



## Western Interstate Energy Board

TO: Western Interstate Energy Board

FROM: Maury Galbraith, Executive Director

DATE: April 5, 2017

SUBJECT: **Proposed FY 2017-2018 Work Plan and Budget**

Under the provisions of the Western Interstate Nuclear Compact – the legal basis for the Western Interstate Energy Board (“Board” or “WIEB”) – the Board must approve a budget for the fiscal year beginning July 1, 2017. The budget must provide revenues that meet or exceed projected expenditures. This memorandum provides a detailed description of the proposed fiscal year (FY) 2017-2018 budget and an overview of the activities the budget supports.

The proposed WIEB budget for FY 2017-2018 is \$1,205,835. This is an increase of \$723,865 (150%) from the current fiscal year budget. The increase is mainly due to a new SunShot award from the U.S. Department of Energy (U.S. DOE) to address policy and regulatory barriers to deployment of solar PV in the West. The SunShot award is scheduled to end in 2019.

The proposed budget reflects a renewed cooperative agreement between the Board and the U.S. DOE on transportation of high-level radioactive waste and spent nuclear fuel. The new agreement is schedule to end in 2022. The proposed budget also reflects the continued contribution from the Western Conference of Public Service Commissioners to support the Committee on Regional Electric Power Cooperation (CREPC). The contract with the Idaho Office of Energy Resources under a State Energy Planning grant with the U.S. DOE ended in March 2017.

Although the Board does not approve the budget of the Western Interconnection Regional Advisory Body (WIRAB), the Board should be cognizant of the proposed WIRAB calendar year 2018 budget because there are shared expenses between the Board and WIRAB. The FERC approved WIRAB budget for calendar year (CY) 2017 is \$1,229,080. The proposed WIRAB budget for CY 2018 is \$1,067,785.

The proposed WIRAB budget will be posted for public comment prior to being approved by WIRAB member states and provinces. It will then be sent to NERC and posted for additional public comment. WIRAB will submit a final proposed budget to NERC in early July. Following review, NERC will submit the WIRAB budget (and those of NERC and Regional Reliability Organizations such as WECC) to FERC for approval. FERC typically acts in late October or early November.

### **Current FY 2016-2017 Financial Position**

At the last annual Board meeting in June 2016, the Board adopted its budget based on an income projection of \$594,500. Actual income for FY 2016-2017 is expected to be \$795,257. Table 1, attached to this memorandum, shows the projected income results for fiscal year 2016-2017. The difference in income is due to the SunShot agreement with U.S. DOE that was awarded in February and slightly higher than expected funding from the ID-SEP grant that ends in March. Unrestricted income from membership dues and interest totals \$189,500. Restricted income from grants and contracts is expected to total \$605,757. Restricted income included:

- \$25,000 from the Western Conference of Public Service Commissioners;
- \$200,000 from the U.S. DOE under the cooperative agreement on transportation of high-level radioactive waste (HLW) and spent nuclear fuel (SNF); and
- \$187,757 from the U.S. DOE and the Idaho Office of Energy Resources under a State Energy Planning grant.
- \$193,000 from the new U.S. DOE SunShot award to address barriers to solar PV deployment.

At the June 2016 meeting, the Board adopted a budget for expenditures of \$481,970. Actual expenditures for FY 2016-2017 are projected to be \$648,179. While meeting and travel expenses will be lower, there will be additional personnel and contract expenses related to the new SunShot award. Table 2 shows total WIEB outlays offset by the overhead attributable to WIRAB.

### **Proposed FY 2017-2018 Budget**

The proposed FY 2017-2018 budget is based on an income projection of \$1,243,377. Table 3 shows the income projection for fiscal year 2017-2018. The income projection assumes:

- Membership funding of \$186,000 to support the work WIEB and its committees (no increase in membership dues).

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- Western Conference of Public Service Commissioners (WCPSC) funding of \$25,000 to support the work of CREPC.
- U.S. DOE funding of \$200,000 for the High Level Radioactive Waste program.
- U.S. DOE funding of \$828,877 for the SunShot award.

