



STATE OF WYOMING

032

Agency Number

2007-2008

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 _____

Name _____

Title _____

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Agency Name: WYOMING INFRASTRUCTURE AUTHORITY		Agency Number: 032					
1	2	3	4	5	6	7	
Appropriation Organization	Base Budget	Standard Budget	Exception Request	Total Agency Request	Governor's Changes	Governor's Recommendation	
Code							
APPROPRIATION ORGANIZATION WYOMING INFRASTRUCTURE AUTHORITY	0100	6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
TOTAL BY APPROPRIATION ORG		6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
OBJECT SERIES							
SUPPORTIVE SERVICES	0200	207,500	177,500	41,040	218,540	0	218,540
CENT. SERV./DATA SERV.	0400	23,000	23,000	2,000	25,000	0	25,000
CONTRACTUAL SERVICES	0900	6,380,000	1,380,000	5,000,000	6,380,000	(5,000,000)	1,380,000
TOTAL BY OBJECT SERIES		6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
SOURCES OF FUNDING							
GENERAL FUND	G	6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
TOTAL BY FUNDS		6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540

SECTION 1. AGENCY 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

The WIA mission is to diversify and expand the State's economy through improvements in the electric transmission system to facilitate the increased utilization of Wyoming's energy resources.

SECTION 3. CONTRIBUTION TO WYO QUALITY OF LIFE

This agency 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, and manages these natural resources to maximize the economic, environmental and social prosperity of current and future generations. The WIA also 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) was 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.

On September 2, 2005, the WIA closed its first successful financing, with a private placement of bonds to the State Treasurer of \$34.5 million. The proceeds were loaned to Basin Electric Cooperative to support the construction of a 130-mile, 230,000-volt line called the Hughes Transmission project. The line will connect the Hughes substation, north of Rozet, to the Carr Draw substation, west of Gillette and a proposed substation north of Sheridan. The transaction includes a WIA transaction fee of 0.125%, producing an annual revenue stream to the WIA at an amount initially of \$43,125 per year, declining over time as the principal loan amount is retired and accumulating to nearly \$600,000 over the 20-year term of the transaction. These revenues are reflected in this budget proposal as a set-aside for future repayment of the loan amounts appropriated by the Wyoming legislature.

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. Included in this budget request are funds necessary to take 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 TOT3 and the Bridger-West projects. The WIA plans to enter public private partnerships with two independent transmission companies to jointly fund efforts to prove the commercial feasibility of these expansions. In addition, the WIA anticipates that it will sponsor feasibility activities in partnership with California, Nevada and Utah to develop the proposed Frontier Line, and such funding is reflected in this budget proposal.

The WIA Board held a strategic retreat on August 30-31, 2005 and established the following goals through the upcoming biennium. These strategic goals are the driving factor for developing the budget proposal for FY-07 and FY-08.

WIA GOALS AND OBJECTIVES
Approved August 31, 2005

FY-06 (period ending June 30, 2006)

- * Complete the pre-feasibility work on the TOT3 project
- * Complete the pre-feasibility work on the Bridger-West project
- * Complete an economic screening study to identify the next high value transmission corridor project(s) to be pursued
- * Complete the business case analysis of any request for funding activities of the Transmission Development Association (i.e., Frontier Line)
- * Maintain the viability of the WIA through public policy advocacy, communication and collaboration

FY-07 (period ending June 30, 2007)

- * If pre-feasibility proven, complete permitting and engineering on the TOT3 project
- * If pre-feasibility proven, complete permitting and engineering on the Bridger-West project
- * Subject to Board approval, complete pre-feasibility work on next high value transmission corridor project(s) as identified
- * Maintain the viability of the WIA through public policy advocacy, communication and collaboration

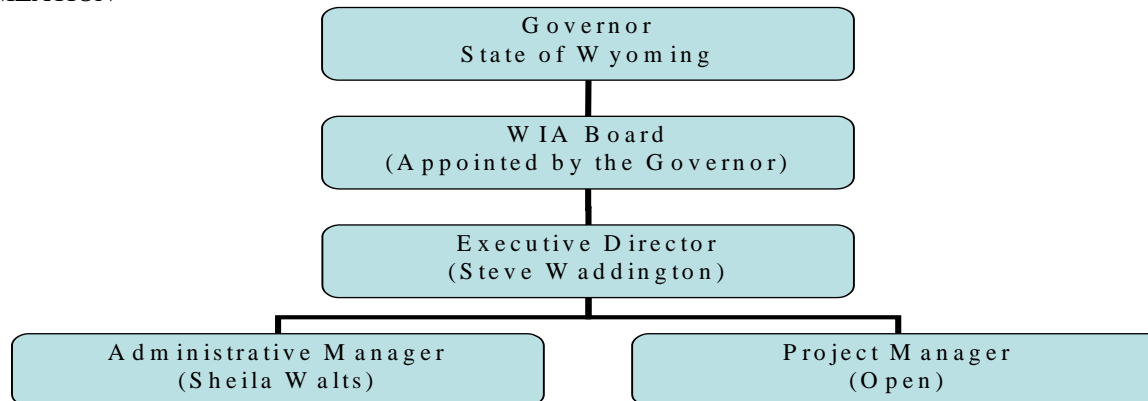
FY-08 (period ending June 30, 2008)

