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August 4, 2015

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Tony Grover, Fish and Wildlife Division Director

SUBJECT: Savings targets for FY 2016 and FY 2017

PROPOSED ACTION: Staff will share the most recent information about the amount of cost savings potentially identified for FY 2016 and anticipated for FY 2017

SIGNIFICANCE Potential cost savings in FY 2016 of approximately \$183,000 have been identified and cost savings of approximately \$2.6 million are anticipated a result of application of the Cost savings methodology. This information will help to inform Committee and Council decisions about undertaking an immediate or near term request for proposals or solicitation.

BUDGETARY/ECONOMIC IMPACTS

The Council approved the methodology to identify cost savings at the July 2015 Council meeting. The Council is committed to work in partnership with Bonneville to find cost savings that will “assure funding for identified program priorities to maximize the biological response resulting from ratepayer and cost-shared investments.” *2014 Fish and Wildlife Program Investment Strategy at page 114.*

BACKGROUND

The 2014 Fish and Wildlife Program states the following: (also see http://www.nwcouncil.org/fw/program/2014-12/program/partsix_implementation/ii_investment_strategy/)

Bonneville funding for emerging program priorities

Bonneville should fund any new fish and wildlife obligations from identifying savings within the current program and as necessary, from additional expenditures. Savings from the current program should not compromise productive projects that are addressing needs identified in this program. For example, additional funding can be obtained when projects complete their goals, such as a research project, or when a project is no longer reporting useful results. Funding should also be sought in general overhead budgets including Bonneville's overhead for its Fish and Wildlife Division. To the extent that targeted savings are insufficient to meet Bonneville's financial obligations in this program, Bonneville should consider increasing expenditures. Prior to every rate case Bonneville should report to the Council how it plans to budget for implementation of the fish and wildlife program.

ANALYSIS

Discussions with Bonneville staff over the previous few months have identified, from a list of about a dozen potential projects, the potential to identify approximately \$183,000 of cost savings in FY 2016. If implementation decisions are made quickly, these funds can be applied as the Council recommends and Bonneville decides.

Additional discussions with Bonneville staff resulted in a shared understanding that implementation of the Cost Savings Methodology approved by the Council in July 2015 is anticipated to yield approximately 1% of the FY 2017 Bonneville fish and wildlife program expense budget; that is, approximately \$2.7 million. Identification of where to use of these funds should also proceed expeditiously in order to commence work with these funds in FY 2017.