



# STATE OF WYOMING

# 032

Agency Number

## 2009-2010

# BIENNIUM BUDGET REQUEST

### WYOMING INFRASTRUCTURE AUTHORITY

Agency Name

The information in this budget request has been developed in accordance with the agency plan prepared according to W.S. 28-1-115 & 28-1-116 [W.S. 9-2-1011 (b)(vi)]. Submitted by:

Person(s) responsible for the preparation of this budget:

Signature \_\_\_\_\_

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Name \_\_\_\_\_

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Title \_\_\_\_\_

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Prepared for the February 2008 Legislature

**Budget Division**, Department of Administration & Information

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DEPARTMENT WYOMING INFRASTRUCTURE AUTHORITY							DEPT 032
1 Description	Code	2 Base Budget	3 Standard Budget	4 Exception Request	5 Total Agency Request	6 Governor's Changes	7 Governor's Recommendation
DIVISION							
WYOMING INFRASTRUCTURE AUTHORITY	0100	6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
TOTAL BY DIVISION		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
OBJECT SERIES							
SUPPORTIVE SERVICES	0200	218,540	233,540	176,385	409,925	(81,360)	328,565
CENT. SERV./DATA SERV.	0400	25,000	0	0	0	0	0
CONTRACTUAL SERVICES	0900	6,380,000	1,380,000	221,782	1,601,782	(221,782)	1,380,000
TOTAL BY OBJECT SERIES		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
SOURCES OF FUNDING							
GENERAL FUND/BRA	G	6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
TOTAL BY FUNDS		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
AUTHORIZED EMPLOYEES							
TOTAL AUTHORIZED EMPLOYEES							

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**SECTION 1. DEPARTMENT STATUTORY AUTHORITY**

37-5-301 thru 37-5-307

37-5-401 thru 37-5-408

9-4-831

**SECTION 2. QUALITY OF LIFE RESULT**

Wyoming's economy diversifies and grows through improvements in the electric transmission system, facilitating the increased utilization of Wyoming's energy resources.

**SECTION 3. CONTRIBUTION TO WYO QUALITY OF LIFE**

- The WIA contributes to the quality of life by promoting the development of Wyoming's energy resources to diversify the economy and contribute to providing a livable income.
- The WIA contributes to stewardship of Wyoming's natural resources to maximize the economic, environmental and social prosperity of current and future generations of Wyoming citizens.
- The WIA is a responsible steward of State assets and effectively responds to the needs of residents and stakeholders.

**SECTION 4. BASIC FACTS**

The Wyoming Infrastructure Authority (WIA) is an instrumentality of the State, established by the Legislature in 2004 to diversify and expand the state's economy through improvements in the electric transmission system and to facilitate the increased utilization of Wyoming's energy resources. The enabling legislation for the WIA authorizes the Authority to plan, finance, construct, develop, acquire, own, maintain and operate transmission infrastructure within and outside the state of Wyoming.

The WIA is governed by a five-member Board appointed by the Governor and confirmed by the Senate. The WIA has three full time employees (an executive director, a development director, and an administrative manager) and plans to add one additional employee (policy and communications manager) in 2009. The WIA operates with loaned funds appropriated by the Legislature.

**SECTION 5 PERFORMANCE MEASURES**

The WIA has three transmission project development partnerships (see Appendix A below for a brief summary of each project.) During Fiscal Year 2007 the WIA reached several milestones in performance against its strategic plan and measurable performance goals.

- The Board held a strategy retreat in August, 2006, where the two-year strategic plan was reaffirmed and measurable performance targets were established for fiscal year 2007 and 2008.
- Feasibility studies were completed for three transmission development partnerships (Wyoming-Colorado Intertie, Wyoming-West and TransWest Express projects).
- A business plan for further development of these three transmission development partnerships was presented to the State Loan and Investment Board on April 5, 2007, which unanimously agreed to release \$2,000,000 in project development funds to support further development.

- WIA issued a request for proposals for an IGCC commercial demonstration partnership in July, 2006, and after conducting a robust evaluation of the responses to the RFP, selected PacifiCorp as the development partner, entering in to a development agreement in April, 2007.
- In June, 2007, WIA reached an Interim Agreement with Arizona Public Service, PacifiCorp and National Grid to continue development of the TransWest Express transmission line.
- WIA recruited professional staff, with Loyd Drain joining as development director in January, 2007.