- * Finalize contracts with customers, secure financing and acquire rights-of-way for the TOT3 project
- * Finalize contracts with customers, secure financing and acquire rights-of-way for the Bridger-West project
- * If pre-feasibility proven, complete permitting and engineering on next high value transmission corridor project(s) as identified
- * Maintain the viability of the WIA through public policy advocacy, communication and collaboration.

SECTION 5 PERFORMANCE MEASURES

Not Applicable

SECTION 6. AGENCY ORGANIZATION



APPROPRIATION ORGANIZATION BUDGET REQUEST SUMMARY TABLE

1		2	3	4	5	6	7
Description		Base Budget	Standard Budget	Exception Request	Total Agency Request	Governor's Changes	Governor's Recommendation
EXPENSE ORGANIZATION							
WYOMING INFRASTRUCTURE AUTHORITY	0101	6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
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SOURCES OF FUNDING							
GENERAL FUND	G	6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
TOTAL BY FUNDS		6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540

Agency Name: WYOMING INFRASTRUCTURE AUTHORITY

Agency Number: 032

Appropriation Organization Name: WYOMING INFRASTRUCTURE AUTHORITY

AORG Number: 0100

Agency: **WYOMING INFRASTRUCTURE AUTHORITY**
 Approp Org: **WYOMING INFRASTRUCTURE AUTHORITY**
 Expense Org: **WYOMING INFRASTRUCTURE AUTHORITY**

Wyoming On Line Financial Codes				
AGY	AORG	EORG	FUND	APPR UNIT
032	0100	0101	001	101

SECTION 1. EXP. ORG 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 a viable entity, the WIA has established office facilities and a staff. A small but productive staff is essential for the success of the WIA.

The office has been established at 200 E. 17th Street, Suite B, in Cheyenne. The staff is presently comprised of an Executive Director and an Administrative Manager. It is anticipated that by the beginning of FY-07 a third full time position - Project Manager - will be filled. The WIA expects to maintain a staff of three full time positions into the foreseeable future.

The Executive Director is responsible for executing the policies, directives and strategies as approved by the WIA Board, as well as maintaining a high level presence in the transmission industry. The WIA has retained Mr. Steve Waddington for this position. Mr. Waddington has a depth of policy experience in electricity matters and in upper level management, with a working knowledge of transmission issues on the local as well as regional and federal level, and experience in the regulatory environment, including FERC and state regulatory matters.

The Administrative Manager is a professional position with proficiency in office management, office technology, administrative functions and executive support. Ms. Sheila Walts has been recruited to serve in this role.

The Development Manager will be responsible to oversee the work of the consultants working on transmission infrastructure development ranging from transmission load flow studies, permitting and routing activities, and environmental activities. This position will also be responsible to coordinate with the various transmission study groups and entities. This position will have a project management and contract administrative experience. A bachelors degree or equivalent experience is a minimum educational requirement for this position.

One of WIA's objectives is to make certain that lack of financing for transmission projects is not an impediment to transmission infrastructure development. The WIA will lean heavily on a financial team consisting of bond counsel and financial advisors to develop competitive financing alternatives to potential projects. In addition, policies and procedures for developing appropriate bond offerings will be established so that potential projects can be readily analyzed for creditworthiness and risk assessment.

There is a unique opportunity over the next 2-3 years to influence the implementation by Federal agencies (principally FERC and DOE) of the 2005 Energy Policy Act. The WIA plans to implement a Federal influence strategy to secure incentives supportive of Wyoming resource development. Elements of focus will be to: secure an allocation of tax-exempt or tax-credit bonding to the Authority, and favorable implementation of the Energy Policy Act. The WIA has retained, on a trial basis, a consultancy located in D.C. to accomplish these objectives. The proposed budget assumes this consultancy is delivering positive returns to Wyoming and that the retainer is in place through the two year period.

