United States General Accounting Office

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Report to Congressional Requesters

August 1996

# NORTHWEST POWER PLANNING COUNCIL

## Greater Public Oversight of Business Operations Would Enhance Accountability

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**United States**
**General Accounting Office**
**Washington, D.C. 20548**

**Resources, Community, and**
**Economic Development Division**

B-272741

August 30, 1996

The Honorable Helen P. Chenoweth
The Honorable Wes Cooley
The Honorable Jennifer Dunn
The Honorable Richard Hastings
The Honorable Jack Metcalf
The Honorable Randy Tate
House of Representatives

This letter is in response to your request of January 18, 1996, asking us to conduct a review of the Pacific Northwest Electric Power and Conservation Planning Council (Council) and its business practices. The Council, a four-state body mandated by the Pacific Northwest Electric Power Planning and Conservation Act (act), oversees regional energy and fish and wildlife policies. The eight-member Council, which is appointed by the governors of Idaho, Montana, Oregon, and Washington, has a central staff numbering about 40. Your inquiry was prompted by the disclosure of a controversial severance package offered to the Council's former executive director. As agreed with your offices, we focused our review on the following questions:

- Are the Council's program activities consistent with congressional direction?
- Is the Council following sound business practices and exercising adequate oversight of business operations?

## Results in Brief

The Council's energy planning and fish and wildlife efforts have been consistent with congressional direction, but changing conditions now cloud the Council's future. The act directed the Council to prepare long-range plans for the region's conservation and electricity needs, and the Council has prepared four such plans in its nearly 20-year history—the most recent in 1996. In connection with fish and wildlife policy, the Council has prepared a program directing the efforts of various federal and state agencies and Indian tribes. However, changing conditions in the utility industry and fish and wildlife mitigation have implications for the Council's future. For example, the current transition from a regulated monopoly to a competitive market for electricity raises questions about the relevance of continued long-term power planning—a major Council activity. The governors of the four Northwest states have convened a comprehensive review of the Northwest energy system and the Council's role in it (a report is due in December 1996). Likewise, changing conditions have prompted evaluations of the role and content of the Council's fish and wildlife program. At the request of the Congress, the Council prepared a report recommending ways to strengthen regional control over efforts to conserve and enhance fish and wildlife within the Columbia River basin.

Internal controls administered by the central staff over day-to-day operations (such as travel, procurement, and payroll administration) were generally sound. However, the Council's oversight of these operations has not been consistent. This condition was brought into sharp public focus by the disclosure of a controversial severance agreement for the Council's former executive director, together with statements from some Council members that they were unaware of the organization's severance policies. Over time, much of the oversight of the Council's business operations had been shifted to the Council chairman and the executive director. As a result, the Council members themselves had limited information about some of the organization's operating policies and procedures. The Council members have since taken steps to improve their oversight of business practices, and these steps appear sufficient to correct the immediate problems at hand. Nonetheless, given the amount of change and uncertainty in the Council's main areas of focus—power and fish and wildlife—the potential exists for the Council members' attention to be similarly shifted away from administrative matters in the future. We believe the Council could improve its credibility as a prudent manager of public resources by taking steps to make its policies and decisions on business operations more a matter of public record.

## Background

The Council is a four-state body authorized by the Congress and established as an interstate agency on April 28, 1981, by agreement among the four Northwest states. Its main purpose is to act as a regional planning and policy-making agency to ensure that the Northwest has an adequate, economical, and reliable power system, while simultaneously rebuilding the fish and wildlife populations damaged by the operations of federal dams on the Columbia River and its tributaries. The Council members, two from each of the four states, are appointed by their respective governors and have two main functions: (1) representing their states in energy and fish and wildlife matters and (2) through the executive director, directing and overseeing the Council staff.[1] Both the act and the Council's by-laws

[1]In addition to the central staff, each state has its own separate office, which is also under the direction of the state's Council members.

specify that the members are responsible for overseeing both the Council's program activities and its business operations, including approving major policy and personnel changes.

As a four-state body, the Council is neither a federal nor a state agency, and it has some flexibility in developing its own operating policies and procedures. The act directed the Council to follow federal laws in its conduct of business operations "to the extent appropriate." For example, all meetings of the Council are held in public session, as required by federal law. The Council's annual budget (about $8 million) comes from electric power revenues paid to the Bonneville Power Administration (BPA).