### **Story Behind The Performance**

The WIA Board has identified two areas of emphasis for the role of the WIA: promoter and facilitator of transmission projects; and active participation in the planning, development and financing of transmission projects. The WIA sees its role in supporting preliminary development and reducing project risks by establishing viability of transmission corridors from the perspective of environmental and routing considerations. In order to have viability in this area the WIA must have the ability to take an active role in developing and participating in projects from preliminary concepts through permitting. This will require significant capital resources as well as effective and meaningful project strategies.

The WIA is taking three transmission projects through the feasibility analysis stage and into the preliminary commercialization phase, which includes environmental permitting and preliminary routing. Two projects involve interstate projects connecting Wyoming generation to the most proximate load centers of Denver, Boise and Salt Lake City: the Wyoming-Colorado Intertie and the Wyoming-West projects. The WIA has public private partnerships with two independent transmission companies to jointly fund efforts to prove the commercial feasibility of these expansions and also has a formal relationship with the Western Area Power Administration. In addition, the WIA has a development partnership with Arizona Public Service and National Grid to develop the TransWest Express Project, and recently PacifiCorp has joined in an Interim Agreement to explore co-development of this transmission facility in combination with new lines originating in Wyoming to meet PacifiCorp's needs.

The WIA anticipates four phases of development for each project, with active involvement by the WIA in at least the first two phases.

The first phase of feasibility study will include selecting project partners, identifying and meeting with prospective generators and other customers of the project, addressing public policy issues relating to the project, building public support for the project, addressing administrative and regulatory issues pertaining to the project, and determining the business structures, legal documentation and budgets required to complete the project.

The second phase will include identifying and obtaining project permits, performing engineering, studying options for project cash flows, including project revenues and cost recovery, beginning development of the financial model for the project, beginning to arrange the financing of the project, and finalizing and creating the business structures required to complete the project.

The third phase will include finalizing agreements to provide transmission services, finalizing the financing of the project, finalizing the project schedule, acquiring rights-of-way necessary for the project, selecting the contractor for the project, and issuing requests for proposals for other project contractors.

The fourth phase will include all project construction up to the commercial operations date.

DEPARTMENT WYOMING INFRASTRUCTURE AUTHORITY

DEPT 032

In 2005, the Legislature expanded the WIA role to also promote advanced coal technologies for clean production of electricity. WIA adopted a public-private development strategy to seek the first commercial demonstration of integrated gasification combined cycle (IGCC) technology in Wyoming using lower-rank coal. After a robust evaluation of proposals, WIA entered a development partnership with PacifiCorp to develop an IGCC plant at the Bridger complex in Southwest Wyoming, and is pursuing federal funding support to help move this project forward.

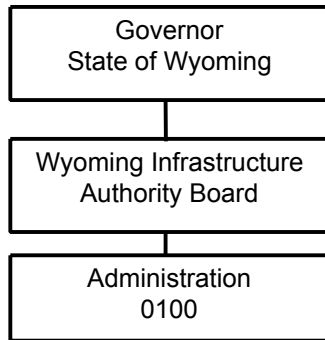
### **What Do You Propose To Do To Improve Performance In The Next 2 Years?**

Sustaining momentum on the three transmission development projects will be the top priority. Over the next three years, WIA's three transmission projects will progress beyond the planning stage and into the siting, permitting, rights-of-way and regulatory arenas. WIA plans to add one additional professional staff person to be in a position to effectively communicate to the general public the benefits of generation and transmission infrastructure development. This will become increasingly important as the projects become more visible to the general public. WIA also plans to become increasingly effective in the public policy and regulatory arenas where transmission and generation development will fall under increased scrutiny and where approvals will be sought.

### **SECTION 6. DEPARTMENT PRIORITIES**

<b>Agency Priority</b>	<b>Division</b>	<b>Unit Number</b>	<b>Item Requested</b>	<b>Agency Request</b>	<b>Description</b>
1	Administration	0101	Professional Fees	\$221,782	Professional Staff & Consultants
2	Administration	0101	Office Expenses	<u>\$176,385</u>	Day to Day Operating Expenses
	Total Biennium Exception Budget Request for Agency			\$398,167	
	General Fund			\$398,167	

**SECTION 7. DEPARTMENT ORGANIZATION**



DEPARTMENT WYOMING INFRASTRUCTURE AUTHORITY							DEPT 032
DIVISION WYOMING INFRASTRUCTURE AUTHORITY							DIV NO 0100
1	2	3	4	5	6	7	
Division	Code	Base Budget	Standard Budget	Exception Request	Total Agency Request	Governor's Changes	Governor's Recommendation
UNIT							
WYOMING INFRASTRUCTURE AUTHORITY	0101	6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
TOTAL BY UNIT		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
OBJECT SERIES							
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CENT. SERV./DATA SERV.	0400	25,000	0	0	0	0	0
CONTRACTUAL SERVICES	0900	6,380,000	1,380,000	221,782	1,601,782	(221,782)	1,380,000
TOTAL BY OBJECT SERIES		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
SOURCES OF FUNDING							
GENERAL FUND/BRA	G	6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
TOTAL BY FUNDS		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565

