

Fiscal Year 2013 Business Development Fund Annual Budget

DRAFT



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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 2013, the revenue for the BDF equals \$11,344,000 and a total net margin of (\$695,000) (See Table 1). Total funding requirements are \$12,249,000 (See Table 5).

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

A comparison of the Fiscal Year 2013 Budget is made to the original budget issued for Fiscal Year 2012.

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 6).
- Projected Investment Income earning rate of 0.25%.

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

<u>Description</u>	<u>FY 2013 Budget</u>	<u>Original FY 2012 Budget</u>	<u>Variance</u>
<u>Revenues</u>			
Generation	\$ 3,435	\$ 3,189	\$ 246
General Services	6,844	6,720	124
Professional Services	1,065	1,032	33
Total Revenues	<u>\$ 11,344</u>	<u>\$ 10,941</u>	<u>\$ 403</u>
<u>Expenses (1)</u>			
Generation	\$ 4,396	\$ 4,657	\$ (261)
General Services	6,582	6,494	88
Professional Services	1,061	1,031	30
Total Expenses	<u>\$ 12,039</u>	<u>\$ 12,182</u>	<u>\$ (143)</u>
Net Margin	<u>\$ (695)</u>	<u>\$ (1,241)</u>	<u>\$ 546</u>

(1) Does not include depreciation or capital

Table 2
Detailed Financial Summary
(Dollars in Thousands)

<u>Description</u>	<u>FY 2013 Revenue</u>	<u>FY 2013 Cost</u>	<u>FY 2013 Margin</u>
<u>Generation</u>			
Biomass	\$ -	\$ 186	\$ (186)
Kalama Energy	1,293	1,290	3
Other Generation	-	421	(421)
Power Management & Supply	2,107	2,178	(71)
Solar	-	144	(144)
Wind Mining	-	142	(142)
Modular Nuclear	35	35	-
Total Generation	\$ 3,435	\$ 4,396	\$ (961)
<u>General Services</u>			
Hanford Calibration Services	\$ 942	\$ 847	\$ 95
Columbia Calibration Services	1,974	1,974	-
Commercial Calibration Services	769	729	40
Environmental Laboratory Services	306	306	-
Columbia Environmental Laboratory	1,674	1,674	-
IDC Leases	1,137	1,091	46
Misc Other	42	31	11
Total General Services (1)	\$ 6,844	\$ 6,652	\$ 192
<u>Professional Services</u>			
Engineering Services	\$ 450	\$ 448	\$ 2
Technical Services	501	501	-
Roving Work Force	56	56	-
Special Coatings	50	49	1
Misc Other	8	7	1
Total Professional Services	\$ 1,065	\$ 1,061	\$ 4
Total	\$ 11,344	\$ 12,109	\$ (765)

Margin - () Unfavorable

(1) Includes depreciation of \$70,000

Note: \$2,738,000 in BDF Business Support is allocated to Energy/Business Services programs.

Table 3
Summary of Capital
(Dollars in Thousands)

<u>Description</u>	<u>FY 2013</u> <u>Budget</u>	<u>Original</u> <u>FY 2012</u> <u>Budget</u>	<u>Variance</u>
<u>Business Sector / Project</u>			
<u>General Services</u>			
Calibration Laboratory Services	\$ 210	\$ 106	\$ 104
Environmental Laboratory Services	-	15	(15)
Total - Capital	<u>\$ 210</u>	<u>\$ 121</u>	<u>\$ 89</u>

Table 4
Summary of Full Time Equivalent Positions *

<u>Description</u>	FY 2013 Budget	FY 2012 Budget	Variance
Generation Sector	3	5	(2)
General Services Sector	37	39	(2)
Business Services Support	14	14	-
Professional Services Sector	3	3	-
Total Positions	57	61	(4)
Less: FTEs in Labs Supporting CGS	19	19	-
Total Positions	38	42	(4)

* Includes Allocations of Corporate Full Time Equivalent Positions

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Table 5
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2013 Budget</u>	<u>Original FY 2012 Budget</u>	<u>Variance</u>
<u>Funding Requirements</u>			
Expense Requirements (1)	\$ 12,039	\$ 12,182	\$ (143)
Capital Requirements	210	121	89
Total Funding Requirements	<u>\$ 12,249</u>	<u>\$ 12,303</u>	<u>\$ (54)</u>
<u>Funding Sources</u>			
Revenues	\$ 11,344	\$ 10,941	\$ 403
Total Funding Sources	<u>\$ 11,344</u>	<u>\$ 10,941</u>	<u>\$ 403</u>
Change in Fund Balance	<u>\$ (905)</u>	<u>\$ (1,362)</u>	

(1) Expenses exclude \$70,000 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 2013 Total
Beginning Balance	\$ 3,285	\$ 3,232	\$ 3,342	\$ 3,374	\$ 3,440	\$ 3,522	\$ 3,549	\$ 3,121	\$ 3,214	\$ 3,135	\$ 3,149	\$ 3,097	\$ 3,285
Receipts													
Revenues	\$ 1,416	\$ 1,524	\$ 1,446	\$ 761	\$ 764	\$ 775	\$ 768	\$ 767	\$ 763	\$ 761	\$ 757	\$ 842	\$ 11,344
Total Receipts	\$ 1,416	\$ 1,524	\$ 1,446	\$ 761	\$ 764	\$ 775	\$ 768	\$ 767	\$ 763	\$ 761	\$ 757	\$ 842	\$ 11,344
Disbursements													
Expense Requirements	\$ 1,469	\$ 1,414	\$ 1,414	\$ 695	\$ 682	\$ 748	\$ 1,196	\$ 674	\$ 842	\$ 747	\$ 809	\$ 1,349	\$ 12,039
Capital Requirements	-	-	-	-	-	-	-	-	-	-	-	210	210
Total Disbursements	\$ 1,469	\$ 1,414	\$ 1,414	\$ 695	\$ 682	\$ 748	\$ 1,196	\$ 674	\$ 842	\$ 747	\$ 809	\$ 1,559	\$ 12,249
Ending Balance	\$ 3,232	\$ 3,342	\$ 3,374	\$ 3,440	\$ 3,522	\$ 3,549	\$ 3,121	\$ 3,214	\$ 3,135	\$ 3,149	\$ 3,097	\$ 2,380	\$ 2,380

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