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April 5, 2005

MEMORANDUM

TO: Council Members

FROM: Jim Tanner
Sharon Ossmann

SUBJECT: Discussion of Draft FY07/FY06 Revised budget

In 2002, the Council made a pledge to Bonneville to hold the budget at reduced levels for the remainder of the rate case period. That commitment allows for a budget maximum of \$8,500,000 in FY03 and FY04, and a maximum budget of \$8,700,000 in FY05 and FY06.

The tables attached illustrate an effort to maintain current levels of service while absorbing inflationary impacts in order to meet our agreement levels. Although projections for FY05 and FY06 indicate spending levels that exceed our agreed upon level of \$8,700,000, we have identified areas of potential savings that could be used to reach our target budgets.

In addition to developing a budget for FY07 and FY06 Revised, we are projecting budget levels for the remainder of the next rate case FY07-FY09. We will discuss these tables, the assumptions used to project the numbers, and any input the Council might have for the narrative portion of the budget document.

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Table 1

NORTHWEST POWER PLANNING COUNCIL

BUDGET/EXPENDITURE SUMMARY

(000's)

	<u>FY04 Budget</u>	<u>FY04 Actual</u>	<u>FY05 Budget</u>	<u>FY05 Estimate</u>	<u>FY06 Budget</u>	<u>FY06 Revised</u>	<u>FY07 Budget</u>	<u>FY08 Projected</u>	<u>FY09 Projected</u>	<u>FY10 Projected</u>	<u>FY11 Projected</u>
Expenditures:											
Personal Services*	\$4,365	\$4,350	\$4,502	\$4,657	\$4,631	\$4,799	\$4,936	\$5,115	\$5,295	\$5,454	\$5,617
Travel	191	201	190	190	176	176	176	176	176	176	176
Contracts	422	430	403	403	368	368	368	368	368	368	368
Other Operating Expenses	<u>961</u>	<u>956</u>	<u>981</u>	<u>972</u>	<u>909</u>	<u>899</u>	<u>898</u>	<u>908</u>	<u>910</u>	<u>913</u>	<u>918</u>
SUBTOTAL	\$5,939	\$5,937	\$6,076	\$6,222	\$6,084	\$6,242	\$6,378	\$6,567	\$6,749	\$6,911	\$7,079
State Budgets	<u>2,509</u>	<u>2,283</u>	<u>2,616</u>	<u>2,611</u>	<u>2,615</u>	<u>2,615</u>	<u>2,715</u>	<u>2,767</u>	<u>2,828</u>	<u>2,898</u>	<u>3,111</u>
TOTAL	<u>\$8,448</u>	<u>\$8,220</u>	<u>\$8,692</u>	<u>\$8,833</u>	<u>\$8,699</u>	<u>\$8,857</u>	<u>\$9,093</u>	<u>\$9,334</u>	<u>\$9,577</u>	<u>\$9,809</u>	<u>\$10,190</u>
			Projected @ \$133K over agreement amount \$8,700			Projected @ \$157K over agreement amount \$8,700					

*NOTE: Costs associated with payroll taxes, insurance and benefits can be different than budget projections because of staffing changes and inflationary effects.

PROGRAM FORECAST WORKSHEET
FY05 ESTIMATED ACTUAL
(000'S)

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
Compensation	\$981	\$804	\$451	\$331	\$760	\$3,327
Other Payroll Expenses	392	322	180	132	304	\$1,330
Travel	45	71	25	20	29	\$190
Contracts	137	198	30	8	30	\$403
Other Operating Expenses	<u>37</u>	<u>18</u>	<u>110</u>	<u>7</u>	<u>800</u>	<u>\$972</u>
SUBTOTAL	\$1,592	\$1,413	\$796	\$498	\$1,923	\$6,222

State Budgets: (000's)

Idaho	\$641
Montana	614
Oregon	638
Washington	<u>718</u>

SUBTOTAL \$2,611

TOTAL

Possible Reductions:	
Salaries/benefits	\$95
Contracting	\$20
Public Affairs	<u>\$18</u>
Total	\$133

BPA Agreement \$8,700

Projected Over (\$133)

Table 2

PROGRAM FORECAST WORKSHEET
FY06 BUDGET REVISED
(000'S)

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
Compensation	\$1,007	\$831	\$467	\$337	\$786	\$3,428
Other Payroll Expenses	403	332	187	135	314	1,371
Travel	45	71	21	14	25	176
Contracts	100	200	30	8	30	368
Other Operating Expenses	<u>37</u>	<u>8</u>	<u>90</u>	<u>7</u>	<u>757</u>	<u>899</u>
SUBTOTAL	\$1,592	\$1,442	\$795	\$501	\$1,912	\$6,242
State Budgets:	(000's)					
Idaho	\$641					
Montana	614					
Oregon	638					
Washington	<u>723</u>					
SUBTOTAL	\$2,615					<u>2,615</u>
TOTAL						<u><u>\$8,857</u></u>
		Possible Reductions:				
		Salaries/benefits	\$40			
		Restructure benefits	\$50			
		Contracting	\$50			
		Public Affairs	<u>\$17</u>			
		Total	\$157			
				BPA Agreement		\$8,700
				Projected Over		<u><u>(\$157)</u></u>

Table 15

IDAHO

SUPPLEMENTAL EXPENDITURE INFORMATION

(000's)