The proposed budget of expenditures for FY 2017-2018 is \$1,205,835. Table 4 shows the detailed budget proposal. The following table compares the proposed FY 2017-18 budget to the current year budget by expense category.

Expense Category	2016-17 Budget	Proposed 2017-18 Budget	% Change
Meeting Expense	\$ 90,300	\$ 53,000	-41.3%
State Travel Expense	\$ 31,000	\$ 72,430	133.6%
Staff Travel Expense	\$ 45,000	\$ 51,795	15.1%
Subcontract Expense	\$ -	\$ 577,324	100.0%
Direct Labor Expense	\$ 163,649	\$ 230,284	40.7%
Overhead Expense	\$ 599,048	\$ 606,879	1.3%
Subtotal	\$ 928,997	\$ 1,591,711	71.3%
Deduct WIRAB Overhead	\$ (447,027)	\$ (385,876)	-13.7%
<b>Total Expenditures</b>	<b>\$ 481,970</b>	<b>\$ 1,205,835</b>	<b>150.2%</b>

Meeting expense includes WIEB's share of the conference room and audio visual costs associated with of hosting Joint CREPC-WIRAB Meetings in the spring and fall. These meetings will continue to be hosted without charging meeting participants a registration fee. It also include the costs of hosting the HLRW Annual Meeting. The cost of hosting SunShot Technical Advisory Committee Meetings accounts for \$35,000 of the overall meeting expense.

State travel expense reflects travel reimbursement for one person per state/province to attend the Joint CREPC-WIRAB Meetings. It also reflects reimbursement for state travel to the HLRW Annual Meeting. State travel to SunShot Technical Advisory Committee Meetings accounts for \$33,340.

Staff travel expense includes WIEB's share of the cost of sending staff to the Joint CREPC-WIRAB Meetings and the HLRW Annual Meeting. It also includes the travel costs for staff to attend and present at state and regional conferences. Staff travel to SunShot Technical Advisory Committee Meetings and SunShot related conferences totals \$25,795.

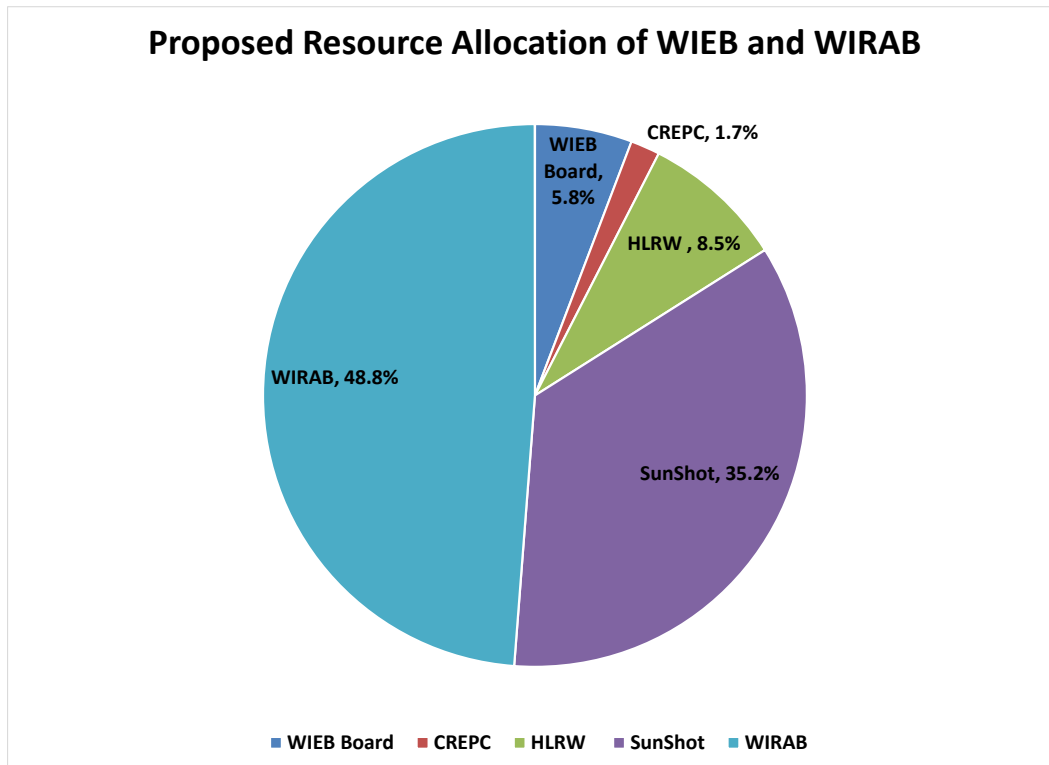
The change in direct labor expense is the net effect of an increase due to the hiring of a new analyst for the SunShot award and deceases associated with the retirement WIEB's

