

Fiscal Year 2009 Business Development Fund Annual Budget



Prepared 4/24/08

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Summary

The Business Development Fund (BDF) was created by Executive Board Resolution No. 1006 in April 1997 for the purpose of holding, administering, disbursing, and accounting for Energy Northwest costs and revenues generated from engaging in new energy-related business opportunities.

The BDF is managed as an enterprise fund. The budgets are divided by business sector: Generation, General Services, and Professional Services. Each sector may have one or more programs that are managed as a unique business activity. Revenues, expenses, and margins are reported for each program and sector.

Business Unit Support captures costs associated with developing programs. For Fiscal Year 2009, the revenue for the BDF equals \$8,314,000 and a total net margin of (\$1,468,000) (See Table 1). Total funding requirements are \$9,888,000 (See Table 5).

This document reflects budgets for programs associated with the Business Development Fund.

A comparison of the fiscal Year 2009 budget is made to the original budget issued for Fiscal Year 2008.

Key Assumptions/Qualifications

- Projected Investment Income earning rate of 2.5%
- Wind Development: The budget includes a \$1,436,000 investment to continue wind prospecting and developing new wind generation projects. The budget assumes \$700,000 (See Table 2) of project development costs will be reimbursed to the BDF from reservation fees received from prospective participants.
- Large Thermal: The budget includes a \$423,000 (See Table 2) investment to Pacific Mountain Energy Center (PMEC), focusing on restructuring the facility to a Natural Gas Combined Cycle operation
- The Business Development Fund will require a general fund transfer of \$1,574,000 from the Performance Fee Account. (See General Business Unit document, Table 7).

Table 1
Summary of Revenues and Expenses by Business Sector
(Dollars in Thousands)

<u>Description</u>	<u>FY 2009 Budget</u>	<u>Original FY 2008 Budget</u>	<u>Variance</u>
<u>Revenues</u>			
Generation	\$ 760	\$ 12,896	\$ (12,136)
General Services	6,190	5,716	474
Professional/O&M Services	1,332	2,998	(1,666)
Subtotal Business Sectors	\$ 8,282	\$ 21,610	\$ (13,328)
Investment Income	\$ 32	\$ 59	\$ (27)
Total Revenues	\$ 8,314	\$ 21,669	\$ (13,355)
<u>Expenses (1)</u>			
Generation	\$ 2,397	\$ 3,588	\$ (1,191)
General Services	6,201	6,087	114
Professional/O&M Services	1,152	2,651	(1,499)
Subtotal Business Sectors	\$ 9,750	\$ 12,326	\$ (2,576)
Business Unit Support (Net of Allocations)	\$ 32	\$ 1,057	\$ (1,025)
Total Expenses	\$ 9,782	\$ 13,383	\$ (3,601)
Net Margin	\$ (1,468)	\$ 8,286	\$ (9,754)

(1) Does not include depreciation or capital

Table 2
Detailed Financial Summary
(Dollars in Thousands)

<u>Description</u>	<u>FY 2009 Revenue</u>	<u>FY 2009 Cost</u>	<u>FY 2009 Margin</u>
<u>Generation</u>			
Wind Mining	\$ -	\$ 581	\$ (581)
Prosser Wind Project Development	400	485	(85)
Radar Ridge Wind Project Development	300	370	(70)
Pacific Mountain Energy Center Development		423	(423)
Power System Services Development	-	213	(213)
Misc Other	60	325	(265)
Total Generation	\$ 760	\$ 2,397	\$ (1,637)
<u>General Services</u>			
Environmental Laboratory Services	\$ 355	\$ 352	\$ 3
Columbia Environmental Laboratory	1,805	1,805	-
Fluor Calibration Services	888	910	(22)
Columbia Calibration Services	1,540	1,540	-
Commercial Calibration Services	509	519	(10)
IDC Leases	1,041	925	116
Misc Other	52	36	16
Subtotal General Services	\$ 6,190	\$ 6,087	\$ 103
NoaNet Debt Service	-	190	(190)
Total General Services (1)	\$ 6,190	\$ 6,277	\$ (87)
<u>Professional/O&M Services</u>			
Special Coatings	\$ 500	\$ 355	\$ 145
Engineering Services	395	391	4
Construction & Maint. Services	260	256	4
Construction Management	80	72	8
Misc Other	97	78	19
Total Professional/O&M Services	\$ 1,332	\$ 1,152	\$ 180
Investment Income	\$ 32	\$ -	\$ 32
BDF Business Support (2)	-	32	(32)
Total	\$ 8,314	\$ 9,858	\$ (1,544)

