



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 13, 2005

SUBJECT: **Proposed Board Budget for FY 2005-2006**

William Keese
Chairman

Douglas C. Larson
Executive Director

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, 2005. The budget must provide revenues that meet or exceed projected expenditures. Several significant contingencies were considered by the staff when developing the proposed budget.

- The proposed budget assumes receipt of \$250,000 from DOE for continuing work on a system for transporting spent nuclear fuel and high-level radioactive waste to a repository at Yucca Mountain. DOE has pushed back the opening date for the repository from 2010 to 2012. The Department's yet-to-be submitted license application for the repository will likely be further delayed as a result of recent revelations about the falsification of data. While DOE staff maintains that it will continue grants with the four regional groups, of which WIEB is one, there is an increasing likelihood that major changes may occur that would eliminate the transportation program and defund the grant to WIEB. In the proposed budget, we have assumed a continuation of funding of the cooperative agreement with DOE.
- It is not known whether Western Governors will take action on a pending resolution on funding an enhanced state/provincial regional electricity function resolution. It is also unknown whether control area operators would pay a voluntary fee called for in the proposed resolution. Staff has assumed no revenues from a fee on control areas in FY 05-06
- The Board will need to decide how much of a role it wants staff to play in the implementation of WGA's Clean and Diversified Energy resolution. At present,

WIEB staffing of the wind task force is financed from an existing wind grant from DOE. Participation in other activities is generally paid from dues.

The Board also needs to decide if WIEB should continue focusing on electric industry issues or if the emphasis should shift to other western energy issues. This is discussed in more detail in the [Situation Analysis](#), which is a separate document.

You should review this budget memo in conjunction with the Situation Analysis and the Report on Board and Committee Activities, which is also a separate document. Note that the following analysis of the Board's FY 04-05 and FY 05-06 income does not include the Board's investment funds of approximately \$198,292.

Current Year (FY 04-05) Budget

At its last annual meeting in April 2004, the Board adopted a budget of \$604,822. Income for FY 04-05 was expected to be \$1,267,256— unrestricted income of \$758,573 (\$521,073 from carryover funds) and restricted income of \$508,683. Restricted income included: \$12,000 from the Western Conference of Public Service Commissioners, \$67,000 from Department of Energy (DOE) to continue the work on wind energy issues, \$50,000 from a subcontract with the Western Governors' Association (WGA) on carbon sequestration, \$8,000 from a subcontract with WGA to provide assistance on their Border Energy Project, \$76,800 from a new subcontract with the Western Governors' Association as part of their Department of Energy contract to explore a multi-state entity for regional electricity issues in the Western Interconnection; \$45,000 from a multi-state proposal to the Department of Energy by Wyoming and Utah to examine transmission-for-wind energy issues, submitted under the State Energy Program Special Projects; and \$250,000 from a cooperative agreement with DOE's Office of Civilian Radioactive Waste Management to examine nuclear waste transportation in the western states.

Actual revenue for the current year is projected to be \$1,195,302 ([See Table 1.](#)) Significant increases from forecasted revenues are:

- The Multi-State Entity project (+\$23,000);
- The Wyoming/Utah regional wind project (+\$7,000); and
- RMATS pass through (an additional \$20,000 for the facilitator).

Significant decreases from forecasted revenues are due to lower than expected expenses from:

- The carbon sequestration grant from DOE to the Western Governors' Association that is partially passed through to WIEB (-\$19,000);
- The Western Governors' Association's Border Energy Project (-\$8,000);
- The high-level nuclear waste project (-\$60,000); and
- The Western Conference of Public Service Commissioners (-\$6,000)

Estimated expenditures for FY 04-05 are \$533,719-- \$71,100 less than the budget

approved by the Board in April 2004, due to a staff vacancy to support work on high-level radioactive waste and lower meeting and travel expense. ([See Table 2.](#))

Proposed FY 2005-2006 Budget

In estimating income for FY 2005-2006 (see Table 3), the proposed budget assumes no increase in dues (\$18,000 for state members, \$10,500 for associate state members, \$8,000 for associate provincial members), that all states and provinces pay dues, and that the Western Conference of Public Service Commissioners continues to contribute to support the work of CREPC. The proposed budget assumes continued funding from the \$250,000 cooperative agreement with the Office of Civilian Radioactive Waste Management, the carbon sequestration project, a final year of funding for the wind project, and a no-cost extension of the contract for the multi-state electricity entity project.

Using these assumptions and an estimated carryover from the current year of \$661,583, staff estimates income in FY 2005-2006 of \$1,341,083. ([See Table 3.](#))

Proposed expenditures for FY 2005-2006 are \$643,110. ([See Table 4.](#)) This is based on fully staffing the HLW project, an estimated cost-of-living increase for staff of 2.0 percent, and small merit pay increases for the staff. The exact cost-of-living adjustments will depend on the consumer price index increase for the Denver region as reported by the Bureau of Labor Statistics. The Board's Executive Committee will review merit and cost-of-living adjustments.

