

# **Fiscal Year 2010 Business Development Fund Annual Budget**



**Table of Contents**

	<b><u>Table</u></b>	<b><u>Page</u></b>
Summary		3
Key Assumptions/Qualifications		4
Summary of Revenues and Expenses by Business Sector	Table 1	5
Detailed Financial Summary	Table 2	6
Summary of Capital	Table 3	7
Summary of Full Time Equivalent Positions	Table 4	8
Statement of Funding Requirements	Table 5	10
Business Development Fund - Cash Flow	Table 6	11

### 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 2010, the revenue for the BDF equals \$10,990,000 and a total net margin of \$24,000 (See Table 1). Total funding requirements are \$11,017,000 (See Table 5).

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

A comparison of the fiscal Year 2010 budget is made to the original budget issued for Fiscal Year 2009.

**Key Assumptions/Qualifications**

- Wind Development: The budget includes a \$2,064,000 investment to continue wind prospecting and developing new wind generation projects. The budget assumes \$1,808,000 (See Table 2) of project development costs which will be reimbursed to the BDF from reservation fees received from participants (Radar Ridge and Mustang Ridge Wind Projects).
- Large Thermal: The budget includes a \$575,000 (See Table 2) investment in Kalama Energy.
- The Business Development Fund will not require a general fund transfer from the Performance Fee Account. (See General Business Unit document, Table 8).
- Projected Investment Income earning rate of 0.375%

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

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
<b><u>Revenues</u></b>			
Generation	\$ 3,433	\$ 760	\$ 2,673
General Services	6,285	6,190	95
Professional/O&M Services	1,264	1,332	(68)
<b>Subtotal Business Sectors</b>	<b><u>\$ 10,982</u></b>	<b><u>\$ 8,282</u></b>	<b><u>\$ 2,700</u></b>
Investment Income	\$ 8	\$ 32	\$ (24)
<b>Total Revenues</b>	<b><u>\$ 10,990</u></b>	<b><u>\$ 8,314</u></b>	<b><u>\$ 2,676</u></b>
<b><u>Expenses (1)</u></b>			
Generation	\$ 3,368	\$ 2,397	\$ 971
General Services	6,469	6,201	268
Professional/O&M Services	1,228	1,152	76
<b>Subtotal Business Sectors</b>	<b><u>\$ 11,065</u></b>	<b><u>\$ 9,750</u></b>	<b><u>\$ 1,315</u></b>
Business Unit Support (Net of Allocations)	\$ (99)	\$ 32	\$ (131)
<b>Total Expenses</b>	<b><u>\$ 10,966</u></b>	<b><u>\$ 9,782</u></b>	<b><u>\$ 1,184</u></b>
<b>Net Margin</b>	<b><u>\$ 24</u></b>	<b><u>\$ (1,468)</u></b>	<b><u>\$ 1,492</u></b>

(1) Does not include depreciation or capital

**Table 2**  
**Detailed Financial Summary**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2010 Revenue</u>	<u>FY 2010 Cost</u>	<u>FY 2010 Margin</u>
<u>Generation</u>			
Wind Mining	\$ -	\$ 735	\$ (735)
Radar Ridge Wind Project Development	1,058	593	465
Mustang Ridge Wind Project Development	750	736	14
Kalama Energy	1,500	575	925
Adage Alliance	125	201	(76)
Power System Services Development	-	175	(175)
Misc Other	-	353	(353)
<b>Total Generation</b>	<b>\$ 3,433</b>	<b>\$ 3,368</b>	<b>\$ 65</b>
<u>General Services</u>			
Environmental Laboratory Services	\$ 355	\$ 274	\$ 81
Columbia Environmental Laboratory	1,634	1,634	-
Fluor Calibration Services	912	864	48
Columbia Calibration Services	1,561	1,561	-
Commercial Calibration Services	608	756	(148)
IDC Leases	890	878	12
Rattlesnake Mountain O&M	292	293	(1)
Misc Other	33	39	(6)
<b>Subtotal General Services</b>	<b>\$ 6,285</b>	<b>\$ 6,299</b>	<b>\$ (14)</b>
NoaNet Debt Service	-	170	(170)
<b>Total General Services (1)</b>	<b>\$ 6,285</b>	<b>\$ 6,469</b>	<b>\$ (184)</b>
<u>Professional/O&amp;M Services</u>			
Special Coatings	\$ 350	\$ 348	\$ 2
Engineering Services	408	404	4
Construction & Maint. Services	150	146	4
Technical Services	250	226	24
Misc Other	106	104	2
<b>Total Professional/O&amp;M Services</b>	<b>\$ 1,264</b>	<b>\$ 1,228</b>	<b>\$ 36</b>
Investment Income	\$ 8	\$ -	\$ 8
BDF Business Support (2)	-	(99)	99
<b>Total</b>	<b>\$ 10,990</b>	<b>\$ 10,966</b>	<b>\$ 24</b>

