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Washington

July 30, 2013

MEMORANDUM

TO: Council members

FROM: Tony Grover

SUBJECT: Bonneville's Fiscal Year 2014 start of year fish and wildlife expense budget.

Lorri Bodi and Bill Maslen, Bonneville Power Administration, will present Bonneville's Fiscal Year 2014 start-of-year fish and wildlife expense budget.

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Fish and Wildlife Program Expense Budget Update

Bill Maslen
August 7, 2013

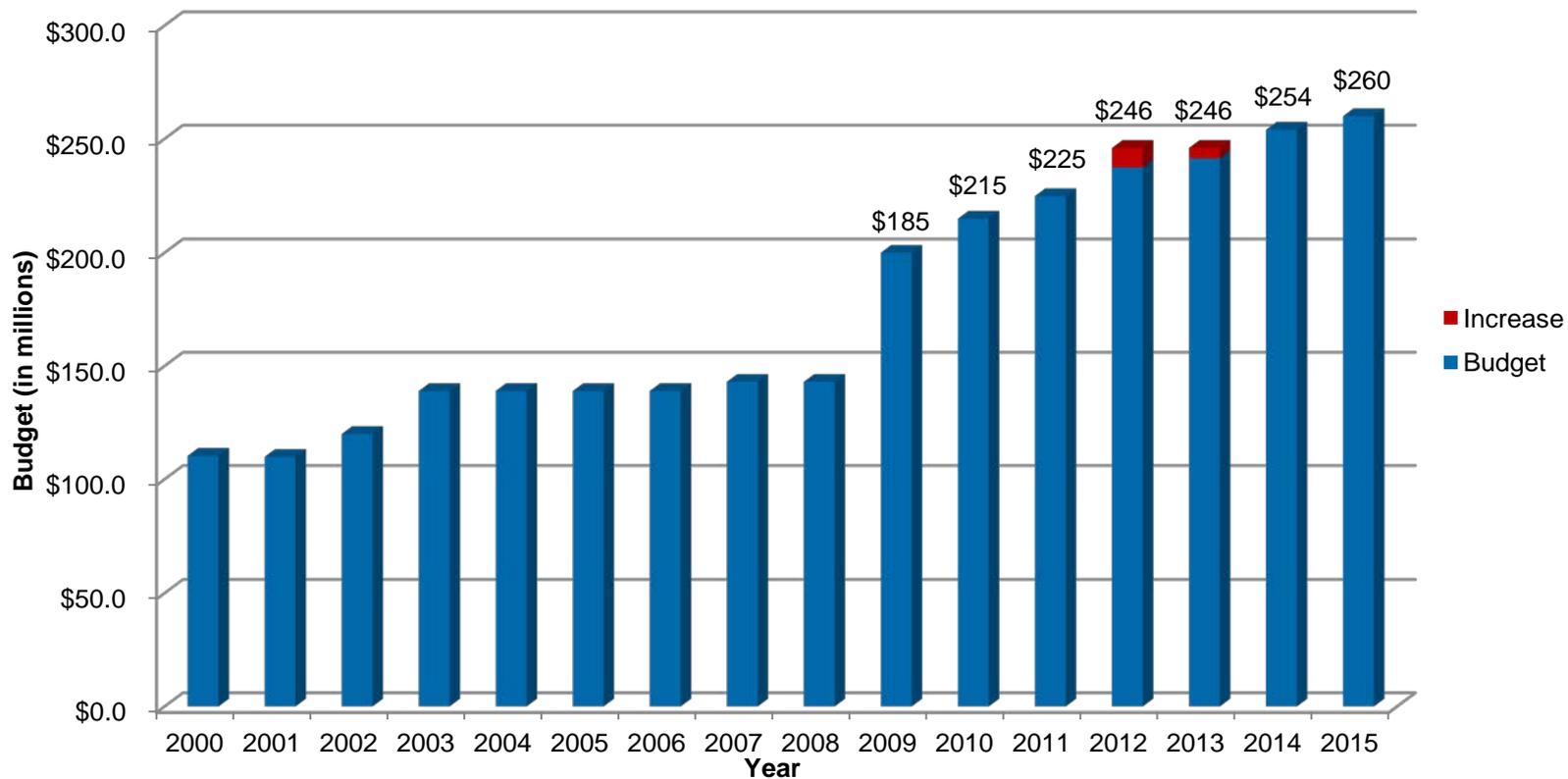


Introduction

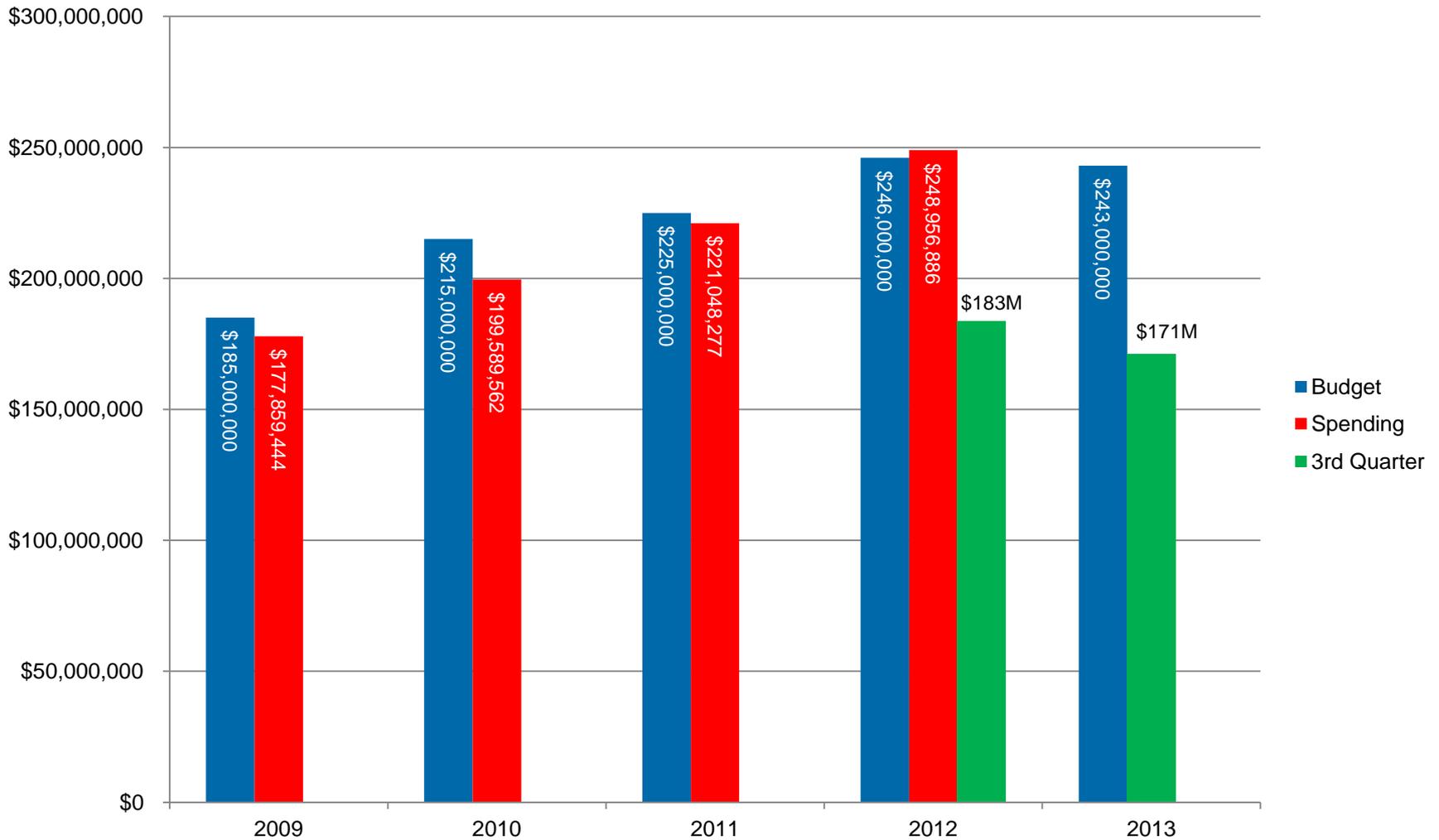
The focus of this presentation is to:

- Provide an update on the spending in the current rate period (FY12 - FY13).
- Provide a summary of FY14 Start-of-Year Budget.

Fish & Wildlife Expense Budget (IPR 2000-2015)



Expense Budget and Expenditures



Summary FY12-13 Spending

- Spending management initiatives during FY12 resulted in:
 - Reduced spending during FY12 compared to what was projected, and
 - Slowed rate of spending in FY13, and
 - FY12-13 spending within the authorized rate period budget of \$492 million
- Currently, year-to-date FY13 spending is approximately \$10 million less than this same time last year.
- We continue to rely on acquisition of lands to “dial-in” spending at the end of the FY.
- FY12-13 spending management was successful as a result of the cooperation of our project sponsors and support of stakeholders!!!

FY14-15 Rate Period

FY14 Available Budget	\$254M
FY15 Available Budget	\$260M
Total Rate Period	\$514M

- Fish and Wildlife Program budget is developed through IPR public process and formalized through the Rate Case.
- FY14-15 budget is over \$20 million more than the FY12-13 budget.
- Budgets were developed to support General Program, BiOp, and Accord commitments.
- A fully mature Program coupled with issues like inflation, large land acquisitions, shape/pace of spending influenced by factors outside of our control, unexpected costs, etc. are the challenges of managing spending.

