

# **Fiscal Year 2012 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 2012, the revenue for the BDF equals \$10,941,000 and a total net margin of (\$1,241,000) (See Table 1). Total funding requirements are \$12,303,000 (See Table 5).

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

A comparison of the Fiscal Year 2012 Budget is made to the original budget issued for Fiscal Year 2011.

**Key Assumptions/Qualifications**

- Manage, operate, maintain, modify, and support facilities related to power generation.
- Assist members with generation resources, transmission integration, and power management issues.
- Offer cost competitive resource options that manage risk and promote environmental stewardship.
- 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 0.44%.

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

<u>Description</u>	<u>FY 2012 Budget</u>	<u>Original FY 2011 Budget</u>	<u>Variance</u>
<b><u>Revenues</u></b>			
Generation	\$ 3,189	\$ 7,176	\$ (3,987)
General Services	6,720	6,171	549
Professional Services	1,032	927	105
<b>Total Revenues</b>	<b><u>\$ 10,941</u></b>	<b><u>\$ 14,274</u></b>	<b><u>\$ (3,333)</u></b>
<b><u>Expenses (1)</u></b>			
Generation	\$ 4,657	\$ 7,842	\$ (3,185)
General Services	6,494	6,179	315
Professional Services	1,031	904	127
<b>Total Expenses</b>	<b><u>\$ 12,182</u></b>	<b><u>\$ 14,925</u></b>	<b><u>\$ (2,743)</u></b>
<b>Net Margin</b>	<b><u>\$ (1,241)</u></b>	<b><u>\$ (651)</u></b>	<b><u>\$ (590)</u></b>

(1) Does not include depreciation or capital

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

<u>Description</u>	<u>FY 2012 Revenue</u>	<u>FY 2012 Cost</u>	<u>FY 2012 Margin</u>
<u>Generation</u>			
Biomass	\$ -	\$ 150	\$ (150)
Kalama Energy	-	106	(106)
Other Generation	-	513	(513)
Power Management & Supply	2,925	2,865	60
Solar	-	102	(102)
Wind Mining	45	175	(130)
Radar Ridge	184	711	(527)
Modular Nuclear	35	35	-
<b>Total Generation</b>	<b>\$ 3,189</b>	<b>\$ 4,657</b>	<b>\$ (1,468)</b>
<u>General Services</u>			
Hanford Calibration Services	\$ 961	\$ 848	\$ 113
Columbia Calibration Services	1,875	1,875	-
Commercial Calibration Services	795	755	40
Environmental Laboratory Services	315	315	-
Columbia Environmental Laboratory	1,644	1,644	-
IDC Leases	1,081	1,021	60
Misc Other	49	36	13
<b>Subtotal General Services</b>	<b>\$ 6,720</b>	<b>\$ 6,494</b>	<b>\$ 226</b>
NoaNet Debt Service	-	58	(58)
<b>Total General Services (1)</b>	<b>\$ 6,720</b>	<b>\$ 6,552</b>	<b>\$ 168</b>
<u>Professional Services</u>			
Engineering Services	\$ 442	\$ 442	\$ -
Technical Services	232	232	-
Roving Work Force	100	100	-
Special Coatings	250	250	-
Misc Other	8	7	1
<b>Total Professional Services</b>	<b>\$ 1,032</b>	<b>\$ 1,031</b>	<b>\$ 1</b>
<b>Total</b>	<b>\$ 10,941</b>	<b>\$ 12,240</b>	<b>\$ (1,299)</b>

Margin - ( ) Unfavorable

(1) Includes depreciation of \$58,000

Note: \$2,629,000 in BDF Business Support is allocated to Energy/Business Services programs.

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

<u>Description</u>	<u>FY 2012</u> <u>Budget</u>	<u>Original</u> <u>FY 2011</u> <u>Budget</u>	<u>Variance</u>
<b><u>Business Sector / Project</u></b>			
<u>General Services</u>			
Calibration Laboratory Services	\$ 106	\$ 173	\$ (67)
Environmental Laboratory Services	15	67	(52)
<b>Total - Capital</b>	<b><u>\$ 121</u></b>	<b><u>\$ 240</u></b>	<b><u>\$ (119)</u></b>

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

<u>Description</u>	FY 2012 Budget	Original FY 2011 Budget	Variance
Generation Sector	5	6	(1)
General Services Sector	36	38	(2)
Business Services Support	13	13	-
Professional Services Sector	3	3	-
<b>Total Positions</b>	<b>57</b>	<b>60</b>	<b>(3)</b>
Less: FTEs in Labs Supporting CGS	19	19	-
<b>Total Positions</b>	<b>38</b>	<b>41</b>	<b>(3)</b>



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

<u>Description</u>	<u>FY 2012 Budget</u>	<u>Original FY 2011 Budget</u>	<u>Variance</u>
<b><u>Funding Requirements</u></b>			
Expense Requirements (1)	\$ 12,182	\$ 14,925	\$ (2,743)
Capital Requirements	121	240	(119)
<b>Total Funding Requirements</b>	<b><u>\$ 12,303</u></b>	<b><u>\$ 15,165</u></b>	<b><u>\$ (2,862)</u></b>
<b><u>Funding Sources</u></b>			
Revenues	\$ 10,941	\$ 14,274	\$ (3,333)
<b>Total Funding Sources</b>	<b><u>\$ 10,941</u></b>	<b><u>\$ 14,274</u></b>	<b><u>\$ (3,333)</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ (1,362)</u></b>	<b><u>\$ (891)</u></b>	

(1) Expenses exclude \$58,000 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 2012 Total
<b>Beginning Balance</b>	\$ 2,750	\$ 2,702	\$ 2,693	\$ 2,643	\$ 2,762	\$ 2,707	\$ 2,320	\$ 2,301	\$ 2,292	\$ 2,196	\$ 2,215	\$ 2,139	\$ 2,750
Receipts													
Revenues	\$ 1,005	\$ 1,540	\$ 1,553	\$ 879	\$ 625	\$ 688	\$ 625	\$ 625	\$ 953	\$ 930	\$ 750	\$ 768	\$ 10,941
<b>Total Receipts</b>	\$ 1,005	\$ 1,540	\$ 1,553	\$ 879	\$ 625	\$ 688	\$ 625	\$ 625	\$ 953	\$ 930	\$ 750	\$ 768	\$ 10,941
Disbursements													
Expense Requirements	\$ 1,053	\$ 1,549	\$ 1,603	\$ 760	\$ 680	\$ 1,075	\$ 644	\$ 634	\$ 1,049	\$ 911	\$ 826	\$ 1,398	\$ 12,182
Capital Requirements	-	-	-	-	-	-	-	-	-	-	-	121	121
<b>Total Disbursements</b>	\$ 1,053	\$ 1,549	\$ 1,603	\$ 760	\$ 680	\$ 1,075	\$ 644	\$ 634	\$ 1,049	\$ 911	\$ 826	\$ 1,519	\$ 12,303
<b>Ending Balance</b>	\$ 2,702	\$ 2,693	\$ 2,643	\$ 2,762	\$ 2,707	\$ 2,320	\$ 2,301	\$ 2,292	\$ 2,196	\$ 2,215	\$ 2,139	\$ 1,388	\$ 1,388

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