



**ENERGY  
NORTHWEST**

# **Energy/Business Services FY12 Budget Overview**

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# Key Strategies

- ✦ Provide Services at Cost to all Public Customers
- ✦ Continue High Quality Operation of Generation Facilities, Increasing the Value to the Participants:
  - Nine Canyon
  - Packwood
  - White Bluffs Solar
  - Mason County PUD #3 – Olympic View Generating Plant
- ✦ Provide Generation Options to our Members and Public Power
- ✦ Provide Technical and Aggregated Services to our Members
- ✦ Maintain a sustainable Business Development Fund

# Key Strategies - Continued

## ✦ **Develop New Business Opportunities**

- Continue Wind Development at Radar Ridge
- Seek & Partner with Public Utilities to Develop Natural Gas & Renewable Resources
- Market of Thermal Options at Kalama Site
- Meet Professional/O&M Services needs of our Members
- Continue to Refine Rental Business

# Key Strategies - Continued

## ✦ **Energy/Business Services (E/BS) Overhead**

- Continue Focus on Cost Reductions
- Liquidate Internal Business Costs

## ✦ **Rate Remains at 13% on Total Cost**

## ✦ **What Types of Costs are Covered in E/BS Overheads?**

- Management Oversight, Finance & Contracting Support, Legal, Audits, Admin. Support, Insurance, Communications, Sales & Marketing, General Supplies, etc.

# Key Strategies - Continued

## ✦ **Ability to Recover Generation Development Cost with Successful Projects**

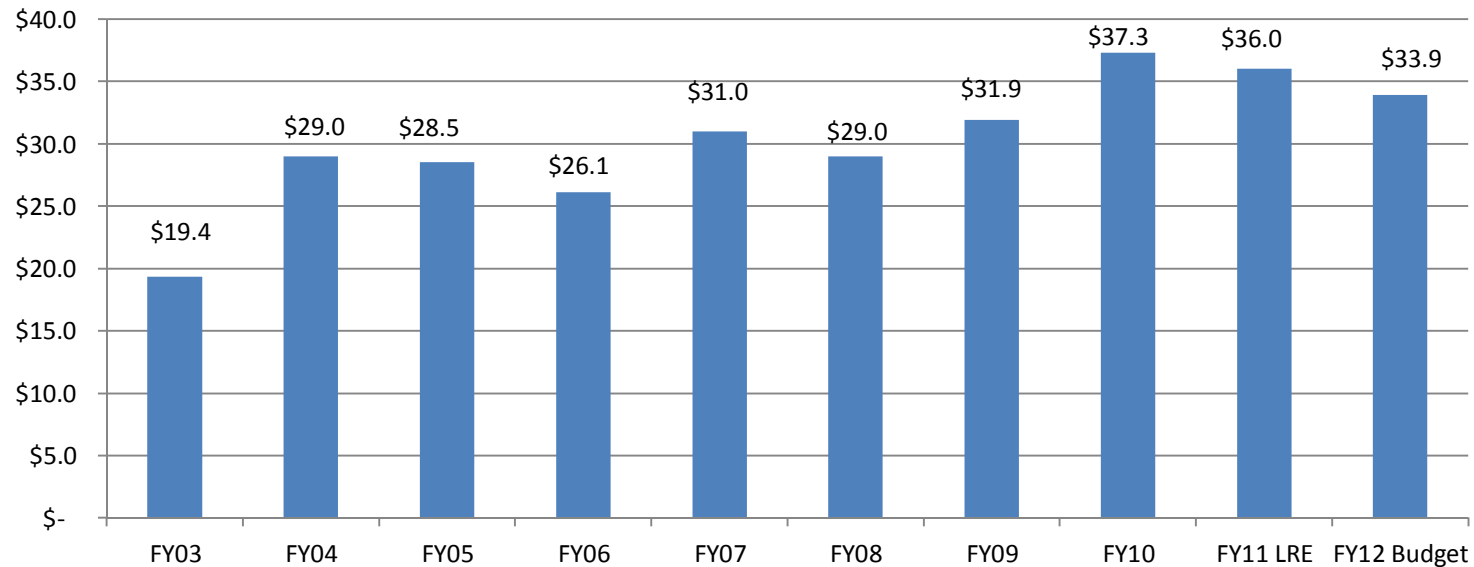
- Continue and refine the concept of participant funding on future project development

