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April 29, 2010

DECISION MEMORANDUM

TO: Council members

FROM: Sharon Ossmann

SUBJECT: Decision to release Fiscal Year 2012 and Fiscal Year 2011 Revised budget

PROPOSED ACTION:

Staff is recommending that the Council approve the release of its draft Fiscal Year 2012 and Fiscal Year 2011 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 15, 2010 and June 30, 2010. An opportunity for oral comment will be provided at June 8-9 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 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 2008, the Council entered into an agreement with Bonneville to hold the budget at reduced levels for the fiscal years 2010-2012 rate case period. That commitment set the Council's budget ceiling at \$9,683,000 for FY2010, \$9,934,000 for FY2011, and \$10,356,000 for FY2012. The projected budget for FY2011 Revised budget is \$9,891,000, and the proposed FY2012 budget is \$10,114,000. These levels of funding are below the maximum firm sales forecast cap as defined by the Act.

ANALYSIS:

The Council's FY2011 revised budget of \$9,891,000 is \$43,000 lower the FY2011 budget level adopted last year. This budget reflects an increase of \$224,000 (2.1%) from the FY2010 current operating budget. The increase represents inflationary increases in the cost of personal services and benefits.

The proposed FY2012 budget of \$10,114,000 is \$223,000 (2.3%) higher than the revised FY2011 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 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:

The draft Fiscal Year 2012 Budget and Fiscal Year 2011 Revisions document number 2010-07.

DRAFT FISCAL YEAR 2012 BUDGET AND DRAFT FISCAL YEAR 2011 REVISIONS

April 2010

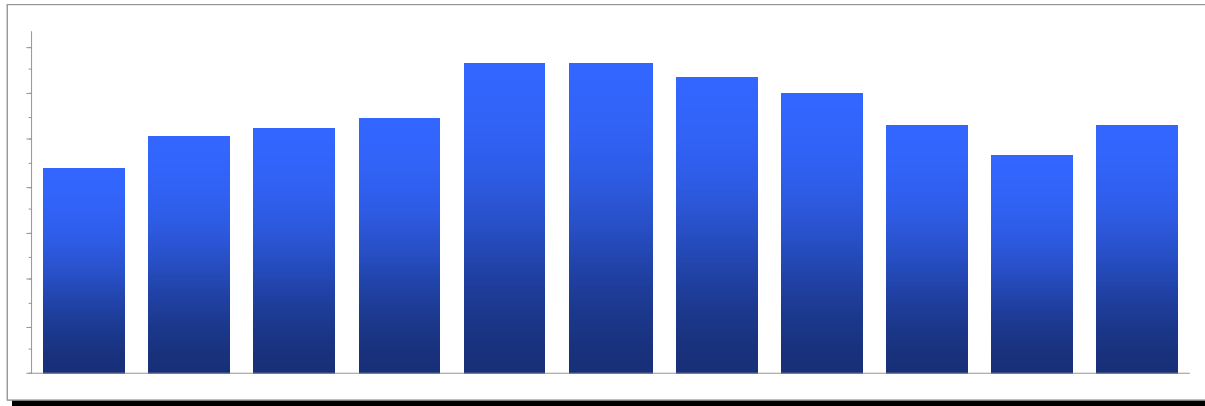


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A. MISSION AND GOALS STATEMENT

(The Council's mission and goals are derived from Public Law 96-501, The Pacific Northwest Electric Power Planning and Conservation Act of 1980)

MISSION

To balance protection of two vital Northwest resources: **affordable electricity** and **healthy fish and wildlife populations**.

GOALS

- To provide leadership in developing policies for regional electric power and fish and wildlife issues.
- To develop and implement a plan to achieve an adequate, efficient, economical, reliable, and environmentally sound power supply while mitigating the effects of the hydroelectric system on the Columbia River and its tributaries by protecting and enhancing fish and wildlife in a scientifically sound manner.
- To encourage development and use of cost-effective conservation and renewable resources in the region.
- To encourage cooperation, balance the needs of competing interests and ensure protection of the public interest by providing an accountable, open, and fair decision-making process.

B. STABILIZING LONG-TERM FUNDING

BUDGET HISTORY

I. COUNCIL FUNDING BACKGROUND

The Northwest Power Act, as passed by Congress in 1980, establishes a funding mechanism to enable the Council to carry out its functions and responsibilities. The Bonneville Power Administration provides this funding through ratepayer revenues. The Act establishes a formula to determine a funding limitation threshold, and authorizes the Council to determine its organization, and prescribe practices and procedures to carry out its functions and responsibilities under the Act.

The Act further provides that the funding limitation applicable to annual Council budgets will be calculated on a basis of 0.02 mill multiplied by the kilowatt hours of firm power forecast to be sold by the Bonneville administrator during the year to be funded. The limitation may be increased to .10 mill, provided the Council makes an annual showing that such limitation will not permit the Council to carry out its functions and responsibilities under the Act.

The basis of the funding methodology (firm power forecast to be sold) embraces authorities set forth in other sections of the Act that describe the Congressional expectation that Bonneville will serve all anticipated load growth for the region in the future. As such, the Act authorizes Bonneville to supply all of the incremental electricity needed in the

future for the region, if so desired by its customers and others.

II. FISCAL YEAR 2012

The Council has determined that the 0.02-mill limitation will not allow the Council to carry out its functions and responsibilities under the Power Act in Fiscal Year 2012. As detailed in Appendix C of this report, the Council determined that an amount equal to 0.099 mill, which totals \$10,114,000, will be required in Fiscal Year 2012.

III. FUNDING METHODOLOGY IS NO LONGER WORKABLE

In 2010, 30 years after Congress passed the Power Act, it is clear that the law, while visionary with respect to future power supplies and mitigation of hydropower impacts on Columbia River Basin fish and wildlife, did not foresee, and could not have foreseen, changes that have occurred in the electric utility industry and with regard to fish and wildlife recovery in the Northwest. These changes affected Bonneville's firm-power sales — and therefore calculation of the Council's budget — and also resulted in increased responsibilities for the Council. The changes include:

- Bonneville load growth projections have not materialized as anticipated. Regional energy sales have increased by approximately 4,800 average megawatts since 1980. Of this increase, Bonneville's firm sales might have

increased by nearly 2,800 average megawatts had Bonneville met the region's incremental load growth as envisioned by Congress in the Act.

-Because conservation is a resource under the Act, it could be argued that the conservation that has been achieved by Bonneville and its customers should be considered in Bonneville's firm power sales (880 average megawatts).

-In addition to cost-effective conservation, changes in dam operations to improve fish passage have diminished power generation capability by approximately 1,200 average megawatts of potential firm sales.

-It cannot be determined from the legislative history of the Act whether Congress intended the .10 mill funding limitation to be in constant dollars. If this were the case, inflation would have to be added each year to get the nominal funding limitation. The limitation in nominal dollars for 2008 would be about .22 mills, thereby providing an offset to the firm sales anomalies that have occurred over time.

-Approximately 60 percent of the Council's budget now supports planning and implementation of the Council's Fish and Wildlife Program, compared to about 15 percent in 1982. Much of the Council's added fish and wildlife workload stems from the 1996 amendment to the Act that emphasized independent scientific review and the application of cost-effectiveness principles when recommending fish and wildlife projects for funding. Basing the Council's funding methodology only on the forecast sales of firm power ignores the new responsibilities related to fish and wildlife recovery that the Council must now budget.

The realities described above illustrate why it has been necessary for the Council to absorb nearly 36 percent in

inflation costs from 1982 to 2010. The Council also has attempted to manage and accommodate growing workloads under its fish and wildlife responsibilities during this same period. These constraints, along with an outdated funding formula, have made it increasingly difficult for the Council to carry out its full responsibilities under the Act.

In 2006, the Council was able to realize some relief through Bonneville's Final Interpretation that Residential Exchange Program (REP) firm load should be included in the firm power forecast used to calculate the Council's budget cap. This interpretation is consistent with the Council's historic practice of including the REP load in the firm sales forecast.

IV. ANNUAL BASELINE BUDGETS

Since 1997, the Council has responded to the circumstances that have flawed the funding methodology of the Act by negotiating annual budget ceilings with Bonneville that cover specific Bonneville rate periods. These negotiated agreements incorporate various budgetary constraints such as:

- a. Current-level service budgets from the preceding budget period.
- b. Restrictive cost-of-living adjustments for personal services expenditures.
- c. Cost-cutting actions to cushion the impact of inflation.
- d. Program improvements individually cost-justified.

By applying these budgeting principles on an annual basis, the Council has been able to successfully confine budget growth to less than 3 percent per year over the last 14 years (1998-2012).

V. BUDGET VERSUS ACTUAL EXPENDITURE CONSIDERATIONS

The Council attempts to project workloads and resource requirements two years in advance with some opportunity for budget revisions occurring prior to the beginning of each fiscal year.

During each annual budget cycle the Council:

- a. Manages overall expenditures to the most cost-effective level.
- b. Conserves unanticipated cost savings in a prudent manner.
- c. Reprioritizes the allocation of funding and staff resources to accommodate new workloads and unanticipated responsibilities.

Actual expenditures in one budget year may not necessarily be reliable indicators of funding requirements in future budget cycles because:

- a. Changes in Council workloads, programs, and responsibilities are difficult to anticipate and are often initiated by external events in the region or by requests from the Congressional delegation or the states' governors.
- b. Programs and activities that are budgeted but deferred because of new and emerging higher priorities are often re-budgeted in succeeding years because of their continued need and importance.

VI. FISCAL YEARS 2011 - 2012 DRAFT BUDGETS

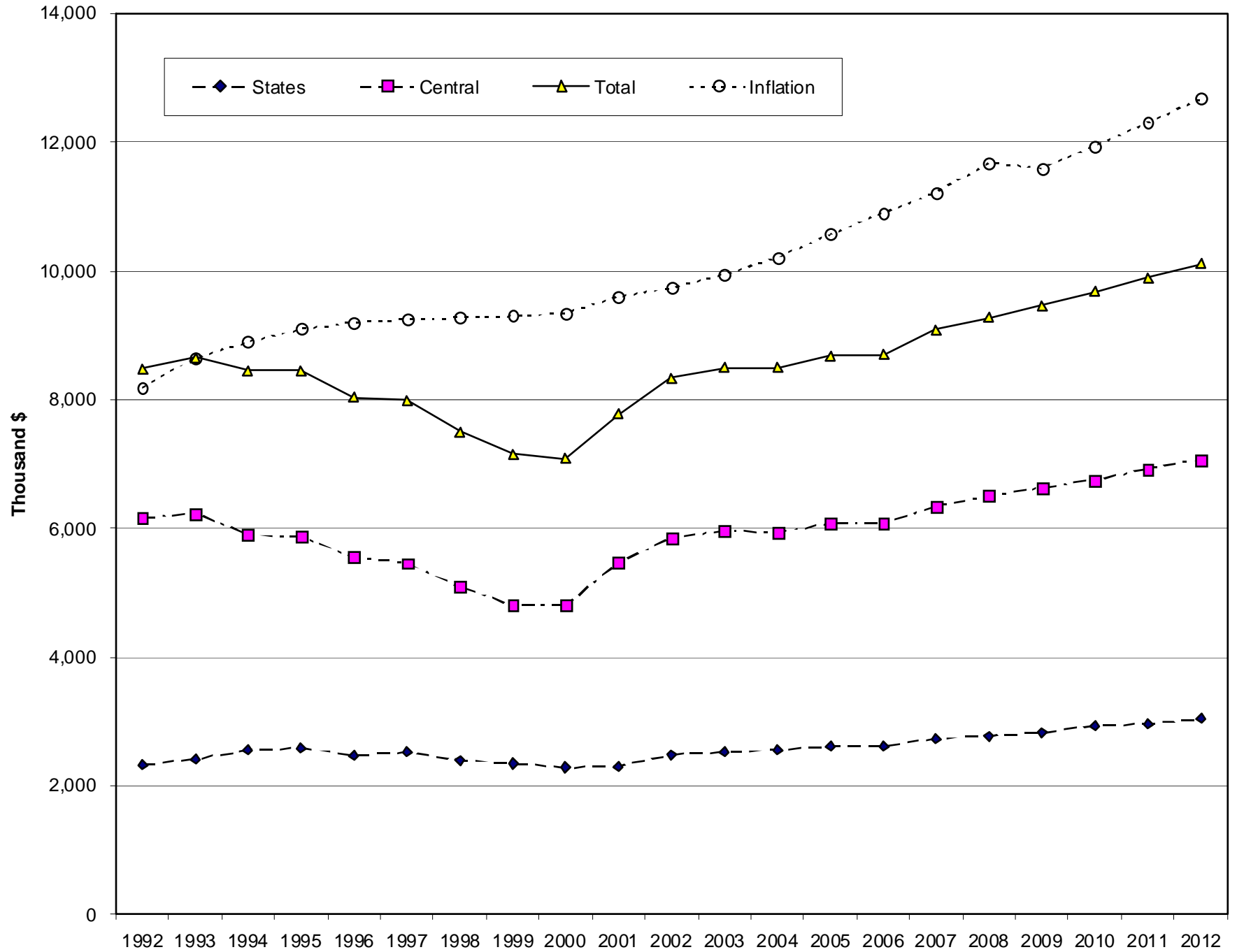
The Council's draft budget reflects the proposed budget for Fiscal Year 2012 and the recommended revisions to the Fiscal Year 2011 budget. In addition, the draft budget

contains the out-year budget projection for fiscal years 2013 and 2014. The Council is committed to carrying out its current responsibilities and workloads within these projected funding levels.

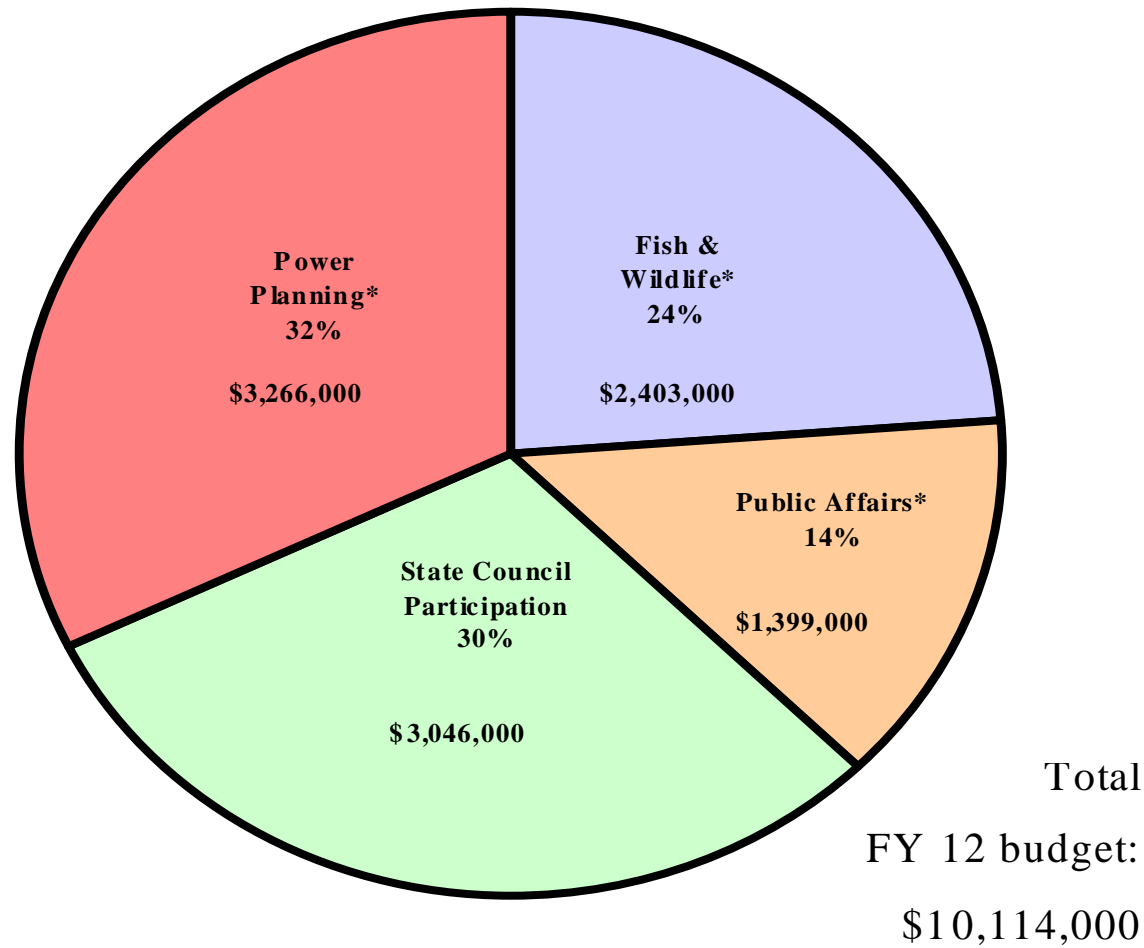
A summary of the draft budgets for the last four budget years follows. These projections show an average annual growth over the five-year period, 2008 - 2012, of less than 3 percent per year. This reflects current-level service based on the Fiscal Year 2007-revised budget.

