



**ENERGY  
NORTHWEST**

# **General Business Unit (A&G) Fiscal Year 2013 Budget**

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## A&G Cost Definition

- ✦ Costs not Specific to a Business Unit
- ✦ Four Separate Allocation Pools
  1. Employee Benefits
  2. Organizational Overhead
  3. Corporate Programs
  4. General Purpose Projects

# FY 2013 A&G Budget Compared to FY 2012 Long Range Plan (LRP) (Dollars in Thousands)

<u>Description</u>	<u>FY 2013 Budget (1)</u>	<u>FY 2012 LRP for FY 2013 Budget</u>	<u>Variance</u>
Corporate Programs	\$ 13,364	\$ 13,929	\$ (565)
Employee Benefits	58,622	57,524	1,098
Organizational Overhead	10,483	5,422	5,061
General Purpose Projects	903	2,372	(1,469)
<b>Total Cost</b>	<b>\$ 83,372</b>	<b>\$ 79,247</b>	<b>\$ 4,125</b>

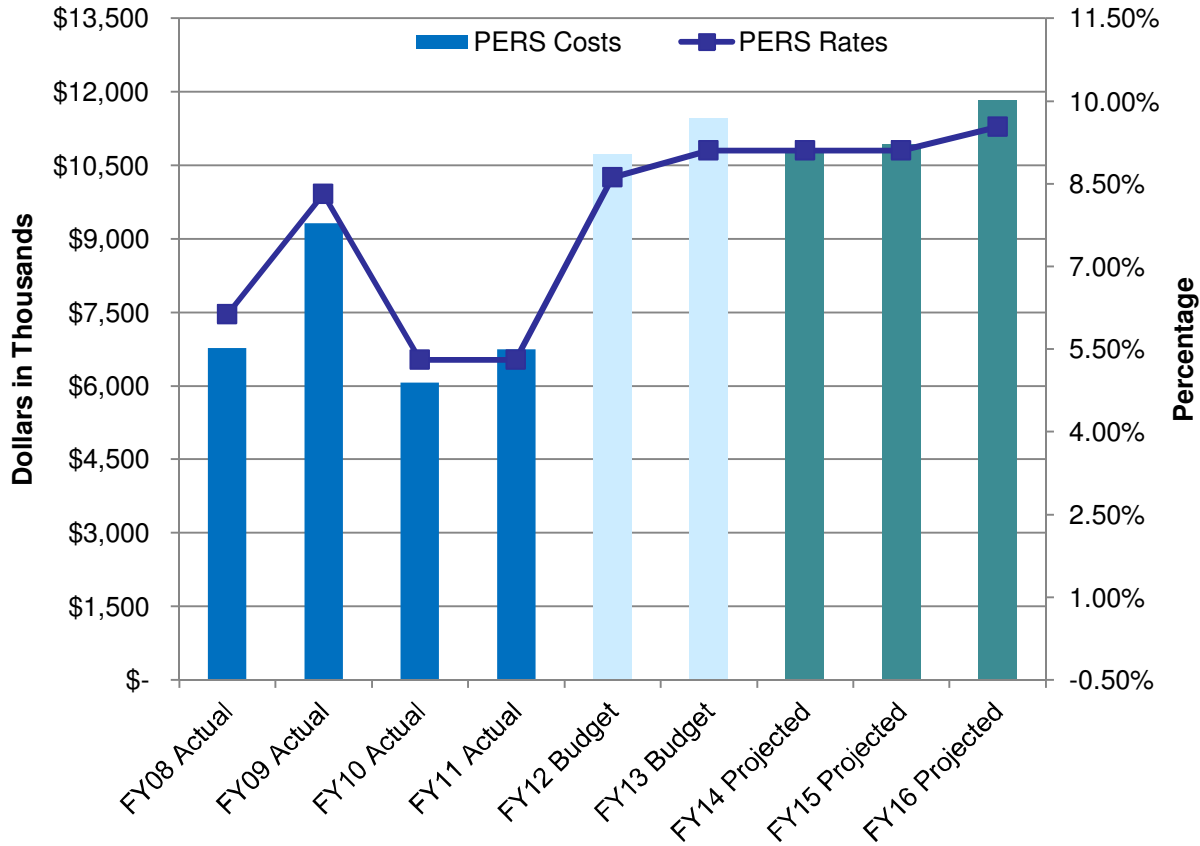
(1) General Business Unit tab, Table 1, Page 4

FY 2012 LRP amounts have been adjusted for comparison purposes.

