

Fiscal Year 2016 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: Business Services, Facilities, Generation, 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.

For Fiscal Year 2016, the revenue for the BDF equals \$8,751,000 and a total net margin of \$567,000 (See Table 1). Total funding requirements are \$8,186,000 (See Table 5).

A comparison of the Fiscal Year 2016 Budget is made to the original budget issued for Fiscal Year 2015.

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.
- Demand Response Pilot Project assumes a maximum capacity of 35MW and an average of 32.19MW over the Pilot period. It is assumed the first six month contract extension, running from February 1, 2016 through July 31, 2016, will be executed.

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

<u>Description</u>	<u>FY 2016 Budget</u>	<u>Original FY 2015 Budget</u>	<u>Variance</u>
<u>Revenues</u>			
Business Services	\$ 5,195	\$ 5,193	\$ 2
Facilities	323	553	(230)
Generation	2,599	1,221	1,378
Professional Services	634	699	(65)
Total Revenues	<u>\$ 8,751</u>	<u>\$ 7,666</u>	<u>\$ 1,085</u>
<u>Expenses (1)</u>			
Business Services (2)	\$ 5,013	\$ 4,957	\$ 56
Facilities	323	525	(202)
Generation	2,240	1,621	619
Professional Services (3)	608	674	(66)
Total Expenses	<u>\$ 8,184</u>	<u>\$ 7,777</u>	<u>\$ 407</u>
Net Margin	<u>\$ 567</u>	<u>\$ (111)</u>	<u>\$ 678</u>

(1) Does not include capital expenses

(2) Includes \$209,000 in depreciation

(3) Includes \$12,000 in depreciation

Table 2
Detailed Financial Summary
(Dollars in Thousands)

<u>Description</u>	<u>FY 2016 Revenue</u>	<u>FY 2016 Cost</u>	<u>FY 2016 Margin</u>
<u>Business Services</u>			
Columbia Calibration Services	\$ 2,211	\$ 2,211	\$ -
Commercial Calibration Services	1,025	881	144
Environmental Laboratory Services	225	207	18
Columbia Environmental Laboratory	1,693	1,693	-
Broadband Services / Other	41	21	20
Total Business Services (1)	\$ 5,195	\$ 5,013	\$ 182
<u>Facilities</u>			
IDC Leases	\$ 317	\$ 317	\$ -
Misc Other	6	6	-
Total Facilities	\$ 323	\$ 323	\$ -
<u>Generation</u>			
Demand Response	\$ 2,141	\$ 1,550	\$ 591
UAMPS Carbon Free Power	250	224	26
IBEW Hanford Solar	84	75	9
Neoen Solar	72	65	7
Modular Nuclear	52	52	-
Energy Storage	-	114	(114)
Power System Services	-	111	(111)
Solar	-	49	(49)
Total Generation	\$ 2,599	\$ 2,240	\$ 359
<u>Professional Services</u>			
Tieton	\$ 375	\$ 337	\$ 38
Technical Services	163	163	-
Roving Work Force	95	95	-
White Bluffs Solar (2)	1	12	(11)
Special Coatings	-	1	(1)
Total Professional Services	\$ 634	\$ 608	\$ 26
Total	\$ 8,751	\$ 8,184	\$ 567

Margin - () Unfavorable

(1) Includes depreciation of \$209,000

(2) Includes depreciation of \$12,000

Note: \$1,927,000 in BDF Business Support is allocated to Energy Services & Development programs.

Table 3
Summary of Capital
(Dollars in Thousands)

<u>Description</u>	<u>FY 2016 Budget</u>	<u>Original FY 2015 Budget</u>	<u>Variance</u>
<u>Business Sector / Project</u>			
<u>Business Services</u>			
Calibration Laboratory Services	\$ 135	\$ -	\$ 135
Environmental Laboratory Services	88	-	88
Total - Capital	<u>\$ 223</u>	<u>\$ -</u>	<u>\$ 223</u>

Table 4
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2016 Budget</u>	<u>Original FY 2015 Budget</u>	<u>Variance</u>
Business Services Sector	25	25	-
Facilities / Leasing Sector	2	3	(1)
Generation Sector	3	3	-
Indirect Support	11	11	-
Professional Services Sector	1	1	-
Total Positions	42	43	(1)
Less: FTEs in Labs Supporting Columbia	20	20	-
Total Positions	22	23	(1)

* 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 2016 Budget</u>	<u>Original FY 2015 Budget</u>	<u>Variance</u>
<u>Funding Requirements</u>			
Expense Requirements (1)	\$ 7,963	\$ 7,691	\$ 272
Capital Requirements	223	-	223
Total Funding Requirements	<u>\$ 8,186</u>	<u>\$ 7,691</u>	<u>\$ 495</u>
<u>Funding Sources</u>			
Revenues	\$ 8,751	\$ 7,666	\$ 1,085
Total Funding Sources	<u>\$ 8,751</u>	<u>\$ 7,666</u>	<u>\$ 1,085</u>
Change in Fund Balance from Operations (2)	<u>\$ 565</u>	<u>\$ (25)</u>	<u>\$ 590</u>

(1) Expenses exclude \$221,000 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 2016 Total
Beginning Balance	\$ 7,884	\$ 7,986	\$ 8,080	\$ 8,156	\$ 8,222	\$ 8,321	\$ 8,410	\$ 8,529	\$ 8,603	\$ 8,612	\$ 8,681	\$ 8,737	\$ 7,884
Receipts													
Revenues	\$ 716	\$ 716	\$ 717	\$ 716	\$ 716	\$ 717	\$ 716	\$ 716	\$ 717	\$ 716	\$ 716	\$ 872	\$ 8,751
Total Receipts	\$ 716	\$ 716	\$ 717	\$ 716	\$ 716	\$ 717	\$ 716	\$ 716	\$ 717	\$ 716	\$ 716	\$ 872	\$ 8,751
Disbursements													
Expense Requirements	\$ 614	\$ 622	\$ 641	\$ 650	\$ 617	\$ 628	\$ 597	\$ 642	\$ 708	\$ 647	\$ 660	\$ 937	\$ 7,963
Capital Requirements	-	-	-	-	-	-	-	-	-	-	-	223	223
Total Disbursements	\$ 614	\$ 622	\$ 641	\$ 650	\$ 617	\$ 628	\$ 597	\$ 642	\$ 708	\$ 647	\$ 660	\$ 1,160	\$ 8,186
Ending Balance	\$ 7,986	\$ 8,080	\$ 8,156	\$ 8,222	\$ 8,321	\$ 8,410	\$ 8,529	\$ 8,603	\$ 8,612	\$ 8,681	\$ 8,737	\$ 8,449	\$ 8,449

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