

TO: Western Interstate Energy Board  
FROM: Doug Larson, Executive Director  
DATE: March 27, 2009  
SUBJECT: **Proposed FY 2008-2009 WIEB Work Plan and Budget**

At its April 6-7 meeting, the Board will need to approve a budget and work plan for FY 09-10 that begins July 1. Below is a review of the proposed WIEB FY 09-10 budget. This should be read in conjunction with the proposed 2009-2010 WIEB work plan. Although the Board does not approve WIRAB budgets, it should be cognizant of the proposed WIRAB calendar year 2010 budget because there are shared expenses between the Board and WIRAB. WIRAB will be submitting a proposed 2010 budget to NERC in June. Staff expects the proposed 2010 WIRAB budget will be only marginally different from the 2009 budget.

#### WIEB Budget

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, 2009. The budget must provide revenues that meet or exceed projected expenditures.

#### **Current Year (FY 08-09) Budget**

At its last annual meeting in April 2008, the Board adopted a budget of \$491,884. Income for FY 08-09 was expected to be \$1,383,700 — unrestricted income of \$1,080,700 (\$830,700 from carryover funds) and restricted income of \$303,000. Restricted income included: \$25,000 from the Western Conference of Public Service Commissioners, \$125,000 from a cooperative agreement with DOE's Office of Civilian Radioactive Waste Management (OCRWM) to work on nuclear waste transportation in the western states; \$1,000 from DOE's Carbon Sequestration Partnership program; \$75,000 from a DOE wind grant and \$77,000 from the new West-wide Renewable Energy Zones project with WGA.

Actual revenue for the current year is projected to be \$1,376,450, which is \$7,250 less than forecasted. (See Table 1.) In February, DOE/OCRWM announced that it was terminating the regional cooperative agreements on high level nuclear waste transportation, which resulted in decreased revenue of \$15,250. There is also lower than expected income from the carbon sequestration partnership (-\$800), and the wind grant (\$-30,000).

There is increased revenue from the WREZ project (+\$34,700) and also an increase in revenue from a higher than forecast carryover from FY 07-08 (\$7,100).

Projected expenditures for FY 08-09 are \$463,489, a decrease of \$28,400. (See Table 2, which shows total WIEB outlays offset by overhead attributable to WIRAB. For informational purposes only, direct WIRAB expenses are shown in the right three columns.) Thus far, we have been unsuccessful in hiring a full-time WIRAB technical staff person.

### **Proposed FY 2009-2010 Budget**

In estimating income for FY 2009-2010 (see Table 3), the proposed budget assumes no increase in dues (\$18,000 for 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 at the level of \$25,000. The proposed budget assumes continued funding of the DOE wind grant (\$75,000). For the April CREPC meeting this year, the registration fee for CREPC members and invited speakers was waived. The budget proposes to continue waiving fees for the October 2009 and April 2010 meetings.

Using these assumptions, and an estimated carryover from the current year of \$912,960, staff estimates income in FY 2009-2010 of \$1,257,960. (See Table 3)

Proposed Board expenditures for FY 2009-2010 are \$367,707. (See Table 4) This significant decrease from the current year is due to 1) shifting HLW and some other staff time to expand WIRAB capabilities to meet the expanding scope of Section 215 responsibilities and 2) the conservative assumption that in FY 2009-2010 there will be no funds from WGA for support of future work on the WREZ project or any new work on transmission for renewable generation. Staff did not include such funds in the proposed budget because of the large uncertainties inherent in any estimate. Forecasted Board expenditures include hiring a part-time financial person as Alison Wilson reduces her hours. Proposed expenditures include an estimated cost-of-living increase for staff of 1 percent, and a small amount for merit pay increases for the staff based on performance reviews. The exact cost-of-living adjustments will depend on the increase in 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 in 2009-2010 after the revenue picture is clear.

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.

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

At its October 2000 meeting, the Board adopted a policy on the appropriate minimum 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. Core and non-core expenditures are shown in Table 4. By including the Board's ongoing investments<sup>1</sup> (estimated at \$223,000 at year end) and estimated carryover to FY 2009-2010 the proposed budget would maintain a reserve at the end of FY 09-10 that meets the Board's reserve goal.

