



# Western Interstate Energy Board/ WINB

Alberta  
Arizona  
British Columbia  
California  
Colorado  
Montana  
Idaho  
Nebraska  
Nevada  
New Mexico  
Oregon  
Saskatchewan  
Utah  
Washington  
Wyoming

TO: Board Members  
Associate Board Members  
Alternates

FROM: Douglas Larson, Executive Director

DATE: April 22, 2002

SUBJECT: **Proposed Board Budget for FY 2002-2003**

*John Savage*  
Chairman

*Douglas C. Larson*  
Executive Director

You should review this budget memo in conjunction with the proposed Work Plan and the Report on Board and Committee Activities, which are separate documents. Under the provisions of the Western Interstate Nuclear Compact, the legal basis for the Board, the Board must approve a budget for the fiscal year beginning July 1, 2002. The budget must provide revenues that meet or exceed projected expenditures. The following discussion of the Board's FY 01-02 and FY 02-03 income does not include the Board's reserve of approximately \$ 182,000.

## **Current Year (FY 01-02) Budget**

At the last annual meeting in April 2001, the Board adopted a budget of \$389,666. Income for FY 01-02 was expected to be \$629,994 — unrestricted income of \$520,761 and restricted income of \$ 109,233, which included \$12,000 from the Western Conference of Public Service Commissioners, \$35,000 for support of the Air Pollution Prevention (AP2) Forum, \$25,000 from a contract with DOE on electricity transmission pricing, \$25,000 from another contract with DOE on wind energy in the West, and \$12,233 from a subcontract with WGA to help prepare a guidebook on incorporating energy efficiency and renewable energy into regional haze SIPs.

Actual revenue for the current year is estimated at \$750,489 (See Table 1.) Significant increases from forecasted revenues are:

- \$50,000 from a new two-year contract with DOE on Demand Response that began last September;
- Second-year funding for the Western Interconnection Wind Evaluation Team was received, increasing funds by about \$25,000;
- The SIP Guidebook project with WGA was extended to a second year, resulting in

- about \$11,000 in additional funds; and
- The carry-over funds from the previous year were \$38,000 more than anticipated.

Estimated expenditures for FY 01-02 are \$344,141 — \$45,500 lower than the budget approved by the Board in April 2001. (See Table 2.) The major deviations in expenditures are:

- A delay in hiring replacement personnel, while Sharon Irwin began work in July Eric Waeckerlin did not began work until January;
- Changing our medical insurance to another carrier, which resulted in lower rates, not the increase that had been anticipated in the last budget.

### **Proposed FY 2002-2003 Budget**

A conservative approach has been adopted in estimating income for FY 2002-2003. (See Table 3.) The budget assumes no increase in dues (\$18,000 for state members, \$10,000 for associate state members, \$8,000 for associate provincial members) and that all states and provinces pay dues. It assumes that:

- The Western Conference of Public Service Commissions continues to contribute to support the work of CREPC;
- The third, and final, year funds for the Western Interconnection Wind Evaluation Team will be received;
- The SIP Guidebook will be completed; and
- Second year funding for the Demand Response project will be received.

The proposed estimated income does not include a proposal submitted to DOE by WIEB and the State of Utah on promoting uniform interconnection standards. This proposal, for \$100,000, was submitted in March under the State Energy Program Special Project solicitation.<sup>1</sup> In addition, estimated income does not include funds from the five proposals (distributed generation, demand response, demand response in buildings, interaction of electricity and emission markets, and facility siting) made to DOE as part of the MOU between federal agencies and WGA. Staff believes this is a prudent assumption given DOE's limited response under the MOU.

If any of the new proposals to DOE are funded, adjustments to the Board's budget would be necessary. Note that the proposed budget also does not include any contributions directly from PUCs and earmarked for CREPC activities.

Using these assumptions and an estimated carryover from the current year of \$406,300, staff estimates income in FY 2002-2003 of \$774,300.

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<sup>1</sup> Under the proposal WIEB would hold workshops with state public utility commissions, energy agencies, and air quality agencies to: 1) Discuss the need for uniformity in interconnection standards and procedures; 2) Share information on the status of interconnection rule development in the states; 3) Share information on the issues that have been raised in state interconnection proceedings, including air quality issues, to help states learn from the experiences of other states; 4) Provide information on the needs of parties desiring to interconnect existing and emerging distributed generation technologies; 5) Discuss with FERC the Commission's views on interconnection standards and the value of creating seamless interconnection standards and procedures between the states and FERC; 6) Discuss with the three planned western RTO's the desirable elements in interconnection standards; and 7) Agree on actions to promote uniformity.