DEPARTMENT WYOMING INFRASTRUCTURE AUTHORITY  
 DIVISION WYOMING INFRASTRUCTURE AUTHORITY  
 UNIT WYOMING INFRASTRUCTURE AUTHORITY

Wyoming On Line Financial Codes				
DEPT	DIVISION	UNIT	FUND	APPR
032	0100	0101	001	101

### **SECTION 1. UNIT STATUTORY AUTHORITY**

37-5-301 thru 37-5-307  
 37-5-401 thru 37-5-408  
 9-4-831

### **SECTION 2. STANDARD BUDGET REQUEST**

To maintain an organizational presence and be viable entity, the WIA has established office facilities and a staff. The staff is presently comprised of an Executive Director, an Administrative Manager and a Development Director. WIA plans to add a Policy and Communications Manager in fiscal year 2009, bringing the total staff count to four.

The office has been established at 200 E 17<sup>th</sup> Street, Suite B, in Cheyenne.

The WIA office and staff was established in May, 2005. The WIA has since had two full fiscal years of actual operational experience. The budget request for the 2009-2010 biennium reflects this operational experience, as well as plans for increasing capability primarily in the policy and communications area.

In addition to the WIA operating budget, the legislature has also established and appropriated a \$10 million development account for project development activities of the WIA. In April, 2007, WIA requested funds be released, and with the unanimous approval of the State Loan and Investment Board, the WIA received and is using \$2 million from this account to further development of its three transmission project initiatives. For this reason project funds included in the standard budget request for the 2007-2008 biennium are not included in the proposed operating budget for the 2009-2010 biennium.

### **GOVERNOR'S RECOMMENDATION**

*I recommend approval of the standard budget as submitted.*

DEPARTMENT WYOMING INFRASTRUCTURE AUTHORITY  
 DIVISION WYOMING INFRASTRUCTURE AUTHORITY  
 UNIT WYOMING INFRASTRUCTURE AUTHORITY

**Wyoming On Line Financial Codes**

<b>DEPT</b>	<b>DIVISION</b>	<b>UNIT</b>	<b>FUND</b>	<b>APPR</b>
032	0100	0101	001	101

**SECTION 3. EXCEPTION BUDGET REQUEST**

**Priority #1- Professional Fees**

A. BASIS FOR REQUEST:

Professional Fees (code 0901) is the largest budget item for the WIA, because it includes professional staff salaries and benefits, consultancies retained by the WIA, accounting and legal fees. A summary of budget requirements in this area are summarized below.

B. REQUEST BY OBJECT CODE, FUND AMOUNT & FUNDING SOURCE:

<b>Code</b>	<b>Description</b>	<b>Standard Budget</b>	<b>Exception Budget</b>	<b>Total Agency Request</b>
901	Salaries and Benefits	510,000	491,179	1,001,179.00
901	Legal Fees	84,000	86,603	170,603
901	Consultancies	180,000	120,000	300,000
901	Communications	-	120,000	120,000
901	Accounting	6,000	4,000	10,000
901	Project funding	<u>600,000</u>	<u>(600,000.00)</u>	<u>-</u>
	<b>TOTAL</b>	<b>1,380,000.00</b>	<b>221,782</b>	<b>1,601,782.00</b>

C. PERFORMANCE JUSTIFICATION:

The Standard and Exception Budget Request for Professional Fees aligns the budget to reflect the existing level of staff, consultancy, accounting and legal fees, and in addition, includes the addition of one professional staff member in 2009 and a communications consultancy. This level of professional support will allow WIA to continue to make progress in advancing its three transmission development partnerships, and increase the public policy and communication efforts laying the groundwork for public acceptance of transmission and generation development in the State.