Agency: **WYOMING INFRASTRUCTURE AUTHORITY**
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 Expense Org: **WYOMING INFRASTRUCTURE AUTHORITY**

Wyoming On Line Financial Codes

AGY	AORG	EORG	FUND	APPR	UNIT
032	0100	0101	001		101

Budget requirements in this area consist of wages and benefits for three full time professionals, and professional service fees for accountants, financial advisors, bond counsel, WIA general counsel and outside consultants, including policy, technical and D.C. expertise. A summary of this requirement follows:

0901	Salaries and benefits	\$ 441,655	
0901	WIA Counsel	\$ 84,000	
0901	Accountancy	\$ 6,000	
0901	Policy Consultancy	\$ 36,000	
0901	D.C. Consultancy	\$ 180,000	
0901	Prefeasibility/project	\$ 200,000	
0901	Frontier Feasibility	\$ 400,000	
0901	Contingency	<u>\$ 32,346</u>	
	TOTAL	<u>\$1,380,000</u>	100% General Fund Loan

The Executive Director and staff will be responsible for maintaining a public office, scheduling public meetings and strategy sessions, communicating with members of the public, maintaining the WIA web-site and conducting other business of the Authority. Individual members of the Board and the Executive Director will each be responsible for maintaining a close liaison with industry, state and federal regulatory commissions and other public officials, both within and without the state of Wyoming. In addition, each of these individuals will need to maintain a visible presence in industry work groups and in both state and regional planning efforts.

0204	Communications	\$ 18,000	
0207	Dues	\$ 13,500	
0208	Advertising	\$ 5,000	
0221	Instate travel	\$ 31,000	
0222	Outstate travel	\$ 66,000	
0227	Ent Host Exp Reimb	\$ 7,500	
0231	Office Supplies	\$ 14,000	
0236	Education	\$ 7,500	
0251	Property Rental	\$ 15,000	
0420	Telecommunications	<u>\$ 23,000</u>	
	TOTAL	<u>\$200,500</u>	100% General Fund Loan

GOVERNOR'S RECOMMENDATION

I recommend the standard budget as submitted.

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 Expense Org: WYOMING INFRASTRUCTURE AUTHORITY

Wyoming On Line Financial Codes

AGY	AORG	EORG	FUND	APPR	UNIT
032	0100	0101	001		101

SECTION 3. EXCEPTION BUDGET REQUEST
PRIORITY #1 OFFICE EXPENSES

Since the formation of the 2005-2006 Supplemental Budget, the WIA has established its offices and gained experience in the actual running costs of the office and travel requirements. This 2007-2008 Budget request makes a number of adjustments to reflect experience with actual costs. The cost of utilities, motor vehicle maintenance and insurance, for example, were not budgeted for in the Supplemental budget. The other changes reflect judgements based upon actual year-to-date patterns of costs.

0203 Utilities	\$ 6,000
0221 Instate Travel	(\$ 1,000)
0222 Outstate Travel	\$ 14,000
0233 Motor Vehicle Maint.	\$ 5,000
0251 Property Rental	\$ 2,040
0254 Insurance	\$ 5,000
0420 Telecommunications	<u>\$ 2,000</u>
TOTAL	\$ 33,040

GOVERNOR'S RECOMMENDATION

I recommend priority #1 based upon the actual expenses of day to day operations.

PRIORITY #2 CAPITAL EXPENDITURES

To furnish and equip the office to accommodate three professionals, additional capital expenditures are anticipated over the biennium. These capital expenditures will complete the furnishing and equipping of the WIA office, including an office server and small conference room furnishings.

0241 Furniture	\$ 5,000	
0242 Computer	<u>\$ 5,000</u>	
TOTAL	\$ 10,000	100% General Fund Loan

GOVERNOR'S RECOMMENDATION

I recommend priority #2 to complete the setup of the Wyoming Infrastructure Authority office.

PRIORITY #3 CATALYZING TRANSMISSION DEVELOPMENT AND/OR PROJECT OWNERSHIP

In order for the WIA to catalyze transmission project development it will need to take the lead in the preliminary development of transmission projects while at the same time having an exit strategy which enables the WIA to pull back if a transmission project reaches a point of continued viability absent WIA involvement.

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AGY	AORG	EORG	FUND	APPR UNIT
032	0100	0101	001	101

Under this strategy the WIA is an incubator for transmission projects. The WIA can further this role by working to aggregate the transmission needs of numerous power development projects to achieve economies of scale as well as to socialize and perhaps underwrite early project development risk. The WIA has also developed a public private partnership strategy to leverage the resources and expertise of independent transmission companies that share an interest in proving the commercial feasibility of transmission expansions that will benefit the citizens of Wyoming.