Proposed expenditures for FY 2002-2003 are \$382,137. This is based on merit pay increases for Sharon and Eric and an estimated cost of cost-of-living increase for staff of 2.0 percent. Exact cost-of-living adjustments will depend on the consumer price index increase for the current year in the Denver region as reported by the Bureau of Labor Statistics and approval by the Board's Executive Committee.

The proposed expenses in FY 2002-03 are slightly less than what was approved by the Board for the current year. Changes between the estimated expenditures in the current year and proposed expenditures in FY 2002-2003 are reduction in state travel, meeting expense and staff travel to reflect the assumptions about contracts with DOE.

### **Policy on Appropriate Level of Reserves**

At the October 2000 meeting in Boise, the Board directed staff to propose a policy on the appropriate level of carryover funds between fiscal years.

The goal of a carryover policy should be to enable the organization to continue to operate for two years without requiring income other than dues. Given the length of time in federal budget cycles and procurement, two years appears to be a reasonable amount of time to seek outside funding. Such a policy assumes continued payment of dues during the two years.

Under these assumptions the Board would seek to maintain a reserve of \$299,000. Under the proposed budget for FY 2002-2003, the Board would have a year-end surplus of \$392,100 plus \$182,000 in the current reserve fund for a total reserve of \$574,100.

This proposal is reflected in the proposed motion below.

### **Staff recommends that the Board:**

- 1) Approve the proposed budget and Work Plan;**
- 2) Authorize the acceptance of funds in the areas of radioactive waste, regional electricity cooperation, mine reclamation, transportation (including alternative fuels), and energy efficiency and renewable energy;**
- 3) Authorize the Executive Committee (Chairman, First Vice Chairman, Second Vice Chairman, and Treasurer) to approve, between meetings of the Board, the acceptance of funds in other areas, upon the written advice of members of the Board;**
- 4) Authorize the Executive Committee to approve the exact cost-of-living increase for employees based on the increase in the consumer price index for the Denver region; and**
- 5) Adopt, as a target, a fund reserve equal to 2 times the difference between the proposed annual budget and forecasted dues in the year.**

Please call me if you have any questions regarding the proposed budget.

Tables:

1. Projected income for Fiscal Year 2001-2002

2. Projected expenses for Fiscal Year 2001-2002
3. Estimated income for Fiscal Year 2002-2003
4. Proposed budget for Fiscal Year 2002-2003

Western Interstate Energy Board  
Fiscal Year 2001 - 2002  
Projected Income

Table 1

	Estimated Income	Received as 3/31/2002	Revised Estimated Income
Beginning Cash Balance	\$ 277,861	\$ 316,189	\$ 316,189
<b>INCOME</b>			
Members			
Arizona	18,000	18,000	18,000
California	18,000	18,000	18,000
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	12,000	18,000
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
	232,500	226,500	232,500
Special Contracts			
California EOB	4,400	4400	4,400
Idaho PUC	-		-
Nevada PUC	0	0	0
Oregon PUC	-	4400	4,400
Utah PSC	0		0
Washington UTC	0		0
	4,400	8,800	8,800
Other			
Interest	4,000	3,305	4,000
Misc. (mtg. income, etc)	2,000	4,540	6,000
	6,000	7,845	10,000
Total Unrestricted	520,761	559,334	567,489
Restricted			
WCPSC	12,000		12,000
EPA AP2	35,000		30,000
Wind Evaluation	25,000	23,507	50,000
Transmission Pricing	25,000	16,797	18,000
SIPs Guidebook	12,233	9,608	23,000
Demand response	-	26,625	50,000
Total Restricted	109,233	76,537	183,000
<b>TOTAL INCOME</b>	<b>629,994</b>	<b>635,871</b>	<b>750,489</b>

Western Interstate Energy Board  
Fiscal Year 2001 - 2002  
Projected Expenditures