## Council's Program Activities Are Consistent With Congressional Direction, but New Conditions May Reshape Its Role

The Council's energy planning, conservation, and fish and wildlife efforts have been consistent with the goals and direction laid out in the act and other congressional direction. However, changing conditions in the utility industry and fish and wildlife mitigation have implications for the Council's future roles and responsibilities.

### Past Efforts Are Closely in Line With Act's Requirements

The act directed the Council to prepare a regional conservation and electric power plan within 2 years of its establishment and at least every 5 years thereafter. The Council has done so, developing four plans, the first in 1983; the most recent plan is still in draft form. Each plan has included a 20-year forecast of the demand for electricity and options for meeting that demand.

The act also directed the Council to develop a program for protecting and enhancing the fish and wildlife affected by dams on the Columbia River and its tributaries and to open it for review at least every 5 years. The Council adopted its first fish and wildlife plan in November 1982. Since then, it has conducted four extensive revisions of the plan (1984, 1987, 1991-93, and 1994) and has adopted numerous issue-specific amendments.[2]

All of the power and fish and wildlife plans went through an extensive public involvement process as required under the act, including hearings, consultations with state and federal agencies, and other opportunities for public comment. The Council also produces and distributes various other publications that provide information on electricity, fish and wildlife, and related topics. As a measure of the extent to which this involvement has taken place, the Council's mailing list includes over 10,000 names.

## New Forces May Affect Council's Future Activities and Role

The Northwest region's changing electricity market now makes it difficult to develop the long-term plans that have typified the Council's efforts to date. In 1980, the power planning concerns facing the Northwest were potential electricity shortages, the rising cost of electricity, and competition for the low-cost electricity provided by BPA.[3] The present situation is far different: Electricity costs are dropping, BPA is no longer the lowest-cost provider, and the market is becoming deregulated and increasingly competitive. In the past, energy planning meant making decisions about adding large, expensive generating plants that took years to plan and build, but the market now focuses on lower-cost alternatives (such as gas turbines) that can be quickly placed on line.

Because of these changes in the Northwest's energy system, the governors of the four states have convened a review that will address, among other things, the Council's future role. The study, to be completed in December 1996, is to provide recommendations on how best to manage the transition from a regulated to a competitive electric power industry. According to Council staff and the current Council chairman, these changes to a less regulated, market-based industry raise questions about the relevance of the Council's power planning activities, and the review is intended to answer such questions.

[2]While the Council has met its basic statutory responsibilities to prepare a fish and wildlife plan, a 1994 U.S. Court of Appeals decision (Northwest Resource Information Center v. Northwest Power Planning Council, 35 F.3d 1371 (9th Cir. 1994)) found that its 1992 salmon strategy was deficient in several respects. The court concluded that the Council had failed to explain in its plan the statutory basis for rejecting the recommendations of fisheries managers and did not evaluate proposed program measures against sound biological objectives. The court also indicated that the Council should take more actions to protect fish and give greater deference to the fisheries managers when they submit recommendations for program measures.

[3]BPA is a self-financing federal agency responsible for marketing federal power from the Columbia River and its tributaries. It currently provides about 40 percent of the region's electricity.

Likewise, changing conditions are affecting the Council's role in fish and wildlife planning. The Council's fish and wildlife plan has focused primarily on salmon recovery efforts. However, in 1991 and 1992, the National Marine Fisheries Service listed several salmon species under the Endangered Species Act. Because the Endangered Species Act imposes mandatory responsibilities on federal agencies and other entities in the region, the focus of salmon recovery efforts has shifted from the Council's regional program to the federal government. In light of this development and the fact that the region lacks a single coordinated salmon recovery plan, the Congress in November 1995 directed the Council to report on the most appropriate governance structure for allowing more effective regional control over fish and wildlife efforts.

The resulting report, issued in May 1996, recommended changes that could strengthen the Council's role and authority in directing regional fish and wildlife policy. The report recommended a presidential executive order directing the federal river management and fish and wildlife agencies[4] to act consistently with the Council's fish and wildlife plan to the extent permitted by their statutory responsibilities. If the executive order does not enhance cooperation among the agencies, the report recommended amending the act to require these federal agencies to act consistently with the Council's plan.