Fiscal Year 2007	\$9,085,000	
Fiscal Year 2008	\$9,276,000	(2.1%)
Fiscal Year 2009	\$9,467,000	(2.1%)
Fiscal Year 2010	\$9,683,000	(2.3%)
Fiscal Year 2011	\$9,891,000	(2.1%)
Fiscal Year 2012	\$10,114,000	(2.3%)

The Council showing, required by the Act, for Fiscal Year 2012 is contained in Appendix C.



Budget by Function (Figure 2)



* Includes central office administration burden for executive management, as well as legal, fiscal and administrative services.

FISCAL YEAR 2011/FISCAL YEAR 2012 BUDGET STRATEGY

The Council is aware of the current economic challenges facing the four-state region, and the need to maintain healthy financial conditions for the Bonneville Power Administration. In an effort to be responsive, the Council in Fiscal Year 2011 and Fiscal Year 2012 will continue to adhere to the budget constraints initiated in 1998.

To accomplish this, the Council will:

1. Continue to identify efficiencies in operations and administration in order to limit inflationary increases to an average of 3 percent during fiscal years 2009-2013.
2. Reallocate staffing where possible to absorb new workload without increasing FTEs.
3. Re-prioritize resources as necessary to respond to new requests for technical analysis. Reschedule or postpone work anticipated during the budget-development process in order to respond to the most essential requests for studies and analyses.

PROPOSED BUDGET REQUESTS

Fiscal Year 2012 Budget

Based on the major issues and levels of effort discussed on the preceding pages and described in more detail in other

sections of this document, the Council has determined that the proposed budget expenditures are necessary and appropriate for the performance of its functions and responsibilities as authorized by the Northwest Power Act, Section 4(c)(10)(A). The Council further has determined that the 0.02 mill per kilowatt-hour limitation on expenses will not permit the Council to carry out its functions and responsibilities under the Act, Section 4(c)(10)(A). (See Appendix C for a detailed description of the Council's showing under the Act.) The Council proposes that the projected budget in the amount of \$10,114,000 for Fiscal Year 2012, equal to 0.99 mills per kilowatt-hour for the estimate of forecasted firm power sales, be included in the Bonneville administrator's Fiscal Year 2012 budget submittal.

Fiscal Year 2011 Budget Revisions

The Council's Fiscal Year 2011 revised budget of \$9,891,000 includes a reduction from the previously submitted Fiscal Year 2011 budget request of \$9,934,000. The Council's budget for Fiscal Year 2012 and Revised Fiscal Year 2011 is based on current-year expenditure levels plus adjustments for shifting workloads, certain program improvements, and cost-of-living adjustment factors as provided by the U.S. Department of Energy (Bonneville) and the Oregon Economic and Revenue Forecast. A number of cost-containment measures for personal services, travel, contracts, and services and supplies have been incorporated in the budget.

Budget/Expenditure Summary (Table 1)
(000s omitted)

	FY09 Budget	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget	FY13 Projected	FY14 Projected	FY15 Projected	FY16 Projected
Expenditures:											
Personal Services*	\$5,033	\$4,977	\$5,144	\$4,992	\$5,320	\$5,331	\$5,403	\$5,542	\$5,677	\$5,792	\$5,907
Travel	221	219	202	185	207	\$207	215	232	236	236	236
Contracts	359	266	353	353	353	\$353	353	353	353	353	353
Other Operating Expenses	<u>1,021</u>	<u>980</u>	<u>1,052</u>	<u>1,014</u>	<u>1,039</u>	<u>\$1,034</u>	<u>1,097</u>	<u>1,107</u>	<u>1,127</u>	<u>1,162</u>	<u>1,160</u>
SUBTOTAL	\$6,634	\$6,442	\$6,751	\$6,544	\$6,919	\$6,925	\$7,068	\$7,234	\$7,393	\$7,543	\$7,656
State Budgets	<u>2,833</u>	<u>2,579</u>	<u>2,932</u>	<u>2,829</u>	<u>3,015</u>	<u>2,966</u>	<u>3,046</u>	<u>3,121</u>	<u>3,174</u>	<u>3,255</u>	<u>3,335</u>
TOTAL	\$9,467	\$9,021	\$9,683	\$9,373	\$9,934	\$9,891	\$10,114	\$10,355	\$10,567	\$10,798	\$10,991

* Authorized positions represent full staffing. Underutilization of authorized positions can occur during the fiscal year and result in an under-expenditure in the personal services budget. Also, costs associated with payroll taxes, insurance, and benefits can be different than budget projections because of staffing changes and inflationary effects. Some positions are filled on a part-time basis.

FY 2011 Revised Program Forecast (Table 2)
(000s omitted)

	Power Planning	Fish & Wildlife	Public Affairs	Legal	Admin	Total
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Compensation	\$1,243	\$869	\$482	\$364	\$777	\$3,735
Other Payroll Expenses	528	369	204	154	341	1,596
Travel	71	53	44	18	21	207
Contracts	150	165	0	8	30	353
Other Operating Expenses	76	8	125	8	817	1,034
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SUBTOTAL	\$2,068	\$1,464	\$855	\$552	\$1,986	\$6,925
State Budgets:	(000s)					
Idaho	\$744					
Montana	723					
Oregon	725					
Washington	774					
	<hr/>					
SUBTOTAL	\$2,966					2,966
						<hr/>
TOTAL						\$9,891
						<hr/> <hr/>

C. INTRODUCTION

BACKGROUND

The Northwest Power and Conservation Council was authorized by Congress in 1980 through the Pacific Northwest Electric Power Planning and Conservation Act and held its first meeting on April 28, 1981. The Council is an interstate compact agency of Idaho, Montana, Oregon, and Washington, not an agency of the U.S. government. (Section 4 (a)(2)(A)). The four state legislatures created the Council in response to the Power Act.

The principal duties of the Council under the Northwest Power Act are to: 1) develop a regional power plan to assure the Northwest an adequate, efficient, economical and reliable power; 2) develop a fish and wildlife program to protect, mitigate, and enhance fish and wildlife affected by hydroelectric development in the Columbia River Basin and make annual funding recommendations to the Bonneville Power Administration for projects to implement the program; and 3) provide for broad public participation in these processes and inform the public about regional energy and fish and wildlife issues (Sections 2(1)(A) and (B), (3), (3)(A)). Bonneville, the U.S. Bureau of Reclamation, the U.S. Army Corps of Engineers, and the Federal Energy Regulatory Commission are the principal agencies charged with implementing the fish and wildlife program (Sections 4(h)(10), (11)(A)). Bonneville implements the Council's conservation and electric power plan (Sections 4(d)(2), 6(b)(1)).

Funding for the Council is provided by Bonneville, a self-financing federal agency, not by the Federal Treasury or by any state government in the region. The Northwest Power Act directs that expenses of the Council (subject to certain limits described in Appendix C of this report) shall be paid from funds available to the Bonneville administrator and shall be included in Bonneville's annual budget submitted to Congress pursuant to the Federal Columbia River Transmission System Act (Section 4(c)(10)(A) of the Power Act).

The goals of the Power Act – assuring an adequate, efficient, economical, and reliable power supply; encouraging conservation and renewable resources; and protecting, mitigating, and enhancing the fish and wildlife resources of the Columbia River Basin – are of vital importance to the social and economic welfare of the Northwest.

COUNCIL RESPONSIBILITIES

Northwest Conservation and Electric Power Plan

The Power Act directs the Council to develop and periodically amend a plan to ensure the Pacific Northwest of an adequate, efficient, economical, and reliable electric power supply (Section 4(d)). The Council adopted the first version of its Northwest Power Plan in 1983 and amended the Plan in 1986, 1989, 1991, 1996, 1998, 2004 and 2010.

At the time Congress passed the Power Act, wholesale electricity sales were regulated. Since the mid-1990s, however, wholesale power has been sold competitively. While federal law changed the nature of electricity sales, the Power Act goals of assuring reliable and affordable electricity remain an important focus and responsibility of the Council's regional power planning. The Council continues its efforts to accomplish the goals of the Northwest Power Act in ways that are consistent with the changing electricity market.

The 2010 revision of the Power Plan, called the Sixth Northwest Power Plan, focused on maintaining the adequacy and reliability of the power system within the current market structure, recommending a future resource strategy that minimizes costs while ensuring appropriate levels of resource diversity and risk management, and balancing the interactions between fish and power. To reach these goals, the Council views its power planning responsibilities to include, in addition to preparing and periodically amending the Power Plan:

1. Promoting Conservation and Renewable

Resources. Working with regional interests to devise ways of providing guidance in meeting the region's conservation and renewable resource goals consistent with the power plan and working with the Regional Technical Forum to track regional progress.

2. Analyzing the Regional Electricity Market.

Providing information, evaluation, and analyses of the evolving electricity issues. A new area of focus is on evolving climate policies and their potential effects on electricity supply and cost.

3. Analyzing the Power System. Providing valuable, high-quality, and timely analyses of electricity issues and interactions between fish and the electric power system, including enhanced analytical models that more accurately capture the effects of changes in the operation and configuration of the hydroelectric system, and energy system reliability.

The Council is currently focusing on implementation of the Sixth Power Plan which was adopted in April 2010.

Columbia River Basin Fish and Wildlife Program

The Power Act (Section 4(h)) directs the Council to develop, adopt, and periodically amend a program to protect, mitigate, and enhance fish and wildlife affected by the development and operation of hydroelectric projects in the Columbia River Basin and also review Bonneville's progress in implementing the program (Sections 4(h and-i)). In addition, the Council monitors the efforts of the Corps of Engineers, Bureau of Reclamation, and Federal Energy Regulatory Commission to take into consideration the fish and wildlife program in decision-making.

The Council adopted its first Columbia River Basin Fish and Wildlife Program in November 1982. The Council amended the Program in 1984, 1987, 1992, 1994/95, 2005, and most recently in February 2009. The Program incorporates a basinwide vision, biological objectives, strategies, and a scientific framework in a unified plan for fish and wildlife recovery.

With the assistance of the Independent Scientific Review Panel, the Council also reviews and makes

recommendations concerning projects proposed for funding by Bonneville to implement the Fish and Wildlife Program.

The 2000 revision included a multi-species approach for decisionmaking, and the 2003 mainstem amendments included a plan for the operation of the federal hydrosystem. An initiative to develop subbasin plans throughout the Columbia Basin began in 2003. Those 59 plans, adopted in 2004 and 2005, will help define the environmental and biological goals specific to fish and wildlife within the basin.

The 2009 revision incorporated several NOAA-Fisheries and U.S. Fish and Wildlife Service Biological Opinions as well as several Columbia Basin Fish Accords executed with certain Indian Tribes and states. The entire suite of Accords, Biological Opinions, subbasin plans, mainstem amendments and the basic elements of the Fish and Wildlife Program is intended to be implemented in an integrated, consistent manner throughout the Columbia River watershed.

In addition to preparing the Fish and Wildlife Program, the Council views its fish and wildlife planning responsibilities to include:

1. Utilizing Best Available Scientific Information.

Through two panels of independent scientists, ensuring that the best available science is applied in the development of regional fish and wildlife recovery measures.

2. Economic Analysis. Through the Independent Economic Analysis Board, bringing more rigorous economic analysis to the development and evaluation of fish and wildlife measures.

Public Involvement

The Power Act requires the Council to develop and maintain comprehensive programs to inform the public of major regional power and fish and wildlife issues, and obtain feedback from the public, Bonneville, Bonneville's customers, fish and wildlife agencies, Indian tribes, and others for consideration in its decision-making (Section 4(g)). The Council also is required to report to Congress annually on actions taken to implement the Power Act (Section 4(h)). In addition to these activities, the Council views its public involvement responsibilities to include:

1. Encouraging Regional Cooperation. Fostering regional cooperation and coordination on activities that support the goals of the Power Act.

2. Educating the public about the Council's decision-making and involving the public in those processes. The Public Affairs Division arranges public meetings and public hearings, arranges for transcription of these meetings when necessary to create a legal record of proceedings, distributes information about decision-making processes, receives comments from the public and distributes them to the Council members, staff, and the public, and performs other duties to ensure public participation in decision-making.

D. ORGANIZATION FUNCTIONS

COUNCIL ORGANIZATION

The governors of Idaho, Montana, Oregon, and Washington each appoint two members to the Northwest Power and Conservation Council. The eight-member Council sets policy and provides overall leadership for Council activities.

The Council's work is performed, depending on the tasks, by the Council's professional staff (including staff in a central office and in each state), consultants under contract, or by public agencies and Indian tribes under intergovernmental agreements. The Council's executive director is responsible for coordinating with the eight member Council, supervising the central office staff, administering the contracts, and overseeing the day-to-day operations of the Council. The Council approves major contracts and the overall work plan.

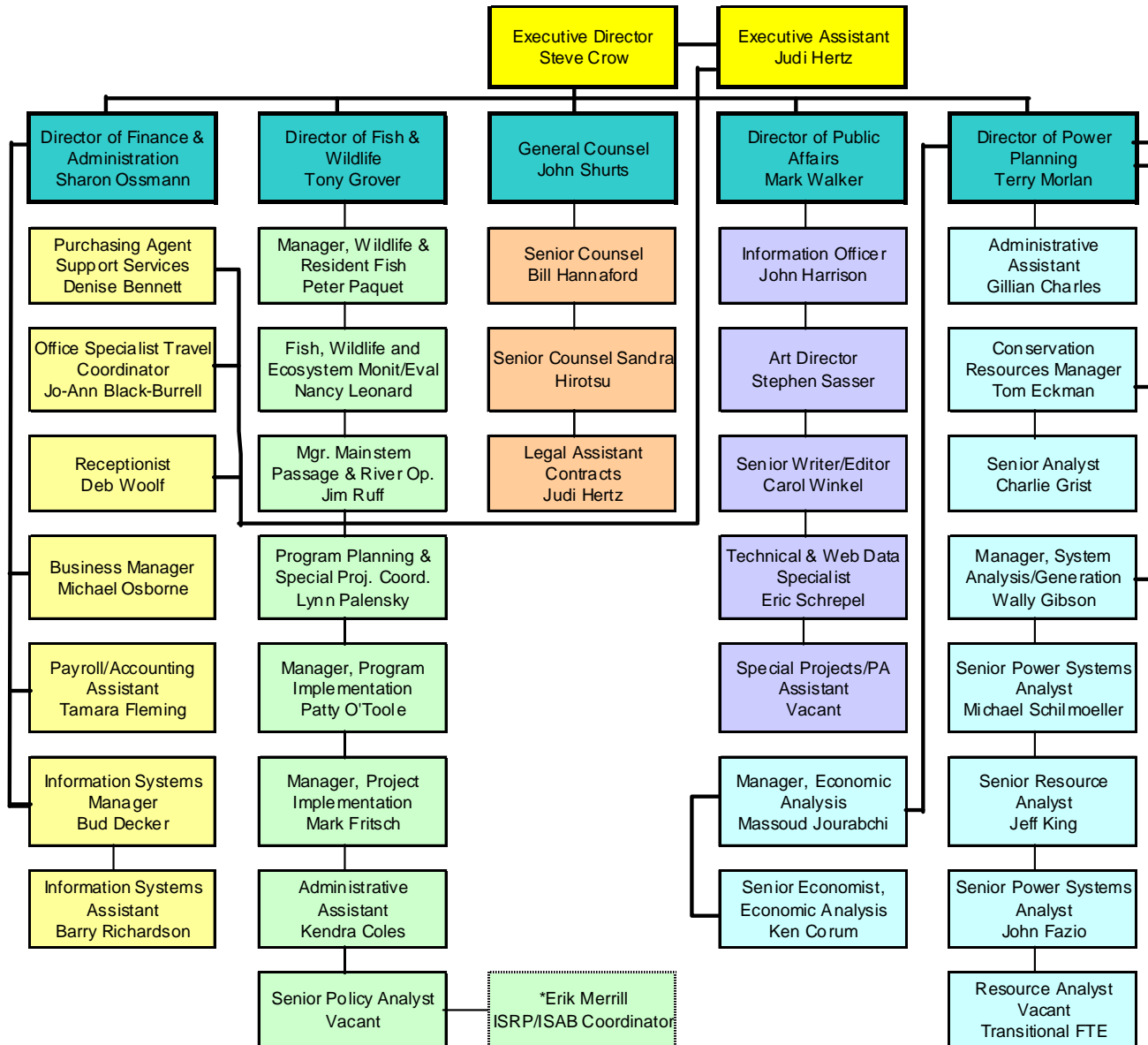
STATE OFFICE ORGANIZATION

Professional staff in each state provide technical review and assistance to Council members in evaluating matters before the Council. State staff also participate in designing and developing public involvement programs that focus on the implementation of the Power Plan and Fish and Wildlife Program in their particular states. This support is provided through existing state agencies or by individuals directly under Council member direction.