Dues from member states and provinces: \$222,000 X 2 years = \$444,000	\$444,000
+ Carryover	912,960
+ Investments	<u>223,000</u>
	1,357,960

Core expenses: \$308,657 X 2 = \$617,314

**Staff recommends that the Board:**

- 1) Approve the proposed FY 09-10 Board 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 merit increases and 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.**
- 6) Authorize the Executive Director and Treasurer to act as the financial agent of the Western Interstate Energy Board.**

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

- Table 1: FY 2008-2009 projected income
- Table 2: FY 2008-2009 expenditures
- Table 3: FY 2009-20010 estimated income
- Table 4: FY 2009-20010 proposed expenditures
- Table 5: Current Board investments

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<sup>1</sup> Investments include monies invested in a Treasury bill, bond mutual fund and related money market fund. See Table 5.

Western Interstate Energy Board  
 Fiscal Year 2008-2009  
 Board Approved April 1, 2008 Income

Table 1

	Board Budget Estimated Income	Received as of Feb. 28, 2009	Projected Income June 30
Beginning Cash Balance	\$ 830,700	\$ 837,800	837,800
<u>INCOME</u>			
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
Saskatchewan	8,000	8,000	8,000
	<u>222,000</u>	<u>216,000</u>	<u>222,000</u>
Other			
Interest	20,000	10,122	20,000
Misc. (mtg. income, etc)	8,000	4,024	5,000
	<u>28,000</u>	<u>14,146</u>	<u>25,000</u>
Total Unrestricted	<u>1,080,700</u>	<u>1,067,946</u>	<u>1,084,800</u>
Restricted			
Western Conference PSC	25,000	25,000	25,000
Carbon Sequestration	1,000	-	200
Wind Strategy	75,000	22,295	45,000
High level nuclear waste	125,000	62,908	109,750
WREZ	77,000	45,757	111,700
Total Restricted	<u>303,000</u>	<u>155,960</u>	<u>291,650</u>
TOTAL INCOME	<u>1,383,700</u>	<u>1,223,906</u>	<u>1,376,450</u>

Western Interstate Energy Board  
Fiscal year 2008 - 2009

Table 2

	Board Approved April 1, 2008			WIRAB (for informational purposes)		
	Estimated	Expenses	Projected	Estimated	Expenses	Projected
	Expenses	as of 2/28/09	on June 30	Expenses	As of 2/28/09	on June 30
<b>MEETING EXPENSES</b>				4,000	4,742	9,000
Carbon Seq.	-					
Board, CREPC, Reclamation	13,000	7,709	12,000			
Wind Strategy	5,000	2,371	4,000			
High level nuclear waste	5,000	-	2,500			
	<u>23,000</u>	<u>10,080</u>	<u>18,500</u>			
<b>STATE TRAVEL</b>				10,000	8,994	21,000
Board Meetings	14,000	5,001	10,000			
High level nuclear waste	5,000	-	3,000			
	<u>19,000</u>	<u>5,001</u>	<u>13,000</u>			
<b>SUBCONTRACTS</b>	-			75,000		
<b>PERSONNEL and OFFICE EXPENSE</b>						
Salaries	398,000	1 210,870	366,146	190,000	62,760	120,000
Payroll Taxes	47,334	3 19,624	39,135			
Health & Life Ins.	45,000	3 25,795	42,000			
Trust Fund Expense	42,600	3 20,522	36,461			
Liability & W. Comp. Ins.	4,200	3,008	3,282			
Payroll expense	2,700	1,289	2,000			
Auditing	7,000	5,700	6,000			
Staff Travel				15,000	11,340	17,000
Carbon Sequestration	0	-	-			
WIEB, CREPC, Reclamation	14,000	5,409	7,500			
High level nuclear waste	5,000	5,189	7,000			
WREZ	8,000	1,666	2,000			
Wind Strategy	6,000	2,649	3,600			
Dues & Subscriptions	5,500	391	2,000			
Computer Network	2,500	924	1,400			
Equipment	6,000	1,912	4,000			
Miscellaneous	1,500	237	400			
Express Mail	500	90	200			
Supplies	3,500	1,470	2,500			
Postage	400	31	65			
Printing	250	49	100			
Office Rent	31,000	3 21,387	29,400			
Telephone	10,000	2,707	4,000	3,500	1,280	2,300
Telecommuting	1,200					
Contingency fund	1,500					
Subtotal	<u>643,684</u>	<u>330,918</u>	<u>559,189</u>			
TOTAL	685,684	345,999	590,689			
Deduct WIRAB overhead	<u>(193,800)</u>	<u>(69,036)</u>	<u>(127,200)</u>	<u>193,800</u>	<u>69,036</u>	<u>127,200</u>
	491,884	276,963	463,489	491,300	158,152	296,500