# Reconciliation of FY 2013 to FY 2008 LRP

<b>FY 2008 LRP for FY 2013</b>			<b>\$ 79,247</b>
PERS rate changes	\$	4,821	
At-Risk Compensation		2,838	
Retentions		1,000	
401K match rate increase		1,000	
Employee benefit changes		540	
Staffing reductions		(650)	
Relocations		(868)	
Corporate Program reductions		(1,544)	
IT capital reduction		(3,324)	
Misc Benefits/Other		312	4,125
<b>FY 2013 Budget</b>			<b>\$ 83,372</b>

# Historical/Projected State Retirement (PERS) Costs



Note: FY14-FY16 Projected includes a 3.5% inflation rate each year

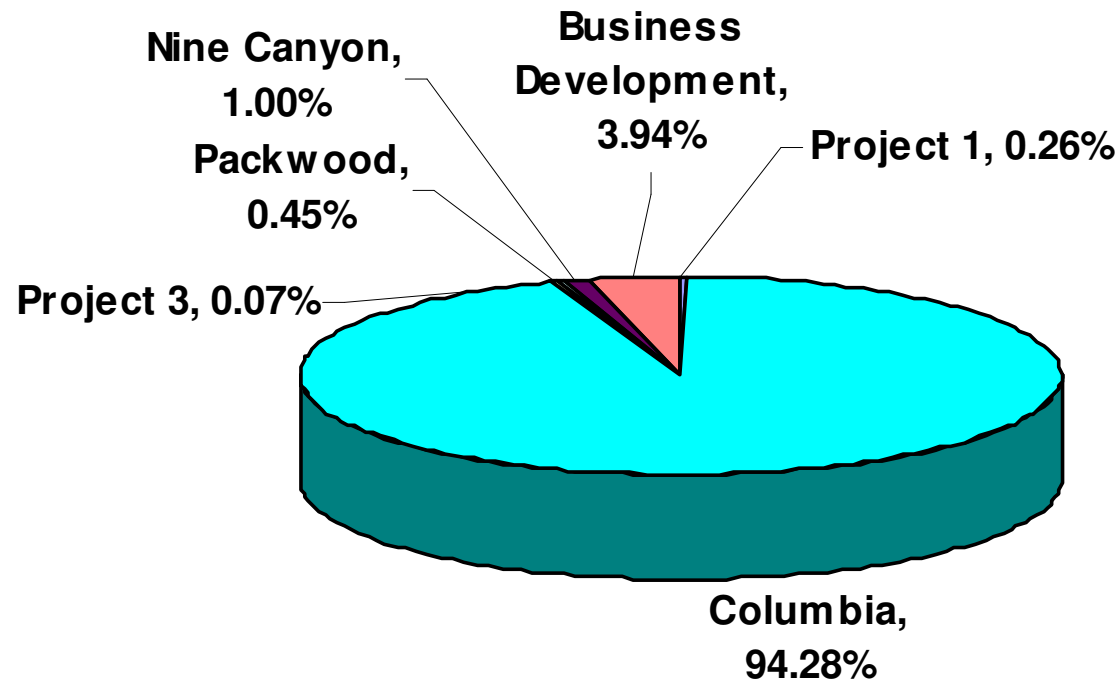
# A&G Budget Summary

(Dollars in Thousands)