CENTRAL OFFICE ORGANIZATION

The central staff, under the leadership of the executive director, has been organized into five divisions: Power; Fish and Wildlife; Public Affairs; Legal; and Administrative.

Divisional Organization Chart (Figure 3)



* ISRP/ISAB funded position

E. POWER DIVISION

The efforts of the Power Division in Fiscal Year 2011 and Fiscal Year 2012 will be focused on promoting and implementing the Council's Sixth Power Plan.

The Sixth Power Plan determines a resource strategy for the Pacific Northwest that provides an adequate, reliable, and economical power system. The strategy minimizes the expected cost of the region's electricity supply while addressing the risks posed by unknown economic growth, energy prices, and environmental policies.

Improved efficiency of electricity use is the key to the power plan's benefits. Efficiency is far cheaper than any other resource alternative, and it provides protection against higher and more volatile fuel prices and uncertainty about policies to mitigate climate change. The Sixth Power Plan finds that 85 percent of the region's growth in electricity needs can be met with cost-effective efficiency improvements.

The plan assumes that existing renewable energy standards will be met and finds that remaining additional electricity needs should be based on natural gas-fired generation technologies.

The Sixth Power Plan would allow the region to meet carbon dioxide emission reduction goals that have been adopted or are being discussed. There are two keys to meeting these goals; achieving the plan's efficiency improvements and reducing the region's reliance on coal-fired generation. While coal provides only 20 percent of

the region's electricity, it is the source of over 85 percent of the regional power system's carbon dioxide emissions.

The Sixth Power Plan also addresses the challenges of integrating growing amounts of variable wind power into the power system, upgrading and expanding the transmission system, developing new sources of renewable generation, and promoting new technologies for generation, efficiency, and operation of the power grid.

In particular, the Division will be concentrating its efforts on the following areas:

Implementation of the Council's Sixth Power Plan

This will involve working closely with Bonneville, state regulators, utilities, and others in the following areas:

- Development of improved efficiency resources. The combination of higher avoided costs and new technologies resulted in a significantly larger amount of cost-effective conservation than what was included in the last Power Plan. Development of that conservation in a sustained manner will yield significant benefits for both the power system and the environment.
- Explore and demonstrate the potential of smart-grid technologies to improve power system reliability and efficiency. Such technologies have the potential to facilitate customer efficiency investments and demand response. Demand response is the ability to voluntarily reduce loads in response to high

prices or tight supplies. The Plan identifies the potential value of demand response for meeting peak demand requirements and helping integrate variable output wind generation.

- Take the necessary steps to implement generating resources when needed including:
 - Resolving uncertainties regarding the ability to site large wind-power developments in the region and the cost of integrating large amounts of wind generation into the power system.
 - Monitoring and evaluating the potential for sequestering carbon from power generation and other low-carbon energy alternatives.
 - Assessing regional resource adequacy by refining and applying the resource adequacy standards adopted by the Council in 2008.
 - Encouraging load-serving entities to use effective resource planning methods that incorporate consideration of risk.
 - Encouraging the development of institutions and mechanisms for effective planning, expansion, operation, and management of the region's transmission system.
 - Encouraging the identification and development of cost-effective local renewable generation potential.
 - Continuing efforts to encourage consideration of cost-effectiveness in fish and wildlife planning and better integrating fish and wildlife mitigation and power planning.
 - Monitoring and evaluating the state of the science and policy of climate change and adjusting resource planning accordingly.

Participation in regional and western energy policy development forums:

- The Northwest is increasingly part of a West-wide power system. Actions elsewhere in that system can have profound implications for the Northwest. This has necessitated dedicating increasing amounts of staff time to activities like Columbia Grid, Northern Tier Transmission Group, the Western Electricity Coordinating Council (WECC) and many of its committees, the Committee on Regional Electric Power Cooperation (CREPC), and so on. Division staff will continue to be involved in these activities in the coming years to the extent our resources can support it.
- In addition, the Power Division will continue its involvement with the activities of the Bonneville Power Administration to carry out its responsibilities in power supply. The thrust of those changes is to:
 - provide power beyond the capability of the existing system only to those who request it and who agree to bear the costs of the additional resources acquired through tiered rates or a similar mechanism; and
 - continuing to facilitate cost-effective conservation and renewables development.
- The Council formed the Northwest Resource Adequacy Forum to develop resource adequacy standards and measures. The adopted standards will continue to be refined and implemented over the next two years.
- The Council will manage the new Northwest Wind Integration Forum to complete the activities recommended in the Wind Integration Action Plan.

- The Council will also manage a regional process to advance the development of demand response resources, The Pacific Northwest Demand Response Program.
- Council staff will participate in utility integrated-resource planning processes by providing data and advice.
- The staff will continue to manage the Regional Technical Forum and actively work with conservation organizations such as the Northwest Energy Efficiency Alliance and the Oregon Energy Trust.

Providing information and analytical support to the region, including:

- Supporting efforts to develop cost-effective energy efficiency initiatives and renewable resources, particularly through support of the Regional Technical Forum (RTF); activities related to Bonneville's conservation programs and conservation planning and acquisition of individual utilities in the region. The RTF has attracted funding from Bonneville and the region's utilities and is now the primary regional source of technical information on cost-effective efficiency measures and the verification of their savings. The RTF is undergoing a review of its activities and funding sources as part of the Northwest Energy Efficiency Taskforce recommendations.
- Supporting the activities of the Independent Economic Analysis Board.
- Providing analysis of the effects of fish recovery initiatives on the power system, and of power system operations on fish and wildlife.

- Periodic evaluation of future power supply adequacy.
- Providing analytical support to understand the carbon footprint of the Northwest Power System and to inform implementation of regional carbon-reduction goals.
- Providing information and data on the regional energy system in response to requests.
- Providing specialized energy analyses to support other regional organizations.

Maintaining and enhancing the Council's planning and analytical capability:

- The Council staff must devote substantial time and resources to preserving and enhancing its modeling and analysis capabilities. During 2010 and 2011 this will include:
 - Maintain and enhance data bases for all areas of planning including loads, resources, prices, and technologies.
 - Refining and applying the new demand forecasting capability
 - Refining the portfolio risk assessment model and making it accessible to utilities in the region.
 - Enhancing the GENESYS model of hydroelectric and other generating resources.
 - Further developing analytical capabilities for the Western power and transmission grid.
 - Staying abreast of emerging efficiency and generating technologies and their costs.
 - Improving the ability to assess electricity capacity.

- Exploring methods to assess and measure existing flexibility reserves and to predict how the needs for these could change over time.

These activities will form the core of the Power Division's activities over the next two years. The work plan and staffing of the Power Division reflect the following functions:

1. Power System Analysis and Generating Resources (Contracts \$60,000)

A. Carry out system analyses of power issues.

Assess and inform the region regarding adequacy of the power supply, implications for power system reliability, and alternatives for maintaining an adequate and reliable power supply. Evaluate resource strategies and perform issue-specific analyses (contract support is required to maintain the Council's license to the AURORA™ price forecasting model and assistance in the staff's own modeling efforts).

B. Analyze the carbon emission of the Northwest power system and the broader Western power system.

C. Complete the Olivia system for developing utility-scale versions of the portfolio risk analysis model. Making this model accessible and scaled to individual utility planning will facilitate consideration of risk in utility integrated resource planning.

D. Carry out analyses of the effects of fish and wildlife initiatives on the power system. The

Council provides the states and the people of the Northwest the capability to independently analyze and evaluate the interactions between the power system and fish and wildlife. Division staff will continue to provide this analytical capability and, in particular, will perform analyses in support of the Council's amendment of its Fish and Wildlife Program.

E. Maintain data on existing and potential

generating resources. The Council has become a source for reliable data on both existing and potential new generating resources. Division staff will continue to research new technologies and their costs and maintain publicly available databases containing this information.

F. Maintain and enhance the GENESYS Model for evaluation of the Northwest power system. This model is widely used for understanding the operations of the hydroelectric system in the context of other generating resources. It is also the primary tool for assessing the adequacy of the regional power system and for estimating the effects of operational constraints for fish and wildlife on the capability of the power system.

2. Energy Efficiency (Contracts \$50,000)

A. Support the Regional Technical Forum to identify cost-effective efficiency actions and to document their savings through utilities' and others' actions. The Regional Technical Forum will be updating information in its conservation database and Web site, and will be monitoring, evaluating, and documenting utility conservation

savings. The Division provides management and guidance for the Regional Technical Forum.

B. Research and maintain data on energy efficiency technologies and their costs. The Council is a key source of this information. The Council's information is widely used in utility integrated resource plans and in other forums addressing conservation opportunities and policies.

C. Work with Bonneville, regional utilities, regulators, and legislators to help achieve the efficiency targets in the Council's Power Plan. The conservation staff participates actively in many regional forums where decisions affecting conservation are made, providing data, advice, and analysis.

3. Economic Assessment and Forecasting of Electricity Demand (Contracts \$40,000)

- A. Maintain information on the regional economy, fuel and electricity prices, and electricity demand.
- B. Upgrade the Council's demand-forecast tools. The Division has developed new short-term demand forecasting tools and has adopted a new long-term demand-forecasting model. These models will facilitate more detailed analysis of hourly and seasonal demand patterns to support improved capacity analysis.

C. Provide analysis in support of conservation and demand response resource potentials and consumer response.

D. Maintain data bases on the regional economy, electricity use, and energy prices.

E. Continue to support the efforts of the Independent Economic Analysis Board.

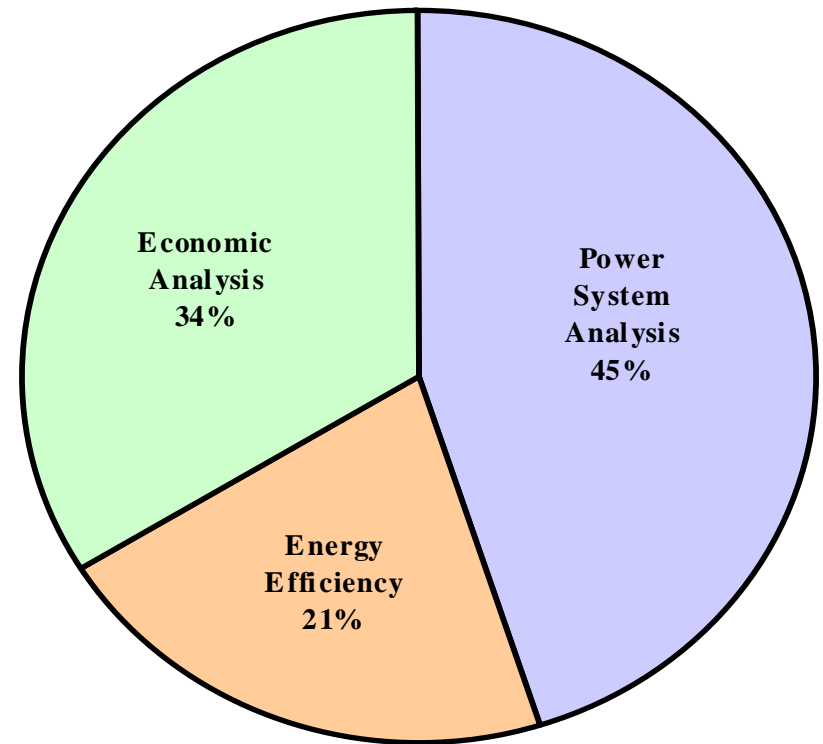
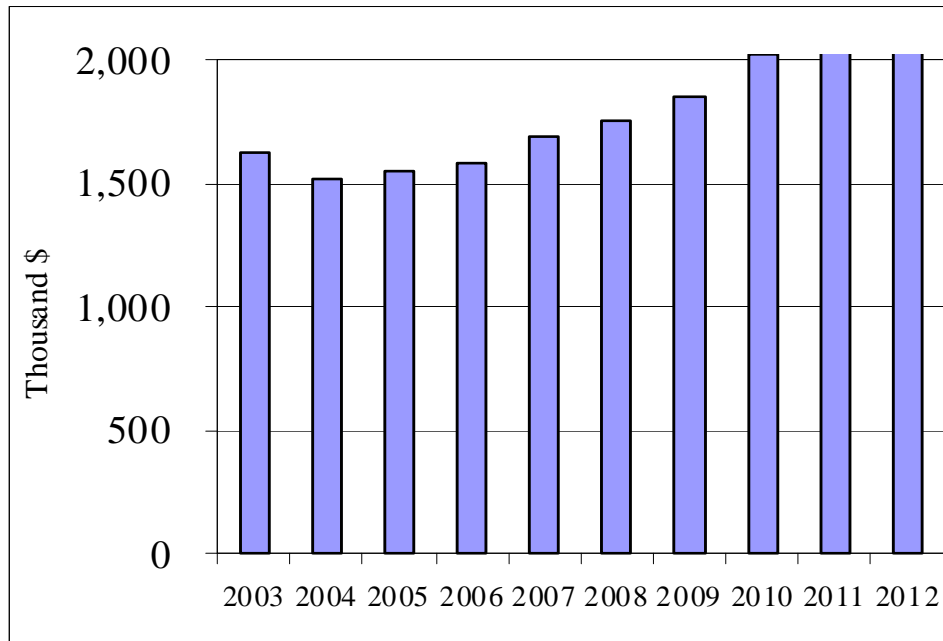
Travel

In Fiscal Year 2011 and 2012 travel costs for Power Division staff will increase in anticipation of more Council meetings outside of Portland. Efforts to increase the use of web-based meeting will make the increase smaller.

Staffing

As a part of the Power Division's long-term succession plan, the Division added one junior-level staff member to help evaluate generating resources. That person was unable to remain with the Council and will need to be replaced and the new staff person trained during fiscal year 2010 and early fiscal year 2011. During 2010, the senior generating resource staff person is expected to retire, but be available part time to help train the new staff member. The Power Division expects additional retirements during fiscal years 2011 and 2012 with some additional transitional expenses for staff overlap and training.