1 Includes an estimated 3% cost of living adjustment plus funds set aside for potential merit increases.

2 Non-core are contract-related expenses; generally, if a contract concludes or is terminated, these expenses would not occur

3 WIRAB payroll taxes, life insurance and other expenses are calculated as WIEB expenses then deducted as overhead

Western Interstate Energy Board  
 Fiscal Year 2009-20010  
 Income

Table 3

	Board Budget Estimated Income
Beginning Cash Balance	\$ 912,960
 <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
Saskatchewan	8,000
	222,000
 Other	
Interest	20,000
Misc. (mtg. income, etc)	3,000
	23,000
Total Unrestricted	1,157,960
 Restricted	
Western Conference PSC	25,000
Wind Strategy	75,000
WREZ	-
Total Restricted	100,000
 TOTAL INCOME	 1,257,960

Western Interstate Energy Board  
Fiscal year 2009 - 2010  
Estimated Expenses

Table 4

	WIEB Estimated Expenses			WIRAB
	Total	Core <sup>2</sup>	Non-Core	(for informational purposes)
<u>MEETING EXPENSES</u>				6,000
Board, CREPC, Reclamation	13,000	13,000		
Wind Strategy	5,000		5,000	
	<u>18,000</u>	<u>13,000</u>	<u>5,000</u>	
<u>STATE TRAVEL</u>				15,000
Board Meetings	14,000	14,000		
	<u>14,000</u>	<u>14,000</u>	-	
<u>SUBCONTRACTS</u>	-			75,000
<u>PERSONNEL and OFFICE EXPENSE</u>				
Salaries	342,230	302,230	40,000	235,500
Payroll Taxes	46,507	46,507	3,220	
Health & Life Ins.	48,000	42,000		
Trust Fund Expense	43,330	43,330	3,000	
Liability & W. Comp. Ins.	4,500	4,200	300	
Payroll expense	2,700	2,700		
Auditing	7,000	7,000		
Staff Travel				20,000
WIEB, CREPC, Reclamation	10,000	10,000		
WREZ	0		0	
Wind Strategy	5,000		5,000	
Dues & Subscriptions	7,000	7,000		
Computer Network	2,500	2,500		
Equipment	6,000	6,000		
Miscellaneous	1,500	1,500		600
Express Mail	400	350	50	
Supplies	3,500	2,800	700	
Postage	300	300	0	
Printing	250	250	0	
Office Rent	34,500	34,500		
Telephone	8,000	6,000	1,000	3,500
Telecommuting	1,200	1,200		
Contingency fund	1,500	1,500		
Subtotal	<u>575,917</u>	<u>521,867</u>	<u>53,270</u>	
TOTAL	607,917	548,867	58,270	355,600
Deduct WIRAB overhead	<u>(240,210)</u>	<u>(240,210)</u>		240,210
	367,707	308,657		595,810

1 Includes an estimated 1% cost of living adjustment plus funds set aside for potential merit increases.

2 Non-core are contract-related expenses; generally, if a contract concludes or is terminated, these expenses would not occur

3 WIRAB payroll taxes, life insurance and other expenses are calculated as WIEB expenses then deducted as overhead

Table 5

WIEB Investments

Ongoing Investment

Institution Name	Number	Rate	Amount as of 1/31/09	Duration	Date of Maturity
U.S. T. Bill	****0DZ8	8.875	\$14,082	30 years	08/15/17
Intermediate Bond Fund of America	****6521		\$108,424	ongoing	
Money Market	****7680	0.7	\$100,479	ongoing	
Total			\$222,985		

Short-term CDs

Institution Name	Number	Rate	Amount	Duration	Date of Maturity
U.S. Bank	***0076	1.75 %	\$112,482.55	11 months	12/12/09
“	***6807	2.76%	\$111,000.	11 months	04/22/09
Colo. State Bank & Trust	***0545	2.15 %	\$102,411	10 months	01/22/10
“	****9894	3.94	\$150,000	10 months	08/09/09
Wells Fargo	****2615	2.96	\$250,000	7 months	05/09/09