



**ENERGY
NORTHWEST**

General Business Unit (A&G) Fiscal Year 2011 Budget Review

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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

Budget Highlights

- ✦ FY 2011 Budget is under both FY 2010 Budget and Long Range Plan for FY 2011
 - Lower state retirement costs (PERS)
- ✦ Includes a 35 Headcount Attrition Estimate
- ✦ Reduced Risk Reserves
- ✦ Staffing Increased 7 Permanent Positions
- ✦ Includes Outage Benefits of \$1.8 Million
- ✦ Adjusted FY 2010 Budget for Comparisons

A&G Budget Summary

(Dollars in Thousands)

Program	FY 2011 Budget	Original FY 2010 Budget	Variance
Corporate Programs	\$ 14,077	\$ 13,830	\$ 247
Employee Benefits	53,105	51,467	1,638
Organizational Overhead	7,180	9,041	(1,861)
General Purpose Projects	3,694	5,470	(1,776)
Total Cost	\$ 78,056	\$ 79,808	\$ (1,752)

A&G Budget Compared to FY 2010 Long Range Plan

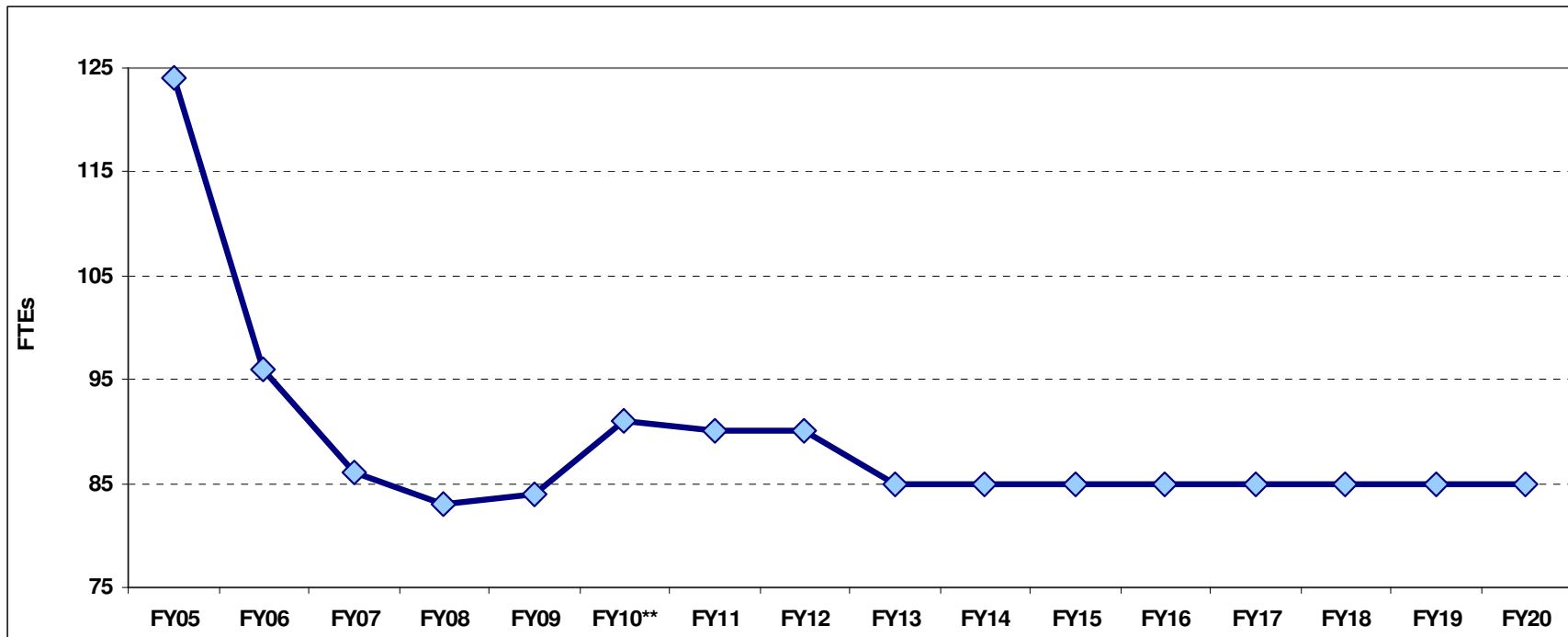
(Dollars in Thousands)

<u>Description</u>	FY 2010 LRP		<u>Variance</u>
	<u>FY 2011 Budget</u>	<u>for FY 2011 Budget</u>	
Corporate Programs	\$ 14,077	\$ 14,271	\$ (194)
Benefits/Personal Time	53,105	55,350	(2,245)
Organizational Overhead	7,180	9,340	(2,160)
General Purpose Projects	3,694	4,265	(571)
Total Cost	<u>\$ 78,056</u>	<u>\$ 83,226</u>	<u>\$ (5,170)</u>

