

TO: Western Interstate Energy Board

FROM: Doug Larson, Executive Director

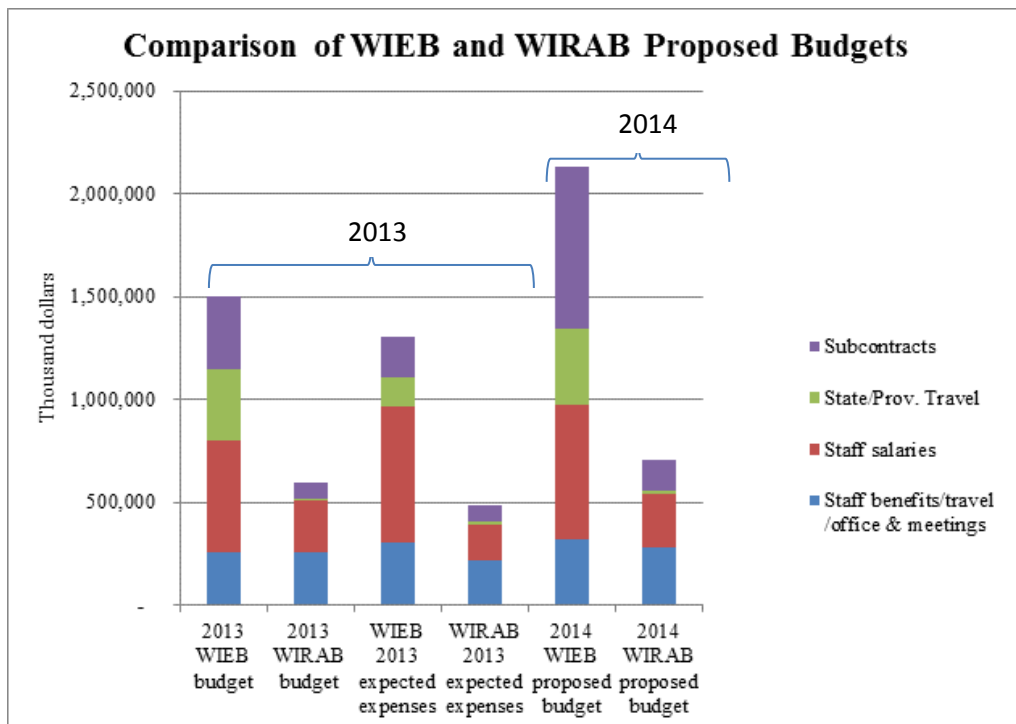
DATE: June 6, 2013

SUBJECT: **Proposed FY 2013-2014 WIEB Work Plan and Budget**

At the upcoming June 13 meeting, the Western Interstate Energy Board (“Board” or “WIEB”) will need to approve a budget and work plan for FY 2013-2014 that begins on July 1, 2013. Below is a review of the proposed WIEB FY 2013-2014 budget. This should be read in conjunction with the proposed 2013-2014 WIEB work plan. Although the Board does not approve the budget of the Western Interconnection Regional Advisory Body (WIRAB), it should be cognizant of the proposed WIRAB calendar year 2014 budget because there are shared expenses between the Board and WIRAB. WIRAB will be considering a 2014 budget at its June 14 meeting which must then be submitted to NERC and ultimately FERC.

The proposed WIEB 2013-2014 budget reflects continuation of the Board implementing tasks pursuant to the DOE grant to WGA for interconnection-wide transmission planning (support of the State-Provincial Steering Committee and support to WGA on the implementation of Phase 3 of the Western Renewable Energy Zone project) and the continuation of a grant from DOE on transportation of high-level radioactive waste and spent nuclear fuel.

The following graph compares the current year WIEB and WIRAB and the proposed budgets for the coming year.



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, 2013. The budget must provide revenues that meet or exceed projected expenditures.

Current Year (FY 2012-2013) Budget

At the last annual meeting in May 2012, the Board adopted a budget of \$1,502,954. (See Table 2.) Income for FY 2012-2013 was expected to be \$1,631,385 -- unrestricted income of \$230,000 (dues and interest) and restricted income of \$1,401,385 (grants and contracts). (See Table 1.) Restricted income included: \$25,000 from the Western Conference of Public Service Commissioners; \$80,000 from the DOE Western Renewable Energy Zone Phase 3 grant; \$1,247,835 from a DOE grant to support the State-Provincial Steering Committee; and \$48,550 from a Nuclear Regulatory Commission Grant.