# Financial Summary

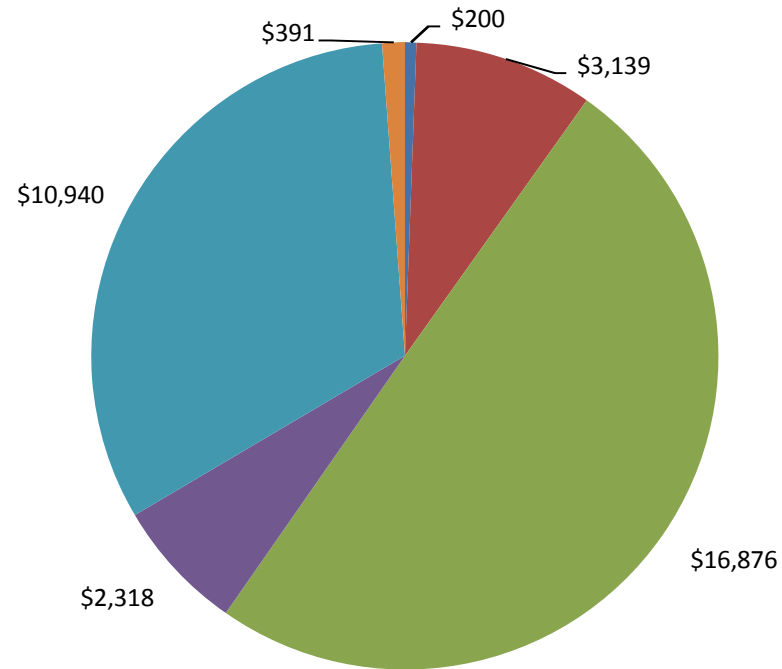
## Develop New Business Opportunities

(Dollars in Millions)

### Energy / Business Services Gross Revenue



# E/BS FY12 Revenue (Dollars in Thousands)



■ Project 1 ■ Columbia Generating Station ■ Nine Canyon ■ Packwood ■ Business Development ■ Internal Service Fund (CDC)

# Financial Summary - Fund Balances

## (Dollars in Thousands)

	FY 2012 Budget		FY 2012 Budget
<b><u>Beginning Balance</u></b>		<b><u>Sources of Funds</u></b>	
Performance Fee Account (PFA)	\$4,155	Revenues (BDF)	\$10,941
Business Development Fund (BDF)	2,750	Investment Income (PFA)	18
Total Beginning Balance	<u>\$6,905</u>	Investment Income (BDF)	19
		Packwood Loan Pay Back	250
Packwood Loan	\$250	CDC Margin (PFA)	22
Grays Harbor Escrow	2,500	Transfer from PFA to BDF	0
Gross Beginning Balance	<u>\$9,655</u>	Total Sources of Funds	<u>\$11,250</u>
<b><u>Use of Funds</u></b>		<b><u>Ending Balances</u></b>	
Expenses (BDF)	\$12,182	PFA	\$4,445
Capital (BDF)	121	BDF	1,407
Transfer from PFA to BDF		Total Ending Balance	<u>\$5,852</u>
Total Use of Funds	<u>\$12,303</u>		
		Grays Harbor Escrow	2,500
		Gross Ending Balance	<u>\$8,352</u>



# Business Development - History

	FY08	FY09	FY10	FY11 LRE	FY12 Budget
Revenue	\$10,499	\$ 8,767	\$11,496	\$12,599	\$10,941
Costs	9,913	10,015	10,862	11,917	12,239
Gross Margin	\$ 586	\$(1,248)	\$ 634	\$ 682	\$(1,298)

Capital	171	110	263	240	121
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Gross Margin - ( ) Unfavorable

# Business Development Full Time Equivalents

Description	FY 2012 Budget	Original FY 2011 Budget	Variance	FY 2010 Actual
Generation	5	6	(1)	4
General Services	36	38	(2)	32
Indirect	13	13	-	13
Professional Services	3	3	-	3
Total FTEs	<u>57</u>	<u>60</u>	<u>(3)</u>	<u>52</u>

Budget Book Reference: BDF Tab, Table 4, Page 6 for the FY 2012 Budget