

TO: Western Interstate Energy Board

FROM: Doug Larson/Alison Wilson

DATE: October 11, 2004

SUBJECT: **Financial Report**

The Board's financial condition remains sound. The major changes since the Board approved the FY 04-05 budget in April are:

- The execution of a revised, standardized cooperative agreement with DOE's Office of Civilian Radioactive Waste Management for work in developing a transportation system under the Nuclear Waste Policy Act. The budget approved by the Board in April anticipated the award of \$250,000 in the second year of the cooperative agreement, however it did not anticipate the rollover of \$20,000 of unspent funds from the first year of the agreement. The rolled over funds are for hiring a contractor to work on applying DOE transportation models to the WIEB High-Level Radioactive Waste Committee's strategic plan and are reflected as contract funds in the attached table.
- The replacement of Matt Lowry who left the Board in July to practice law by Tom Carr who joined the Board in August; the hiring of Tim Holeman as the Board's high-level radioactive waste program manager; and a reduction in hours being worked by Alison Wilson. These personnel changes do not change the total funds for salaries approved by the Board in April. Because the Consumer Price Index in the Denver area did not increase between FY 02-03 and FY 03-04, no cost-of-living adjustments are being made to staff salaries in the current year.

For the current year, the Board has received or is in the process of receiving dues from all states and provinces except Arizona.

Pursuant to directions given by the Board in April, the Executive Committee and Executive Director have developed an investment strategy for Board funds. The strategy, which is taken from the WGA investment strategy, allows for only relatively secure investments such as certificates of deposits, Treasury bonds, and money market accounts.

Pursuant to the Board's direction in April, the attached table divides expenditures into "core" and "non-core" categories. The purpose of this categorization of expenditures is to apply the Board's reserve target (i.e., having sufficient funds to keep the Board operating for two years without non-dues revenues) to "core" expenditures. Current Board reserves exceed the target level.

Two grants to support the Board's work on electricity issues are due to expire in March. This will significantly reduce funds to support CREPC activities, unless the

Board decides to allocate more dues revenues to this function or additional outside revenues are received. In practice, the impact of the loss of funds will most likely to be felt in FY 04-05 rather than in the current year because there may be some unexpended funds in one of the expiring contracts that could continue to be available upon the execution of a no-cost contract extension. The Western Conference of Public Service Commissioners did not contribute any funds for the operation of the Committee on Regional Electric Power Cooperation last year due to budget problems. However, we believe that funds will be received in this fiscal year.

In addition to the following table, you should review the proposed CREPC recommendation to Western Governors on financing an enhanced state/provincial regional electricity function, particularly the estimate of existing annualized support for CREPC-related activities in Attachment B.

Western Interstate Energy Board
Fiscal Year 2004-2005
Estimated Income

Table 1

	Estimated Income	Revised Estimated Income	Received as of 9/30/2004
Beginning Cash Balance	\$ 521,073	\$ 495,413	\$ 495,413
<u>INCOME</u>			
Members			
Arizona	18,000	18,000	
California	18,000	36,000	in process
Colorado	18,000	18,000	18,000
Idaho	18,000	18,000	18,000
Montana	18,000	18,000	18,000
New Mexico	18,000	18,000	18,000
Nevada	18,000	18,000	12,000
Oregon	18,000	18,000	18,000
Utah	18,000	18,000	18,000
Washington	18,000	18,000	18,000
Wyoming	18,000	18,000	18,000
Associate Members			
Alberta	8,000	8,000	8,000
British Columbia	8,000	8,000	8,000
Nebraska	10,500	10,500	10,500
Saskatchewan	8,000	8,000	8,000
	<u>232,500</u>	<u>250,500</u>	<u>190,500</u>
Other			
Interest	2,000	2,000	387
Misc. (mtg. income, etc)	3,000	3,000	1,495
	<u>5,000</u>	<u>5,000</u>	<u>1,882</u>
Total Unrestricted	<u>758,573</u>	<u>750,913</u>	<u>687,795</u>
Restricted			
Western Conference PSC	12,000	12,000	
Carbon Sequestration	50,000	35,000	
WGA Border Energy	8,000	7,600	
Wind	67,000	67,000	
WY-UT wind trans.	44,900	52,293	
RMATS passthrough		20,000	5,000
Multi-State Entity	76,783	80,500	1,552
High level nuclear waste	250,000 *	270,000	7,681
Total Restricted	<u>508,683</u>	<u>544,393</u>	<u>14,233</u>
TOTAL INCOME	<u>1,267,256</u>	<u>1,295,306</u>	<u>702,028</u>