Budget History (Figure 4)



FY12 Program Allocations
\$2,037,000

Expenditures by Category (Table 4)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$1,149	\$1,221	\$1,165	\$1,213	\$1,243	\$1,220
Taxes, Insurance & Benefits	437	518	460	515	528	518
SUBTOTAL	\$1,586	\$1,739	\$1,625	\$1,728	\$1,771	\$1,738
TRAVEL						
Staff	\$72	\$60	\$59	\$62	\$69	\$71
Advisory Committees	4	2	2	2	2	2
SUBTOTAL	76	62	61	64	71	73
CONTRACTS						
(See detail Table 5)	99	150	150	150	150	150
OTHER OPERATING EXPENSES						
(See detail Table 5)	70	76	76	76	76	76
TOTAL	\$1,831	\$2,027	\$1,912	\$2,018	\$2,068	\$2,037

Supplemental Expenditures (Table 5)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
I. CONTRACTS						
A. Energy Plan - Printing	\$0	\$0	\$0	\$0	\$0	\$0
B. Conservation/Renewables	12	50	50	45	45	45
C. System Analysis	20	60	60	45	45	45
D. Demand Forecasting	67	40	40	60	60	60
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u> \$99 </u>	<u> \$150 </u>	<u> \$150 </u>	<u> \$150 </u>	<u> \$150 </u>	<u> \$150 </u>
II. OTHER OPERATING EXPENSES						
A. Data Subscription Service	\$20	\$38	\$38	\$38	\$38	\$38
B. Staff Development and Training	4	3	3	3	3	3
C. Advisory Committee Meetings Expense	13	1	1	1	1	1
D. Services and Supplies	8	9	9	9	9	9
E. Temp Services	0	0	0	0	0	0
F. Modeling Service	25	25	25	25	25	25
G. Power Plan - Printing	0	0	0	0	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u> \$70 </u>	<u> \$76 </u>	<u> \$76 </u>	<u> \$76 </u>	<u> \$76 </u>	<u> \$76 </u>

F. FISH AND WILDLIFE DIVISION

The Council's continuing role in protecting, mitigating and enhancing fish and wildlife affected by hydropower dams of the Columbia River Basin is reflected in the budget proposed for the Fish and Wildlife Division for 2010-2011. The primary Fish and Wildlife Division activities for Fiscal Years 2010 and 2011 include:

1. **Implementation of the 2009 Fish and Wildlife Program**, including the implementation of subbasin plans adopted by the Council in 2004 and 2005 will continue through 2011. The 2009 revision incorporated several NOAA-Fisheries and U.S. Fish and Wildlife Service Biological Opinions as well as several Columbia Basin Fish Accords executed with certain Indian Tribes and states. The entire suite of Accords, Biological Opinions, subbasin plans, mainstem elements are contained within the 2009 Fish and Wildlife Program is intended to be implemented in an integrated, consistent manner throughout the Columbia River watershed.
2. **Conduct independent scientific and staff reviews** by category and geographical location of all projects funded by Bonneville through the Fish and Wildlife Program.
3. **Plan, prepare, and initiate a focused solicitation** of project proposals to fill gaps required to support successful implementation of the Biological Opinions and the Fish and Wildlife Program with attention to a) the growing operations and maintenance funding needs of ongoing projects, b) integrating monitoring and evaluation tasks funded by the Program and c) implementation of a comprehensive data-management strategy.
4. **Implementing the 2009 Fish and Wildlife Program, including subbasin plans.** The Council adopted the current Fish and Wildlife Program in February 2009. The Program establishes an overall framework for the fish and wildlife mitigation effort, organizing the Columbia River Basin into provinces and, within each province, subbasins. The Program establishes a basinwide vision, biological objectives, and strategies. The revised Program incorporates several NOAA-Fisheries and U.S. Fish and Wildlife Service Biological Opinions as well as several Columbia Basin Fish Accords executed with certain Indian Tribes and states. This work will require staff support for coordination with other funding and implementation processes and the continued integration of scientific review, monitoring integration, and implementation assistance **(Contracts \$65,000)**.
5. **Begin accepting recommendations to update existing subbasin management plans.** This will be a voluntary process without specific, dedicated funding. Planners will have one year from the date the Council starts accepting recommendations to submit any updates. The Council anticipates adopting or rejecting any updates within six months of the submission deadline.

6. **Work with recommending entities, Bonneville and others to shape the measures recommended for all areas of the Program into multi-year action plans similar to those implementation plans in the 2008 Biological Opinion and the Accords.** The Council will then work with Bonneville and relevant entities to estimate multi-year implementation budgets and secure funding commitments that ensure adequate funding for these action plans.
7. **Consider standards for maintaining both integrated and segregated hatchery programs, and standards for the proportion of wild fish returning to spawn that are necessary to maintain the genetic integrity of local populations, based on the recommendations of the Hatchery Scientific Review Group, which were delivered in early 2009.** The Council will consider, among other things, the U.S. v. Oregon Management Plan, the Pacific Salmon Treaty, tribal trust and treaty rights and recovery plans in deciding whether to incorporate HSRG recommendations into the Program.
8. **In consultation with the wildlife managers, Bonneville, and other interested parties, the Council has initiated a Wildlife Mitigation Crediting Forum** to 1) recommend a commonly accepted ledger of habitat units acquired; 2) recommend to the Council ways to resolve issues about accounting for habitat units; and 3) develop a common data base for tracking, assigning and recording habitat units. As part of the

crediting forum, the Council will work with Bonneville and the managers to develop a comprehensive agreement on the proper crediting method for construction and inundation losses or strategies that will allow parties to reach long-term settlement agreements. Once completed, the Council will consider adopting the comprehensive agreement into the Program.

9. **Monitoring, Evaluation, Research and Reporting -** The Council has involved a wide range of parties in the region to develop a draft Monitoring, Evaluation, Research and Reporting (MERR) strategy. After the MERR is completed, the Council will oversee and periodically adjust guidelines for monitoring and evaluation efforts coordinated through the Program. This involvement will occur with representatives from the Council, Bonneville, federal and state fish and wildlife agencies, Tribes, the Army Corps of Engineers, the Bureau of Reclamation and others as necessary. More specifically:
 - The methods and protocols used in data collection and evaluation must be consistent with guidelines approved by the Council. Periodically, the Council will adopt or update relevant monitoring and evaluation methods and protocols.
 - The Council, in collaboration with the parties listed above, will identify research priorities to resolve critical ecosystem or biological uncertainties and will update its research plan, which identifies major

research topics and establishes priorities for research funding.

- The Council, with the assistance of fish and wildlife managers and others, will adopt and periodically update high-level indicators (HLIs) for the purpose of reporting success and accomplishments to Congress, the region's governors, legislators and citizens of the Northwest. The first tier of these HLIs have been adopted.
- The Council, with assistance from the parties listed above, will adopt and periodically update a set of reporting metrics and protocols for tracking the accomplishments of individual and multiple projects.
- The Council, with assistance from the parties listed above, will also develop and adopt protocols to monitor status and trends of fish populations and to assess environmental conditions.
- Program implementation must include a systemwide annual report that describes whether projects in the subbasins are achieving Program objectives. The report will describe the Program's focus on priority limiting factors and focal species in priority areas and any adaptations necessary to address these factors. This report also will summarize the status and trends of key species and ecosystem parameters. The Council will work with all interested parties in the basin to refine this

annual reporting process and associated monitoring program, including describing the evaluation tasks, and will enlist the independent science panels in this evaluation effort.

10. **Work cooperatively with Bonneville and the federal operating agencies to produce an annual report that will provide an accounting of fish and wildlife expenditures and hydropower operation costs.** The Council will also continue collaboration with all interested parties in the region and will report annually on how well projects implemented through the Program are being adapted to focus on high-priority limiting factors and focal species in priority areas. The annual report will include a discussion of any data gaps, redundancies, and recommended changes to achieve greater efficiencies.
11. **Identify regional data needs.** Through reports and analyses developed within the Council's Program, and in collaboration with others in the Columbia River Basin, the Council will continue to survey available data in order to identify data needs, reduce redundancies, and fill high-priority data gaps.
12. **Facilitate the review of the performance of the Fish Passage Center (FPC).** The FPC oversight board will conduct an annual review of the performance of the Fish Passage Center and develop a goal-oriented implementation plan to assure regional accountability and compatibility with the regional data management

system, as well as Program consistency. The oversight board has worked work with the Center and the ISAB to organize a regular system of independent and timely science review of analytical products. The Oversight Board determined the requirements for peer review of analytical products before dissemination to an audience broader than the manager(s) requesting the analysis.

13. **Oversee, with the assistance of the ISRP, a categorical review process to review projects proposed for funding by Bonneville.** The ISRP reviews proposed projects and make recommendations to the Council as to whether these proposals are based on sound scientific principles, benefit fish and wildlife, have a clearly defined objective and outcome with provisions for monitoring and evaluation of results, and are consistent with the priorities in the Program. The ISRP also reviews the results of prior-year expenditures. The Council must allow for public review and comment on the ISRP's recommendations. The Council then makes final recommendations to Bonneville on projects to be funded. In doing so, the Council is required to fully consider the ISRP's recommendations, explain in writing its reasons for not accepting ISRP recommendations, consider the impact of ocean conditions on fish and wildlife populations, and determine whether the projects employ cost-effective measures to achieve Program objectives.
14. **Continue to utilize the Step Review process.** As one element of project review, the Council developed a Step

Review process for review of major investments, including new artificial production programs. Step Review allows for review of scientific soundness, possible fish or wildlife benefits, environmental impacts, and design and fiscal considerations at appropriate stages in project development.

15. **Continue to implement the land-acquisition element of the Program:**

- Staff will develop specific procedures and criteria for identification, review, and decision on whether to recommend proposals for land acquisitions. The criteria will be reviewed by the Independent Scientific Review Panel, but specific acquisitions would not require ISRP review.
- Staff will develop provisions for reporting on monies spent, properties acquired, biological benefits, and consistency with Program and subbasin objectives.
- Make all final recommendations regarding land and water acquisitions from the fund.
- The Council will work with Bonneville and other interested parties to establish the details of the acquisition fund.

16. **Conduct a review of U.S. Army Corps of Engineers capital construction program.** This Council and ISRP review, an addition to the Council's review of projects directly funded by Bonneville, was mandated by

Congress in 1997 and made a responsibility of the Council and the Independent Scientific Review Panel. It requires a review of the major U.S. Army Corps of Engineers' capital expenditures in the Columbia River Basin, which collectively have a multi-million dollar annual budget, preparation of Council recommendations, and reports to Congress.

13. **Participate, as available, on the NOAA Fisheries/National Marine Fisheries Service Regional Forum Implementation Team, System Configuration Team, and the in-season Technical Management Team.** These entities advise the federal operating agencies on dam and reservoir operations during the April-through-August fish migration season to optimize passage conditions for juvenile and adult salmon.
17. **Develop biological objectives.** Work with the fish and wildlife agencies, tribes, and others to initiate a process specifically aimed at assessing the value for the Program of quantitative biological objectives at the basinwide level (or at any level above the subbasin and population level) and, if determined to be useful, develop an updated and scientifically rigorous set of such quantitative objectives.
18. **Performance metrics.** Consider metrics that are consistent with the biological opinions and productivity metrics that measure adult fish returns relative to juvenile outmigration (i.e. fish in/fish out). The metrics selected should minimize the risk to wild fish from tagging and handling. The Council will then consider adopting revised quantitative objectives in a future amendment process.
19. **Assess resident fish losses.** Complete the assessments of resident fish losses resulting from the development and operation of the hydrosystem, when and where there is agreement on the appropriate methodology and prioritization of an assessment. As these are available, the Council will consider adopting the loss assessments into the Program.
20. **Wildlife loss assessments.** Complete wildlife loss assessments where appropriate prioritization exists and agreement exists on the methodology, for losses caused by operation of the hydropower projects.
21. **Salmon strongholds.** Establish criteria for identification of salmon stronghold areas, working with regional entities within the Columbia River Basin.
22. **Emerging issues.** Continued work on specific measures to deal with emerging issues such as non-native species, climate change, and toxics that are addressed in the Mainstem Plan and in many of the subbasin plans. Any updates to subbasin plans will need to consider these issues.
23. **Environmental risk assessment.** Develop a template for conducting an environmental risk assessment., as recommended by the Independent Scientific Advisory Board. Starting with that template, the Council will work with the Independent Scientific Review Panel and

the appropriate fish and wildlife agencies and tribes to develop the final environmental risk assessment template. In developing the appropriate template, the Council will consider the criteria currently being used by managers to assess the consequences of substitution in light of the Program's subbasin and basinwide objectives.

24. **Science and policy conference.** Co-sponsor a Columbia River science and policy conference, as necessary, to assist the Council with developing policy in matters related to science and technology, and to discuss scientific and technical developments, and international issues in key policy areas. The Council will work with the Independent Scientific Advisory Board and others to identify the agenda. After each exchange a summary report with implementation recommendations will be produced and posted to the Council's website. The Council will work with the Columbia Basin Trust, an agency of the Province of British Columbia, in coordinating the international components of the conferences. The Council sponsored a science and policy conference on the lower Columbia River and Estuary in September 2009.
25. **Dam operations.** Recommend to the federal operating and fish and wildlife agencies, if required, operations that differ from those in the Biological Opinions if the Council concludes the different operations provide the same or greater benefits to listed fish and wildlife than current operations at a lower cost.
26. **Experiments.** If required for decision making, design experiments and ensure that they are implemented. In some cases this may require the Council to work with fish and wildlife agencies and tribes to establish project teams that can develop and oversee appropriate tests while assuring opportunities for public input.
27. **Review all coordination work.** Any entity or organization receiving funding for coordination of Program activities must develop a work plan detailing the coordination elements, objectives, deliverables, and budget. All coordination work will be reviewed as part of the Council's project-review process and as necessary, scientific and administrative review. The Council will recommend to Bonneville the level and type of coordination required to implement the Program.
28. **Implementation coordination.** The Council will pursue opportunities to implement the Program in coordination with other federal, state, tribal, Canadian, and volunteer fish and wildlife restoration programs. The Council also will continue to work with national programs that influence our work in the basin, such as the Clean Water Act, and the Endangered Species Act.
29. **Monitor trends that are relevant to the Program.** Coordinate with organizations that track and monitor data on non-native species distribution, climate change, and human population change at the Northwest regional scale. There are also ongoing efforts to monitor trends

in Northwest habitat quality, ocean conditions, and fish and wildlife that the Council will continue to track and participate in as described in the Monitoring, Evaluation, Research, and Reporting section of the Program. Continued coordination with these larger efforts is important, as their products and reports can directly influence our work in the basin and help to guide decision-making.

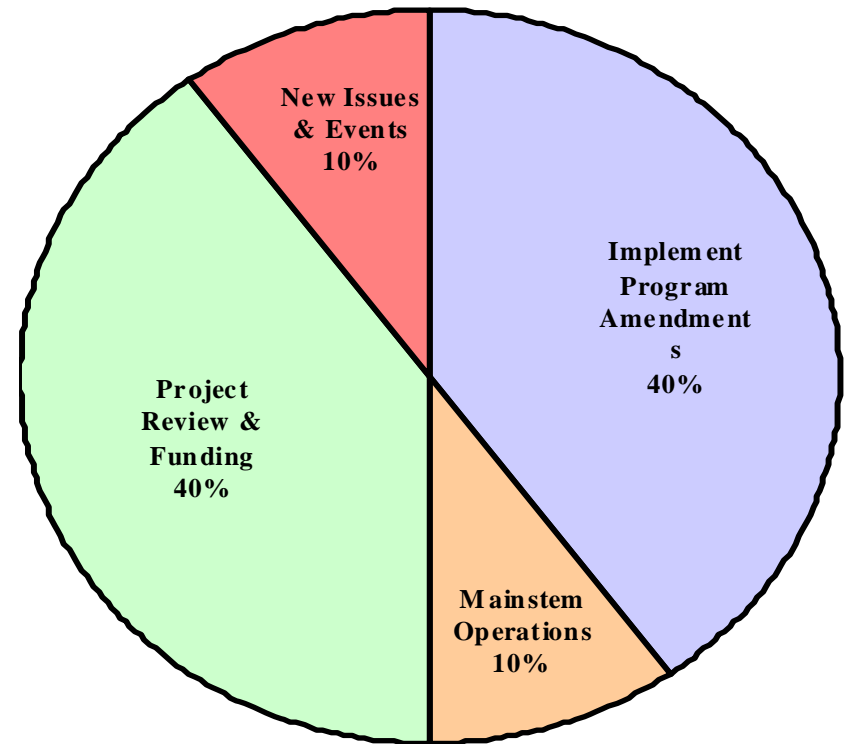
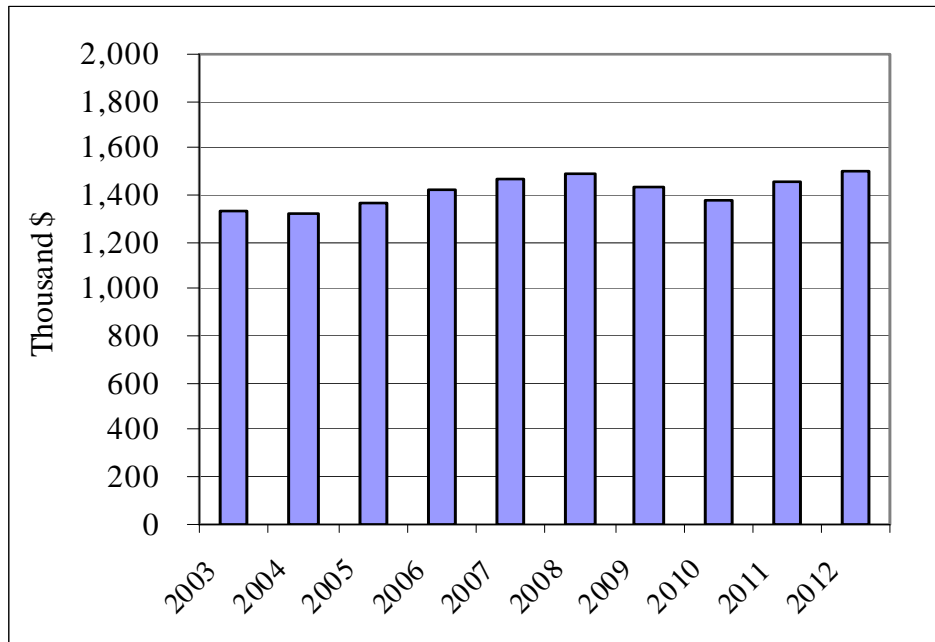
30. **Federal Energy Regulatory Commission proceedings.** The Council will monitor the Federal Energy Regulatory Commission licensing and relicensing proceedings and comment or intervene where appropriate.
31. **Provide analysis of fish and wildlife impacts resulting from power system operations.** Council staff continue to provide basic analysis of the potential fish and wildlife impacts under various operating scenarios for the Columbia River power system and to provide recommendations for minimizing those impacts. In fiscal years 2010 and 2011 the staff will continue to provide analysis of new operational proposals and to present evaluations of experimental operations to the Council and the region.
32. **Independent Economic Analysis Board (IEAB) (Contracts \$100,000).** The Council established the IEAB to assist in evaluating economic impacts of current and proposed Program measures.

