

# **Fiscal Year 2014 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 2014, the revenue for the BDF equals \$8,216,000 and a total net margin of (\$424,000) (See Table 1). Total funding requirements are \$8,851,000 (See Table 5).

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

A comparison of the Fiscal Year 2014 Budget is made to the original budget issued for Fiscal Year 2013.

**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.
- Calibrations Services Mission Support Alliance contract is not expected to be extended into Fiscal Year 2014. Four full time equivalent positions supporting the contract are excluded from the Fiscal Year 2014 Budget.
- 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 0.20%.

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

<u>Description</u>	<u>FY 2014 Budget</u>	<u>Original FY 2013 Budget</u>	<u>Variance</u>
<b><u>Revenues</u></b>			
Business Services	\$ 4,657	\$ 5,706	\$ (1,049)
Facilities	510	935	(425)
Generation	838	3,435	(2,597)
Professional Services	2,211	1,065	1,146
<b>Total Revenues</b>	<b><u>\$ 8,216</u></b>	<b><u>\$ 11,141</u></b>	<b><u>\$ (2,925)</u></b>
<b><u>Expenses (1)</u></b>			
Business Services	\$ 4,382	\$ 5,490	\$ (1,108)
Facilities	611	889	(278)
Generation	1,437	4,396	(2,959)
Professional Services	2,210	1,061	1,149
<b>Total Expenses</b>	<b><u>\$ 8,640</u></b>	<b><u>\$ 11,836</u></b>	<b><u>\$ (3,196)</u></b>
<b>Net Margin</b>	<b><u>\$ (424)</u></b>	<b><u>\$ (695)</u></b>	<b><u>\$ 271</u></b>

(1) Does not include depreciation or capital

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

<u>Description</u>	<u>FY 2014 Revenue</u>	<u>FY 2014 Cost</u>	<u>FY 2014 Margin</u>
<u>Business Services</u>			
Columbia Calibration Services	\$ 2,052	\$ 2,052	\$ -
Commercial Calibration Services	688	488	200
Environmental Laboratory Services	275	272	3
Columbia Environmental Laboratory	1,599	1,599	-
Misc Other	43	45	(2)
<b>Total Business Services (1)</b>	<b>\$ 4,657</b>	<b>\$ 4,456</b>	<b>\$ 201</b>
<u>Facilities</u>			
IDC Leases	\$ 504	\$ 605	\$ (101)
Misc Other	6	6	-
<b>Total Facilities</b>	<b>\$ 510</b>	<b>\$ 611</b>	<b>\$ (101)</b>
<u>Generation</u>			
Biomass	\$ -	\$ 53	\$ (53)
Kalama Energy	803	803	-
Other Generation	-	143	(143)
Power Management & Supply	-	50	(50)
Solar	-	161	(161)
Wind Development	-	192	(192)
Modular Nuclear	35	35	-
<b>Total Generation</b>	<b>\$ 838</b>	<b>\$ 1,437</b>	<b>\$ (599)</b>
<u>Professional Services</u>			
Engineering Services	\$ 903	\$ 903	\$ -
Technical Services	1,201	1,201	-
Roving Work Force	81	81	-
Special Coatings	25	25	-
White Bluffs Solar (2)	1	12	(11)
<b>Total Professional Services</b>	<b>\$ 2,211</b>	<b>\$ 2,222</b>	<b>\$ (11)</b>
<b>Total</b>	<b>\$ 8,216</b>	<b>\$ 8,726</b>	<b>\$ (510)</b>

Margin - ( ) Unfavorable

(1) Includes depreciation of \$74,000

(2) Includes depreciation of \$12,000

Note: \$2,335,000 in BDF Business Support is allocated to Energy/Business Services programs.

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

<u>Description</u>	<u>FY 2014</u> <u>Budget</u>	<u>Original</u> <u>FY 2013</u> <u>Budget</u>	<u>Variance</u>
<b><u>Business Sector / Project</u></b>			
<u>Business Services</u>			
Calibration Laboratory Services	\$ 132	\$ 210	\$ (78)
Environmental Laboratory Services	79	-	79
<b>Total - Capital</b>	<b><u>\$ 211</u></b>	<b><u>\$ 210</u></b>	<b><u>\$ 1</u></b>

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

<b><u>Description</u></b>	<b>FY 2014</b>	<b>Original</b>	
	<b>Budget</b>	<b>FY 2013</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	
Business Services Sector	26	31	(5)
Facilities / Leasing Sector	4	6	(2)
Generation Sector	2	3	(1)
Indirect Support	11	14	(3)
Professional Services Sector	3	3	-
<b>Total Positions</b>	<b>46</b>	<b>57</b>	<b>(11)</b>
Less: FTEs in Labs Supporting CGS	20	19	1
<b>Total Positions</b>	<b>26</b>	<b>38</b>	<b>(12)</b>

\* 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 2014 Budget</u>	<u>Original FY 2013 Budget</u>	<u>Variance</u>
<b><u>Funding Requirements</u></b>			
Expense Requirements (1)	\$ 8,640	\$ 11,836	\$ (3,196)
Capital Requirements	211	210	1
<b>Total Funding Requirements</b>	<b><u>\$ 8,851</u></b>	<b><u>\$ 12,046</u></b>	<b><u>\$ (3,195)</u></b>
<b><u>Funding Sources</u></b>			
Revenues	\$ 8,216	\$ 11,141	\$ (2,925)
<b>Total Funding Sources</b>	<b><u>\$ 8,216</u></b>	<b><u>\$ 11,141</u></b>	<b><u>\$ (2,925)</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ (635)</u></b>	<b><u>\$ (905)</u></b>	<b><u>\$ 270</u></b>

(1) Expenses exclude \$86,000 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 2014 Total
<b>Beginning Balance</b>	\$ 4,777	\$ 4,750	\$ 7,223	\$ 7,197	\$ 7,159	\$ 7,121	\$ 7,082	\$ 7,044	\$ 7,006	\$ 6,968	\$ 6,930	\$ 6,892	\$ 4,777
Receipts													
Revenues	\$ 693	\$ 693	\$ 694	\$ 682	\$ 682	\$ 681	\$ 682	\$ 682	\$ 682	\$ 682	\$ 682	\$ 681	\$ 8,216
Grays Harbor Escrow Return	-	2,500	-	-	-	-	-	-	-	-	-	-	2,500
<b>Total Receipts</b>	\$ 693	\$ 3,193	\$ 694	\$ 682	\$ 682	\$ 681	\$ 682	\$ 682	\$ 682	\$ 682	\$ 682	\$ 681	\$ 10,716
Disbursements													
Expense Requirements	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 8,640
Capital Requirements	-	-	-	-	-	-	-	-	-	-	-	211	211
<b>Total Disbursements</b>	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 931	\$ 8,851
<b>Ending Balance</b>	\$ 4,750	\$ 7,223	\$ 7,197	\$ 7,159	\$ 7,121	\$ 7,082	\$ 7,044	\$ 7,006	\$ 6,968	\$ 6,930	\$ 6,892	\$ 6,642	\$ 6,642

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