Financial Manager and WIEB’s HLRW Program Manager. The direct labor expense also reflects an estimated cost of living and merit increase of three percent.

The next table shows the same comparison by WIEB committee/program. The FY 2017-18 budget reflects the disbanding of WIEB’s Mine Reclamation Committee.

WIEB Committee/Program	2016-17 Budget	Proposed 2017-18 Budget	% Change
WIEB Board	\$ 56,970	\$ 135,958	138.6%
CREPC	\$ 40,000	\$ 41,000	2.5%
HLRW	\$ 200,000	\$ 200,000	0.0%
SunShot	\$ -	\$ 828,877	100.0%
RECLA	\$ 5,000	\$ -	-100.0%
ID-SEP	\$ 180,000	\$ -	-100.0%
<b>Total Expenditures</b>	<b>\$ 481,970</b>	<b>\$ 1,205,835</b>	<b>150.2%</b>

Finally, the following graphic illustrates the allocation of resources when considering both the Board budget and the WIRAB budget.



## **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. The level of reserves needed to cover full annual membership dues for two years is \$444,000.

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. The level of reserves needed to cover core expenditures for two years is \$526,424.

WIEB carryover funds to FY 2017-18 total \$2,097,715. The estimated value of the Board's short-term investments is \$494,674. The value of the Board's long-term investments is estimated to be \$142,615. WIEB reserves for FY 2017-2018 are \$2,735,004. These amounts exclude prepayment of funding for WIRAB. The ratio of carryover funds to two years of core expenditures is 4.0 to 1. The ratio of reserves to two years of core expenditures is 5.2 to 1. The proposed budget maintains a reserve level that meets the Board's minimum reserve policy.

At the June 2016 meeting, the Board indicated that its policy not only establishes a minimum level of reserves, but that the minimum is also a targeted level of reserves. In other words, the organization strives to adjust its annual work plans and budgets to maintain a reasonable reserve balance.

Table 5 shows the composition of reserves and Table 6 shows the reserve policy calculations.

## **WIEB Budget Recommendations**

WIEB staff recommends that the Board approve the proposed FY 2017-2018 budget and work plan with the following authorizations:

- 1) Authorize the acceptance of funds in the areas of radioactive waste, regional electricity cooperation, transmission planning, distributed energy resources, and emerging energy markets;
- 2) 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;
- 3) Authorize the Executive Committee to approve merit increases and the exact cost-of-

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living increase for employees based on the increase in the consumer price index for the Denver region;

- 4) Adopt a funding reserve target equal to 2 times the annual core expense of the Western Interstate Energy Board; and
- 5) Authorize the Executive Director and Treasurer to act as the financial agent of the Western Interstate Energy Board.

