Report of Independent Auditors
in Accordance with Uniform Guidance
and Financial Statements
(with Supplementary Information) for

Northwest Power & Conservation Council

September 30, 2016 and 2015

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Council Members
Northwest Power and Conservation Council

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Power and Conservation Council (the Council) which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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REPORT OF INDEPENDENT AUDITORS (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Power and Conservation Council as of September 30, 2016 and 2015, and the changes in its fund balance and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
December 19, 2016

NORTHWEST POWER AND CONSERVATION COUNCIL
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30, 2016	September 30, 2015
Cash and cash equivalents	$ 802,758	$ 294,978
Restricted cash	1,200,364	1,168,387
Total cash and cash equivalents	2,003,122	1,463,365
Awards receivable	277,924	603,465
Prepaid expenses and other assets	-	106,629
Property and equipment, at cost:		
Furniture and equipment	1,158,052	1,216,735
Leasehold improvements	174,279	143,479
Total property and equipment	1,332,331	1,360,214
Less accumulated depreciation and amortization	(990,621)	(958,743)
Net property and equipment, at cost	341,710	401,471
Total assets	$ 2,622,756	$ 2,574,930

LIABILITIES AND FUND BALANCE

Accounts payable	$ 698,677	$ 412,638
Accrued payroll, payroll taxes, and employee benefits	732,437	807,627
Deferred project revenue	849,921	822,048
Deferred rent payable	84,126	57,624
Total liabilities	2,365,161	2,099,937
Fund balance	257,595	474,993
Total liabilities and fund balance	$ 2,622,756	$ 2,574,930

See accompanying notes.

NORTHWEST POWER AND CONSERVATION COUNCIL
STATEMENTS OF ACTIVITIES

	Years Ended September 30,	
	2016	2015
AWARDS AND REVENUES		
Bonneville Power Administration awards	$ 12,536,444	$ 11,939,206
Other income	3,619	174,939
Interest income	1,530	1,397
Total awards and revenues	12,541,593	12,115,542
EXPENSES		
Personnel service salaries	5,586,222	5,442,489
Payroll taxes and benefits	2,557,375	2,511,244
Professional service contracts	2,696,104	2,166,762
Office supplies and services	668,269	631,858
Facilities rent	448,227	492,184
Travel	435,373	435,320
Depreciation and amortization	174,912	127,868
Equipment rental and maintenance	76,128	74,665
Miscellaneous expenses	62,430	61,948
Education and training	29,142	20,152
Publicity	22,754	17,531
Employee recruiting	2,055	5,085
Total expenses	12,758,991	11,987,106
(DECREASE) INCREASE IN FUND BALANCE	(217,398)	128,436
FUND BALANCE, beginning of year	474,993	346,557
FUND BALANCE, end of year	$ 257,595	$ 474,993

See accompanying notes.

NORTHWEST POWER AND CONSERVATION COUNCIL
STATEMENTS OF CASH FLOWS

	Years Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in fund balance	$ (217,398)	$ 128,436
Adjustments to reconcile (decrease) increase of fund balance to net cash from operating activities:		
Depreciation and amortization	174,912	127,868
Changes in assets and liabilities:		
Awards receivable	325,541	253,070
Prepaid expenses and other assets	106,629	(6,205)
Accounts payable	286,039	(81,508)
Accrued payroll, payroll taxes, and employee benefits	(75,190)	(114,524)
Deferred project revenue	27,873	220,341
Deferred rent payable	26,502	36,850
Net cash from operating activities	654,908	564,328
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(115,151)	(262,758)
Net cash from investing activities	(115,151)	(262,758)
INCREASE IN CASH AND CASH EQUIVALENTS	539,757	301,570
CASH AND CASH EQUIVALENTS, beginning of year	1,463,365	1,161,795
CASH AND CASH EQUIVALENTS, end of year	$ 2,003,122	$ 1,463,365

See accompanying notes.

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – Northwest Power and Conservation Council (the Council) was established by the Pacific Northwest Electric Power Planning and Conservation Act (the Act), as enacted by Congress of the United States, on December 5, 1980.

The Council, which consists of two representatives from each of the four states of Oregon, Washington, Idaho, and Montana, is charged with developing a comprehensive long-range plan for meeting the electric energy needs of the four-state region. The Council is also specifically charged with establishing a program to protect and enhance the fishery resources of the Columbia River System, as well as balancing the energy needs and resources of the region with environmental considerations.

The Council has developed the Columbia River Basin Fish and Wildlife Program, which was originally adopted on November 15, 1982, and subsequently amended to include salmon recovery measures. The Council has also developed the Northwest Conservation and Electric Power Plan, which was originally adopted on April 27, 1983. The Council now directs its efforts to the implementation and revision of these programs at both the regional and state levels. The most recent revisions were adopted in 2014 for the Fish and Wildlife Program and in 2010 for the Conservation and Electric Power Plan.