Actual revenue for the current year is projected to be \$1,320,113, which is \$311,269 lower than forecast, primarily due to reduced income from the grant to support the SPSC and termination of the grant from the NRC. Actual revenue also reflects a new grant from the DOE on nuclear waste transportation that was not anticipated at the time the Board adopted the budget. (See Table 1.)

Dues received from member states are expected to be \$18,000 less than forecasted.

Projected expenditures for FY 2012-2013 are \$1,302,633, which is \$200,321 less than projected due largely to lower state travel and contract expenditures under the contract to support the SPSC and lower expenditures under the WREZ 3 contract. 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 two columns.)

Proposed FY 2013-2014 Budget

In estimating \$2,293,883 in income for FY 2013-2014 (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 \$74,607 in income to support work on the WREZ 3 project and \$1,729,976 to support the SPSC. The estimated income to support the SPSC was calculated by dividing the remaining funds (excluding consulting funds) in the DOE grant as of June 30, 2013 by the remaining 22 months in the grant and adding the forecasted rate of expenditures of SPSC consulting funds. The grant expires in April 2015. Based on past SPSC expenditures for state/provincial travel and consulting funds this assumption may not be realistic.

Proposed Board expenditures for FY 2013-2014 are \$2,129,758 (See Table 4). This significant increase from the current year projected expenditures is due to the assumption that

state/provincial travel and consulting services for the SPSC will be spent at a much higher rate than previous years. The proposed budget:

- Maintains the existing staff (Rebecca Johnson is filling the vacant position created by the departure of Victoria Ravenscroft); and
- Phases out and replaces Alison Wilson with an accounting position;

The budget also assumes a 2 percent cost of living and minimal funds for merit. 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 Table 4, WIEB expenditures are divided between "core" and "non-core" expenses. This distinction is made to comply with a Board directive to test whether a minimum reserve is achieved. (See reserve discussion below.) In addition, WIRAB is forecasted to spend \$703,700.¹

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 meetings.

Policy on Appropriate Level of Reserves

In October 2000, 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 investments² (estimated at \$248,168 at year end) and estimated carryover to FY 2013-2014, the proposed budget would maintain a reserve at the end of FY 2013-2014 that meets the Board's reserve goal.

Dues from member states and provinces: \$222,000 X 2 years =	\$444,000
+ Carryover	1,622,897
+ Investments	<u>247,718</u>
	2,314,615
Core expenses: \$453,908 X 2 =	\$907,816

¹ The WIRAB budget is on a calendar year basis that matches the NERC budget period. Thus, the estimated expenditures on fiscal year 2013-2014 reflect the last half of the current WIRAB budget and the first half of the proposed 2014 WIRAB budget.

² Investments include monies invested in a Treasury bill, bond mutual fund and related money market fund. See Table 5.

Staff recommends that the Board:

- 1) Approve the proposed FY 2013-2014 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 minimum 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, the Deputy Director, and Treasurer to act as the financial agent of the Western Interstate Energy Board.**

Please call me (303.573.8910) if you have any questions regarding the proposed budget.

Table 1: FY 2012-2013 projected income

Table 2: FY 2012-2013 expenditures

Table 3: FY 2013-2014 estimated income

Table 4: FY 2013-2014 proposed expenditures

Table 5: Carryover and current Board investments

Western Interstate Energy Board
Fiscal Year 2012-2013
Estimated Income

Table 1

	Board Budget Estimated Income	Received as of April 30	Projected Income
<u>INCOME</u>			
Members			
Arizona	18,000	18,000	18,000
California	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	-	-
Associate Members			
Alberta	8,000	8,000	8,000
British Columbia	8,000	8,000	8,000
Saskatchewan	8,000	8,000	8,000
	222,000	180,000	204,000
Other			
Interest	8,000	6,373	7,000
Misc. (mtg. income, etc)	-	-	-
	8,000	6,373	7,000
Total Unrestricted	230,000	186,373	211,000
Restricted			
Western Conference PSC	25,000	25,000	25,000
WREZ 3	80,000	42,080	59,080
SPSC Trans planning	1,247,835	627,541	790,541
NRC nuclear issues	48,550	14,992	14,992
New DOE HLW	-	181,241	219,500
Total Restricted	1,401,385	890,854	1,109,113
TOTAL INCOME	1,631,385	1,077,227	1,320,113

