

# **Fiscal Year 2011 Business Development Fund Annual Budget**



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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 2011, the revenue for the BDF equals \$14,298,000 and a total net margin of (\$651,000) (See Table 1). Total funding requirements are \$15,189,000 (See Table 5).

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

A comparison of the Fiscal Year 2011 Budget is made to the original budget issued for Fiscal Year 2010.

**Key Assumptions/Qualifications**

- Wind Development:
- The budget includes a \$2,140,000 (See Table 2) investment to continue wind prospecting and developing new wind generation projects. The budget assumes \$1,158,000 (See Table 2) of project development costs which will be reimbursed to the BDF from reservation fees received from participants (Radar Ridge Wind Project).
- Large Thermal: The budget includes a \$682,000 (See Table 2) investment in Kalama Energy. Energy Northwest has signed a development services agreement to develop the site.
- The Business Development Fund will not require a general fund transfer from the Performance Fee Account. (See Table 5).
- Projected Investment Income earning rate of 0.625%.

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

<u>Description</u>	<u>FY 2011 Budget</u>	<u>Original FY 2010 Budget</u>	<u>Variance</u>
<b><u>Revenues</u></b>			
Generation	\$ 7,176	\$ 3,433	\$ 3,743
General Services	6,171	6,285	(114)
Professional/O&M Services	927	1,264	(337)
<b>Subtotal Business Sectors</b>	<b><u>\$ 14,274</u></b>	<b><u>\$ 10,982</u></b>	<b><u>\$ 3,292</u></b>
Investment Income	\$ 24	\$ 8	\$ 16
<b>Total Revenues</b>	<b><u>\$ 14,298</u></b>	<b><u>\$ 10,990</u></b>	<b><u>\$ 3,308</u></b>
<b><u>Expenses (1)</u></b>			
Generation	\$ 7,842	\$ 3,368	\$ 4,474
General Services	6,179	6,469	(290)
Professional/O&M Services	904	1,228	(324)
<b>Subtotal Business Sectors</b>	<b><u>\$ 14,925</u></b>	<b><u>\$ 11,065</u></b>	<b><u>\$ 3,860</u></b>
Business Unit Support (Net of Allocations)	\$ 24	\$ (99)	\$ 123
<b>Total Expenses</b>	<b><u>\$ 14,949</u></b>	<b><u>\$ 10,966</u></b>	<b><u>\$ 3,983</u></b>
<b>Net Margin</b>	<b><u>\$ (651)</u></b>	<b><u>\$ 24</u></b>	<b><u>\$ (675)</u></b>

(1) Does not include depreciation or capital

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

<u>Description</u>	<u>FY 2011 Revenue</u>	<u>FY 2011 Cost</u>	<u>FY 2011 Margin</u>
<u>Generation</u>			
Biomass	\$ -	\$ 87	\$ (87)
Kalama Energy	687	682	5
Other Generation	-	105	(105)
Power System Services	4,259	4,189	70
Solar	872	439	433
Wind Mining	-	447	(447)
Radar Ridge	1,158	1,544	(386)
Mustang Ridge	-	149	(149)
Modular Nuclear	200	200	-
<b>Total Generation</b>	<b>\$ 7,176</b>	<b>\$ 7,842</b>	<b>\$ (666)</b>
<u>General Services</u>			
Hanford Calibration Services	\$ 789	\$ 771	\$ 18
Columbia Calibration Services	1,770	1,770	-
Commercial Calibration Services	888	861	27
Environmental Laboratory Services	300	286	14
Columbia Environmental Laboratory	1,615	1,615	-
IDC Leases	760	790	(30)
Misc Other	49	85	(36)
<b>Subtotal General Services</b>	<b>\$ 6,171</b>	<b>\$ 6,178</b>	<b>\$ (7)</b>
NoaNet Debt Service	-	75	(75)
<b>Total General Services (1)</b>	<b>\$ 6,171</b>	<b>\$ 6,253</b>	<b>\$ (82)</b>
<u>Professional/O&amp;M Services</u>			
Engineering Services	\$ 413	\$ 406	\$ 7
Technical Services	130	128	2
Roving Work Force	95	92	3
Special Coatings	250	241	9
Misc Other	39	37	2
<b>Total Professional/O&amp;M Services</b>	<b>\$ 927</b>	<b>\$ 904</b>	<b>\$ 23</b>
Investment Income	\$ 24		\$ 24
BDF Business Support (2)	-	24	(24)
<b>Total</b>	<b>\$ 14,298</b>	<b>\$ 15,023</b>	<b>\$ (725)</b>

(1) Includes depreciation of \$74,000

(2) \$2,545,000 in BDF Business Support is allocated to Energy/Business Services programs.