**GOVERNOR'S RECOMMENDATION**

***I recommend denial of \$221,782 in general fund. At this time, an additional staff member and consultant fees are not warranted.***

DEPARTMENT WYOMING INFRASTRUCTURE AUTHORITY  
 DIVISION WYOMING INFRASTRUCTURE AUTHORITY  
 UNIT WYOMING INFRASTRUCTURE AUTHORITY

**Wyoming On Line Financial Codes**

<b>DEPT</b>	<b>DIVISION</b>	<b>UNIT</b>	<b>FUND</b>	<b>APPR</b>
032	0100	0101	001	101

**Priority #2- Office Expenses**

A. BASIS FOR REQUEST:

In addition to Professional Fees, the 2009-2010 budget request includes \$409,925 for ongoing office operations, travel and other ongoing expenditures necessary for WIA operations. Actual operations over the past two years has proven that travel expenses, in-State and out of state, for both WIA Board members and staff, is higher than had been budgeted for the 2007-2008 biennium. This represents the largest Exception Budget request in the operating budget. Other exception requests, for office supplies and office rental expenses, reflect actual operating experience over the past two years.

B. REQUEST BY OBJECT CODE, FUND AMOUNT & FUNDING SOURCE:

Code	Description	Standard Budget	Exception Budget	Total Agency Request
231	Office Suppl-Printing	19,865	11,025	30,890
251	Real Property Rental	17,040	25,360	42,400
204	Communication	37,594	0	37,594
207	Dues-Licenses-Regist	20,000	0	20,000
203	Utilities	7,000	0	7,000
241	Office Equip-Furnish	13,000	0	13,000
222	Travel Out of State	80,000	100,000	180,000
221	Travel In State	30,000	40,000	70,000
233	Mtr Veh & Airplane Sup	<u>9,041</u>	<u>0</u>	<u>9,041</u>
	<b>TOTAL</b>	<b>233,540</b>	<b>176,385</b>	<b>409,925</b>

C. PERFORMANCE JUSTIFICATION:

The Standard and Exception Budget Request for Office Expenses is in alignment with actual operating costs to maintain the existing office in Cheyenne and provide support for the staff, and includes an increase for in-state and out of state travel by staff and members of the Board of Directors that reflects the actual travel needs associated with developing transmission projects to meet market needs in the western electricity market.

**GOVERNOR'S RECOMMENDATION**

*I recommend denial of \$81,360 in general fund. The reduction is based on the denial of one additional staff member and a consultant from priority #1.*

DEPARTMENT		Wyoming On Line Financial Codes					
DIVISION		DEPT	DIVISION	UNIT	FUND	APPR	
UNIT		032	0100	0101	001	101	
1		2	3	4	5	6	7
Description	Code	Base Budget	Standard Budget	Exception Request	Total Agency Request	Governor's Changes	Governor's Recommendation
EXPENDITURES							
UTILITIES	0203	6,000	0	0	0	0	0
COMMUNICATION	0204	18,000	37,594	0	37,594	(6,000)	31,594
DUES-LICENSES-REGIST	0207	13,500	20,000	0	20,000	0	20,000
ADVERTISING-PROMOT	0208	5,000	0	0	0	0	0
MISCELLANEOUS	0210	0	7,000	0	7,000	0	7,000
TRAVEL IN STATE	0221	30,000	30,000	40,000	70,000	(14,000)	56,000
TRAVEL OUT OF STATE	0222	80,000	80,000	100,000	180,000	(36,000)	144,000
BD/COMM TRAVEL REIMBURSEME	0227	7,500	0	0	0	0	0
OFFICE SUPPL-PRINTNG	0231	14,000	19,865	11,025	30,890	0	30,890
MTR VEH&AIRPLANE SUP	0233	5,000	9,041	0	9,041	0	9,041
EDUCA-RECREATNL SUPP	0236	7,500	0	0	0	0	0
OFFICE EQUIP-FURNISH	0241	5,000	13,000	0	13,000	0	13,000
DP REPRODUCT OTH EQ	0242	5,000	0	0	0	0	0
REAL PROPERTY RENTAL	0251	17,040	17,040	25,360	42,400	(25,360)	17,040
INSURANCE-BOND PREMS	0254	5,000	0	0	0	0	0
SUPPORTIVE SERVICES	0200	218,540	233,540	176,385	409,925	(81,360)	328,565
TELECOMMUNICATIONS	0420	25,000	0	0	0	0	0
CENT. SERV./DATA SERV.	0400	25,000	0	0	0	0	0
PROFESSIONAL FEES	0901	1,380,000	1,380,000	221,782	1,601,782	(221,782)	1,380,000
SPECIAL PROJ & SVCS	0903	5,000,000	0	0	0	0	0
CONTRACTUAL SERVICES	0900	6,380,000	1,380,000	221,782	1,601,782	(221,782)	1,380,000
EXPENDITURE TOTALS		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
SOURCE OF FUNDING							
GENERAL FUND	1001	6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
GENERAL FUND/BRA	G	6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565
TOTAL FUNDING		6,623,540	1,613,540	398,167	2,011,707	(303,142)	1,708,565