(1) Includes depreciation of \$74,000

(2) \$2,720,000 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 2010</u> <u>Budget</u>	<u>Original</u> <u>FY 2009</u> <u>Budget</u>	<u>Variance</u>
<b><u>Business Sector / Project</u></b>			
<b><u>General Services</u></b>			
Calibration Laboratory Services	\$ 101	\$ 78	\$ 23
Environmental Laboratory Services	<u>24</u>	<u>28</u>	<u>(4)</u>
<b>Total - Capital</b>	<b><u>\$ 125</u></b>	<b><u>\$ 106</u></b>	<b><u>\$ 19</u></b>

**Table 4**  
**Summary of Full Time Equivalent Positions**

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Generation Sector	5	5	-
General Services Sector	39	37	2
Business Services Support	13	14	(1)
Professional Services Support	4	4	-
<b>Total Positions</b>	<b>61</b>	<b>60</b>	<b>1</b>
Less: FTEs in Labs Supporting CGS	19	20	(1)
<b>Total Positions</b>	<b>42</b>	<b>40</b>	<b>2</b>



(Page left intentionally blank)

**Table 5**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
<b><u>Funding Requirements</u></b>			
Expense Requirements (1)	\$ 10,892	\$ 9,782	\$ 1,110
Capital Requirements	125	106	19
<b>Total Funding Requirements</b>	<b><u>\$ 11,017</u></b>	<b><u>\$ 9,888</u></b>	<b><u>\$ 1,129</u></b>
<b><u>Funding Sources</u></b>			
Revenues	\$ 10,982	\$ 8,282	\$ 2,700
Investment Income	8	32	(24)
General Fund Transfer/ Business Development Fund(2)	<u>27</u>	<u>1,574</u>	<u>(1,547)</u>
<b>Total Funding Sources</b>	<b><u>\$ 11,017</u></b>	<b><u>\$ 9,888</u></b>	<b><u>\$ 1,129</u></b>

(1) Expenses exclude \$74,000 of depreciation (non-cash item).

(2) In FY 2010 the additional funding is absorbed by the Business Development Fund balance.

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

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2010 Total
<b>Beginning Balance</b>	\$ 2,772	\$ 2,505	\$ 2,238	\$ 2,297	\$ 2,029	\$ 1,763	\$ 1,946	\$ 1,679	\$ 1,412	\$ 1,596	\$ 1,328	\$ 1,062	\$ 2,772
Receipts													
Revenues	\$ 639	\$ 639	\$ 1,089	\$ 639	\$ 639	\$ 1,089	\$ 639	\$ 639	\$ 1,089	\$ 642	\$ 643	\$ 2,596	\$ 10,982
General Fund Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	1	1	-	1	1	-	1	1	-	1	1	8
<b>Total Receipts</b>	\$ 639	\$ 640	\$ 1,090	\$ 639	\$ 640	\$ 1,090	\$ 639	\$ 640	\$ 1,090	\$ 642	\$ 644	\$ 2,597	\$ 10,990
Disbursements													
Expense Requirements	\$ 906	\$ 907	\$ 906	\$ 907	\$ 906	\$ 907	\$ 906	\$ 907	\$ 906	\$ 910	\$ 910	\$ 914	\$ 10,892
Capital Requirements	-	-	125	-	-	-	-	-	-	-	-	-	125
<b>Total Disbursements</b>	\$ 906	\$ 907	\$ 1,031	\$ 907	\$ 906	\$ 907	\$ 906	\$ 907	\$ 906	\$ 910	\$ 910	\$ 914	\$ 11,017
<b>Ending Balance</b>	\$ 2,505	\$ 2,238	\$ 2,297	\$ 2,029	\$ 1,763	\$ 1,946	\$ 1,679	\$ 1,412	\$ 1,596	\$ 1,328	\$ 1,062	\$ 2,745	\$ 2,745

(Page left intentionally blank)