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April 25, 2012

## **DECISION MEMORANDUM**

**TO:** Council Members

**FROM:** Sharon Ossmann

**SUBJECT:** Decision to release Fiscal Year 2014 and Fiscal Year 2013 Revised budget

### **PROPOSED ACTION:**

Staff is recommending that the Council approve the release of its draft Fiscal Year 2014 and Fiscal Year 2013 Revised budget for public comment.

### **SIGNIFICANCE:**

As part of its annual budget development process, the Council provides for a 30-60 day public comment period on its draft budget. Interested parties will be given an opportunity to request consultations with staff and submit written comments on the draft budget between May 10, 2012 and June 29, 2012. An opportunity for oral comment will be provided at the June 12-13 Council meeting in Missoula, Montana.

### **BUDGETARY/ECONOMIC IMPACTS:**

The funding necessary for the Council to carry out its activities and responsibilities under the Northwest Power Act is provided by the Bonneville Power Administration based on the Council's adopted budget. Following public comment, the Council adopts its budget in July or August of each fiscal year and forwards the adopted budget to Bonneville for inclusion in its budget transmittal to Congress.

### **BACKGROUND:**

In 2011, the Council entered into an agreement with Bonneville to hold the budget at reduced levels for the fiscal years 2013-2015 rate case period. The Fiscal Year 2013 Revised budget is \$10,283,000, an amount under the level proposed in that agreement. The projected FY2014

budget of \$10,359,000 is \$208,000 under the budget agreement amount. These levels of funding are below the maximum firm sales forecast cap as defined by the Act.

**ANALYSIS:**

The Council's FY2013 revised budget of \$10,283,000 is \$72,000 lower the FY2013 budget level adopted last year. This budget reflects an increase of \$141,000 (1.4%) from the FY2012 current operating budget. The increase represents inflationary increases in the cost of personal services and benefits, and anticipated increases in contracting activities.

The proposed FY2014 budget of \$10,359,000 is \$76,000 (0.7%) higher than the revised FY2013 budget. This increase reflects the anticipated increase in personal services and benefits costs, and an anticipated decrease in contracting expenditures.

**ALTERNATIVES:**

1. Approve the release of the draft budget document for public comment. This is the recommended action.
2. Prepare alternative budget adjustments for Council consideration at the June Council meeting. During the public comment period, the Council will have an opportunity to consider additional adjustments to the budget numbers and narrative sections of the document. Delaying the release of this draft document is not recommended.

**ATTACHMENTS:**

Tables 1 through 3, Table 14 and Appendix A. The complete Draft Fiscal Year 2014 Budget and Fiscal Year 2013 Revisions document will be forwarded next week.

**NORTHWEST POWER AND CONSERVATION COUNCIL**

**BUDGET/EXPENDITURE SUMMARY**

(000's)

	FY11	FY11	FY12	FY12	FY12	FY13	FY13	FY13	FY14	FY14	FY15	FY16	FY17	FY18
	Budget	Actual	Budget	Estimate	Budget	Revised	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected
Expenditures:														
Personal Services*	\$5,331	\$4,973	\$5,432	\$5,284	\$5,504	\$5,411	\$5,507	\$5,643	\$5,777	\$5,892	\$6,010			
Travel	207	197	223	223	237	\$237	248	248	248	248	248			248
Contracts	353	343	353	403	395	\$491	383	373	373	373	373			373
Other Operating Expenses	1,034	1,025	1,088	1,159	1,107	\$1,104	1,107	1,131	1,117	1,123	1,124			1,124
<b>SUBTOTAL</b>	<b>\$6,925</b>	<b>\$6,538</b>	<b>\$7,096</b>	<b>\$7,069</b>	<b>\$7,243</b>	<b>\$7,243</b>	<b>\$7,245</b>	<b>\$7,395</b>	<b>\$7,515</b>	<b>\$7,636</b>	<b>\$7,755</b>			<b>\$7,755</b>
State Budgets	2,966	2,734	3,046	2,906	3,112	3,040	3,114	3,188	3,273	3,358	3,432			3,432
<b>TOTAL</b>	<b>\$9,891</b>	<b>\$9,272</b>	<b>\$10,142</b>	<b>\$9,974</b>	<b>\$10,355</b>	<b>\$10,283</b>	<b>\$10,359</b>	<b>\$10,584</b>	<b>\$10,788</b>	<b>\$10,995</b>	<b>\$11,187</b>			<b>\$11,187</b>





**Northwest Power Planning Council  
State Budgets--FY 2014  
(000's)**

	Idaho	Montana	Oregon	Washington	Total
PERSONNEL					
Salaries	\$420	\$391	\$438	\$470	\$1,719
Taxes, Insurance & Benefits	197	183	186	200	766
SUBTOTAL	\$617	\$574	\$624	\$670	\$2,485
TRAVEL	79	85	67	70	301
CONTRACTS	30	52	11	15	108
OTHER OPERATING EXPENSE:	64	55	64	37	220
<b>TOTAL</b>	<b>\$790</b>	<b>\$766</b>	<b>\$766</b>	<b>\$792</b>	<b>\$3,114</b>

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\*Includes Council members.

**FY2013 Budget Revisions  
(000's)**

	BUDGET	REVISION	CHANGE
Compensation	\$3,856	\$3,732	(\$124)
Other Payroll Expenses	1,648	1,679	31
Total Compensation/Payroll	\$5,504	\$5,411	(\$93)
Travel	237	237	0
Contracts	395	491	96
Other Operating Expenses	1,107	1,104	(3)
Total Travel/Contract/Other	\$1,739	\$1,832	\$93
Idaho	\$785	\$769	(\$16)
Montana	759	\$750	(9)
Oregon	750	\$750	0
Washington	818	\$771	(47)
Total States	3,112	3,040	(72)
<b>TOTAL</b>	<b>\$10,355</b>	<b>10,283</b>	<b>(\$72)</b>