996, Congress amended the Northwest Power Act with a new section, 4(h)(10)(D), which provides for independent scientific review of the projects in the Council's fish and wildlife program that are directly funded by Bonneville. This amendment authorized the Council to recommend projects to Bonneville for funding. In 1997, four Indian tribes challenged these recommendations in Federal court. Outside counsel was hired to assist the division in defending this suit, which is ongoing but dormant at this time.

Staffing

The reduction of funding for a senior counsel position had been scheduled for Fiscal Year 2001. This reduction has been rescinded.

Budget History

(Figure 7)

Expenditures by Category (Table 10)

Supplemental Expenditure (Table 11)

I. ADMINISTRATIVE DIVISION

The administrative division provides executive direction for all Council staff operations. In addition, financial, administrative, personnel and support services are provided to the legal division, power division, fish and wildlife division and the public affairs division.

Office of the Executive Director

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

Finance and Administration

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

2. Contract administration. This responsibility (Section 4(a)(4)) includes establishing contract administrative records, reviewing and approving contractor invoices and monitoring contractor costs in relation to work accomplished. Other responsibilities include amendments to contracts, review for conflict of interest and arbitration of contractor performance issues. A .5 FTE is being restored from a full FTE that was abolished in Fiscal Year 1998. This is due to increased workload and contract performance requirements particularly in fish and wildlife program planning.

3. Information system support. The Council has strengthened its overall system analysis capability through the use of more advanced computerized modeling methods and database management techniques. The Council has also improved productivity with computerized business systems, Internet access and desktop publishing. Related costs include two full-time staff who assist all divisions, equipment maintenance agreements, yearly renewal of software leases and installation of data storage devices, computer systems and various computer supplies. Computing systems hardware/software and staffing are based upon three-year data processing plans. Also, independent studies and plan updates occur when needed. Projected computer support requirements are studied for each of the division's anticipated workloads over three to five-year periods. See Appendix B for additional detail regarding information systems budget.

4. Personnel services. This function includes responsibility for the administration of employee insurance and benefit programs, grievance procedures, Equal Employment Opportunity practices and staff development policies. Development of salary

administration procedures, employee performance appraisal policies and the Council compensation plan (Section 4(b)(3)) are also included.

6. Administrative support. The administrative division provides support for Council meetings and hearings, including scheduling, room arrangements, recording and transcription requirements.

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

Contract funds (\$22,000) are used for administrative audits and studies, office systems analysis, retirement/pension plan matters, compensation/benefits planning, management audits and information systems support.

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

The Council's existing five-year lease for office space will expire in September 2000. Preliminary efforts to identify other office space alternatives indicate that rent expense will increase by approximately 25 percent (\$86,000) per year.

Staffing

A half-time (.5 FTE) for contract administration is being restored in Fiscal Year 2001. Full-time funding for the position had been eliminated in previous budget reductions.

Budget History

(Figure 8)

Expenditures by Category (Table 12)

Supplemental Expenditure (Table 13)

J. STATE BUDGETS **(Fiscal Year 2002)**

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.) usually by a state agency such as the Governor's office, energy office, etc. Fiscal services such as payroll, accounts payable, budget and audit are also provided, although these may be 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)

State Budgets (Table 14)

IDAHO (Table 15)

MONTANA (Table 16)

OREGON (Table 17)

WASHINGTON (Table 18)

K. FISCAL YEAR 2001 REVISED BUDGET

The Fiscal Year 2001 revised budget has been increased by \$848,000. The revised budget is \$686,000 more than the current Fiscal Year 2000 budget.

CENTRAL COUNCIL BUDGET

Personal services

Personal services for the central staff has increased \$412,000. This results primarily from an anticipated increase in fish and wildlife workload related to subbasin planning and power planning workload for conservation acquisition/analysis.

Travel

The Fiscal Year 2001 travel budget is increased \$30,000. The revised budget is \$30,000 more than the current Fiscal Year 2000 budget, but reflects current level expenditures. Subbasin planning activities are expected to impact the Council's travel budget.