As provided by the Act, the Bonneville Power Administration (Bonneville) pays compensation and other expenses of the Council for the performance of its functions and responsibilities relating to the Act. Bonneville is required to pay the Council for expenses not to exceed 0.02 mills per kilowatt-hour (kwh) of forecasted firm power sales for the year to be funded. However, funding may be increased up to 0.10 mills per kwh of forecasted firm power sales in any year upon a showing of need by the Council. Actual Council program expenses funded through Bonneville for the years ended September 30, 2016 and 2015 were $10,605,337 and $9,953,248, respectively. On a budgetary basis of accounting, which differs from the accrual method primarily by including capital outlay expenditures and excluding depreciation, expenses were $10,545,576 with $3,018,975 allocated for the operations of State Councils for the year ended September 30, 2016. Expenses were $10,088,138 with $2,932,191 allocated for the operations of State Councils for the year ended September 30, 2015.

Use of estimates – The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates considered in the preparation of the accompanying financial statements pertain to the recognition of accounts payable and accrued liabilities and the useful lives for depreciable assets. Actual results may differ from estimates and assumptions that have been applied.

Cash and cash equivalents – The Council considers all cash on hand, including restricted cash, and investments in money market funds with an original maturity date of three months or less, as cash and cash equivalents.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Restricted cash – Restricted cash represents the amount of funds received from outside sources that are restricted for specific projects as well as funds reserved for employee retirement plan obligations. Restricted cash balances generally cannot be used for any reason other than their intended purpose.

Awards receivable – Awards receivable are reported at their outstanding principal amount. Awards receivable are considered by management to be fully collectible within one year and, accordingly, no allowance for doubtful accounts is considered necessary.

Property and equipment – The cost of property and equipment is being depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives range from three to five years. New equipment with costs exceeding $1,500 is capitalized; expenditures for repairs and maintenance are expensed when incurred.

The cost of leasehold improvements are capitalized and amortized over the shorter of the term of the applicable leases or their estimated useful lives, which range from one to five years.

Deferred project revenue – Deferred project revenues represent funds received in the current fiscal year which relate to the following fiscal year's activities. The deferred balance is recognized as related program expenditures are incurred.

Deferred rent payable – The Council records lease expense over the lease term on a straight-line basis for leases with fixed escalation clauses. Accordingly, the Council recognizes deferred rent to the extent that the straight-line recognition of lease expense exceeds required lease rental payments. Deferred rents are reduced when lease payment requirements exceed the recognized amount of expense.

Professional service contracts – As provided by the Act, the Council contracts with independent third parties to conduct studies or provide specific services in conjunction with the development of long-range plans. Liabilities and expenses for contractual services are recognized when incurred.

Travel expenses – Travel expenses of individuals paid directly by the Council are subject to its travel regulations. Travel expenses of Council members paid directly by member states are also subject to Council travel regulations.

Income taxes – Under current federal and state income tax regulations, the Council is exempt from income taxes under a Federal Act of Congress and has no requirements to file exempt organization tax returns.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

The Council follows generally accepted accounting principles related to uncertain tax positions. In this regard, and if applicable, the Council would recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions would be sustained upon examination by tax authorities, based on the technical merits of the position. The tax benefit measurement is based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of September 30, 2016 and 2015, the Council has not identified any uncertain tax positions requiring accrual or disclosure. The Council recognizes interest and penalties, if any, related to income tax matters in miscellaneous expenses. During the years ended September 30, 2016 and 2015, no interest or penalties were recognized.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Council recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Council's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued. The Council has evaluated subsequent events through December 19, 2016, which is the date the financial statements were issued.

Note 2 – Restricted Cash

Restricted cash balances consisted of the following as of September 30:

	2016	2015
Nature of restriction:		
Special projects funded by utilities	$ 856,388	$ 869,080
Council retirement funds	343,976	299,307
	$ 1,200,364	$ 1,168,387

Note 3 – Awards Receivable – Bonneville Power Administration Funding

The following represents awards receivable from Bonneville as of September 30:

	2016	2015
Council programs	$ -	$ 408,547
Independent Scientific Review Panel	47,134	53,001
Independent Scientific Advisory Board	65,575	48,630
Regional Technical Forum Support	165,215	93,287
Total awards receivable	$ 277,924	$ 603,465

Note 4 – Independent Scientific Review Panel

During 1997, Congress passed the Energy and Water Development Appropriations Act, which added an amendment to the Act. The amendment requires the Council to create an independent panel of scientists and peer review groups to examine projects proposed for funding by Bonneville. Funding for the panel is provided by Bonneville and is separate from the Council's operating budget. Expenses of the Independent Scientific Review Panel for the years ended September 30, 2016 and 2015 were $307,660 and $310,786, respectively.

Note 5 – Independent Scientific Advisory Board

In 1996, the Council and the National Oceanic and Atmospheric Administration (NOAA) Fisheries established the Independent Scientific Advisory Board (ISAB). The ISAB was formed to provide independent advice and recommendations regarding scientific issues posed by representative agencies on matters that relate to their fish and wildlife programs. In 2002, the Columbia River Basin Indian Tribes were added as equal partners in the sponsorship of the ISAB. For the years ended September 30, 2016 and 2015, ISAB expenses, which are supported through revenue from Bonneville, were $267,103 and $323,722, respectively.