Attachments:

- Table 1: FY 2016-2017 Income
- Table 2: FY 2016-2017 Expense
- Table 3: FY 2017-2018 Projected Income
- Table 4: FY 2017-2018 Proposed Expense
- Table 5: Carryover and Current Board Investments
- Table 6: Reserve Policy Calculations

**Table 1.**  
**Western Interstate Energy Board**  
**Fiscal Year 2016-2017**  
**Income**

	Board Approved Budget	Received as of 12/31/2016	Projected as of 6/30/2017	WIRAB Income
<b>INCOME</b>				
Members				
Arizona	-	-	-	
California	18,000	18,000	18,000	
Colorado	18,000	-	18,000	
Idaho	18,000	18,000	18,000	
Montana	18,000	18,000	18,000	
New Mexico	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	-	-	-	
Associate Members				
Alberta	8,000	-	8,000	
British Columbia	8,000	8,000	8,000	
Saskatchewan	8,000	8,000	8,000	
	<u>186,000</u>	<u>136,000</u>	<u>186,000</u>	
Other				
Interest	3,500	2,157	3,500	
Misc. (mtg. income, etc)	-	-	-	
	<u>3,500</u>	<u>2,157</u>	<u>3,500</u>	
Total Unrestricted	<u>189,500</u>	<u>138,157</u>	<u>189,500</u>	
Restricted				
Western Conference PSC	25,000	-	25,000	
DOE HLW	200,000 <sup>1</sup>	101,294	200,000	
Idaho-SEP	180,000 <sup>2</sup>	166,030	187,757	
SunShot Award	-	-	193,000 <sup>3</sup>	
Total Restricted	<u>405,000</u>	<u>267,324</u>	<u>605,757</u>	
<b>TOTAL INCOME</b>	<b>\$ 594,500</b>	<b>\$ 405,481</b>	<b>\$ 795,257</b>	<b>\$ 1,071,325</b>

<sup>1</sup> One HLW Cooperative Agreement ended Sept. 30, 2016. A new 5-year agreement began on Oct. 1, 2016.

<sup>2</sup> This State Energy Planning grant with the Idaho Office of Energy Resources ends in February 1, 2017.

<sup>3</sup> Prepayment to NREL and LBNL for budget period 3 expenses total \$116,000.

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**Table 2.**  
**Western Interstate Energy Board**  
**Fiscal Year 2016-2017**  
**Expenditures**

	Board Approved Budget	Expenses as of 12/31/2016	Projected as of 6/30/2017	WIRAB (For Informational purposes)		
				FERC Approved Budgets <sup>1</sup>	Expenses as of 12/31/2016	Projected as of 6/30/2017
<b><u>MEETING EXPENSES</u></b>						
CREPC-Reclamation Meetings	30,000	5,115	15,000			
HLRW Meetings	20,000	5,483	10,000			
Idaho-WIEB SEP Grant	30,300	12,166	12,166			
	<u>80,300</u>	<u>22,764</u>	<u>37,166</u>	<u>66,577</u>	<u>35,160</u>	<u>66,900</u>
<b><u>STATE TRAVEL</u></b>						
CREPC-Board Meetings	15,000	-	10,000			
HLRW Annual Meeting	16,000	4,950	10,000			
	<u>31,000</u>	<u>4,950</u>	<u>20,000</u>	<u>49,025</u>	<u>12,368</u>	<u>28,000</u>
<b><u>STAFF TRAVEL</u></b>						
CREPC-WIRAB Meetings	17,000	3,614	10,000			
HLRW Meeting	15,000	4,561	9,000			
Idaho-WIEB SEP Grant	13,000	3,892	3,892			
	<u>45,000</u>	<u>12,067</u>	<u>22,892</u>	<u>49,025</u>	<u>20,963</u>	<u>48,000</u>
<b><u>SUBCONTRACTS</u></b>						
NREL subcontract for SunShot			140,000			
LBNL subcontract for SunShot			41,000			
Other Contracts				150,000	9,450	100,000
	<u>0</u>	<u>0</u>	<u>181,000</u>	<u>150,000</u>	<u>9,450</u>	<u>100,000</u>
<b><u>PERSONNEL EXPENSE</u></b>						
Direct Labor	163,649	118,898	206,000	502,577	116,417	437,314
<b><u>OVERHEAD EXPENSE</u></b>						
Overhead Labor	217,038	109,663	217,388			
Payroll Taxes	67,284	28,196	68,426			
Health & Life Ins.	98,000	46,620	100,000			
401(k) Expense	63,476	28,485	64,553			
Liability & W. Comp. Ins.	10,000	7,633	9,000			
Office Rent	62,000	26,715	58,000			
Telephone	25,000	7,301	20,000			
Equipment	9,000	5,449	10,000			
Payroll Expense - PayChex	3,750	1,440	4,000			
Auditing	6,000	7,750	8,200			
Eco Pass	4,200	4,788	5,000			
Computer Network	12,000	8,345	15,000			
Dues & Subscriptions	5,000	1,996	3,000			
Supplies	6,000	3,750	7,000			
Other Overhead	10,300	2,661	6,000			
Annual Board Meeting	10,000	-	8,000			
	<u>609,048</u>	<u>290,792</u>	<u>603,566</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	928,997	449,471	1,070,624	817,204	194,358	680,214
Deduct/Add WIRAB Indirect	(447,027)	(112,459)	(422,445)	482,474	112,459	422,445
<b>TOTAL BUDGET</b>	<b>481,970</b>	<b>337,012</b>	<b>648,179</b>	<b>1,299,677</b>	<b>306,817</b>	<b>1,102,659</b>