Contracts

The Fiscal Year 2001 contract budget is increased by \$176,000. The revised budget is \$56,000 more than the current Fiscal Year 2000 budget with increases associated with the work of the Independent Economic Analysis Board and also subbasin planning.

Other operating expenses

This category has increased by \$225,000. The revised budget is \$201,000 more than the Fiscal Year 2000 budget. Office space rent is the primary area of increase with some adjustments also for information systems support.

STATE BUDGETS

The Idaho Council revised budget for Fiscal Year 2000 (\$578,000) is increased by \$8,000.

The Montana revised budget for Fiscal Year 2001 (\$504,000) is increased \$4,000.

The Oregon revised Fiscal Year 2001 (\$566,000) budget is increased \$1,000.

The Washington Council revised budget for Fiscal Year 2001 (\$653,000) is unchanged. Washington state law mandates that there be both an Eastern Washington Council office and a Western Washington Council office.

Table 19 shows in detail the Fiscal Year 2001 budget revisions by expenditure category for each division and the state offices.

Categorical Comparisons (Table 19)

APPENDIX A Fiscal Year 2001 Revisions

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 and, electronic mail service and ftp document access
- System Analysis Model and its descendents
- ISAAC decision analysis model - to evaluate new resource options
- Fish passage model - to evaluate production alternatives in the Columbia River and its tributaries

- 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 Digital Equipment Corporation (DEC) minicomputers 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. 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.

The current data processing plan also includes evaluation of new accounting software and a possible reorganization of the Council's web-site, upgrades to Internet access for various Council offices, assessment of upcoming new technologies such as Windows 2000 and alternative operating systems and preparations for a possible office move in October 2000.

All costs associated with information systems are aggregated in the following tables. The budgets for Fiscal Year 2001 and Fiscal Year 2002 reflect current level services. 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)

Supplemental Expenditure (Table B-2)

APPENDIX C Council Budget 2002 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 2002, based upon Bonneville’s forecast of firm power sales, the 0.02 mill funding level is \$2,000,000. The 0.10 mill funding limit is \$10,000,000. The funding requirement, as determined by the Council, for Fiscal Year 2002 is \$7,880,000 equal to 0.078 mills 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 2002 is \$2,313,000, equivalent to 0.023 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.

The power planning portion of the Council's Fiscal Year 2002 budget is \$1,347,000, equivalent to 0.013 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 2002 is \$1,294,000, equivalent to 0.013 mills in firm power sales. The line item expenditure

projections and a description of the fish and wildlife division programs are contained in Section F of this budget document.

VI. CENTRAL COUNCIL - PUBLIC AFFAIRS DIVISION

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

The Council maintains an extensive mailing list (more than 10,000 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 bi-monthly newsletter *NWPPC News*, 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.nwppc.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 2002 is \$668,000, equivalent to 0.007 mills in firm power sales. Line item expenditure projections and program descriptions for public affairs are contained in Section G of this budget document.

VII. CENTRAL COUNCIL - LEGAL DIVISION

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

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

parties, assisting and drafting amendments, and maintaining the administrative record of Council actions and rulemakings.

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

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

The legal services portion of the Council's budget for Fiscal Year 2002 is \$435,000, equivalent to 0.004 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 2002 is \$1,823,000 equivalent to 0.018 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 2002 is \$356,000, 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 2002 are necessary and appropriate.

	FY 02	
States participation	\$2,313,000	0.023mill
Central Council:		
Power Planning	\$1,347,000	0.013mills
Fish and Wildlife	\$1,294,000	0.013mills
Public Affairs	\$668,000	0.007mills
Legal	\$435,000	0.004mills
Administrative	<u>\$1,823,000</u>	<u>0.018mills</u>
TOTAL	<u>\$7,880,000</u>	<u>0.078mills</u>

Budget History

(Figure 10)

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