Western Interstate Energy Board
 Fiscal year 2004 - 2005
 Budget Approved by the Board on April 13, 2004

Table 2

	Board Approved	Revised Estimated Expenses	Estimated Expenses		Expenses as of Sept. 30
			Core	Non-core	
<u>MEETING EXPENSES</u>					
Carbon Seq.	1,000	1,000		1,000	
WIEB, CREPC, reclamation committee	13,000	13,000	13,000		
Wind (WIWET)	4,000	4,000		4,000	
UT-WY wind transmission	2,000	2,000		2,000	
High level nuclear waste	7,500	7,500		7,500	
	<u>27,500</u>	<u>27,500</u>	<u>13,000</u>	<u>14,500</u>	<u>-</u>
<u>High level nuclear waste subcontract</u>	90,000	45,000		45,000	
<u>RMATS passthrough</u>		20,000		20,000	
<u>STATE TRAVEL</u>					
Wind (WIWET)	7,000	7,000		7,000	625
Board Meetings	14,000	14,000		14,000	
UT-WY wind transmission	5,000	5,000		5,000	
High level nuclear waste	25,000	25,000		25,000	
	<u>51,000</u>	<u>51,000</u>	-	<u>51,000</u>	<u>625</u>
<u>PERSONNEL and OFFICE EXPENSE</u>					
Salaries	304,000	304,000	245,667 *1	58,333	61,624
Payroll Taxes	24,472	24,472	19,776	4,696	4,961
Health & Life Ins.	30,000	30,000	24,000	6,000	6,704
Trust Fund Expense	22,800	22,800	18,425	4,375	4,622
Liability & W. Comp. Ins.	4,500	4,500	4,500		
Payroll expense	2,000	2,000	1,400	600	342
Auditing	6,000	6,000	4,000	2,000	
Staff Travel					
Carbon Sequestration	7,000	7,000		7,000	100
WIEB, CREPC, Reclamation	12,000	12,000	12,000		366
Wind (WIWET)	5,000	5,000		5,000	-
Multi-state electricity issues	10,000	10,000		10,000	724
UT-WY wind transmission	6,000	6,000		6,000	1,326
High level nuclear waste	10,000	10,000		10,000	746
Dues & Subscriptions	5,500	5,500	5,500		
Computer Network	2,500	2,500	2,500		316
Equipment	10,000	10,000	8,000	2,000	2,044
Miscellaneous	1,500	1,500	1,500		264
Express Mail	700	700	700		19
Supplies	3,500	3,500	2,500	1,000	643
Postage	600	600	600		62
Printing	250	250	250		88
Rent	24,000	21,000	19,200 *2	1,800	3,350
Telephone	10,000	10,000	8,000	2,000	1,446
Telecommuting	2,500	2,500	2,500		
Contingency	1,500	1,500	1,500	0	
Subtotal	<u>506,322</u>	<u>503,322</u>	<u>382,518</u>	<u>120,804</u>	<u>89,746</u>
TOTAL	<u>674,822</u>	<u>646,822</u>	<u>395,518</u>	<u>251,304</u>	<u>90,371</u>

*1 New employee for HLW, cost of living adjustment, and merit pay increase

*2 Additional rent for new employee