Start-of-Year (SOY) Budget

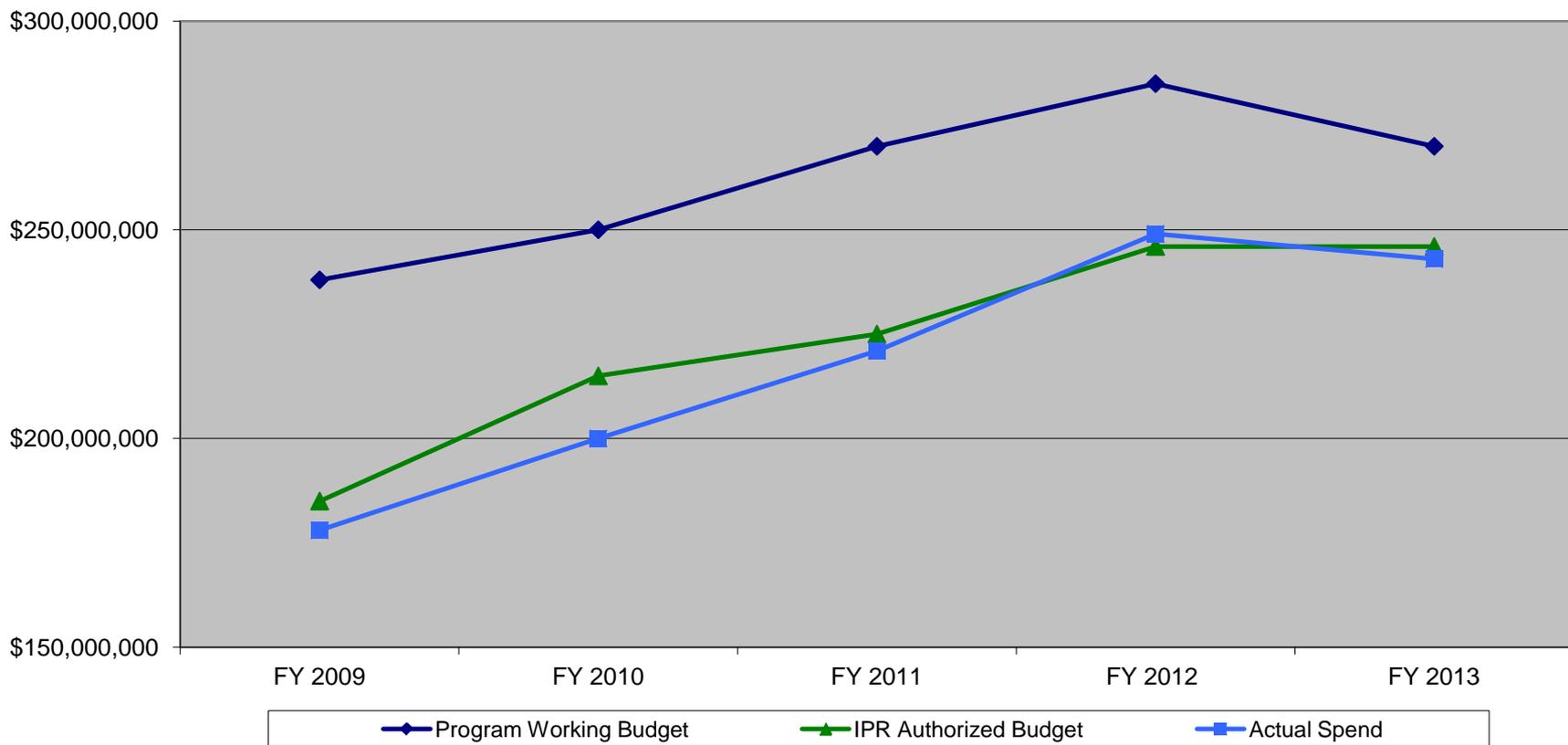
- Categories include General Program, Accords, BiOps, and BPA Overhead.
- Project-specific budgets to implement Council recommendations, including Accords and BiOp projects.
- Establishes project budget in advance of FY to guide contract development and serve as baseline for planning and managing spending within the available budget.
- Following SOY budget development, BPA staff track spending closely and work with sponsors to maximize use of available funds (without risk of overspending); timing of work, where there is flexibility, and land acquisitions are the primary “dials” for spending management.

Start-of-Year Process

- BPA internally reviews project objectives, contract deliverables, and proposed work.
- Baseline budgets are developed taking into account deliverables, categorical reviews, and other factors (such as restoration of budgets for work that was deferred in FY12-13).
- BPA staff analyze budget-to-actual spending to ensure planned budgets are consistent with FY spending authorization.
- BPA discusses SOY budget with sponsors, and coordinates with Council staff.
- SOY budgets are posted in Taurus; FY14 contracting is underway.