The IEAB is a panel of eight economists whose expertise improves the cost-effectiveness of fish and wildlife recovery policies. The IEAB charter has been expanded by the Council. The panel now also provides economic advice and analysis of other fish, wildlife and energy issues at the Council's request. Staff is assisting with gathering and synthesizing information and coordination between the IEAB and the Council.

Staffing

Staffing remains the same.

Budget History (Figure 5)



FY12 Program Allocations
\$1,499,000

Expenditures by Category (Table 6)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$796	\$810	\$804	\$880	\$869	\$894
Taxes, Insurance & Benefits	297	344	312	374	369	379
SUBTOTAL	\$1,093	\$1,154	\$1,116	\$1,254	\$1,238	\$1,273
TRAVEL						
Staff	\$56	\$52	\$47	\$52	\$53	\$53
Advisory Committees	0	4	2	4	0	0
SUBTOTAL	56	56	49	56	53	53
CONTRACTS						
(See detail Table 7)	90	165	165	165	165	165
OTHER OPERATING EXPENSES						
(See detail Table 7)	33	8	8	8	8	8
SUBTOTAL	\$1,272	\$1,383	\$1,338	\$1,483	\$1,464	\$1,499

G. PUBLIC AFFAIRS DIVISION

The Public Affairs Division's primary task is to fulfill the directive of the Northwest Power Act to inform and involve Northwest citizens about the Council's activities. Section 2(3) states a purpose of the Act is "to provide for the participation and consultation of the Pacific Northwest states, local governments, consumers, customers, users of the Columbia River System (including federal and state fish and wildlife agencies and appropriate Indian tribes), and the public at large within the region" in the Northwest's planning for electrical power and protection of fish and wildlife resources. Section 4(g)(1) of the Act requires the Council to develop "comprehensive programs" to ensure public involvement and to "inform the Pacific Northwest public of major regional power issues."

The Division carries out this mandate in two important ways. First, it assists the Council members, state offices, Power Division, and Fish and Wildlife Division in informing and involving the public of Council activities. Second, the Division develops and carries out public information and involvement activities on major issues pertaining to the Council and the Columbia River Basin. Accordingly, the Division is the Council's primary contact with the media and with the public. The Division's publications are sources of information for interest groups and the general public. The Council's Web site (www.nwcouncil.org) is updated regularly with Council meeting agendas and minutes, all publications released by the Council, as well as a host of other information including subbasin planning materials, fish and wildlife project information, Power Division reports, current reports by the Independent Scientific Advisory Board, the

Independent Economic Analysis Board, the Independent Scientific Review Panel, and the Regional Technical Forum. The public is invited to comment on all reports and issue papers relevant to the Council's decision making process.

The Public Affairs Division carries out the following activities:

1. Public involvement, outreach, and government relations. The public affairs staff develops public involvement and communication plans and supports Council members and staff in carrying out public involvement activities. These include drafting and, when needed, delivering speeches; writing, editing, and proofreading; design and graphics; slides and overheads; video production; and handling logistics for meetings, hearings, etc. This function also includes outreach and liaison activities to Congress, federal agencies, state legislatures, other government entities, groups interested in the Council's work, relevant entities in the Canadian portion of the Columbia basin, and the general public.

2. Printed and electronic publications. Publication production by the Public Affairs Division is one of the principal ways to increase public awareness and involvement in Council issues. Printed and electronic publications include the *Council Quarterly*, a newsletter about the Council's activities published four times a year; a monthly electronic newsletter, *Monthly Spotlight*, for the Council's primary constituents, including members of

Congress and their staffs; the Council's *Annual Report to Congress*; brief summaries of issue papers, agenda items, and larger publications; and special publications such as issue brochures and reports to governors and legislators. The Division also edits and publishes the *Northwest Power Plan*, *Columbia River Basin Fish and Wildlife Program*, *Annual Report to the Northwest Governors on Expenditures of the Bonneville Power Administration* (pertaining to fish and wildlife), and other major Council documents. The majority of the Division's operating expense budget covers publishing costs (printing, postage, graphics, etc.) for Council documents.

All printed publications and documents, including brochures, newsletters, important letters, memoranda and Council decision documents are posted on the Council's Web site. The Web site also contains general information about the Council's history, statutory obligations, bylaws, Council members and staff, conflict of interest rules, the Council's budget, and other information. In addition, users of the Council's Web site can communicate with the Council via e-mail.

3. Media relations. The Division responds to numerous media requests, briefs editors and reporters on major issues, distributes news releases, and places feature stories about the Council and its work in a variety of publications. Media activities include work with newspapers, general and trade magazines, radio, and television. The Division monitors all media to keep the Council informed on the type of coverage it is getting on major issues.

4. Public meetings. The Council meets monthly throughout the region. In addition, public hearings,

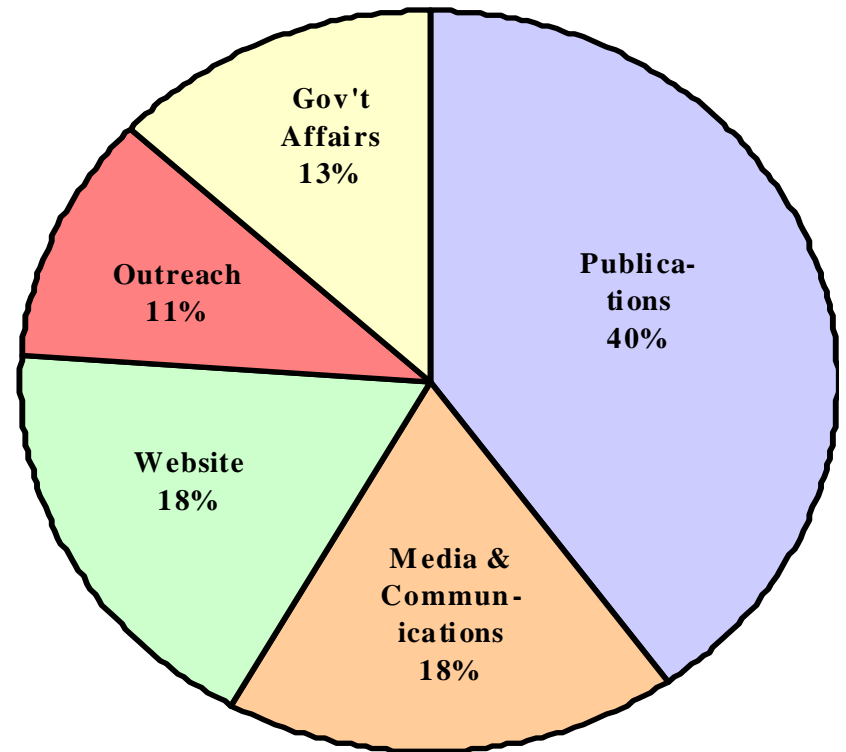
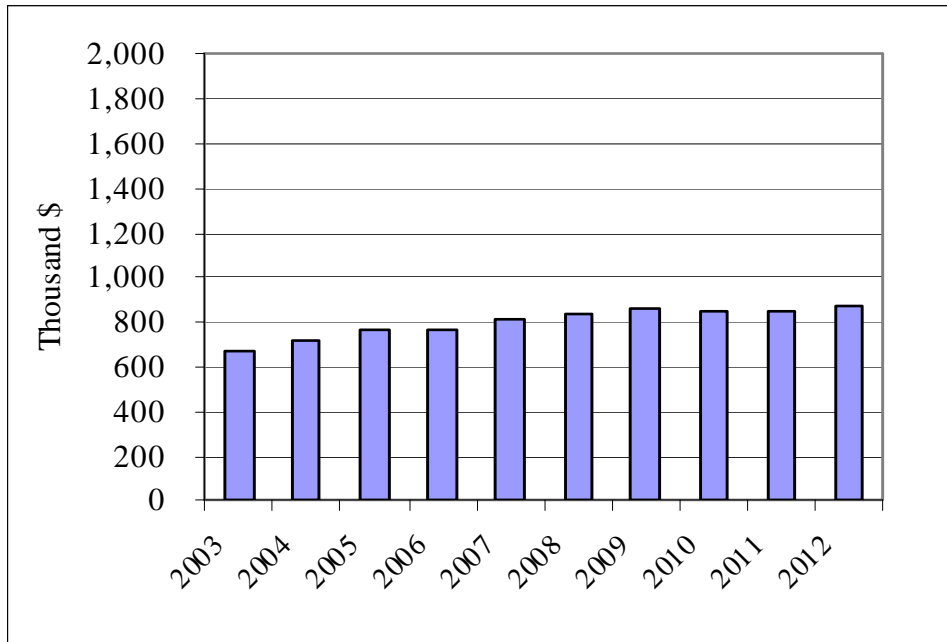
consultations with interested parties and appearances before governmental entities are scheduled on a regular basis to ensure public involvement. Staff support for Council meetings includes writing speeches and presentations, preparing audio/visual aids, developing handout materials, preparing media packets, announcing public hearings, making major documents available, and summarizing agenda items and Council actions for the web site.

5. Information services. The Public Affairs Division answers most general information calls and correspondence from the public. Information requests handled by the Division range from phoned-in questions to preparing complete reports. The Division also provides information to schools, civic organizations, and other interested parties.

Staffing

Staffing is unchanged.

Budget History (Figure 6)



FY12 Program Allocations
\$873,000

Expenditures by Category (Table 8)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$456	\$474	\$473	\$488	\$482	\$492
Taxes, Insurance & Benefits	197	201	192	207	204	209
SUBTOTAL	\$653	\$675	\$665	\$695	\$686	\$701
TRAVEL						
Staff	\$24	\$21	\$21	\$21	\$24	\$27
Advisory Committees	22	20	20	20	20	20
SUBTOTAL	\$46	\$41	\$41	\$41	\$44	\$47
CONTRACTS						
(See detail Table 9)	10	0	0	0	0	0
OTHER OPERATING EXPENSES						
(See detail Table 9)	103	130	124	130	125	125
TOTAL	\$812	\$846	\$830	\$866	\$855	\$873

Supplemental Expenditures (Table 9)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
I. CONTRACTS						
A. Annual Report Printing	\$0	\$0	\$0	\$0	\$0	\$0
B. Public Info/Invol Project	10	0	0	0	0	0
C. Writing/Editing	0	0	0	0	0	0
D. Distribution F & W Film	0	0	0	0	0	0
TOTAL	<u>\$10</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
II. OTHER OPERATING EXPENSES						
A. Publications						
1. Illustrations	\$0	\$2	\$2	\$2	\$2	\$2
2. Publish Newsletter	26	28	28	28	28	28
B. Other Printing	6	10	10	10	10	10
C. Photos/Processing	0	0	0	0	0	0
D. Public Meetings	0	0	0	0	0	0
E. Staff Development	1	1	1	1	1	1
F. Postage and Mailing	7	10	9	10	10	10
G. Information Services	22	24	24	24	24	24
H. Subscriptions/Reference	20	20	20	20	20	20
I. Temporary Services	4	15	10	15	10	10
J. Other Services & Supply	17	17	17	17	17	17
K. Public Notice Media Buys	0	3	3	3	3	3
TOTAL	<u>\$103</u>	<u>\$130</u>	<u>\$124</u>	<u>\$130</u>	<u>\$125</u>	<u>\$125</u>

H. LEGAL DIVISION

The Legal Division provides legal advice and representation to the Council and its staff. The Division supports the power planning, fish and wildlife, and administrative divisions in the development of Council plans, programs, policies, rules and procedures, in the negotiation of major agreements, and in the development of contracts involving substantial expenditures or significant legal issues. The Division also develops and assists in administering the Council's conflict-of-interest policies, Freedom of Information Act requests, personnel issues, and other matters.

The Legal Division is an important participant in overseeing the implementation of the Power Plan and Fish and Wildlife Program by Bonneville, the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Federal Energy Regulatory Commission, and other agencies and utilities. The Division will also continue to represent the Council in appeals of its Plan, Program or other actions. The Division also assists in implementation of legal requirements for review of proposed fish and wildlife expenditures and in analyzing issues and options in the implementation of the power plan's resource strategies.

The Legal Division practices preventive law by anticipating legal issues and resolving problems in lieu of litigation, where appropriate.

The Division also participates in conferences and educational programs related to energy and fish and wildlife.

Legal Division activities include the following:

1. Fish and Wildlife Program implementation. The Legal Division assists the Council and the Fish and Wildlife Division in every phase of the Council's work to oversee the implementation of the 2009 Fish and Wildlife Program by other entities. This includes assisting the Council through the process of developing recommendations to the Bonneville Power Administration for how to use its fund in a manner consistent with the Council's Program. In the fall of 1996, Congress enacted legislation requiring the Council, with advice from an independent scientific panel, to conduct an extensive new review of projects proposed for funding with Bonneville fish and wildlife funds. In addition to considering independent scientific advice, the Council must make new determinations regarding the cost-effectiveness of measures and the impact of ocean conditions on salmon survival. In 1998, Congress requested the Council also to review federal capital programs and other programs whose costs are reimbursed by Bonneville. The Legal Division plays an active role in analysis and in documenting the Council's determinations. The Legal Division also plays an important role in assisting with the integration of the Council's Fish and Wildlife Program to satisfy the requirements of the Northwest Power Act with the plans and programs developed by others to address other adverse effects on fish and wildlife species or to meet other legal requirements, most notably the federal Endangered Species Act. In addition, the Division works with federal and state agencies, reservoir operating agencies, Indian tribes, and utilities in carrying out Program measures, and represents

the Council in Federal Energy Regulatory Commission proceedings to the extent appropriate.