Table 2

	April-01 Board Approved Expenses	Revised 8/28 Estimated Expenses	Expenses as of 3/31/02	Estimated Year-End Expenses
<u>MEETING EXPENSES</u>				
WIEB	8,000	8,000	7,163	9,500
Transmission pricing	300	300		300
Wind	500	1,500		1,500
WRAP/AP2	5,000	5,000		
Demand Response	-	1,000	508	1,500
	<u>13,800</u>	<u>15,800</u>	<u>7,670</u>	<u>12,800</u>
<u>STATE TRAVEL</u>				
Transmission pricing	3,000	3,000	3,482	3,482
Wind	6,334	14,334	4,618	6,000
Demand Response	-	12,000		6,000
	<u>9,334</u>	<u>29,334</u>	<u>8,101</u>	<u>15,482</u>
<u>OTHER TRAVEL</u>				
WRAP/AP2	3,000	3,000		
<u>PERSONNEL and OFFICE EXPENSE</u>				
Salaries	230,196	230,196	146,001	200,700
Payroll Taxes	18,531	18,531	11,607	15,956
Health & Life Ins.	21,840	21,840	11,688	16,000
Trust Fund Expense	17,265	17,265	10,950	15,053
Liability & W. Comp.	2,300	2,300	2,277	2,277
Auditing	4,500	4,500	3,774	3,774
Staff Travel				
WIEB	12,000	12,000	5,336	12,000
EPA - AP2 forum	4,800	4,800		
Transmission pricing	2,000	2,000	216	1,000
Wind	2,000	3,000	2,511	3,000
Demand Response		3,000	2,291	4,000
Dues & Subscriptions	2,500	2,500	352	1,500
Computer Network	3,000	3,000	734	1,200
Equipment	6,500	6,500	3,500	6,500
Miscellaneous	1,500	1,500	268	1,500
Express Mail	300	300	108	300
Supplies	1,500	1,500	1,220	1,500
Postage	800	800	260	600
Printing	500	500	180	250
Copier Expense	3,000	3,000	2,225	3,000
Rent	18,000	18,000	13,675	18,250
Telephone	5,000	5,000	3,322	5,000
Telecommuting	4,000	4,000		1,000
Contingency	1,500	1,500		1,500
Subtotal	<u>363,532</u>	<u>367,532</u>	<u>222,495</u>	<u>315,859</u>
<b>TOTAL</b>	<u><u>389,666</u></u>	<u><u>415,666</u></u>	<u><u>238,266</u></u>	<u><u>344,141</u></u>

Western Interstate Energy Board  
Fiscal Year 2002-2003  
Estimated Income

Table 3

Beginning Cash Balance	\$ 406,300
INCOME	
Members	
Arizona	18,000
California	18,000
Colorado	18,000
Idaho	18,000
Montana	18,000
New Mexico	18,000
Nevada	18,000
Oregon	18,000
Utah	18,000
Washington	18,000
Wyoming	18,000
Associate Members	
Alberta	8,000
British Columbia	8,000
Nebraska	10,500
Saskatchewan	8,000
	232,500
Special Contracts	
California PUC	-
California EOB	-
Idaho PUC	-
Nevada PUC	0
Oregon PUC	-
Utah PSC	0
Washington UTC	0
	0
Other	
Interest	4,000
Misc. (mtg. income, etc)	2,000
	6,000
Total Unrestricted	644,800
Restricted	
WCPSC	12,000
Wind Evaluation	65,000
SIPs Guidebook	27,514
Demand response	25,000
	129,514
Total Restricted	129,514
TOTAL INCOME	774,314

Western Interstate Energy Board  
 Fiscal year 2002 - 2003  
 Proposed Budget

Table 4

	Proposed Expenses
<u>MEETING EXPENSES</u>	
WIEB	10,000
Wind	500
Demand Response	500
	11,000
<u>STATE TRAVEL</u>	
Wind	10,000
Demand Response	3,500
	13,500
<u>PERSONNEL and OFFICE EXPENSE</u>	
Salaries	234,000
Payroll Taxes	18,837
Health & Life Ins.	18,000
Trust Fund Expense	17,550
Liability & W. Comp. Ins.	2,300
Auditing	4,500
Staff Travel	
WIEB	12,000
SIPs guidebook	1,000
Wind	2,000
Demand Response	2,000
Dues & Subscriptions	2,500
Computer Network	1,200
Equipment	6,500
Miscellaneous	1,500
Express Mail	300
Supplies	2,500
Postage	600
Printing	250
Copier Expense	3,000
Rent	18,600
Telephone	5,000
Telecommuting	2,000
Contingency	1,500
Subtotal	357,637
TOTAL	382,137