1 This amount was prorated over the 34 months that remained in these contracts.
SPSC is not spending state/provincial travel or subcontracts at the rate estimated in the grant proposal.

Western Interstate Energy Board Fiscal Year 2012-2013
Board Approved Budget

Table 2

	WIEB			WIRAB	
	Board adopted Budget	Expenses as of April 30	Estimated Expenses June 30, 2013	(For Informational purposes) Budget	Estimated June 30, 2013
<u>MEETING EXPENSES</u>				11,000	25,000
Board, CREPC, Reclamation, HLW	15,000	9,755	14,755		
SPSC Transmission Planning	34,200	64,230	65,000		
NRC nuclear issues	1,100	-	-		
New HLW cooperative agreement	-	2,465	5,000		
	<u>50,300</u>	<u>76,451</u>	<u>84,755</u>		
<u>STATE TRAVEL</u>				14,000	16,500
Board Meetings	10,000	-	5,000		
SPSC Transmission Planning	332,660	93,327	118,327		
NRC nuclear issues	4,600	-	-		
New HLW cooperative agreement	-	20,543	22,000		
	<u>347,260</u>	<u>113,870</u>	<u>145,327</u>		
<u>SUBCONTRACTS</u>	-			75,000	75,000
SPSC Transmission Planning	350,448	41,254	177,254 ¹		
Computer support	5,000	-	17,000		
	<u>355,448</u>	<u>41,254</u>	<u>194,254</u>		
<u>PERSONNEL and OFFICE EXPENSE</u>					
Salaries	542,314	567,412	659,286 ²	245,900	178,500
Payroll Taxes	63,451 ³	52,462	67,442		
Health & Life Ins.	80,000 ³	65,662	78,000		
401(k) Expense	56,866 ³	52,338	62,834		
Liability & W. Comp. Ins.	6,500	7,347	7,347		
Payroll expense	2,900	1,844	2,584		
Auditing	13,000	9,400	12,400		
Staff Travel		0		24,000	16,000
WIEB, CREPC, Reclamation	10,000	12,841	17,841		
WREZ 3	10,000	1,782	4,000		
SPSC Transmission Planning	77,700	29,700	35,700		
NRC nuclear issues	6,600		0		
New HLW		5,712	9,000		
Office Expense	29,000	22,529	27,000		
Equipment	8,000	2,209	6,500		
Office Rent	44,000 ³	37,371	41,341		
Telephone	20,000	15,382	18,382	2,500	2,600
Contingency fund	2,400	-	0		
Subtotal	<u>972,731</u>	<u>883,991</u>	<u>1,049,657</u>		
TOTAL	<u>1,725,739</u>	<u>1,115,566</u>	<u>1,473,993</u>	<u>372,400</u>	<u>313,600</u>
Deduct WIRAB overhead	<u>(222,785)</u>	<u>(222,785)</u>	<u>(171,360)</u>	<u>222,785</u>	<u>171,360</u>
	<u>1,502,954</u>	<u>892,780</u>	<u>1,302,633</u>	<u>595,185</u>	<u>484,960</u>

1 SPSC authorized or approved \$275,000 at the April 2012 SPSC meeting.

2 The budget estimated amount for salaries (\$542,314) was approved prior to the new HLW cooperative agreement with DOE.

3 WIRAB payroll taxes, medical insurance, retirement, rent and other expenses are calculated as WIEB expenses then deducted as overhead.