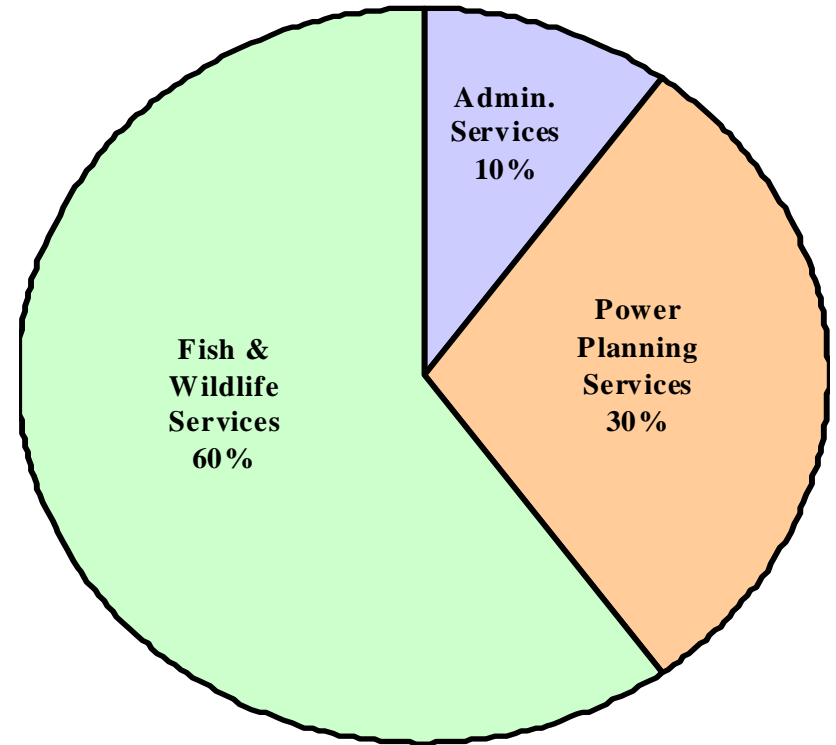
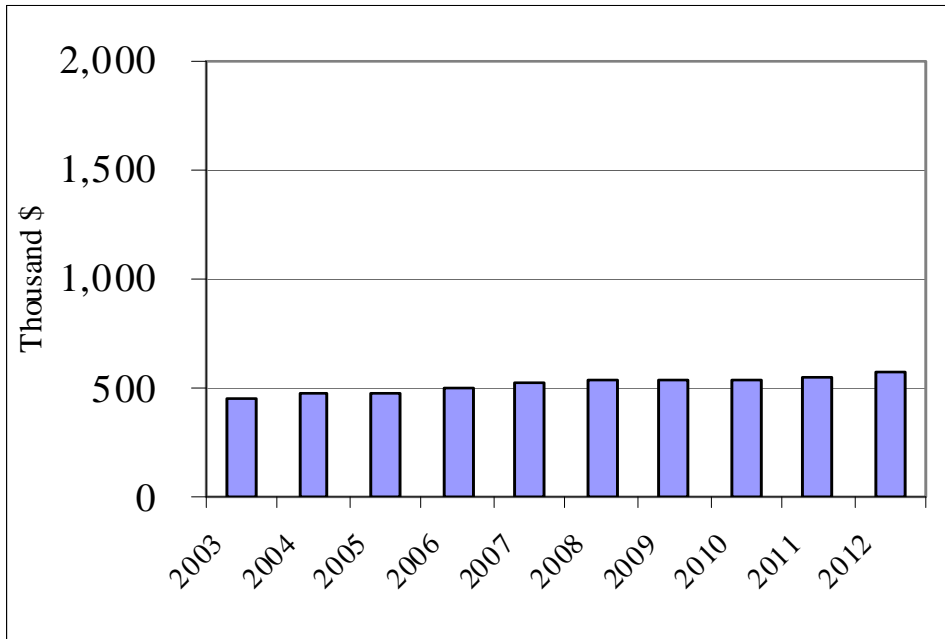
2. Power Plan implementation. The Legal Division played a significant role in the Council's development of the Sixth Northwest Conservation and Electric Power Plan during 2009-10. The Legal Division will also represent the Council in the event petitions are filed to challenge the Power Plan decision. The Legal Division then assists the Council and the Power Division by identifying and addressing legal issues associated with the implementation of the Sixth Power Plan and with other issues concerning the electric power industry and regulation, including Bonneville's evolving role in regional resource development.

3. Administrative law. The Legal Division will continue to assist the Council and the Executive Director and the Administrative Division in the development and implementation of administrative rules and procedures of the Council. This includes continuing assistance in contracting, personnel matters, FOIA requests and other disclosure of information, the use of advisory committees, the application of open meeting rules, financial reporting and disclosure, conflicts of interest, and similar matters. The Legal Division advises the Council on the interpretation and revision of its bylaws and other rules and procedures. The Legal Division also participates in the preparation of all staff analysis and recommendations to the Council to ensure consistency with the requirements of the Northwest Power Act and the laws governing administrative agencies. The Council has included in the budget of the Legal Division an amount for outside legal counsel to provide expertise and counsel in areas of the law relevant to the Council's administrative needs but not

within the expertise of the Legal Division. These include areas such as personnel and labor law.

4. Litigation. The Division handles litigation, with the assistance of outside counsel if needed. The Division does not foresee the need to employ outside counsel during Fiscal years 2009 and 2010, although participation in litigation requiring the help of outside counsel is hard to predict. To address potential needs, the Council has an agreement with the Bonneville Power Administration that litigation costs will be met by using any available uncommitted contract funds, unused funds from other budget categories and/or by submitting a supplemental budget request to Bonneville. In the past, litigation costs have been met in part by reallocating uncommitted contract funds. The Legal Division also devotes an increasing amount of time to monitoring ongoing litigation that affects the Council's interests and advising the Council on those implications. This especially includes litigation over the federal agencies' efforts to comply with the Endangered Species Act, a legal conflict not expected to conclude anytime soon.

Budget History (Figure 7)



FY12 Program Allocations
\$569,000

Expenditures by Category (Table 10)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$342	\$353	\$354	\$367	\$364	\$375
Taxes, Insurance & Benefits	127	150	121	155	154	159
SUBTOTAL	\$469	\$503	\$475	\$522	\$518	\$534
TRAVEL						
Staff	\$20	\$18	\$13	\$18	\$18	\$19
SUBTOTAL	\$20	\$18	\$13	\$18	\$18	\$19
CONTRACTS						
(See detail Table 11)	5	8	8	8	8	8
OTHER OPERATING EXPENSES						
(See detail Table 11)	5	8	8	8	8	8
TOTAL	\$499	\$537	\$504	\$556	\$552	\$569

I. ADMINISTRATIVE DIVISION

The Administrative Division provides executive direction for all Council staff operations. In addition, financial, administrative, and human resources services are provided to the Legal Division, Power Planning Division, Fish and Wildlife Division, and the Public Affairs Division.

Office of the Executive Director

Staff work for all Council activities is directed from this office. In addition, the coordination of Council activities with regional energy and fish and wildlife entities, as well as with congressional delegations and regional organizations, is undertaken.

Finance and Administration

1. Financial management. Activities in this area include the operation of monthly accounts payable, payroll, Bonneville funding awards and general ledger accounting systems. Budget development (Section 4(c) (4) of the Power Act) and administration, as well as arranging for annual audits (Section 4(c)(10)) of the Council's financial records, are part of this function.

2. Contract administration. This responsibility (Section 4(a)(4)) includes establishing contract administrative records, reviewing and approving contractor invoices, and monitoring contractor costs in relation to work accomplished. Other responsibilities include amendments to contracts, review for conflict of interest and arbitration of contractor performance issues.

3. Information system support. The Council has strengthened its overall system analysis capability through the use of more advanced computerized modeling methods and database management techniques. The Council also has improved productivity with computerized business systems, Internet access, website development and desktop publishing. Related costs include two full-time staff who assist all divisions, provide state office computer support, oversee equipment maintenance agreements software leases, installation of data-storage devices, computer systems, and various computer supplies. Projected computer support requirements are studied for each division's anticipated workloads over three to five-year periods. See Appendix B for additional detail regarding the information systems budget.

4. Human resource services. This function includes responsibility for the administration of employee insurance and benefit programs, grievance procedures, Equal Employment Opportunity practices, and staff development policies. Development of salary administration procedures, employee performance appraisal policies, and the Council compensation plan (Section 4(b)(3)) also are included.

5. Administrative support. The Administrative Division provides support for Council meetings and hearings, including scheduling, room arrangements, recording, and transcription requirements. Contract funds (\$25,000) are allocated for preparing minutes of meetings. The Division also prepares the *Directory of Organizations*, a comprehensive listing of the organizations and agencies that are involved with the Council's work.

Mail and copying services, maintenance of the Council's mailing lists, and office reception activities also are provided by the administrative staff.

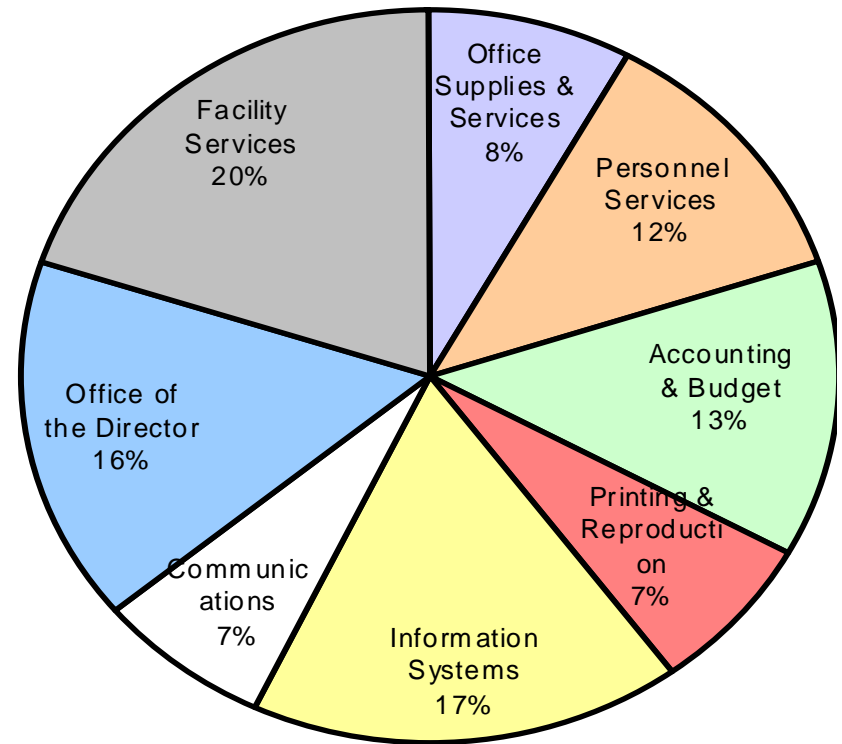
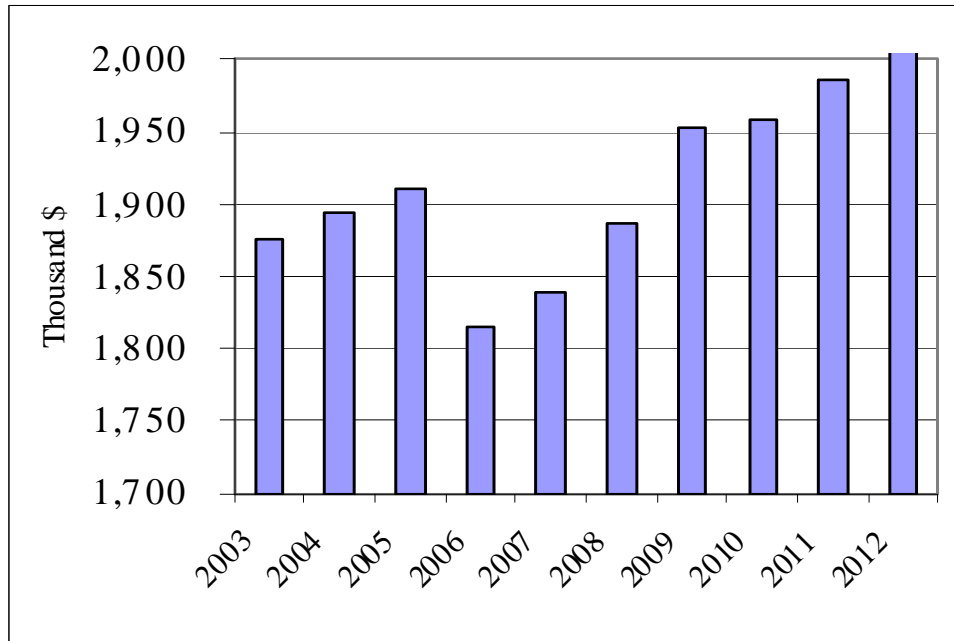
Contract funds (\$5,000) are used for administrative audits and studies, office systems analysis, retirement/pension plan matters, compensation/benefits planning, management audits, and information systems support.

The Administrative Division also is accountable for planning office space, communication systems, office equipment systems (for example, mailing, copying, and computer systems), and administrative records.

Staffing

Staffing levels remain the same in Fiscal Year 2011 and 2012.

Budget History (Figure 8)



FY12 Program Allocations
\$2,090,000

Expenditures by Category (Table 12)
 (000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$753	\$753	\$751	\$787	\$777	\$804
Taxes, Insurance & Benefits	390	320	360	334	341	353
SUBTOTAL	\$1,143	\$1,073	\$1,111	\$1,121	\$1,118	\$1,157
TRAVEL						
Staff - Admin	\$18	\$22	\$18	\$25	\$18	\$20
Staff - Data Processing	3	3	3	3	3	3
SUBTOTAL	\$21	\$25	\$21	\$28	\$21	\$23
CONTRACTS						
(See detail Table 13)	62	30	30	30	30	30
OTHER OPERATING EXPENSES						
(See detail Table 13)	769	830	798	817	817	880
TOTAL	\$1,995	\$1,958	\$1,960	\$1,996	\$1,986	\$2,090

Supplemental Expenditure (Table 13)
(000s omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
I. CONTRACTS						
A. Meeting Minutes	\$19	\$25	\$25	\$25	\$25	\$25
B. Chairman Support	40	0	0	0	0	0
C. Outside Legal Services	3	5	5	5	5	5
TOTAL	\$62	\$30	\$30	\$30	\$30	\$30
II. OTHER OPERATING EXPENSES						
A. Employee Recruiting	\$5	\$10	\$5	\$10	\$5	\$5
B. Staff Development	4	5	5	5	5	5
C. Office Supplies	15	24	22	23	22	23
D. Freight	12	8	8	8	8	8
E. Telephone	58	45	50	48	50	50
F. Postage	10	18	14	18	15	16
G. Payroll Processing Services	11	12	12	12	12	12
H. Reference Materials	1	1	1	1	1	1
I. Meetings	41	47	35	45	45	55
J. Rent	358	355	378	359	380	411
K. Insurance	17	20	19	20	19	20
L. Equipment Rental	14	28	10	20	10	20
M. Repair and Maintenance	18	42	25	37	30	35
N. Accounting Software/Support	5	10	5	10	10	10
O. Audit and Accounting	50	46	50	46	50	50
P. Mailing Services	0	0	0	0	0	0
Q. Furniture and Equipment	15	15	15	15	15	15
R. Record Storage	0	0	0	0	0	0
S. Temporary Services	0	0	0	0	0	0
T. Computer Serv. & Supply	135	140	140	136	136	140
U. Computer Staff Development	0	4	4	4	4	4
TOTAL	\$769	\$830	\$798	\$817	\$817	\$880

J. STATE BUDGETS

STATE COUNCIL OFFICE ORGANIZATION

Idaho, Montana, Oregon, and Washington passed enabling legislation authorizing state participation on the Council. Two Council members are appointed by the governor of each state (Section 4 (a)(2)(B) of the Power Act). Each state Council office is an entity of its respective state government. The central office of the Council provides the budgeting, accounting, payroll and benefits administration for state Council offices. Supplemental budget requests, if required, would be subject to the formal budget amendment process of the Council. The states of Oregon and Washington have Council offices in both the eastern and western portions of their respective states.

Each state individually budgets for those activities necessary to carry out that state's participation and responsibilities under the Act. These funds provide for the Council members' compensation, travel, staff support, and office expenses. Each state has the option to hire staff, to use outside contractors or the technical services of other state agencies to analyze the impact of the Plan and Program on the state, to develop state public information and involvement programs, and for administrative support. State budgets can vary both in the "personal services" category and the "contracts" category, depending upon the type of Council organization in each state. Use of state energy agency and/or fish and wildlife agency staff provides Council members with technical support on state policies and issues related to the Council's Fish and

Wildlife Program and the Power Plan. Council members use their own staff for most technical review activities.

State Council offices carry out the following activities:

1. Represent state interests. Council members represent state interests as well as regional interests in all fish and wildlife and energy system matters. This involves establishing and maintaining close working relationships with entities within their states that have a stake in the outcome of the Council's planning efforts. These include, but are not limited to, entities that are operators of hydroelectric projects, public and private utilities, groups concerned with protection of the environment, state fish and wildlife agencies, energy regulatory agencies, and legislative and local government rulemaking bodies.

2. Technical review. Council members may require technical assistance and review capability to assess the impacts of regional issues that come before the Council on their state programs, laws, and practices. This technical review is provided by state Council staff and/or other state agency staff. Examples of regional Council issues that can affect each state differently include: implementation of the protected-areas rules in the Fish and Wildlife Program, hatchery and habitat projects, wildlife mitigation projects, and Columbia River operations for salmon recovery.