The Council's report also raised concerns about the lack of accountability over the results of fish and wildlife mitigation efforts. Estimated fish and wildlife mitigation costs covered by BPA in fiscal years 1996-2001 are expected to range from $340 million to $530 million per year.[5] Given this investment, the Council recognized the need to improve the monitoring and evaluation of its program to ensure that these expenditures are cost-effective. The Council has proposed steps to improve the evaluation of the program, including (1) requiring that all but proven mitigation measures have a monitoring and evaluation component, (2) making more frequent and formal reviews of the implementation of its plan, and (3) tying funding for program measures to participation in monitoring and evaluation efforts.

[4]These federal river management and fish and wildlife agencies include the U.S. Army Corps of Engineers, the Bureau of Reclamation, the Federal Energy Regulatory Commission, the U.S. Fish and Wildlife Service, and the National Marine Fisheries Service.

[5]Program costs fall into three general categories: project costs, power system costs, and capital costs. Project costs include funding for hatcheries, habitat improvements, research, and other Council initiatives. Power system costs include reductions in hydropower revenues due to increases in flows for migrating salmon and the cost of replacement power. Capital costs cover repayments to the U.S. Treasury for completed fish passage facilities at dams on the Columbia and Snake rivers.

In addition to issuing its report to the Congress, in February 1995 the Council commissioned a nine-member panel of scientists to examine the science underlying salmon recovery efforts in the region. The panel's preliminary conclusions call for the Council and the region to try to restore the natural processes that shape rivers and provide the suitable habitat required to rebuild the fish and wildlife populations. The panel's final report, to be completed in the fall of 1996, may provide a basis for further changes in the Council's fish and wildlife program.

## Controls Over Business Operations Are Sound, but Oversight Should Be Strengthened

The disclosure in January 1996 of a controversial severance agreement between the Council and the former executive director, together with statements from some Council members that they were unaware of the organization's severance policies, raised concerns about the soundness of the operating and management controls over business operations. Overall, the controls administered by the staff over day-to-day operations were generally sound. In addition, the Council receives an annual independent audit of both its financial statements and its management controls. However, the severance agreement showed that the Council had not exercised adequate oversight of the outplacement policy on which the severance agreement was based. Over time, much of the oversight and approval of day-to-day operations and policy decisions had shifted to just two persons—the Council chairman and the executive director. This shift created a situation in which the outplacement policy could be developed and implemented without much Council review. After the incident, the Council took steps to increase its oversight of business operations. Additional steps involving greater public access to the Council's business policies could help ensure ongoing confidence in the Council's operations.

### Basic Policies and Controls Generally Sound

Our review showed that, with the exception of the outplacement policy, the policies and procedures covering business operations were sound and that internal controls over business operations were generally adequate and effective.

The Council has developed policies covering all major business operations, including travel, contracting, control and use of equipment, and personnel practices. Each year, the Council receives an independent audit of its financial statements and internal controls in which compliance with these policies is tested. During the planning for these annual audits, representatives of the outside firm meet with the Council, Council staff, and BPA to determine whether there are any areas of concern about the current systems and controls and to incorporate any suggestions into the audit plan. In addition, the outside firm contacts state audit offices from the four states to determine the results of any state reviews of the Council's offices. Our review showed that when outside auditors have identified operational weaknesses (such as problems with inventory records), the Council staff have corrected the weaknesses by strengthening controls, rewriting policies, or taking other appropriate action. Subsequent audits have confirmed that corrective actions have been taken.

As part of our review, we conducted our own tests of various internal controls. (See app. I for a description of our scope and methodology.) We examined several key areas, including equipment use, travel, and contracting. We found that, with minor exceptions, staff followed policies and procedures and that controls were generally sound. Examples include the following:

- Cellular phone usage. Under Council policy, the Council members and key staff have cellular telephones. Phone-use records are checked for any calls that do not meet the established policy for Council-related calls. The Council and staff members must pay for such calls through deductions from their pay.
- Travel. We examined claims for travel expenses and found that they are carefully reviewed by administrative staff for compliance with the established procedures. If administrative staff determine that a traveler is not entitled to reimbursement (for example, for a meal that was paid for as part of a conference fee), they deny payment for the item. We found instances in which such denials occurred.
- Service contracting. The Council receives contract help for services ranging from recording and preparing committee meeting minutes to determining the need for and feasibility of modifying the Northwest utility planning model. Contractors' billing records are carefully reviewed by administrative staff for sufficient documentation. In one case we reviewed, a contractor's bill was initially turned down for inadequate documentation and subsequently rejected again when the additional documentation submitted still did not meet standards.

