

Fiscal Year 2017 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: Applied Technology and Innovation, 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 2017, the revenue for the BDF equals \$10,084,000 while total funding requirements equal \$9,763,000 creating a change in fund balance of \$321,000 (See Table 5).

A comparison of the Fiscal Year 2017 Budget is made to the original budget issued for Fiscal Year 2016.

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 15MW and an average of 11.36MW during fiscal year 2017. It is assumed the contract will run through May 31, 2017.
- Demand Response Enterprise Program assumes a maximum capacity of 30MW, an average of 20.71MW, and is expected to be operational for all of fiscal year 2017.

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

<u>Description</u>	<u>FY 2017 Budget</u>	<u>Original FY 2016 Budget</u>	<u>Variance</u>
<u>Revenues</u>			
Applied Technology & Innovation	\$ 1,752	\$ -	\$ 1,752
Business Services	5,569	5,195	374
Facilities	358	323	35
Generation	1,146	2,599	(1,453)
Professional Services	1,259	634	625
Total Revenues	<u>\$ 10,084</u>	<u>\$ 8,751</u>	<u>\$ 1,333</u>
<u>Expenses (1)</u>			
Applied Technology & Innovation	\$ 1,794	\$ -	\$ 1,794
Business Services (2)	5,264	5,013	251
Facilities	358	323	35
Generation	1,166	2,240	(1,074)
Professional Services (3)	1,121	608	513
Total Expenses	<u>\$ 9,703</u>	<u>\$ 8,184</u>	<u>\$ 1,519</u>
Net Margin	<u>\$ 381</u>	<u>\$ 567</u>	<u>\$ (186)</u>

(1) Does not include capital expenses

(2) Includes \$230,000 in depreciation

(3) Includes \$12,000 in depreciation

Table 2
Detailed Financial Summary
(Dollars in Thousands)

Description	FY 2017 Revenue	FY 2017 Cost	FY 2017 Margin
<u>Applied Technology & Innovation (ATI)</u>			
Capacity Markets	\$ -	\$ 48	\$ (48)
Demand Response - Pilot	713	516	197
Demand Response - Program	1,039	875	164
Distributed Storage	-	127	(127)
Energy Storage	-	97	(97)
Power System Services	-	131	(131)
Total ATI	\$ 1,752	\$ 1,794	\$ (42)
<u>Business Services</u>			
Columbia Calibration Services	\$ 2,338	\$ 2,338	\$ -
Commercial Calibration Services	1,200	932	268
Environmental Laboratory Services	219	201	18
Columbia Environmental Laboratory	1,773	1,773	-
Co-Location Rentals / Other	39	20	19
Total Business Services (1)	\$ 5,569	\$ 5,264	\$ 305
<u>Facilities</u>			
IDC Leases	\$ 352	\$ 352	\$ -
Misc Other	6	6	-
Total Facilities	\$ 358	\$ 358	\$ -
<u>Generation</u>			
UAMPS Carbon Free Power	875	861	14
Horn Rapids Solar	114	99	15
Neoen Solar	52	45	7
Modular Nuclear	105	105	-
Small Modular Research	-	6	(6)
Solar	-	50	(50)
Total Generation	\$ 1,146	\$ 1,166	\$ (20)
<u>Professional Services</u>			
Tieton	\$ 1,041	\$ 891	\$ 150
Technical Services	122	122	-
Roving Work Force	95	95	-
White Bluffs Solar (2)	1	12	(11)
Special Coatings	-	1	(1)
Total Professional Services	\$ 1,259	\$ 1,121	\$ 138
Total	\$ 10,084	\$ 9,703	\$ 381

Margin - () Unfavorable

(1) Includes depreciation of \$230,000

(2) Includes depreciation of \$12,000

Note: \$2,045,000 in BDF Business Support is allocated to Energy Services & Development programs.

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Table 3
Summary of Capital
(Dollars in Thousands)

<u>Description</u>	<u>FY 2017</u> <u>Budget</u>	<u>Original</u> <u>FY 2016</u> <u>Budget</u>	<u>Variance</u>
<u>Business Sector / Project</u>			
<u>Business Services</u>			
Calibration Laboratory Services	\$ 158	\$ 135	\$ 23
Environmental Laboratory Services	<u>144</u>	<u>88</u>	<u>56</u>
Total - Capital	<u>\$ 302</u>	<u>\$ 223</u>	<u>\$ 79</u>

Table 4
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2017</u> <u>Budget</u>	<u>Original</u> <u>FY 2016</u> <u>Budget</u>	<u>Variance</u>
Business Services Sector	25	25	-
Facilities / Leasing Sector	2	2	-
Generation Sector	3	3	-
Indirect Support	11	11	-
Professional Services Sector	1	1	-
Total Positions	42	42	-
Less: FTEs in Labs Supporting Columbia	20	20	-
Total Positions	22	22	-

* 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 2017 Budget</u>	<u>Original FY 2016 Budget</u>	<u>Variance</u>
<u>Funding Requirements</u>			
Expense Requirements (1)	\$ 9,461	\$ 7,963	\$ 1,498
Capital Requirements	302	223	79
Total Funding Requirements	<u>\$ 9,763</u>	<u>\$ 8,186</u>	<u>\$ 1,577</u>
<u>Funding Sources</u>			
Revenues	\$ 10,084	\$ 8,751	\$ 1,333
Total Funding Sources	<u>\$ 10,084</u>	<u>\$ 8,751</u>	<u>\$ 1,333</u>
Change in Fund Balance from Operations	<u>\$ 321</u>	<u>\$ 565</u>	<u>\$ (244)</u>

(1) Expenses exclude \$242,000 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 2017 Total
Beginning Balance	\$ 8,161	\$ 8,213	\$ 8,265	\$ 8,317	\$ 8,369	\$ 8,421	\$ 8,473	\$ 8,524	\$ 8,576	\$ 8,628	\$ 8,680	\$ 8,732	\$ 8,161
Receipts													
Revenues	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 10,084
Total Receipts	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 10,084
Disbursements													
Expense Requirements	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 9,461
Capital Requirements	-	-	-	-	-	-	-	-	-	-	-	302	302
Total Disbursements	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 788	\$ 1,090	\$ 9,763
Ending Balance	\$ 8,213	\$ 8,265	\$ 8,317	\$ 8,369	\$ 8,421	\$ 8,473	\$ 8,524	\$ 8,576	\$ 8,628	\$ 8,680	\$ 8,732	\$ 8,482	\$ 8,482

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