<sup>1</sup> Average of FERC approved calendar year budgets.



**Table 3.**  
**Western Interstate Energy Board**  
**Fiscal Year 2017-2018**  
**Estimated Income**

Unrestricted Income	Budget Estimated Income	WIRAB Income
Members		
Arizona	-	
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	-	
Associate Members		
Alberta	8,000	
British Columbia	8,000	
Saskatchewan	8,000	
	186,000	
Other		
Interest	3,500	
Misc. (mtg. income, etc)	-	
	3,500	
Total Unrestricted	189,500	
Restricted Income		
Western Conference PSC	25,000	
HLRW Coop. Agreement	200,000 <sup>1</sup>	
SunShot Award	828,877 <sup>2</sup>	
Total Restricted	1,053,877	
<b>TOTAL INCOME</b>	<b>\$1,243,377</b>	<b>\$ 908,589</b>

<sup>1</sup> The HLRW Cooperative Agreement ends December 31, 2021.

<sup>2</sup> The SunShot Award ends in December 31, 2019.

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**Table 4**  
**Western Interstate Energy Board**  
**Fiscal Year 2017-2018**  
**Proposed Budget**

	WIEB			WIRAB Information Only	
	Total	Core <sup>1</sup>	Non-core	FY 2017-18	CY 2018
<u>MEETING EXPENSES</u>					
CREPC-WIRAB Meetings	10,000	10,000	-	60,000	60,600
HLRW Meetings	6,000		6,000		
SunShot Award Meetings	35,000		35,000	10,000	10,100
Teleconference - Per Minute	2,000			2,000	2,020
	<u>53,000</u>	<u>10,000</u>	<u>41,000</u>	<u>72,000</u>	<u>72,720</u>
<u>STATE TRAVEL</u>					
CREPC-WIRAB Meetings	28,000	28,000	-	28,000	28,280
HLRW Meetings	11,000		11,000		
SunShot Award Meetings	33,430		33,430		
	<u>72,430</u>	<u>28,000</u>	<u>44,430</u>	<u>28,000</u>	<u>28,280</u>
<u>STAFF TRAVEL</u>					
CREPC-WIRAB Meetings	3,000	3,000	-	11,000	11,110
HLRW Meetings	3,000		3,000		
SunShot Award Meetings	25,795		25,795	5,347	5,400
Other Staff Travel	20,000	5,000	15,000	50,000	50,500
	<u>51,795</u>	<u>8,000</u>	<u>43,795</u>	<u>66,347</u>	<u>67,010</u>
<u>SUBCONTRACTS</u>					
SunShot NREL	470,324		470,324		
SunShot LBNL	107,000		107,000		
Other Contracts			-	125,000	100,000
	<u>577,324</u>	<u>-</u>	<u>577,324</u>	<u>125,000</u>	<u>100,000</u>
<u>PERSONNEL EXPENSE</u>					
Direct Labor	230,284 <sup>2</sup>	75,374	154,909	402,080	408,111
<u>OVERHEAD EXPENSE</u>					
Overhead Labor	219,167	191,730	27,437		
Payroll Taxes	67,697	53,200	14,497		
Health & Life Ins.	110,000	86,445	23,555		
401(k) Expense	63,865	50,189	13,676		
Liability & W. Comp. Ins.	10,500	10,500	-		
Office Rent	57,000	57,000	-		
Telephone	12,000	12,000	-		
Equipment	6,000	6,000	-		
Payroll Expense - PayCheck	3,750	3,750	-		
Teleconference - ReadyTalk	1,800	1,800	-		
Auditing	9,000	9,000	-		
Eco Pass	5,000	5,000	-		
Computer Network	14,000	14,000	-		
Dues & Subscriptions	4,000	4,000	-		
Supplies	9,000	9,000	-		
Other Overhead	1,100	1,100	-		
Annual Board Meeting	13,000	13,000	-		
	<u>606,879</u>	<u>527,713</u>	<u>79,165</u>	<u>-</u>	<u>-</u>
Total Expenses	1,591,711	649,087	940,623	693,427	676,122
Deduct/Add WIRAB Indirect	<u>(385,876) <sup>3</sup></u>	<u>(385,876)</u>		<u>385,876</u>	<u>391,664</u>
<b>TOTAL BUDGET</b>	<b>1,205,835</b>	<b>263,212</b>	<b>940,623</b>	<b>1,079,302</b>	<b>1,067,785</b>