## Inadequate Council Oversight Contributed to Controversy Over Severance Agreement

The severance agreement with the former executive director was signed in September 1995. When the amount of the agreement, nearly two and one-half times the former executive director's annual salary, was disclosed to the public, many perceived it as an excessive settlement for a public agency. The former executive director subsequently agreed to reduce the agreement to a maximum of 1 year's compensation. The revised settlement is more in line with what the former executive director would have received under the normal federal policy for involuntary separations of career employees.

The initial agreement consisted of four main components. Two of these components were consistent with federal practices: (1) payment for accrued vacation leave (14 weeks in this case) and (2) severance pay of 30 weeks' salary based on years of service with the Council. The third component—a payment for releasing the Council from future liability related to the involuntary separation—was based on neither Council policy nor past Council practices. However, the Council's general counsel believed this additional payment was necessary in order to obtain a full release from the executive director and to protect the Council from any further liability.

The fourth component—payment for a notice period of 14 months, based on years of service, and for accumulated unused sick leave—represented almost half of the settlement amount and was based on the Council's outplacement policy for key employees (those in senior management). The development of this policy began in December 1994 and was approved in January 1995. This new policy provided a notice period that greatly expanded the amount of compensation that a terminated employee could receive. Furthermore, in developing the outplacement policy, the Council departed from its normal practice of modeling policies after other public agencies' practices. For example, the Council's original severance policy was modeled after federal severance practices and used the same formula to calculate the amount of the payment. However, the director of finance and administration said the outplacement policy was developed without considering standard federal practices or other public agencies' practices for notice periods. While federal practices for reductions-in-force include a 60-day notice period, the Council's policy resulted in a notice period for the former executive director that was seven times longer than under normal federal practice.

The former executive director told us that he believed an outplacement policy was needed for two primary reasons. First, he was concerned that "key" employees, particularly on the fish and wildlife staff, might be asked by Council members to leave the staff for such reasons as policy differences on program issues, and he believed these employees deserved help in making the transition to other employment. Second, he said a notice period had been given to certain other employees who had been involuntarily separated, and he felt that practice should be incorporated into policy. However, the formula used in determining the length of the notice period was much more generous than any the Council had used in the past.

The controversial severance agreement brought to light a key weakness in what was otherwise a reasonable set of controls: lack of participation by the Council members in certain key decisions about business operations. The Council's oversight was limited both during the development of the outplacement policy and during the negotiation of the severance agreement itself:

- The outplacement policy was approved by the then Council chairman without discussing it with the Council members. Although the Council's by-laws granted the chairman the authority to approve policies, some Council members were not aware of the outplacement policy's development or specific provisions.
- Although all Council members were aware that the severance agreement was being negotiated, they were apparently not aware of the specifics of the agreement until after the chairman had approved the agreement. According to the then chairman, he believed he had the authority and the approval of all Council members to sign the agreement.

The minimal involvement of the Council members during these important decisions occurred because over time the members focused less and less on business operations. Although the Council's by-laws required major personnel actions and other policy changes to be approved by the Council or the Council chairman, the members had traditionally focused on power and fish and wildlife program issues and left the oversight of most central office business activities to the chairman. At the same time, the duties of the executive director came to extend beyond the daily supervision of the Council staff to include developing and modifying policies. According to a former Council chairman, Council members were generally appointed by state governors for their policy development skills, not their administrative skills. He added that policy issues were often a higher priority than administrative matters for some Council members.

Not only did the Council members normally focus on program issues, but also the involuntary separation of the former executive director occurred during a time when the Council members were under pressure to revise their fish and wildlife plan, and considerable disagreement about fish mitigation issues existed among the members. These disagreements made it even more compelling for the members to focus on program issues, according to the chairman at the time.

## Corrective Actions Could Be Enhanced by Making the Council's Actions and Policies More Public

After the terms of the severance agreement were made public, the Council members decided to renegotiate the terms of the agreement with the former executive director. In a statement to Northwest ratepayers in the Council's newsletter, the members said they did not know there was a policy in place that would lead to such a large severance package, had not made clear that they wanted to review the agreement before the agreement was made final, and did not exercise the kind of oversight needed in the situation.