Proposed expenses in FY 2005-06 are higher than what was approved by the Board for the current year largely due to reaching full staffing levels and other expenses that are associated with the HLW project. The budget proposes to continue reimbursing travel expenses for one person per state/province to attend the meetings of the Board. No registration fee would be charged for Board meetings. Under the Western Interstate Nuclear Compact, travel expenses of Board members to meetings of the Board are to be reimbursed by the Board. FY 03-04 was the first year the Board budgeted for this expense since the early 1980s.

Policy on Appropriate Level of Reserves

At its October 2000 meeting, the Board adopted a policy on the appropriate level of carry-over funds between fiscal years that would enable the organization to continue to operate at its current funding level for two years without requiring income other than dues. Given the length of time in federal budget cycles and procurement, two years was deemed to be a reasonable amount of time in which to secure additional outside funding. At the April 2004 meeting, the Board also directed that the estimated expenses for the coming fiscal year be separated into core and non-core expenses in order to have a more complete picture of the costs that are related to short-term contracts. The proposed budget would maintain a reserve at the end of FY 05-06 that meets the Board's reserve goal.

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), energy efficiency and renewable energy, fossil energy, and cross-border energy trade;**
- 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 in the fall 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 for core Board functions 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 2004-2005
2. Projected expenses for Fiscal Year 2004-2005
3. Estimated income for Fiscal Year 2005-2006
4. Proposed budget for Fiscal Year 2005-2006

Western Interstate Energy Board
Fiscal Year 2004-2005
Projected Income

Table 1

	Estimated Income	Revised Estimated Income	Received as of March 15	Revised End-of-year Income
Beginning Cash Balance	\$ 521,073	\$ 495,413	\$ 495,413	495,413
<u>INCOME</u>				
Members				
Arizona	18,000	18,000	-	18,000
California	18,000	36,000	36,000	36,000
Colorado	18,000	18,000	18,000	18,000
Idaho	18,000	18,000	18,000	18,000
Montana	18,000	18,000	18,000	18,000
New Mexico	18,000	18,000	18,000	18,000
Nevada	18,000	18,000	12,000	12,000
Oregon	18,000	18,000	18,000	18,000
Utah	18,000	18,000	18,000	18,000
Washington	18,000	18,000	18,000	18,000
Wyoming	18,000	18,000	18,000	18,000
Associate Members				
Alberta	8,000	8,000	8,000	8,000
British Columbia	8,000	8,000	8,000	8,000
Nebraska	10,500	10,500	10,500	10,500
Saskatchewan	8,000	8,000	8,000	8,000
	232,500	250,500	226,500	244,500
Other				
Interest	2,000	2,000	1,200	1,600
Misc. (mtg. income, etc)	3,000	3,000	3,185	5,500
	5,000	5,000	4,385	7,100
Total Unrestricted	758,573	750,913	726,298	747,013
Restricted				
Western Conference PSC	12,000	12,000	6,000	6,000
Carbon Sequestration	50,000	35,000	6,888	13,000
WGA Border Energy	8,000	7,600	-	-
Wind	67,000	67,000	52,350	67,000
WY-UT wind trans.	44,900	52,293	44,633	52,289
RMATS passthrough		20,000	20,000	20,000
Multi-State Entity	76,783	80,500	59,438	100,000
High level nuclear waste	250,000 *	270,000	132,598	190,000
Total Restricted	508,683	544,393	321,907	448,289
TOTAL INCOME	1,267,256	1,295,306	1,048,205	1,195,302