(1) Includes depreciation of \$76,000

(2) \$2,706,000 in BDF Business Support is allocated to the other Energy/Business Services programs.

Table 3
Summary of Capital
(Dollars in Thousands)

<u>Description</u>	<u>FY 2009</u> <u>Budget</u>	<u>Original</u> <u>FY 2008</u> <u>Budget</u>	<u>Variance</u>
<u>Business Sector / Project</u>			
<u>General Services</u>			
Calibration Laboratory Services	\$ 78	\$ 95	\$ (17)
Environmental Laboratory Services	28	65	(37)
Total - Capital	<u>\$ 106</u>	<u>\$ 160</u>	<u>\$ (54)</u>

Table 4
Summary of Full Time Equivalent Regular Positions (1)

Description	FY 2009 Budget	Original FY 2008 Budget	Variance
Generation Sector	5	7	(2)
General Services Sector	31	30	1
Business Services Support	14	18	(4)
Professional Services Support	4	7	(3)
Total Positions	54	62	(8)
Less: FTEs in Labs Supporting CGS	20	19	1
Total Positions	34	43	(9)

(1) Excludes Project employees and contractors.

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Table 5
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2009 Budget</u>	<u>Original FY 2008 Budget</u>	<u>Variance</u>
<u>Funding Requirements</u>			
Expense Requirements (1)	\$ 9,782	\$ 13,307	\$ (3,525)
Capital Requirements	106	160	(54)
Total Funding Requirements	<u>\$ 9,888</u>	<u>\$ 13,467</u>	<u>\$ (3,579)</u>
<u>Funding Sources</u>			
Revenues	\$ 8,282	\$ 21,669	\$ (13,387)
Investment Income	32	59	(27)
General Fund Transfer	1,574	(8,261)	9,835
Total Funding Sources	<u>\$ 9,888</u>	<u>\$ 13,467</u>	<u>\$ (3,579)</u>

(1) Expenses exclude \$100,000 of depreciation (non-cash item).

Table 6
Business Development Fund - Cash Flow
 (Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2009 Total
Beginning Balance	\$ 1,000	\$ 2,394	\$ 2,214	\$ 1,928	\$ 1,748	\$ 1,568	\$ 1,388	\$ 1,208	\$ 1,028	\$ 1,047	\$ 1,066	\$ 1,084	\$ 1,000
Receipts													
Revenues	\$ 632	\$ 632	\$ 632	\$ 632	\$ 632	\$ 632	\$ 632	\$ 632	\$ 832	\$ 832	\$ 832	\$ 730	\$ 8,282
General Fund Transfer	1,574	-	-	-	-	-	-	-	-	-	-	-	1,574
Investment Income	3	3	3	3	3	3	3	3	2	2	2	2	32
Total Receipts	\$ 2,209	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 834	\$ 834	\$ 834	\$ 732	\$ 9,888
Disbursements													
Expense Requirements	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 816	\$ 816	\$ 9,782
Capital Requirements	-	-	106	-	-	-	-	-	-	-	-	-	106
Total Disbursements	\$ 815	\$ 815	\$ 921	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 815	\$ 816	\$ 816	\$ 9,888
Ending Balance	\$ 2,394	\$ 2,214	\$ 1,928	\$ 1,748	\$ 1,568	\$ 1,388	\$ 1,208	\$ 1,028	\$ 1,047	\$ 1,066	\$ 1,084	\$ 1,000	\$ 1,000

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