**Table 3**  
**Summary of Capital**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2011</u> <u>Budget</u>	<u>Original</u> <u>FY 2010</u> <u>Budget</u>	<u>Variance</u>
<b><u>Business Sector / Project</u></b>			
<b><u>General Services</u></b>			
Calibration Laboratory Services	\$ 173	\$ 101	\$ 72
Environmental Laboratory Services	67	24	43
<b>Total - Capital</b>	<b><u>\$ 240</u></b>	<b><u>\$ 125</u></b>	<b><u>\$ 115</u></b>

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

<b>Description</b>	<b>FY 2011 Budget</b>	<b>Original FY 2010 Budget</b>	<b>Variance</b>
Generation Sector	6	5	1
General Services Sector	38	39	(1)
Business Services Support	13	13	-
Professional Services Support	3	4	(1)
<b>Total Positions</b>	<b>60</b>	<b>61</b>	<b>(1)</b>
Less: FTEs in Labs Supporting CGS	19	19	-
<b>Total Positions</b>	<b>41</b>	<b>42</b>	<b>(1)</b>



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

<u>Description</u>	<u>FY 2011 Budget</u>	<u>Original FY 2010 Budget</u>	<u>Variance</u>
<b><u>Funding Requirements</u></b>			
Expense Requirements (1)	\$ 14,949	\$ 10,892	\$ 4,057
Capital Requirements	240	125	115
<b>Total Funding Requirements</b>	<b><u>\$ 15,189</u></b>	<b><u>\$ 11,017</u></b>	<b><u>\$ 4,172</u></b>
<b><u>Funding Sources</u></b>			
Revenues	\$ 14,274	\$ 10,982	\$ 3,292
Investment Income	24	8	16
General Fund Transfer	-	-	-
<b>Total Funding Sources</b>	<b><u>\$ 14,298</u></b>	<b><u>\$ 10,990</u></b>	<b><u>\$ 3,308</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ (891)</u></b>	<b><u>\$ (27)</u></b>	

(1) Expenses exclude \$74,000 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 2011 Total
<b>Beginning Balance</b>	\$ 2,703	\$ 2,665	\$ 2,606	\$ 2,323	\$ 2,160	\$ 1,990	\$ 2,227	\$ 2,053	\$ 1,897	\$ 1,810	\$ 1,554	\$ 1,319	\$ 2,703
Receipts													
Revenues	\$ 1,834	\$ 1,787	\$ 2,008	\$ 808	\$ 674	\$ 1,201	\$ 672	\$ 670	\$ 888	\$ 585	\$ 585	\$ 2,562	\$ 14,274
General Fund Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	1	1	1	2	2	1	3	2	2	3	3	3	24
<b>Total Receipts</b>	\$ 1,835	\$ 1,788	\$ 2,009	\$ 810	\$ 676	\$ 1,202	\$ 675	\$ 672	\$ 890	\$ 588	\$ 588	\$ 2,565	\$ 14,298
Disbursements													
Expense Requirements	\$ 1,873	\$ 1,847	\$ 2,292	\$ 973	\$ 846	\$ 965	\$ 849	\$ 828	\$ 977	\$ 844	\$ 823	\$ 1,832	\$ 14,949
Capital Requirements	-	-	-	-	-	-	-	-	-	-	-	240	240
<b>Total Disbursements</b>	\$ 1,873	\$ 1,847	\$ 2,292	\$ 973	\$ 846	\$ 965	\$ 849	\$ 828	\$ 977	\$ 844	\$ 823	\$ 2,072	\$ 15,189
<b>Ending Balance</b>	\$ 2,665	\$ 2,606	\$ 2,323	\$ 2,160	\$ 1,990	\$ 2,227	\$ 2,053	\$ 1,897	\$ 1,810	\$ 1,554	\$ 1,319	\$ 1,812	\$ 1,812

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