FY 2011 LRP Assumptions/Changes (FY 2012–2019)

- ✦ Exceeds the FY 2010 LRP by \$34.3 Million
 - Higher PERS rates FY 2012-2020
 - Includes 9% increase in medical benefits each year
 - Increased Medicare starting in FY 2013
- ✦ Reduced Corporate Staffing by 5 Positions Starting in FY 2013

Corporate Programs Long Range Staffing Plan*



*Excludes project employees

**Increase in FY 2010 FTEs was due to Strategic Communications Plan and EMS

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Corporate Program Functions

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

Corporate Programs by Organization

(Dollars in Thousands)

	FY 2011 Budget	Original FY 2010 Budget	Variance
Information Services	\$ 4,960	\$ 4,264	\$ 696
Public Affairs	2,380	2,341	39
Senior Management/Other	2,316	2,495	(179)
Finance	1,820	1,941	(121)
Human Resources	1,805	1,823	(18)
Legal	293	253	40
Risk Reserve	250	250	-
Document and Data Services	181	264	(83)
Licensing	72	199	(127)
Total	\$14,077	\$13,830	\$ 247

Corporate Programs Key Changes

(Dollars in Thousands)

Software Maintenance Fees	\$ 338
Labor Escalation	128
Insurance	80
Membership Dues	31
Reduced Temporary Labor	(32)
Reduced Information Services Outside Services	(109)
Reduced Travel/Training	(189)
Total Change	\$ 247

Corporate Programs/ITPRC Full Time Equivalent Positions*

	FY 2011 Budget	Original FY 2010 Budget	Variance
Information Services	30	27	3
Finance	16	17	(1)
Human Resources	16	16	-
Public Affairs	12	12	-
Senior Management	6	7	(1)
Document and Data Services	2	2	-
Legal	2	2	-
Const & Maint Services	2	2	-
EMS	1	2	(1)
Other	3	4	(1)
Total	90	91	(1)

* Excludes project employees

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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/Workers' Compensation

Benefit Highlights

- ✦ Lower State Retirement Rate (5.31%)
- ✦ Increase to Medical Supplement
- ✦ Reduced Risk Reserve by \$0.45 Million to \$0.75 Million
- ✦ Includes \$1.8 Million in Outage Benefits
- ✦ Increased Benefit Attrition from 25 to 35 Positions

Employee Benefit Costs

(Dollars in Thousands)

Description	FY 2011 Budget	Original FY 2010	Variance
		Budget	
Medical Benefits	\$ 14,170	\$ 13,210	\$ 960
F.I.C.A.	8,335	7,806	529
State Retirement	6,501	9,398	(2,897)
Employee 401k Match	3,465	3,105	360
Personal Time/Holidays	15,464	14,497	967
Unemployment/Disability/Other	2,631	2,251	380
Risk Reserve	750	1,200	(450)
	<u>\$ 51,316</u>	<u>\$ 51,467</u>	<u>\$ (151)</u>
Outage	1,789	-	1,789
Total	<u>\$ 53,105</u>	<u>\$ 51,467</u>	<u>\$ 1,638</u>

Employee Benefits Key Changes

(Dollars in Thousands)

Benefits on Increased Staffing and Wages/Other	\$ 2,956
Outage Overtime/Temp Increase	1,789
Interest Income Decrease on PTB Account	580
Unemployment Rate Increase	253
Attrition Impact (Increased 10 Positions)	(380)
Decrease in Risk Reserve	(450)
PERS Rate Decrease	(3,110)
Total Change	<u>\$ 1,638</u>

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Organizational Overhead

(Dollars in Thousands)

Description	FY 2011 Budget	Original FY 2010 Budget	Variance
At-Risk Compensation/Retention/ Employee Recognition	\$ 4,424	\$ 5,418	\$ (994)
Relocation	1,462	1,870	(408)
Tuition	731	772	(41)
Indirect Labor	563	981	(418)
Total	\$ 7,180	\$ 9,041	\$ (1,861)

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Business Unit Allocations

<u>Description</u>	<u>Dollars</u>	<u>Percent</u>
Project 1	\$ 190	0.24%
Columbia	73,317	94.38%
Project 3	72	0.09%
Packwood	379	0.49%
Nine Canyon Wind Project	675	0.87%
Business Development Fund	3,053	3.93%
Total	\$ 77,686	100.00%

Note: Excludes CDC Net Loss and other non-allocated costs.