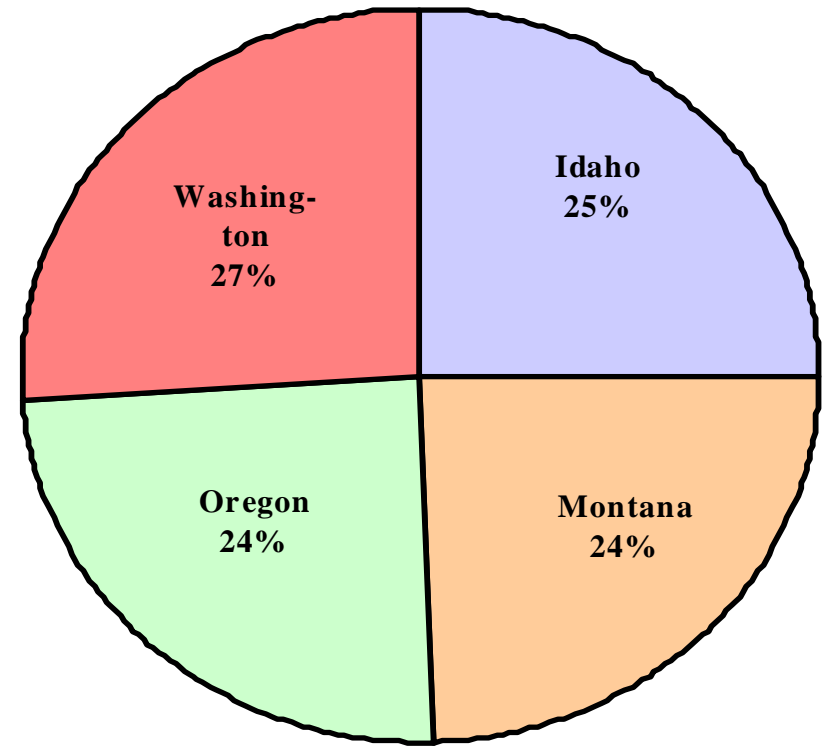
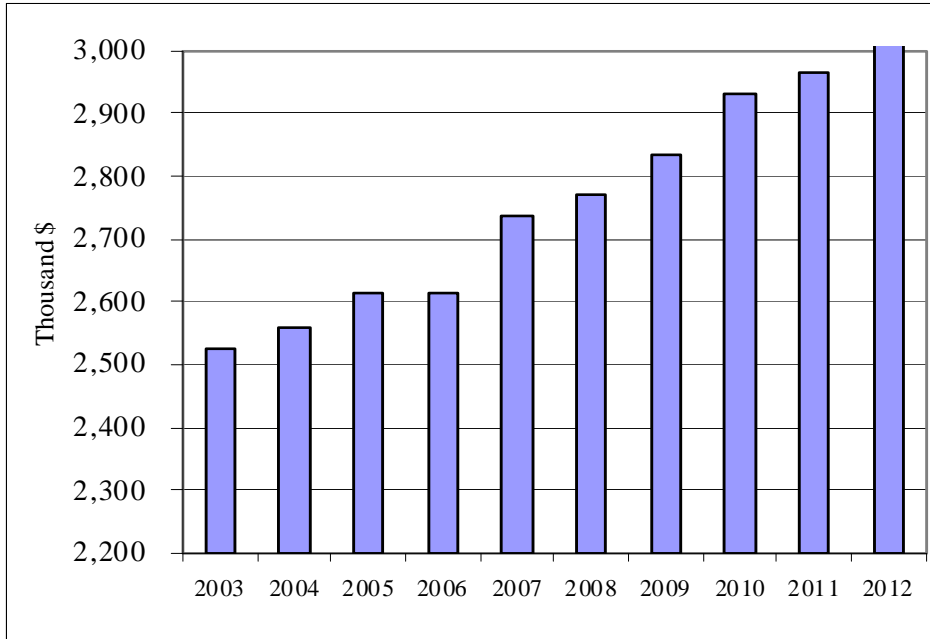
3. Public information and involvement. While the Council's central office is responsible for developing material for the Council's public information and

involvement programs, each state implements public involvement activities that are focused on Council issues that have a specific impact in that state. In addition, each state may use local advisory committees and town hall meetings for consultations on certain aspects of the Council's planning. This also can involve preparation of information regarding statewide energy and fish and wildlife issues. State public information and involvement activities are provided by state Council staff or with the assistance of other state agencies.

4. Administrative support. Council members and their secretarial/clerical staff are provided office space and office services (telephone, supplies, copier, and computer support) sometimes by a state agency such as the governor's office or energy office. Fiscal services such as payroll, accounts payable, budget, and audit also can be provided, although these are often provided by the Council's central office. Administrative support services are provided either on a direct-charge basis or through an approved indirect overhead rate.

Detailed budgets for each state Council office are shown in Tables 14 through 18.

Budget History (Figure 9)



FY12 Program Allocations
\$3,046,000

**Fiscal Year 2011
State Budgets (Table 14)
(000's omitted)**

	Idaho	Montana	Oregon	Washington	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
PERSONNEL					
Salaries	\$406	\$391	\$424	\$476	\$1,697
Taxes, Insurance & Benefits	182	183	180	202	747
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SUBTOTAL	\$588	\$574	\$604	\$678	\$2,444
TRAVEL	77	85	60	65	287
CONTRACTS	35	38	15	21	109
OTHER OPERATING EXPENSES	64	49	61	31	206
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u><u>\$764</u></u>	<u><u>\$746</u></u>	<u><u>\$740</u></u>	<u><u>\$796</u></u>	<u><u>\$3,046</u></u>

Idaho (Table 15)
(000's omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$383	\$410	\$396	\$422	\$395	\$406
Taxes, Insurance & Benefits	175	174	170	179	177	182
SUBTOTAL	\$558	\$584	\$566	\$601	\$572	\$588
 TRAVEL	 58	 71	 71	 75	 75	 77
 CONTRACTS	 26	 25	 25	 21	 35	 35
 OTHER OPERATING EXPENSES						
A. Employee Training	1	1	1	1	1	1
B. Office Supplies	2	8	6	9	8	8
C. Telephone	11	14	14	14	14	14
D. Postage	1	1	1	1	1	1
E. Office Rent	28	30	28	32	30	32
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	1	0	0	1	1	1
H. Miscellaneous Expense	0	0	0	1	1	1
I. Repair/Maintain Equipment	3	3	3	5	5	5
J. Equipment Rental	0	0	0	4	0	0
SUBTOTAL	\$48	\$58	\$54	\$69	\$62	\$64
 TOTAL	 \$690	 \$738	 \$716	 \$766	 \$744	 \$764

Idaho Council members receive technical and administrative support from three full-time positions. The positions primarily include energy and rates analyses, administrative program management, and secretarial support. Contract services provide for legal counsel and technical assistance when necessary. The Council offices are in Boise and Coeur d'Alene.

Montana (Table 16)
(000's omitted)

	FY09 <u>Actual</u>	FY10 <u>Budget</u>	FY10 <u>Estimate</u>	FY11 <u>Budget</u>	FY11 <u>Revised</u>	FY12 <u>Budget</u>
Compensation	\$368	\$376	\$372	\$388	\$380	\$391
Taxes, Insurance & Benefits	164	169	176	174	178	183
SUBTOTAL	\$532	\$545	\$548	\$562	\$558	\$574
TRAVEL	57	83	78	80	80	85
CONTRACTS	42	36	36	38	38	38
OTHER OPERATING EXPENSES						
A. Employee Training	2	2	2	2	2	2
B. Office Supplies	4	6	5	6	6	8
C. Telephone	8	10	10	10	10	10
D. Postage	3	1	1	1	1	1
E. Office Rent	24	22	24	22	24	24
F. Dues/Subscriptions	1	1	1	1	1	1
G. Meeting Room Rental	1	1	1	1	1	1
H. Miscellaneous Expense	1	1	1	1	1	1
I. Repair/Maintain Equipment	0	1	1	1	1	1
J. Equipment Rental	0	1	0	1	0	0
SUBTOTAL	44	46	46	46	47	49
TOTAL	\$675	\$710	\$708	\$726	\$723	\$746

Council members receive administrative and technical support on energy, fish and wildlife, public information and involvement activities from one part-time and two full-time positions. Other specialized services are contracted for and utilized on an as-needed basis. The Council office is in Helena.

Oregon (Table 17)
(000's omitted)

	FY09 Actual	FY10 Budget	FY10 Estimate	FY11 Budget	FY11 Revised	FY12 Budget
Compensation	\$361	\$415	\$410	\$427	\$416	\$424
Taxes, Insurance & Benefits	142	174	150	170	176	180
SUBTOTAL	<u>\$503</u>	<u>\$589</u>	<u>\$560</u>	<u>\$597</u>	<u>\$592</u>	<u>\$604</u>
TRAVEL	53	57	57	58	58	60
Contracts	0	15	15	15	15	15
OTHER OPERATING EXPENSES						
A. Employee Training	1	0	0	1	1	1
B. Office Supplies	1	2	2	2	2	2
C. Telephone	5	10	10	10	10	10
D. Postage	1	1	1	1	1	1
E. Office Rent	38	42	42	44	44	45
F. Dues/Subscriptions	0	1	1	1	1	1
G. Meeting Room Rental	0	0	0	0	0	0
H. Miscellaneous Expense	0	0	0	0	0	0
I. Repair/Maintain Equipment	0	2	0	2	1	1
J. Equipment Rental	0	0	0	0	0	0
SUBTOTAL	<u>46</u>	<u>58</u>	<u>56</u>	<u>61</u>	<u>60</u>	<u>61</u>
TOTAL	<u><u>\$602</u></u>	<u><u>\$719</u></u>	<u><u>\$688</u></u>	<u><u>\$731</u></u>	<u><u>\$725</u></u>	<u><u>\$740</u></u>

Oregon Council members are state employees. They receive technical support through services from two full-time positions. Two additional full-time positions provide administrative/secretarial support to the Council members. Some support services are provided by other state agencies. Council offices are located in Portland, Milton-Freewater, and Astoria.

Washington (Table 18) (000's omitted)

	<u>FY09</u> <u>Actual</u>	<u>FY10</u> <u>Budget</u>	<u>FY10</u> <u>Estimate</u>	<u>FY11</u> <u>Budget</u>	<u>FY11</u> <u>Revised</u>	<u>FY12</u> <u>Budget</u>
Compensation	\$360	\$458	\$453	\$472	\$463	\$476
Taxes, Insurance & Benefits	152	195	157	201	197	202
SUBTOTAL	<u>\$512</u>	<u>\$653</u>	<u>\$610</u>	<u>\$673</u>	<u>\$660</u>	<u>\$678</u>
 TRAVEL	57	50	56	55	55	65
 CONTRACTS						
A. Contract Services	0	0	0	0	0	0
B. Community Trade & Economic	0	0	0	0	0	0
C. EWU Indirect	19	25	12	25	25	15
SUBTOTAL	<u>19</u>	<u>25</u>	<u>12</u>	<u>25</u>	<u>25</u>	<u>15</u>
 OTHER OPERATING EXPENSES						
A. Employee Training	1	1	1	1	1	1
B. Office Supplies	3	5	5	5	5	5
C. Telephone	4	8	8	8	6	6
D. Postage	0	1	1	1	1	1
E. Office Rent	15	18	20	22	19	20
F. Dues/Subscriptions	0	1	1	1	1	1
G. Meeting Room Rental	0	1	1	1	1	1
H. Miscellaneous Expense	1	0	0	0	0	0
I. Repair/Maintain Equipment	0	2	2	0	0	2
J. Equipment Rental	0	0	0	0	0	0
SUBTOTAL	<u>24</u>	<u>37</u>	<u>39</u>	<u>39</u>	<u>34</u>	<u>38</u>
TOTAL	<u>\$612</u>	<u>\$765</u>	<u>\$717</u>	<u>\$792</u>	<u>\$774</u>	<u>\$796</u>

Council

members represent individually the eastern and the western sides of the state with one member being paid through Eastern Washington University, Cheney, Washington. Some support services are provided by other state agencies. Three full-time and two half-time positions provide research analysis, energy policy, economics, fish and wildlife analysis, technical and administrative support. Council offices are in Lacey and Spokane.

K. FISCAL YEAR 2011 REVISED BUDGET

The Fiscal Year 2011 revised budget total is reduced from the budget adopted in 2009.

CENTRAL COUNCIL BUDGET

Personal services

Personal services for the central staff have increased by \$11,000 in Fiscal Year 2011 due to anticipated staffing changes. Increased staffing to accommodate succession planning goals in the Power Planning Division have offset by temporarily shifting a vacant FTE in the Fish and Wildlife division.

Travel

The Fiscal Year 2011 travel budget remains the same.

Contracts

The Fiscal Year 2011 contracting budget remains the same.

Other operating expenses

This category illustrates an overall reduction of \$5,000. The decrease is due to an anticipated reduction in temporary graphic artist services in the Public Affairs division.

STATE BUDGETS

The Idaho Office revised budget for Fiscal Year 2011 decreases by \$22,000, reflecting a shift from staffing and benefits to contracting, and a reduction in other operating costs.

The Montana Office revised budget for Fiscal Year 2011 increases by \$3,000, reflecting a decrease in staffing and benefits costs.

The Oregon Office revised Fiscal Year 2011 budget decreases by \$6,000 reflecting a decrease in staffing and benefits costs.

The Washington Office revised budget for Fiscal Year 2011 increases by \$18,000 reflecting a decrease in staffing and benefits costs and reductions in other operating costs.

Table 19 shows in detail the Fiscal Year 2011 budget revisions by expenditure category for each division and the state offices.

Categorical Comparisons (Table 19)
 (000's omitted)

	COMPENSATION			TRAVEL			CONTRACTS			OTHER OPERATING EXP.		
	FY11	FY11	Change	FY11	FY11	Change	FY11	FY11	Change	FY11	FY11	Change
	Budget	Revision		Budget	Revision		Budget	Revision		Budget	Revision	
<u>CENTRAL OFFICE</u>												
Power Planning Division	\$1,728	\$1,771	\$43	\$64	\$71	\$7	\$150	\$150	\$0	\$76	\$76	\$0
Fish & Wildlife Division	1,254	1,238	(16)	56	53	(3)	165	165	0	8	8	0
Public Affairs Division	695	686	(9)	41	44	3	0	0	0	130	125	(5)
Legal Division	522	518	(4)	18	18	0	8	8	0	8	8	0
Administration Division	1,121	1,118	(3)	28	21	(7)	30	30	0	817	817	0
SUBTOTAL - CENTRAL	\$5,320	\$5,331	\$11	\$207	\$207	\$0	\$353	\$353	\$0	\$1,039	\$1,034	(\$5)
<u>STATES</u>												
Idaho	\$601	\$572	(\$29)	\$75	\$75	\$0	\$21	\$35	\$14	\$69	\$62	(\$7)
Montana	562	558	(4)	80	80	0	38	38	0	46	47	1
Oregon	597	592	(5)	58	58	0	15	15	0	61	60	(1)
Washington	673	660	(13)	55	55	0	25	25	0	39	34	(5)
SUBTOTAL - STATES	\$2,433	\$2,382	(\$51)	\$268	\$268	\$0	\$99	\$113	\$14	\$215	\$203	(\$12)
TOTAL	\$7,753	\$7,713	(\$40)	\$475	\$475	\$0	\$452	\$466	\$14	\$1,254	\$1,237	(\$17)

APPENDIX A. FISCAL YEAR 2011 REVISIONS

(000's omitted)

	BUDGET	REVISION	CHANGE
Compensation	\$3,735	\$3,735	\$0
Other Payroll Expenses	1,585	1,596	11
	<u> </u>	<u> </u>	<u> </u>
Total Compensation/Payroll	\$5,320	\$5,331	\$11
Travel	207	207	0
Contracts	353	353	0
Other Operating Expenses	1,039	1,034	(5)
	<u> </u>	<u> </u>	<u> </u>
Total Travel/Contract/Other	\$1,599	\$1,594	(\$5)
Idaho	\$766	\$744	(\$22)
Montana	726	\$723	(3)
Oregon	731	\$725	(6)
Washington	792	\$774	(18)
	<u> </u>	<u> </u>	<u> </u>
Total States	3,015	2,966	(49)
	<u> </u>	<u> </u>	<u> </u>
TOTAL	\$9,934	9,891	(\$43)
	<u> </u>	<u> </u>	<u> </u>

APPENDIX B. INFORMATION SYSTEMS

The Council began to develop its information systems capability in 1982 with the installation of the comprehensive computer models necessary to draft the first Power Plan. Since then, the Council has continued to invest in computing equipment and software programs to support power system and fish and wildlife computer models and databases, as well as the Council's growing reliance on computers for business operations and on desktop publishing, networking, and the Internet for public information and involvement activities.