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. In order to have the ability to move projects from the study table to the field the WIA is requesting addition funds to conduct environmental and permitting studies.

The WIA has selected three projects for feasibility work over the next biennium: TOT3, Bridger-West, and the Frontier Line. The WIA favors a public/private partnership approach to proving the feasibility of transmission projects. With regard to the TOT3 and Bridger-West opportunities, the WIA has secured a private sector partner to share in the feasibility funding. The Frontier Line proposal is less mature, but the WIA will advocate for involving a private sector developer as early as possible is pursuing this project. The WIA also plans to maintain active planning evaluation to assess additional project opportunities beyond and in conjunction with these projects.

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.

The 2005-2006 Supplemental Budget included the provision for a loan to the Authority of not to exceed \$5,000,000 for transmission development, provided the funds not be released pending both the submission of a project and economic benefit report and findings to and the approval of all five elected officials. The WIA has not to date sought access to these funds, but anticipates that requests will be brought to the five elected officials during FY-06 and the next biennium.

Given the scope of the anticipated involvement by the WIA in three significant transmission projects over the next biennium (TOT3, Bridger-West, and Frontier) the WIA anticipates the need for up to \$10,000,000 for participation in at least the first two development phases on all three projects. Subsequently, the WIA proposes

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an additional loan of \$5,000,000 in addition to the outstanding loan authorized by the legislature.

0903 Professional fees \$5,000,000 100% General Fund Loan

GOVERNOR'S RECOMMENDATION

At this time, I recommend denial of priority #3. The WIA has not yet submitted phase one to the elected officials to spend the \$5,000,000 obtained in the 2005-2006 Supplemental Budget. I recommend the agency submit a 2007-2008 Supplemental Budget for the additional dollars that may be required after the first phase has been approved by the elected officials.

		Wyoming On Line Financial System Codes					
		AGY	AORG	EORG	FUND	APPR UNIT	
Agency Name: WYOMING INFRASTRUCTURE AUTHORITY		032	0100	0101	001	101	
Appropriation Organization Name: WYOMING INFRASTRUCTURE AUTHORITY							
Expense Organization Name: WYOMING INFRASTRUCTURE AUTHORITY							
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	0	0	6,000	6,000	0	6,000
COMMUNICATION	0204	18,000	18,000	0	18,000	0	18,000
DUES-LICENSES-REGIST	0207	13,500	13,500	0	13,500	0	13,500
ADVERTISING-PROMOT	0208	5,000	5,000	0	5,000	0	5,000
TRAVEL IN STATE	0221	31,000	31,000	(1,000)	30,000	0	30,000
TRAVEL OUT OF STATE	0222	66,000	66,000	14,000	80,000	0	80,000
ENT. HOST EXP. REIMBURSED	0227	7,500	7,500	0	7,500	0	7,500
OFFICE SUPPL-PRINTNG	0231	14,000	14,000	0	14,000	0	14,000
MTR VEH&AIRPLANE SUP	0233	0	0	5,000	5,000	0	5,000
EDUCA-RECREATNL SUPP	0236	7,500	7,500	0	7,500	0	7,500
OFFICE EQUIP-FURNISH	0241	9,000	0	5,000	5,000	0	5,000
DP REPRODUCT OTH EQ	0242	21,000	0	5,000	5,000	0	5,000
REAL PROPERTY RENTAL	0251	15,000	15,000	2,040	17,040	0	17,040
INSURANCE-BOND PREMS	0254	0	0	5,000	5,000	0	5,000
SUPPORTIVE SERVICES	0200	207,500	177,500	41,040	218,540	0	218,540
TELECOMMUNICATIONS	0420	23,000	23,000	2,000	25,000	0	25,000
CENT. SERV./DATA SERV.	0400	23,000	23,000	2,000	25,000	0	25,000
PROFESSIONAL FEES	0901	1,380,000	1,380,000	0	1,380,000	0	1,380,000
SPECIAL PROJ & SVCS	0903	5,000,000	0	5,000,000	5,000,000	(5,000,000)	0
CONTRACTUAL SERVICES	0900	6,380,000	1,380,000	5,000,000	6,380,000	(5,000,000)	1,380,000
EXPENDITURE TOTALS		6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
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GENERAL FUND	1001	6,610,500	1,580,500	5,043,040	6,623,540	(5,000,000)	1,623,540
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