Western Interstate Energy Board
Fiscal year 2004 - 2005
Projected Expenses

Table 2

	Board Approved in April 2004	October Revised Estimate		Expenses as of March. 31	Projected Year-End Expenses	
		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		5,572	12,000
Wind (WIWET)	4,000	4,000		4,000	296	300
UT-WY wind transmission	2,000	2,000		2,000	-	-
High level nuclear waste	7,500	7,500		7,500	1,280	5,000
	<u>27,500</u>	<u>27,500</u>	<u>13,000</u>	<u>14,500</u>	<u>7,148</u>	<u>17,300</u>
<u>High level nuclear waste subcontract</u>	20,000	20,000		20,000		10,000
<u>RMATS passthrough</u>		20,000		20,000	20,000	20,000
<u>STATE TRAVEL</u>						
Wind (WIWET)	7,000	7,000		7,000	4,514	6,500
Board Meetings	14,000	14,000		14,000	4,008	10,000
MSE					1,027	1,800
UT-WY wind transmission	5,000	5,000		5,000	-	-
High level nuclear waste	25,000	25,000		25,000	9,849	21,000
	<u>51,000</u>	<u>51,000</u>	-	<u>51,000</u>	<u>19,398</u>	<u>39,300</u>
<u>PERSONNEL and OFFICE EXPENSE</u>						
Salaries	304,000	304,000	*1 245,667	58,333	214,864	288,346
Payroll Taxes	24,472	24,472	19,776	4,696	17,297	23,212
Health & Life Ins.	30,000	30,000	24,000	6,000	18,557	25,000
Trust Fund Expense	22,800	22,800	18,425	4,375	13,542	21,626
Liability & W. Comp. Ins.	4,500	4,500	4,500		2,737	2,737
Payroll expense	2,000	2,000	1,400	600	918	1,300
Auditing	6,000	6,000	4,000	2,000	3,700	4,000
Staff Travel						
Carbon Sequestration	7,000	7,000		7,000	1,164	3,200
WIEB, CREPC, Reclamation	12,000	12,000	12,000		4,803	11,000
Wind (WIWET)	5,000	5,000		5,000	3,110	5,000
Multi-state electricity issues	10,000	10,000		10,000	1,593	5,000
UT-WY wind transmission	6,000	6,000		6,000	2,160	2,160
High level nuclear waste	10,000	10,000		10,000	5,980	9,000
Dues & Subscriptions	5,500	5,500	5,500		304	1,000
Computer Network	2,500	2,500	2,500		4,431	5,000
Equipment	10,000	10,000	8,000	2,000	2,044	5,300
Miscellaneous	1,500	1,500	1,500		277	600
Express Mail	700	700	700		56	100
Supplies	3,500	3,500	2,500	1,000	1,334	2,000
Postage	600	600	600		149	500
Printing	250	250	250		324	500
Rent	24,000	21,000	*2 19,200	1,800	14,001	21,100
Telephone	10,000	10,000	8,000	2,000	5,147	8,000
Telecommuting	2,500	2,500	2,500		-	
Contingency	1,500	1,500	1,500	0	1,438	1,438
Subtotal	<u>506,322</u>	<u>503,322</u>	<u>382,518</u>	<u>120,804</u>	<u>319,929</u>	<u>447,119</u>
TOTAL	<u>604,822</u>	<u>621,822</u>	<u>395,518</u>	<u>226,304</u>	<u>366,475</u>	<u>533,719</u>

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

*2 Additional rent for new employee

Western Interstate Energy Board
 Fiscal Year 2005-2006
 Estimated Income

Table 3

	Estimated Income
Beginning Cash Balance	\$ 661,583
 <u>INCOME</u>	
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
 Other	
Interest	3,000
Misc. (mtg. income, etc)	5,000
	8,000
Total Unrestricted	902,083
 Restricted	
Western Conference PSC	12,000
Carbon Sequestration	29,000
Wind	57,000
Multi-State Entity	91,000
High level nuclear waste	250,000
Total Restricted	439,000
 TOTAL INCOME	1,341,083

Western Interstate Energy Board
Fiscal year 2005 - 2006
Proposed Budget

Table 4

	Estimated Expenses	Estimated Expenses	
		Core	Non-core
<u>MEETING EXPENSES</u>			
Carbon Seq.	1,000		1,000
WIEB, CREPC, reclamation committee	13,000	13,000	
Wind (WIWET)	2,000		2,000
High level nuclear waste	5,000		5,000
	21,000	13,000	8,000
<u>SUBCONTRACTS</u>			
High level nuclear waste	10,000		10,000
MSE	50,000		50,000
<u>STATE TRAVEL</u>			
Wind (WIWET)	7,000		7,000
Board Meetings	14,000		14,000
High level nuclear waste	30,000		30,000
	51,000	-	51,000
<u>PERSONNEL and OFFICE EXPENSE</u>			
Salaries	320,000 *1	266,500	53,500
Payroll Taxes	25,760	21,453	4,307
Health & Life Ins.	30,000	24,000	6,000
Trust Fund Expense	24,000	19,988	4,013
Liability & W. Comp. Ins.	4,500	4,500	
Payroll expense	2,000	1,600	400
Auditing	5,000	3,500	1,500
Staff Travel			
Carbon Sequestration	2,000		2,000
WIEB, CREPC, Reclamation	12,000	12,000	
Wind (WIWET)	5,000		5,000
Multi-state electricity issues	10,000		10,000
High level nuclear waste	15,000		15,000
Dues & Subscriptions	5,500	5,500	
Computer Network	2,500	2,500	
Equipment	6,000	6,000	
Miscellaneous	1,500	1,500	
Express Mail	700	700	
Supplies	3,500	2,500	1,000
Postage	600	600	
Printing	250	250	
Rent	21,300 *2	18,600	2,700
Telephone	10,000	8,000	2,000
Telecommuting	2,500	2,500	
Contingency	1,500	1,500	
Subtotal	511,110	403,691	107,419
 TOTAL	 643,110	 416,691	 226,419

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

*2 Additional rent for HLW employee