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

Appr <sup>2</sup> Proposed salaries include a cost of living adjustment and funds for merit increases. The calculation deducts expected WIRAB salaries.

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

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**Table 5.**  
**Western Interstate Energy Board**  
**Fiscal Year 2016-2017**  
**Carryover to New Fiscal Year**

<u>Institution/Account</u>	<u>Rate</u>	<u>Duration</u>	<u>Amount</u>	<u>Date of Maturity</u>	<u>Carryover as of 2/28/2017</u>
<u>WIEB Bank Accounts</u>					
U.S. Bank Checking					\$ 49,500
U.S. Bank Savings 1					\$ 1,219,629 <sup>1</sup>
U.S. Bank Savings 2					\$ 457,180
Wells Fargo					\$ 263,752
Pershing MM					\$ 107,654
Carryover Funds					\$ 2,097,715
<u>WIEB Short-term CDs</u>					
U.S. Bank Acct# ***9512	0.10%	11 months	\$ 115,054	7/22/2017	\$ 115,054
U.S. Bank Acct# ***7149	0.15%	19 months	\$ 115,187	7/18/2018	\$ 115,187
Colo. State Bank & Trust ***0545	0.18%	9 months	\$ 106,071	6/17/2017	\$ 106,071
Colo. State Bank & Trust ***9894	0.18%	9 months	\$ 158,362	9/30/2017	\$ 158,362
Short-Term Investments					\$ 494,674
<u>WIEB Ongoing Investments</u>					
U.S. T-Bill ***0DZ8	8.875%	30 years	\$ 10,371	8/15/2017	\$ 10,371
Int. Bond Fund of America ***6521		On-going	\$ 132,244		\$ 132,244
Long-Term Investments					\$ 142,615
Total Reserves					\$ 2,735,004

<sup>1</sup> Excludes prepayment of WIRAB assessment by NERC.

**Table 6.**  
**Western Interstate Energy Board**  
**Fiscal Year 2017-2018**  
**Reserve Policy Calculations**

Full Annual Membership Dues	\$	222,000
Multiplied by 2 years	\$	444,000
Annual Core Expenditures	\$	263,212
Multiplied by 2 years	\$	526,424
WIEB Carryover to FY 2017-18	\$	2,097,715
Carryover to Dues Ratio		4.7
Carryover to Core Expense Ratio		4.0
WIEB Reserves to FY 2017-18	\$	2,735,004
Reserves to Dues Ratio		6.2
Reserves to Core Expense Ratio		5.2