	FY04 Actual	FY05 Budget	FY05 Estimate	FY06 Budget	FY06 Revised	FY07 Budget
Compensation	\$338	\$351	\$342	\$358	\$349	\$356
Taxes, Insurance & Benefits	102	121	137	124	140	142
SUBTOTAL	\$440	\$472	\$479	\$482	\$489	\$498
TRAVEL	63	69	69	71	69	73
CONTRACTS	0	43	36	30	30	30
OTHER OPERATING EXPENSES						
A. Employee Training	1	0	1	0	1	2
B. Office Supplies	4	19	6	19	5	7
C. Telephone	9	11	11	11	9	12
D. Postage	1	0	1	0	1	1
E. Office Rent	21	27	27	28	28	28
F. Dues/Subscriptions	0	0	1	0	1	1
G. Meeting Room Rental	0	0	1	0	1	1
H. Miscellaneous Expense	1	0	1	0	1	1
I. Repair/Maintain Equipment	4	0	4	0	4	4
J. Equipment Rental	0	0	4	0	2	4
SUBTOTAL	\$41	\$57	\$57	\$58	\$53	\$61
TOTAL	\$544	\$641	\$641	\$641	\$641	\$663

*Idaho Council members receive technical and administrative support from three full-time positions. The positions primarily include energy and rates analyses, administrative program management, and secretarial support. Contract services provide for legal counsel and technical assistance, when necessary.

Table 16

MONTANA

SUPPLEMENTAL EXPENDITURE INFORMATION

(000's)

	FY04 Actual	FY05 Budget	FY05 Estimate	FY06 Budget	FY06 Revised	FY07 Budget
Compensation	\$309	\$317	\$314	\$323	\$320	\$327
Taxes, Insurance & Benefits	135	127	150	129	128	131
SUBTOTAL	<u>\$444</u>	<u>\$444</u>	<u>\$464</u>	<u>\$452</u>	<u>\$448</u>	<u>\$458</u>
TRAVEL	77	88	80	88	88	93
CONTRACTS	16	33	30	30	30	35
OTHER OPERATING EXPENSES						
A. Employee Training	0	0	0	0	0	0
B. Office Supplies	2	10	5	10	10	10
C. Telephone	10	15	10	10	10	21
D. Postage	2	1	1	1	1	1
E. Office Rent	16	16	16	16	16	21
F. Dues/Subscriptions	1	0	0	0	1	1
G. Meeting Room Rental	2	0	2	0	1	1
H. Miscellaneous Expense	3	1	1	1	1	1
I. Repair/Maintain Equipment	4	6	5	6	6	9
J. Equipment Rental	0	0	0	0	2	5
SUBTOTAL	<u>\$40</u>	<u>\$49</u>	<u>\$40</u>	<u>\$44</u>	<u>\$48</u>	<u>\$70</u>
TOTAL	<u><u>\$577</u></u>	<u><u>\$614</u></u>	<u><u>\$614</u></u>	<u><u>\$614</u></u>	<u><u>\$614</u></u>	<u><u>\$656</u></u>

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

Table 17

OREGON

SUPPLEMENTAL EXPENDITURE INFORMATION

(000's)

	FY04 Actual	FY05 Budget	FY05 Estimate	FY06 Budget	FY06 Revised	FY07 Budget
Compensation	\$341	\$386	\$386	\$394	\$393	\$402
Taxes, Insurance & Benefits	110	133	135	136	138	160
SUBTOTAL	\$451	\$519	\$521	\$530	\$531	\$562
TRAVEL	60	53	53	51	51	50
CONTRACTS	0	10	8	0	0	0
OTHER OPERATING EXPENSES						
A. Employee Training	0	0	0	0	0	0
B. Office Supplies	2	3	3	3	3	3
C. Telephone	9	19	19	19	18	19
D. Postage	1	1	1	1	1	1
E. Office Rent	23	30	30	31	31	31
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	0	0	0	0	0	0
H. Miscellaneous Expense	8	0	0	0	0	0
I. Repair/Maintain Equipment	0	2	2	2	2	2
J. Equipment Rental	1	0	0	0	0	0
SUBTOTAL	\$45	\$56	\$56	\$57	\$56	\$57
TOTAL	\$556	\$638	\$638	\$638	\$638	\$669

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

Table 18

WASHINGTON

SUPPLEMENTAL EXPENDITURE INFORMATION

(000's)

	FY04 Actual	FY05 Budget	FY05 Estimate	FY06 Budget	FY06 Revised	FY07 Budget
Compensation	\$356	\$416	\$389	\$417	\$397	\$405
Taxes, Insurance & Benefits	124	144	156	144	159	162
SUBTOTAL	<u>\$480</u>	<u>\$560</u>	<u>\$545</u>	<u>\$561</u>	<u>\$556</u>	<u>\$567</u>
TRAVEL	42	47	55	47	47	47
CONTRACTS						
A. Contract Services	\$9	\$4	\$4	\$1	\$6	\$0
B. Community Trade & Economic	25	38	38	39	39	39
C. EWU Indirect	21	26	26	27	27	26
	<u>\$55</u>	<u>\$68</u>	<u>\$68</u>	<u>\$67</u>	<u>\$72</u>	<u>\$65</u>
OTHER OPERATING EXPENSES						
A. Employee Training	1	1	1	1	1	1
B. Office Supplies	3	8	8	8	8	8
C. Telephone	9	7	9	7	7	7
D. Postage	1	1	1	1	1	1
E. Office Rent	12	22	22	22	22	22
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	0	1	1	1	1	1
H. Miscellaneous Expense	0	0	0	0	0	0
I. Repair/Maintain Equipment	2	7	7	7	7	7
J. Equipment Rental	0	0	0	0	0	0
SUBTOTAL	<u>\$29</u>	<u>\$48</u>	<u>\$50</u>	<u>\$48</u>	<u>\$48</u>	<u>\$48</u>
TOTAL	<u>\$606</u>	<u>\$723</u>	<u>\$718</u>	<u>\$723</u>	<u>\$723</u>	<u>\$727</u>

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