In response to the widespread criticism that accompanied the disclosure of the settlement agreement, the Council took several steps to increase its involvement in business operations and its oversight of policies. More specifically, the Council

- changed its by-laws (in a public session) to (1) state that the full Council must be involved in making major personnel decisions, such as appointments and promotions, and (2) require that all severance agreements be consistent with the severance policy and not take effect until approved by the full Council;
- revised the severance policy (in a public session) to cap any severance payment at the equivalent of 1 year's compensation;
- established an executive committee composed of one Council member from each state to develop and oversee the implementation of all administrative, operational, and personnel policies; and
- began reviewing other Council personnel policies and procedures to determine if revisions need to be made.

These steps appear appropriate to help ensure that the Council meets its responsibility for overseeing business operations and that its policies are not substantially out of line with federal agencies' practices. However, the Council's business policies remain largely outside the reach of public oversight and therefore do not receive the same review as those of other public agencies. The act, in describing the organization and operation of the Council, states that the Council shall make available to the public a statement of its procedures and practices. Although the Council recently changed its severance policy in a public session, under its current by-laws it can still develop or modify other business policies without considering the public's view or even informing the public of the pending policy changes. In contrast, the Administrative Procedure Act requires federal agencies to publish their regulations and major policies and provide opportunity for public input when they change those policies. For example, federal executive agencies publish policies covering travel, severance pay, personnel, and the like, and seek public comments on changes to those policies.

Greater public access to the Council's business policies could be an important way to help ensure that the Council members continue to devote sufficient attention to the Council's business operations. This assurance is important because (1) rapidly changing conditions in the utility industry and fish and wildlife planning continue to dominate the Council's workload and (2) the Council members serve only for a few years, meaning that the lessons learned from this instance may be forgotten in a relatively short time.

Providing greater public access to the Council's business policies could be accomplished using mechanisms that the Council already has in place for its power planning and fish and wildlife program. For example, the Council could identify in its existing publications, such as its monthly newsletter, a listing of its policies and make it clear that these policies are available for public review. When revising an existing policy or developing a new one, the Council could describe the proposed revision in its newsletter, explain why the revision or new policy is needed, and invite the public to comment.

## Conclusions

As a publicly funded regional planning body, the Council derives its effectiveness in part from its continued credibility. This credibility depends not only on the quality of its work in power and fish and wildlife planning, but also on business practices that demonstrate the sound use of public funds. Greater public oversight of the Council's business operations could help protect this credibility.

## Recommendation

Given the amount of expected change and uncertainty in the Council's main areas of focus—power and fish and wildlife—the potential exists for the Council members' attention to be similarly shifted away from administrative matters in the future. Therefore, we recommend that the Council chairman, working with all Council members, develop a strategy to ensure that the public has (1) access to existing policies and (2) the ability to review and comment on new or revised policies.

## Agency Comments

We provided a draft of this report to the Council and to the governors of Idaho, Montana, Oregon, and Washington. In commenting on the report, the Council agreed with our findings, conclusions, and recommendation and pledged to make further improvements to ensure greater public access to the Council's business policies (see app. II). The Governor of Montana also agreed with our report and stated his belief that the Council can benefit from our recommendation (see app. III). The governors of Idaho, Oregon, and Washington elected not to provide comments on the report. Both the Council and the Governor of Montana noted that the report was balanced but believed that its title could more accurately reflect its content. As a result, we modified the title to better reflect our message.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report for 7 days from the date of this letter. At that time, we will send copies to the Secretary of Energy; the Chairman of the Northwest Power Planning Council; and the governors of Idaho, Montana, Oregon, and Washington. We will make copies available to other interested parties on request.

Our review was performed from April through July 1996 in accordance with generally accepted government auditing standards. See appendix I for a description of our scope and methodology.

This work was performed under the direction of Bernice Steinhardt, Associate Director for Energy, who may be reached at (202) 512-6868 if you or your staff have any questions about this report.

Major contributors to this report were Carole J. Blackwell, Gary R. Boss, Araceli C. Contreras, William K. Garber, Jackie A. Goff, Robin C. Reid, Stan G. Stenersen, and William R. Swick.

Victor S. Rezendes
Director, Energy, Resources,
and Science Issues

# Contents

# Objectives, Scope, and Methodology

Our objectives in this review were to address the following questions:

- Are the Council's program activities consistent with congressional direction?
- Is the Council following sound business practices and exercising adequate oversight of business operations?