Note 6 – Regional Technical Forum Support

The Regional Technical Forum Support (RTF) is an advisory committee established in 1999 to develop standards to verify and evaluate conservation savings. Members are appointed by the Council and include individuals experienced in conservation program planning, implementation, and evaluation. The RTF is also responsible for developing a conservation and renewable resources rate discount (C&RD) for Bonneville. The C&RD program awards rate discounts to customers who have implemented effective energy conservation measures.

Note 6 – Regional Technical Forum Support (continued)

RTF projects include the assessment of potential energy efficiency technologies, measures, practices and renewable resources to determine their incremental costs, energy and capacity savings, reliability, and value to the region's bulk power system. RTF work is funded by Bonneville and other utilities and is performed by Council staff and contractors employed by the Council for specific analytical tasks. Expenses of the RTF for the years ended September 30, 2016 and 2015 were $1,578,891 and $1,399,350, respectively.

Note 7 – Commitments

The Council leases office space and various equipment under operating lease agreements. Future minimum lease payments under these leases for the year ending September 30, 2016 is as follows:

2017	$ 462,966
2018	476,829
2019	482,151
2020	462,342
2021	455,424
Thereafter	113,856
	$ 2,453,568

Certain leases contain periodic escalation clauses. Total facilities and equipment rental expense, including short-term rentals, maintenance contracts, and leases of less than one year was $403,226 and $489,757 for the years ended September 30, 2016 and 2015, respectively.

Note 8 – Deferred Compensation Trust and Pension Plan

The Council has established a state and local government deferred compensation trust for its employees. The trust was established during 2000 to replace the structure of a previous deferred compensation plan. As a result of formation of the trust, all plan assets and related benefit obligations were removed from the books and records of the Council and placed with the trust. Under the deferred compensation trust, pursuant to Section 457 of the Internal Revenue Code, the Council has a contractual relationship with each employee participant to pay his or her deferred compensation balance upon termination. The Council did not contribute to this plan for the years ended September 30, 2016 or 2015. Employee salary deferrals not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were $12,063 and $17,337 for the years ended September 30, 2016 and 2015, respectively.

Note 8 – Deferred Compensation Trust and Pension Plan (continued)

The Council also has a retirement plan and trust plan, which was adopted on December 31, 1987, under Code Section 401(a) of the Internal Revenue Code. All Council contributions to the retirement plan are held in a trust for the benefit of employee participants. During the years ended September 30, 2016 and 2015, the Council made contributions of $887,462 and $864,665, respectively, to this plan.

The Council's contributions recognize the fact that the Council does not participate or contribute to FICA and, therefore, employees do not receive benefits under the Federal Social Security system. Contributions on behalf of employees not yet remitted to the plan, which are recorded within restricted cash and accrued employee benefits until distributed, were $277,275 and $279,254 for the years ended September 30, 2016 and 2015, respectively.

Note 9 – Concentrations of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash and cash equivalents. The Council places substantially all of its cash and cash equivalents with federally insured financial institutions; however, cash balances may periodically exceed federally insured limits. As of September 30, 2016 and 2015, management considers the Council to have no undue concentration of credit risk resulting from its cash management and banking practices.

As discussed in Note 1, the Council was established on December 5, 1980 by the Pacific Northwest Electric Power Planning and Conservation Act (the Act), as enacted by the Congress of the United States. The Council receives essentially all of its revenues from the Bonneville Power Administration. Should Bonneville Power Administration cease to exist or discontinue funding the Council for any reason, the Council's source of funding would be uncertain.

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Council Members
Northwest Power and Conservation Council

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Northwest Power and Conservation Council (the Council), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP
Portland, Oregon
December 19, 2016

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Council Members
Northwest Power and Conservation Council

Report on Compliance for the Major Federal Program

We have audited Northwest Power and Conservation Council's (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2016. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Council's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Council's compliance.

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (continued)

Opinion on the Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP
Portland, Oregon
December 19, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
81.xxx	Regional Technical Forum Support 2015-2019	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

NORTHWEST POWER & CONSERVATION COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

There are no prior audit findings noted.

SUPPLEMENTARY INFORMATION

NORTHWEST POWER & CONSERVATION COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Energy Pass-Through Programs From:				
Bonneville Power Administration - Independent Scientific Advisory Board	81.xxx *	00058846	-	$ 267,103
Bonneville Power Administration - Independent Scientific Review Panel	81.xxx *	00058844	-	307,660
				574,763
Bonneville Power Administration - Regional Technical Forum Support 2015-2019	81.xxx *	00056847	-	569,032
				569,032
Total Expenditures of Federal Awards				$ 1,143,795

* Federal CFDA number not available.

See accompanying notes to schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Northwest Power & Conservation Council (the Council) under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in fund balance or cash flows of the Council.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

The Council has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.