<u>Program</u>	<u>FY 2013 Budget</u>	<u>Original FY 2012 Budget</u>	<u>Variance</u>
Corporate Programs	\$ 13,364	\$ 13,408	\$ (44)
Employee Benefits	57,293	56,517	776
Organizational Overhead	10,483	8,300	2,183
General Purpose Projects	903	1,968	(1,065)
	<b>\$ 82,043</b>	<b>\$ 80,193</b>	<b>\$ 1,850</b>
Outage	1,329	-	1,329
<b>Total Cost</b>	<b>\$ 83,372</b>	<b>\$ 80,193</b>	<b>\$ 3,179</b>

Budget Book Reference: General Business Unit tab, Table 1 Page 4

# Business Unit Allocation Percentage



## Budget Assumptions

- ✦ Overall Escalation is 5.1%
- ✦ Estimating a 16% Increase to Medical Benefits Starting in 2<sup>nd</sup> Half of Fiscal Year
- ✦ Increased Benefit Costs due to Outage Year
- ✦ PERS Rate @ 9.1%, Up 0.49%
- ✦ At Risk Compensation @ 100% Payout
- ✦ Absorbed Corporate Programs Non-Labor Escalation



## FY 2013 A&G Budget Variances to FY 2012

- ✦ Corporate Staffing Down 6 Positions
- ✦ At Risk Compensation Increased \$2.3 Million (100% Payout vs. 70% Payout)
- ✦ Relocation Reduced \$322K
- ✦ IT Capital Reduced \$1.2 Million

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Budget Book Reference: General Business Unit tab, Table 1 Page 4

# Corporate Program Functions

- ✦ Information Technology
- ✦ Accounting & Finance
- ✦ Human Resources
- ✦ Legal
- ✦ Insurance
- ✦ CEO/Executive Staff
- ✦ Public Affairs
- ✦ Board Relations
- ✦ Environmental Management System

# Corporate Programs by Organization

(Dollars in Thousands)

	2013 Budget	Original 2012 Budget	Variance
Information Services	\$ 5,158	\$ 4,980	\$ 178
Public Affairs	2,351	2,284	67
Senior Management	1,696	1,766	(70)
Human Resources	1,613	1,772	(159)
Finance	876	1,060	(184)
Enterprise Risk Management	769	789	(20)
Legal	456	374	82
Other	445	383	62
<b>Total</b>	<b>\$13,364</b>	<b>\$13,408</b>	<b>\$ (44)</b>

Budget Book Reference: General Business Unit tab, Table 2, Page 5

## Corporate Programs Key Changes from FY 2012 (Dollars in Thousands)

Increase to Direct Labor due to reduction in ITPRC projects	\$	328
Increased Utilities costs		159
Labor Escalation offset by 6 less positions		-
Reduced Temp Labor		(63)
Reduced Equipment costs		(124)
Reduced Materials and Supplies		(164)
Reduced Travel/Training		(169)
Other		(11)
<b>Total Change</b>	<b>\$</b>	<b>(44)</b>

# Corporate Programs/ITPRC Full Time Equivalent Positions

	<b>FY 2013</b>	<b>Original</b>	
	<b>Budget</b>	<b>FY 2012</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget*</b>	<b>Variance</b>
Information Services	27	29	(2)
Human Resources	16	16	-
Finance/Asset Management	14	17	(3)
Public Affairs	11	11	-
Senior Management	6	6	-
Other	7	8	(1)
<b>Total</b>	<b>81</b>	<b>87</b>	<b>(6)</b>

\* FY 2012 has been reclassified for comparison purposes

Budget Book Reference: General Business Unit tab, Table 2A, Page 5

# A&G Budget Summary

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Budget Book Reference: General Business Unit tab, Table 1 Page 4