Western Interstate Energy Board
 Fiscal Year 2013-2014
 Estimated Income

Table 3

	Board Budget Estimated Income
<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	7,000
Misc. (mtg. income, etc)	-
	7,000
Total Unrestricted	229,000
Restricted	
Western Conference PSC	25,000
WREZ 3	74,607 1
SPSC Trans planning	1,729,976 1
New DOE HLW	235,300
Total Restricted	2,064,883
TOTAL INCOME	2,293,883

1 This amount is prorated over the 22 months remaining in these contracts except for the SPSC sub-contract amount, which is based on spending most of the sub-contract funds in the next 12 months.

	WIEB			WIRAB
	Total	Core ¹	Non-core	(For Informational purposes) Budget
<u>MEETING EXPENSES</u>				12,000
Board, CREPC, Reclamation	15,000	15,000	-	
SPSC Transmission Planning	83,000	-	83,000	
New HLW cooperative agreement	10,300	-	10,300	
	<u>108,300</u>	<u>15,000</u>	<u>93,300</u>	
<u>STATE TRAVEL</u>				16,000
Board Meetings	10,000	10,000	-	
SPSC Transmission Planning	338,000	-	338,000	
New HLW cooperative agreement	22,000	-	22,000	
	<u>370,000</u>	<u>10,000</u>	<u>360,000</u>	
<u>SUBCONTRACTS</u>				150,000
SPSC Transmission Planning	783,400 ²	-	783,400	
Computer support	5,000	5,000	-	
	<u>788,400</u>	<u>5,000</u>	<u>783,400</u>	
<u>PERSONNEL and OFFICE EXPENSE</u>				
Salaries	647,536 ³	401,269	246,267	260,000
Payroll Taxes	73,057 ⁴	53,232	19,824	
Health & Life Ins.	95,000 ⁴	65,662	29,338	
401(k) Expense	68,065 ⁴	49,595	18,470	
Liability & W. Comp. Ins.	8,500	5,000	3,500	
Payroll expense	3,000	1,650	1,350	
Auditing	13,000	7,500	5,500	
Staff Travel		0	-	24,000
WIEB, CREPC, Reclamation	13,000	10,000	3,000	
WREZ 3	5,600	0	5,600	
SPSC Transmission Planning	39,500	0	39,500	
New HLW	13,500	0	13,500	
Office Expense	40,000	15,000	25,000	
Equipment	8,000	4,000	4,000	
Office Rent	47,000 ⁴	39,000	8,000	
Telephone	25,000	10,000	15,000	2,500
Contingency fund	2,500	1,200	1,300	
Subtotal	<u>1,102,258</u>	<u>663,108</u>	<u>439,150</u>	
TOTAL	2,368,958	693,108	1,675,850	464,500
Deduct WIRAB overhead	(239,200)	(239,200)	0	239,200
	<u>2,129,758</u>	<u>453,908</u>	<u>1,675,850</u>	<u>703,700</u>

1 The Board requested the budget reflect core and non-core expenses in order to determine essential expenses if contracts are cancelled.

2 Based on spend rate submitted to DOE in March. SPSC approved or authorized \$525,000 at the April 2013 SPSC meeting.

3 Proposed salaries include a 2 % cost of living adjustment and a small amount for potential merit increases.

4 WIRAB payroll taxes, medical insurance, retirement, rent and other expenses are calculated as WIEB expenses then deducted as overhead.

Table 5

WIEB Estimated Carry-over and Investments

The estimated carry-over to fiscal year 2013-2014 is \$1,622,897. This includes amounts in WIEB bank accounts as well as the following short-term CDs.

Short-term CDs

Institution Name	Number	Rate	Amount	Duration	Date of Maturity
U.S. Bank	***0076	0.1 %	\$114,844	11 months	11/22/13
“	***9512	0.1%	\$114,277	11 months	12/12/13
Colo. State Bank & Trust	***0545	0.2 %	\$105,491	9 months	10/03/13
“	****9894	0.18 %	\$157,521	10 months	01/15/14

Ongoing Investments

Institution Name	Number	Rate	Amount as of 4/30/2013	Duration	Date of Maturity
U.S. T. Bill	****0DZ8	8.875	\$ 14,072	30 years	08/15/17
Intermediate Bond Fund of America	****6521		\$129,553	ongoing	
Money Market	****7680		\$104,093	ongoing	
Total			\$247,718		