The Council has integrated computers extensively into its planning activities and support services. Computers give the Council the planning capability it needs to carry out its functions and responsibilities with minimum staffing levels and limited outside contracting, as well as the communications power to interact with interested individuals, agencies, and entities around the world. Power Division staff use the Council's networking capabilities to develop, monitor, and support complex computer models and extensive databases for system analysis, decision analysis, and statistical analysis. Fish and wildlife staff coordinate with related agencies, monitor recovery programs, real-time river information, and Bonneville spending, and run fish-production and fish-passage models as well as river-reach and system-production planning databases. The Council also has developed computer networking capability with links to Bonneville, certain agencies and tribes, utility organizations, state Council offices, and the Internet.

Major applications

Examples of major information systems include:

- Fish-recovery projects monitoring process
- Council Web site, electronic mail service and ftp document access
- System Analysis Model and its descendents
- GENESYS resource analysis model - to evaluate system reliability.
- OLIVIA economic portfolio risk analysis
- Data bases - conservation measures, river reaches, hydropower system, administrative records, and mailing lists.

Equipment

The Council uses a network of personal computers and a cluster of Windows servers and data storage devices to support Council programs. Several laser and color printers support the Council's publication activities. These systems communicate through a network that also connects, via the Internet, to the outside world.

The state offices also use networked personal computers for both administrative and technical support to their Council members and staff. All the state offices have access to the Internet for electronic mail and data exchange with each other and with other state agencies.

Council staff continue to be mobilized throughout the region by use of mobile technologies such as wireless networking, remote e-mail and file access, cell phones, and smartphones.

Software

The Council staff uses computers in nearly all aspects of daily work. To maintain and improve the value of staff involvement in regional planning and evaluation efforts, data processing staff plan regular updates to operating system and application software to ensure compatibility with other regional entities.

Over the past several years, staff members have exchanged single-focus, server-based applications for more powerful, Windows-oriented, multitasking hardware and software packages that improve staff productivity and enhance the quality of Council products. In recent years, these improvements have extended to the World Wide Web, which the Council uses extensively to make data, models, and issue papers available to anyone with Internet access. Even with these upgrades, staff still retains the ability to use existing data bases and models on which the planning function still relies.

Computer systems planning

The Council staff identifies long-range data systems support requirements based on three-year data processing plans. Recent data processing plans included oversight of a major facilities upgrade to Council public meeting space, addition of server and website for PTR (formerly C&RD), continued planning for an organization-wide upgrade to a current suite of Microsoft Office applications as well as improvements to data storage, and exploring new technologies available for staff while traveling. Having implemented all of these, the current data processing plan focuses on stabilizing the integration of and training in these new technologies then looking forward to determine the next direction in up coming and new technologies to best leverage existing systems and infrastructure to meet the Council's future needs.

All costs associated with information systems are aggregated in the following tables. The budgets for Fiscal Year 2010 revised and Fiscal Year 2011 reflect current-level staff services with some adjustment for contracted software/hardware support. Any costs associated with the replacement of current hardware/software systems will be accomplished within existing computer funding levels and/or by Council authorization for reprogramming of unexpended funds in other budget categories.

Expenditures by Category (Table B-1)
(000's omitted)

	FY10 Estimate	FY11 Revised	FY12 Budget
Compensation	<u>\$157</u>	<u>\$162</u>	<u>\$167</u>
Taxes, Insurance & Benefits	<u>63</u>	<u>65</u>	<u>67</u>
 SUBTOTAL	 \$220	 \$227	 \$234
 TRAVEL			
Regional	4	3	3
Out-of-Region	<u>0</u>	<u>0</u>	<u>0</u>
 SUBTOTAL	 \$4	 \$3	 \$3
 CONTRACTS			
(See detail Table B-2)	0	0	0
 OTHER OPERATING EXPENSES			
(See detail Table B-2)	<u>140</u>	<u>140</u>	<u>140</u>
 TOTAL	 <u><u>\$364</u></u>	 <u><u>\$370</u></u>	 <u><u>\$377</u></u>

Supplemental Expenditures (Table B-2)
(000's omitted)

	<u>FY10 Estimate</u>	<u>FY11 Revised</u>	<u>FY12 Budget</u>
I. CONTRACTS			
A. Hardware/Software Support	<u>0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
II. OTHER OPERATING EXPENSES			
A. Equipment Maintenance Agreements	\$15	\$17	\$18
B. Staff Development	4	4	4
C. Space	5	5	5
D. Supplies	23	25	28
E. Communications	15	15	17
F. Capital Investments:			
1. Hardware	54	60	50
2. Software	24	14	18
3. Site	0	0	0
G. Temporary Technical Support	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$140</u></u>	<u><u>\$140</u></u>	<u><u>\$140</u></u>

APPENDIX C. FISCAL YEAR 2012 BUDGET COUNCIL SHOWING

I. THE NORTHWEST POWER ACT

Section 4(c)(10)(A) of the Northwest Power Act directs the administrator of the Bonneville Power Administration to pay the expenses the Council determines are necessary or appropriate for the performance of its functions and responsibilities, including reimbursement to those states with members on the Council. This section also establishes a funding limitation equal to 0.02 mills multiplied by the kilowatt-hours of firm power forecast to be sold by Bonneville during the year to be funded. Upon an annual showing by the Council that such limitation will not permit the Council to carry out its functions and responsibilities under the Act, the administrator may raise such limit to any amount not in excess of 0.10 mills. The literal interpretation of the word “showing” requires that the Council provide evidence that: 1) substantiates that annual funding in the amount provided by the 0.02 mills of firm forecast power sales will not be adequate to carry out its functions under the Act; and 2) explains the basis on which additional funding is required. The Council’s budget document is intended to provide sufficient information to meet this criteria. The organization of the budget document and the level of detail provided shows how the Council intends to use the funding provided to carry out its major responsibilities under the Act.

In Fiscal Year 2012, based upon Bonneville’s forecast of firm power sales (as of 02/22/2010), the 0.02-mill funding level is \$2,043,000. The 0.10-mill funding limit is \$10,216,000. The funding requirement, as determined by

the Council, for Fiscal Year 2012 is \$10,114,000, which is equal to 0.099 mills of forecast firm power sales based on the following Council functions and responsibilities.

II. COUNCIL FUNCTIONS/RESPONSIBILITIES

The Council’s minimum responsibilities under the Act fall into five general categories:

1. Northwest Power Plan. Adopt and periodically amend a regional conservation and electric power plan that includes: energy conservation programs, 20-year forecasts of electric energy demands, 20-year power resource forecasts, cost-effective methods for providing regional reliability and reserves, and methods for determining quantifiable environmental costs and benefits (Sections 4(d) and 4(e) of the Act).

2. Columbia River Basin Fish and Wildlife Program. Develop, adopt, and periodically amend the Program to protect, mitigate, and enhance fish and wildlife affected by development and operation of hydroelectric projects in the Columbia River Basin. Report annually to Congress on the effectiveness of the Program and the extent to which the Program is being implemented, and assist development of Program amendments (Sections 4(h), 4(g) and 4(i)).

3. Public information and public involvement. Provide for the participation of the Pacific Northwest states, local governments, consumers, customers, users of

the Columbia River system (including federal and state fish and wildlife agencies and appropriate Indian tribes), and the public at large in planning for the Northwest's electric power and protection of Columbia River Basin fish and wildlife affected by hydropower. Develop and maintain comprehensive programs to inform the public of major regional power and fish and wildlife issues (Sections 2(3) and 4(g)).

4. Other responsibilities. In addition to the above responsibilities, the Council is directed to establish voluntary advisory committees it determines are necessary to assist in the development, collection, and evaluation of statistical, biological, economical, social, and environmental information relevant to the Council's development and amendment of a regional conservation and electric Power Plan and Fish and Wildlife Program (Section 4(c)(11) and (12)).

The Council is required to conduct public meetings throughout the region as part of its process for developing and amending the regional Power Plan and Fish and Wildlife Program (Section 4(d)(1)).

5. Organization requirements. In addition to the Council determining its funding requirements, the Act also provides that the Council shall determine its organization and prescribe its practices and procedures for carrying out its functions and responsibilities under the Act (Section 4(c)(4)). As part of its budget-development process, the Council publishes for public review and comment its organization chart, practices, procedures, and funding requirements associated with the above responsibilities. The Council also distributes for public review and comment its annual work plans for power planning and

Fish and Wildlife Program activities. Following public comment, an annual report describing the Council's activities is published and forwarded to Congress.

III. STATES' PARTICIPATION

The first component of the Council's budget is the funding necessary to support each state's participation as provided by the Act. This portion of the Council's budget covers the funding for the Council members' operation of their state offices, local public involvement efforts, and technical support necessary to provide a suitable state review capability of those energy and fish and wildlife issues having a particular impact on the respective states. Oregon and Washington require that the Council offices be established in both the eastern and western portions of the states.

The states' portion of the budget for Fiscal Year 2012 is \$3,046,000, equivalent to 0.030 mills in firm power sales. The line item expenditure projections and a description of state Council activities is contained in Section J of this budget document.

IV. CENTRAL COUNCIL – POWER DIVISION

The regional electric power and conservation planning responsibilities established by the Act are carried out by a centralized technical staff. The Power Division analyzes changing conditions and monitors implementation of the Power Plan. Outside contracting occurs to a limited extent to augment research done by other entities or to provide technical capability that the Council does not possess. The Council conducts independent regional analysis by using computer modeling and analytical methods with data

collected by outside sources (advisory committees are utilized to the extent appropriate).

The power planning portion of the Council's Fiscal Year 2012 budget is \$2,037,000, equivalent to 0.020 mills in firm power sales. The line item expenses for power planning and a description of program actions are described in Section E of this budget document.

V. CENTRAL COUNCIL – FISH AND WILDLIFE DIVISION

The activities necessary for implementing of the Fish and Wildlife Program, reviewing actions of Bonneville and others to determine consistency with the Program, and developing Program amendments are conducted by a central staff of fish and wildlife specialists (excluding management and administrative support). The fish and wildlife planning efforts of the staff focus on mainstem passage and flows, system/subbasin production planning, research coordination, new hydropower development and actions by the Federal Energy Regulatory Commission, wildlife mitigation, resident fish and fish substitutions, and habitat and tributary passage. Monitoring and evaluation of Fish and Wildlife Program effectiveness, as well as facilitating the resolution of barriers to implementation of specific Program measures, are two of the most significant activities of the Fish and Wildlife Division.

The fish and wildlife portion of the Council's budget for Fiscal Year 2012 is \$1,499,000, equivalent to 0.015 mills in firm power sales. The line item expenditure projections and a description of the Fish and Wildlife Division programs are contained in Section F of this budget document.

VI. CENTRAL COUNCIL – PUBLIC AFFAIRS DIVISION

The Council's Public Affairs Division develops and maintains comprehensive programs to inform and involve the public in major regional power and fish and wildlife issues. This includes consultations with Bonneville, Bonneville customers, fish and wildlife agencies, Indian tribes, and others. Public affairs staff also: 1) coordinate contacts with Congress; 2) monitor federal appropriations and budget committee actions to implement the Fish and Wildlife Program and the energy plan; 3) provide information to congressional committees; and 4) coordinate Council testimony before House and Senate committees.

The Council maintains an extensive mailing list (more than 15,000 individuals and organizations) as a major part of its outreach efforts to inform interested parties and to solicit their participation in the Council's regional planning activities.

The principal way in which the Council attempts to reach the public is through its publications. These include a quarterly publication, *Council Quarterly*, an annual report to Congress, an annual report to the Governors on Bonneville spending to implement the Fish and Wildlife Program, summaries of current Council issues, and the Council's public meeting agenda. The Council also reaches the public through the various media, including briefings for editors/reporters, Council meeting press packets, news releases, feature stories in a variety of publications and advertising the availability of the Council's major documents. The Council maintains a Web site (www.nwcouncil.org) where agendas, summaries of issues

and activities, and all major Council publications are available.

The Public Affairs Division portion of the Council budget for Fiscal Year 2012 is \$873,000, equivalent to 0.008 mills in firm power sales. Line item expenditure projections and program descriptions for public affairs are contained in Section G of this budget document.

VII. CENTRAL COUNCIL – LEGAL DIVISION

Legal services are provided by three attorneys who provide administrative support and general legal advice, as well as support for the power planning, fish and wildlife, and public information and involvement programs.

Legal advice and representation, as well as the development of Council rules and procedures, including the negotiation of contracts, are provided by the Legal Division. The division participates in scheduled revisions of the energy plan and the Fish and Wildlife Program by providing legal counsel at public hearings and consultations with interested parties, assisting and drafting amendments, and maintaining the administrative record of Council actions and rulemakings.

The Legal Division serves a necessary role in helping oversee the implementation of the Power Plan and the Fish and Wildlife Program by Bonneville, the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Federal Energy Regulatory Commission, and other agencies and utilities. Legal representation of the Council in appeals of its Plan, Program, and other actions is provided, although no funding is provided for unanticipated litigation.

Administrative law support is necessary for administrative proceedings and addressing institutional legal questions, as well as ensuring that the Council adheres to the provisions of the Sunshine Act, the Freedom of Information Act, Administrative Procedures Act, government contracting practices, administrative record, and advisory committees.

The legal services portion of the Council's budget for Fiscal Year 2012 is \$569,000, equivalent to 0.005 mills of forecast firm power sales. The Legal Division projection of line item expenditures and a description of specific activities are presented in Section H of this budget document.

VIII. CENTRAL COUNCIL – ADMINISTRATIVE DIVISION

The Administrative Division provides the executive direction for all central Council operations and administrative and financial support for the Council.

The office of the executive director provides the direction for all staff work on Council programs and for program support services. Financial and administrative services are provided, including budget development, audits, contract management, accounting/payroll systems, and personnel administration.

The cost of management services and supplies that are applicable to all divisions are aggregated in the Administrative Division budget. The major expense components are office rent, telephone, office supplies, postage/ mailing, equipment rental, audit fees, insurance, and computer support services.

The Administrative Division portion of the Council’s budget for Fiscal Year 2012 is \$1,713,000 equivalent to 0.017 mills of firm power sales. The Administrative Division line item expenditure projection and activity descriptions are contained in Section I of this budget document.

IX. CENTRAL COUNCIL – INFORMATION SYSTEMS

The Council has fostered a high degree of computer integration with its planning activities and support services. Computer systems and software are necessary to give the Council the capability to carry out its functions and responsibilities with minimal staffing levels and limited outside contracting. Complex computer models and extensive data bases are operated and maintained for system analysis, decision analysis, load forecasting, and statistical analysis, as well as for hydropower system, power resource and conservation data bases. Fish and wildlife planning uses fish-production and fish-passage models, as well as river reach and system-production planning databases. The Administrative Division uses the Council’s computer systems for maintaining administrative records requirements, word processing and for all accounting/budget tasks. The Council also has developed a computer communications network capability that allows computer linkage with Bonneville, certain agencies and tribes, utility organizations, state Council offices, and the Internet.

The information services portion of the Council's budget for Fiscal Year 2012 is \$377,000, equivalent to 0.004 mills of forecast firm power sales. These costs are included in the Administrative Division’s budget. A more detailed

description of the information systems function is contained in Appendix B of this budget document.

X. SUMMARY

Based on this showing and the supporting detailed information contained in this budget document, the Council has determined that the 0.02 mill limitation will not allow the Council to carry out its functions and responsibilities under the Act and that the following budget expenditures proposed for Fiscal Year 2012 are necessary and appropriate.

	FY 2012	
States participation	\$3,063,000	0.030 mills
Central Council:		
Power Planning	2,037,000	0.020 mills
Fish and Wildlife	1,499,000	0.015 mills
Public Affairs	873,000	0.008 mills
Legal	569,000	0.005 mills
Administrative	<u>2,090,000</u>	<u>0.021 mills</u>
TOTAL	<u>\$10,131,000</u>	<u>0.099 mills</u>

Budget History (Figure 10)