To determine whether the Council's current program activities are consistent with congressional direction, we reviewed the Pacific Northwest Electric Power Planning and Conservation Act and other congressional direction for the Council. We also reviewed the Council's annual budgets, reports to the Congress, annual work plans for the Council departments involved in power planning and fish and wildlife, as well as other Council files, for indications of the Council's activities. In addition, we reviewed amendments to the fish and wildlife plan, the Council's 180-day report to the Congress, a U.S. Appeals Court decision, and other relevant documentation. We also interviewed Council staff responsible for fish and wildlife planning.

To determine whether the Council is following sound business practices and exercising adequate oversight of its business operations, we reviewed the audit reports and management letters from the outside audit firm, reviewed the audit workpapers from the most recent 3 years, and interviewed the partner in charge of the annual audit. In addition, we reviewed the Council's by-laws and policies and procedures manuals and interviewed Council staff to determine normal operating procedures. We also tested the internal controls for travel expense, payroll transaction, and procurement records for fiscal years 1995 and 1996. Collectively, these activities accounted for about 75 percent of the Council's annual budget. In addition, we reviewed a compensation study prepared for the Council by an outside firm, severance agreements for several employees who left the Council, and the Council's practices for disposing of equipment.

To determine the extent of oversight of Council activities, we reviewed pertinent laws, by-laws, and policies and procedures. We also reviewed selected Council documents showing interaction with or oversight by the Congress, federal and state agencies, and other organizations and individuals interested in or affected by the Council's activities. In addition, we interviewed the Council's senior management staff and obtained written responses to our questions from the governors of Idaho, Montana, Oregon, and Washington.

# Comments From the Northwest Power Planning Council

JOHN ETCHART
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August 7, 1996

Mr. Victor S. Rezendes, Director
Energy, Natural Resources and Science Issues
U. S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Rezendes:

Thank you for the opportunity to comment on the General Accounting Office's draft report on the Northwest Power Planning Council.

Your findings make several important points:

- The Council's past efforts are closely in line with the Northwest Power Act's requirements. In particular, you note extensive public involvement in all phases of our energy and fish and wildlife planning.

- New forces -- especially changes in the electric power industry and Endangered Species Act listings -- may affect the Council's future role and responsibilities. You mention the Council's report to Congress on fish and wildlife governance and the region's comprehensive review of the energy system as appropriate forums in which to address such issues.

- The Council's policies and procedures developed in December 1994 which led to the controversial severance agreement for its former executive director were flawed, but since have been amended sufficiently to correct the immediate situation and to reflect current federal standards. Any future severance proposals will require thorough review and approval by the full Council.

- Controls over Council business operations are sound, internal controls over business operations are generally adequate and effective, but accountability should be strengthened by making Council business policies and actions more public.

You emphasize that the Council's effectiveness depends in part on its continued credibility. We agree. We take very seriously your recommendation that greater public access to the Council's business operations could help protect this credibility. Your report points out that our actions on business policies over the last several months have been done in public session, but that this is a change from earlier practice. In the coming weeks, we will make further improvements in procedures to ensure greater public access to existing policies and more opportunities to review and comment on new or revised business policies.

While we find the draft report balanced, we believe that its title could more accurately reflect the substance of the report.

Thank you for the opportunity to comment, and for the diligence and professionalism of your staff.

Very truly yours,

John N. Etchart

John N. Etchart
Chairman

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# Comments From the Governor of Montana

OFFICE OF THE GOVERNOR
STATE OF MONTANA

MARC RACICOT
GOVERNOR

STATE CAPITOL
HELENA, MONTANA 59620-0801

August 5, 1996

Victor S. Rezendes, Director
Energy, Natural Resources, & Science Issues
General Accounting Office
Washington, D.C. 20548

Dear Mr. Rezendes:

Thank you for the opportunity to comment on the General Accounting Office report regarding the Northwest Power Planning Council before the report becomes final. After a quick review, my impression is that the report provides a balanced and fair evaluation of the Council and its operations. I was heartened by the overall positive tone of the report because I continue to believe the Council is an institution that can serve important functions in the Northwest. I also believe the Council can benefit from your recommendation that it provide greater public access to its business policies.

One concern I have relates to the report's draft title, "Business Operations Need Greater Public Oversight." This title is more critical than the report itself and is not supported by the report's overall conclusions. As you are aware, many people will not read or retain more than this message alone. Would it be possible to revise the title so that it more closely reflects the report's content?

Thank you for considering my concern and congratulations to you and your team for developing a very professional work product on quite a tight schedule.

Sincerely,

MARC RACICOT
Governor

cc: Carole J. Blackwell

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