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Chair
Idaho

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Vice-Chair
Montana

Rhonda Whiting
Montana

Melinda S. Eden
Oregon

Joan M. Dukes
Oregon

April 2, 2008

DECISION MEMORANDUM

TO: Council members

FROM: Sharon Ossmann

SUBJECT: Decision to release Fiscal Year 2010 and Fiscal Year 2009 Revised budget

PROPOSED ACTION:

Staff is recommending that the Council approve the release of its draft Fiscal Year 2010 and Fiscal Year 2009 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 April 17 and June 30, 2008. An opportunity for oral comment will be provided at May 13-14-15 Council meeting in Walla Walla, Washington, and at the June 10-11-12 meeting in Spokane, Washington.

BUDGETARY/ECONOMIC IMPACTS:

The funding necessary for the Council to carry out its activities and responsibilities under the Northwest Power Act is provided by 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 2005, the Council entered into an agreement with Bonneville to hold the budget at reduced levels for the fiscal years 2007-2009 rate case period. That commitment set the Council's budget ceiling at \$9,085,000 for FY2007, \$9,276,000 for FY2008, and \$9,467,000 for FY2009. The FY2009 Revised budget reflects the final agreement amount. The projected budget for FY2010 is \$9,683,000. This level of funding is below the maximum firm sales forecast cap as defined by the Act.

ANALYSIS:

The Council's FY2009 revised budget of \$9,467,000 is the same as the FY2009 budget level adopted last year. This budget reflects an increase of \$191,000 (2.1%) from the FY2008 current operating budget. The increase represents inflationary increases in the cost of personal services and benefits.

The proposed FY2010 budget of \$9,683,000 is \$216,000 (2.3%) higher than the revised FY2009 budget. This increase reflects the anticipated increase in personal services and benefits costs.

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 May 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 is not recommended.

ATTACHMENTS:

The attached Tables 1 through 3, Table 14 and Appendix A of the draft budget provide additional detail for the revised funding levels for FY2009 and the proposed budget for FY2010.

NORTHWEST POWER PLANNING COUNCIL

BUDGET/EXPENDITURE SUMMARY

(000's)

	FY07 Budget	FY07 Actual	FY08 Budget	FY08 Estimate	FY09 Budget	FY09 Revised	FY10 Budget	FY11 Projected	FY12 Projected	FY13 Projected	FY14 Projected
Expenditures:											
Personal Services*	\$4,762	\$4,419	\$4,920	\$4,870	\$5,053	\$5,033	\$5,163	\$5,279	\$5,417	\$5,524	\$5,636
Travel	212	157	218	218	218	\$221	220	222	222	222	222
Contracts	382	271	355	373	348	\$359	353	353	353	353	353
Other Operating Expenses	994	1,052	1,012	1,022	1,015	\$1,021	1,055	1,061	1,152	1,154	1,154
SUBTOTAL	\$6,350	\$5,899	\$6,505	\$6,483	\$6,634	\$6,634	\$6,791	\$6,915	\$7,144	\$7,253	\$7,365
State Budgets	<u>2,735</u>	<u>2,596</u>	<u>2,771</u>	<u>2,764</u>	<u>2,833</u>	<u>2,833</u>	<u>2,892</u>	<u>2,946</u>	<u>2,999</u>	<u>3,049</u>	<u>3,103</u>
TOTAL	<u>\$9,085</u>	<u>\$8,495</u>	<u>\$9,276</u>	<u>\$9,247</u>	<u>\$9,467</u>	<u>\$9,467</u>	<u>\$9,683</u>	<u>\$9,861</u>	<u>\$10,143</u>	<u>\$10,302</u>	<u>\$10,468</u>
BPA Agreement	\$9,085		\$9,276		\$9,467	\$9,467					

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

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Table 2

**PROGRAM FORECAST WORKSHEET
FY09 BUDGET REVISED
(000'S)**

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
Compensation	\$1,144	\$851	\$511	\$355	\$736	\$3,597
Other Payroll Expenses	457	340	204	141	294	1,436
Travel	68	57	46	21	29	221
Contracts	108	175	0	8	68	359
Other Operating Expenses	76	8	103	8	826	1,021
SUBTOTAL	\$1,853	\$1,431	\$864	\$533	\$1,953	\$6,634
State Budgets:	<u>(000's)</u>					
Idaho	\$692					
Montana	692					
Oregon	697					
Washington	752					
SUBTOTAL	\$2,833					<u>2,833</u>
TOTAL						<u><u>\$9,467</u></u>

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**PROGRAM FORECAST WORKSHEET
FY2010 BUDGET
(000'S)**

	<u>Power Planning</u>	<u>Fish & Wildlife</u>	<u>Public Affairs</u>	<u>Legal</u>	<u>Admin</u>	<u>Total</u>
Compensation	\$1,151	\$887	\$522	\$369	\$761	\$3,690
Other Payroll Expenses	\$460	\$354	\$208	\$147	\$304	\$1,473
Travel	\$66	\$66	\$41	\$18	\$29	\$220
Contracts	\$150	\$165	\$0	\$8	\$30	\$353
Other Operating Expenses	<u>\$76</u>	<u>\$8</u>	<u>\$125</u>	<u>\$8</u>	<u>\$838</u>	<u>\$1,055</u>
SUBTOTAL	\$1,903	\$1,480	\$896	\$550	\$1,962	\$6,791
State Budgets:	<u>(000's)</u>					
Idaho	\$708					
Montana	\$709					
Oregon	\$711					
Washington	<u>\$764</u>					
SUBTOTAL	\$2,892					<u>\$2,892</u>
TOTAL						<u><u>\$9,683</u></u>

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Northwest Power Planning Council
State Budgets--FY 2010
(000's)

	Idaho	Montana	Oregon	Washington	Total
PERSONNEL					
Salaries	\$381	\$373	\$437	\$466	\$1,657
Taxes, Insurance & Benefits	152	162	166	182	662
SUBTOTAL	\$533	\$535	\$603	\$648	\$2,319
TRAVEL	85	85	56	50	276
CONTRACTS	21	37	0	31	89
OTHER OPERATING EXPENSES	69	52	52	35	208
TOTAL	\$708	\$709	\$711	\$764	\$2,892

*Includes Council members.

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**FY09 Budget Revisions
(000's)**

	BUDGET	REVISION	CHANGE
Compensation	\$3,611	\$3,597	(\$14)
Other Payroll Expenses	<u>1,442</u>	<u>1,436</u>	<u>(6)</u>
Total Compensation/Payroll	\$5,053	\$5,033	(\$20)
Travel	218	221	3
Contracts	348	359	11
Other Operating Expenses	<u>1,015</u>	<u>1,021</u>	<u>6</u>
Total Travel/Contract/Other	\$1,581	\$1,601	\$20
Idaho	\$692	\$692	\$0
Montana	692	\$692	0
Oregon	697	\$697	0
Washington	<u>752</u>	<u>\$752</u>	<u>0</u>
Total States	<u>2,833</u>	<u>2,833</u>	<u>0</u>
TOTAL	<u>9,467</u>	<u>9,467</u>	<u>\$0</u>

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