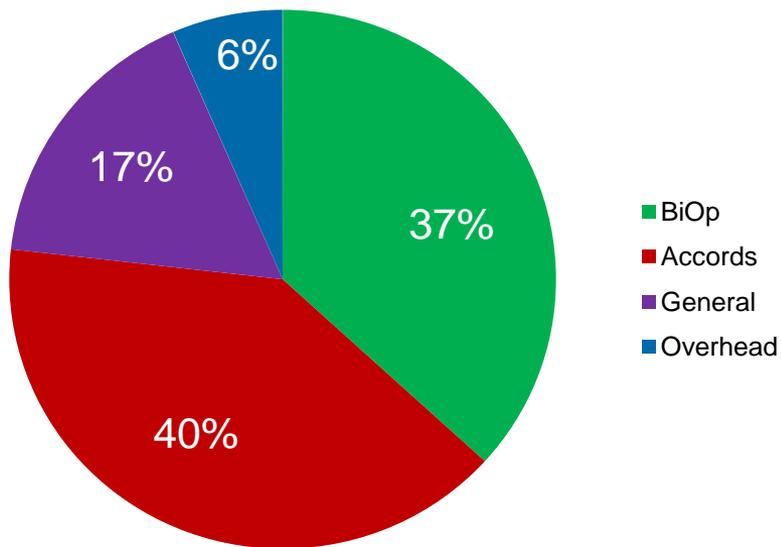
Historic Budgets-to-Actual Spending

FY 2009 – FY 2013



FY2013 SOY

FY 2013

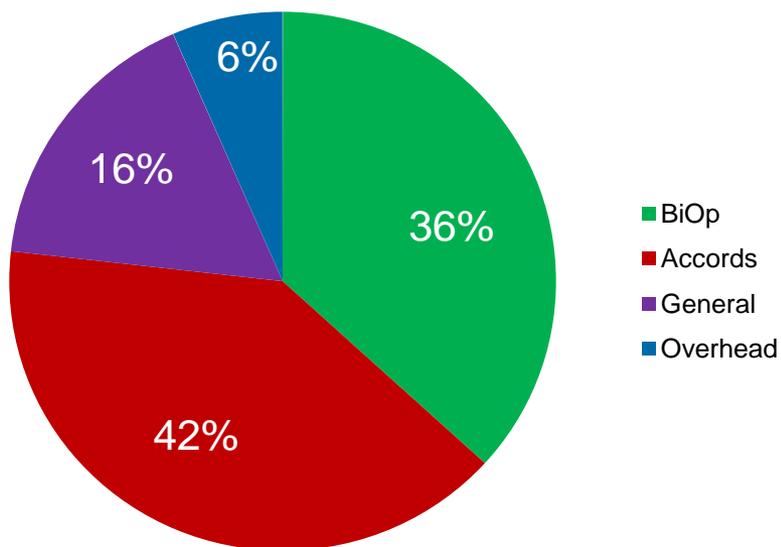


Planning Budget	
Total General	\$45,000,000
Total BiOp	\$99,300,000
Total Accords	\$108,000,000
Total Overhead	\$17,700,000
Total Planned Expense	\$270,000,000
Equates to Total Expected Spending of Approximately \$243,000,000	

<http://www.cbfish.org/Fund.mvc/Index>

FY2014 SOY

FY 2014



Planning	Budget
Total General	\$45,000,000
Total BiOps	\$102,200,000
Total Accords	\$120,000,000
Total Overhead	\$17,800,000
Total Planned Expense	\$285,000,000
Equates to Total Expected Spending of Approximately \$254,000,000	

<http://www.cbfish.org/Fund.mvc/Index>

Long-Term Management Tools

- Oversight of spending, including benchmarking of contract costs, and routine scrutiny of project scope and deliverables.
- Limit contract extensions and modifications in almost all cases.
- Contract spending plans for multi-year contracts.
- Quarterly budget-to-actual reviews at the BPA project manager and policy level, and regionally with Council, sponsors and other stakeholders.
- Restoration of a “management reserve” fund to cover unexpected spending (similar to the Within-Year BOG Process).
- Continuation of seeking efficiencies, streamlining, reform initiatives.

Summary

- Fish and Wildlife Program is mature, fully utilizing available budget.
- Tools to manage planning and spending are sophisticated and continuously improving.
- Routine, rigorous management and best practices are being reinforced in planning, tracking, implementing, and adapting.
- All of the above are different from the past and change management is a factor to ensure success.
- Regional cooperation and collaboration has been great, and will continue to be important as we work together in managing the Fish and Wildlife Program and FCRPS mitigation.