# Employee Benefits

## ✦ Medical Benefits Program (Health & Welfare)

- Medical, Dental, Vision
- Life Insurance
- ST/LT Disability

## ✦ Retirement Programs

- Employer FICA Contribution
- State Retirement - PERS
- Employer 401(k) Match

## ✦ Personal Time/Holidays

## ✦ Other

- Bargaining Unit VEBA Contribution
- Unemployment/Worker's Compensation



## Benefit Highlights

- ✦ Higher PERS Rate (9.1%)
- ✦ Lower Benefits due to Reduction in 20 Full Time Equivalents
  - Columbia has a reduction of 16 Full Time Equivalents including its allocated portion of Corporate Programs staffing reductions
  - Energy/Business has a reduction of 4 Full Time Equivalents including the allocated portion of Corporate Programs staffing reductions
- ✦ Increased Benefits for Outage Year
- ✦ Estimating a 16% Increase to Medical Benefits in 2nd Half of Fiscal Year
- ✦ Risk Reserve at \$0.645 Million
- ✦ Less Participation in 401K Match by New Employees
- ✦ Maintained Benefit Attrition at 35 Positions

# Employee Benefit Costs

(Dollars in Thousands)

<u>Description</u>	FY 2013	Original	<u>Variance</u>
	<u>Budget</u>	<u>FY 2012 Budget</u>	
Medical Benefits	\$ 15,217	\$ 15,091	\$ 126
Social Security/Medicare(FICA)	8,607	8,371	236
Retirement:			
WA PERS Contribution	11,732	10,731	1,001
401k Match	3,243	3,565	(322)
Personal Time/Holidays	15,155	15,595	(440)
Unemployment/Disability/Other	3,339	3,164	175
	<u>\$ 57,293</u>	<u>\$ 56,517</u>	<u>\$ 776</u>
Outage	1,329	-	1,329
<b>Total</b>	<b><u>\$ 58,622</u></b>	<b><u>\$ 56,517</u></b>	<b><u>\$ 2,105</u></b>

Budget Book Reference: General Business Unit tab, Table 3, Page 6

## Employee Benefits Key Changes from FY 2012 (Dollars in Thousands)

PERS Rate increase	\$ 628
Benefit Increase for At-Risk Comp increase	485
Benefits Increase offset by staffing reductions	362
Interest Income Decrease on Personal Time Account	31
Reduced Participation in 401K	(160)
Personal Time Decrease	(480)
Other	(90)
	<u>\$ 776</u>
Outage Benefits Increase	<u>1,329</u>
<b>Total Change</b>	<b><u><u>\$ 2,105</u></u></b>

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Budget Book Reference: General Business Unit tab, Table 1 Page 4

# Organizational Overhead

(Dollars in Thousands)

<u>Description</u>	<u>FY 2013 Budget</u>	<u>Original FY 2012 Budget</u>	<u>Variance</u>
At-Risk Compensation/Retention/ Employee Recognition	\$ 8,578	\$ 6,033	\$ 2,545
Relocation	780	1,102	(322)
Indirect Labor	652	692	(40)
Tuition	473	473	-
<b>Total</b>	<b>\$ 10,483</b>	<b>\$ 8,300</b>	<b>\$ 2,183</b>

Budget Book Reference: General Business Unit tab, Table 4, Page 7

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# General Purpose Projects

(Dollars in Thousands)

<u>Description</u>	<u>FY 2013 Budget</u>	<u>Original FY 2012 Budget</u>	<u>Variance</u>
<b><u>Capital Projects</u></b>			
Information Technology	\$ 779	\$ 1,990	\$ (1,211)
<b><u>Expense Projects</u></b>			
Information Technology	\$ -	\$ -	\$ -
CDC - Downtown Buildings	124	(22)	146
Total Expense Projects	124	(22)	146
<b>Total General Purpose Projects</b>	<b>\$ 903</b>	<b>\$ 1,968</b>	<b>\$ (1,065)</b>

Budget Book Reference: General Business Unit, Table 5, Page 8

# Corporate IT Projects

(Dollars in Thousands)

	<u>Amount</u>
ITPRC Unassigned Project Funds	\$ 673
PSF Station Battery Life	56
PC Replacement Equipment	50
<b>Total</b>	<u><u>\$ 779</u></u>



## Basis for Risk Reserve

- ✦ Higher Workers' Compensation Claims
- ✦ General Employee Legal Matters
- ✦ Performance Audit for Executive Board
- ✦ Higher Medical Costs
- ✦ Higher Insurance Premiums