



Draft Fiscal Year 2022 Budget



# Fiscal Year 2022 Energy Northwest Budget Summary

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## **Summary**

This document contains a summary of budgets for all Energy Northwest business units. This section has been prepared for information purposes only.

Energy Northwest operates six business units under various contractual agreements and Energy Northwest Board Resolutions. These business units include Columbia Generating Station, Project 1, Project 3, Packwood Hydroelectric Project, The Business Development Fund, and the Nine Canyon Wind Project. Energy Northwest also manages an Internal Service Fund which acts as an agency clearing account for disbursing agency-wide costs such as employee benefits and corporate programs to the various business units.

**Table 1**  
**Funding Requirements**  
(Dollars in Thousands)

<u>Funding Requirements</u>	FY 2022	Amended	Variance
	Budget	FY 2021 Budget	
Columbia (1)	\$ 722,881	\$ 779,755	\$ (56,874)
Packwood (2)	3,628	3,843	(215)
Nine Canyon Wind Project (3)	19,194	18,796	398
Project 1 (4)	57,620	56,640	980
Project 3 (5)	57,089	57,920	(831)
Business Development Fund (6)	16,382	13,565	2,817
<b>Total Funding Requirements</b>	<b>\$ 876,794</b>	<b>\$ 930,519</b>	<b>\$ (53,725)</b>

<u>Funding Sources</u>	FY 2022	FY 2021	Variance
	Budget	Budget	
Net Billing Revenues/Direct Pay	\$ 448,138	\$ 507,025	\$ (58,887)
Excess Direct Pay from FY2020	-	330	(330)
Note/Line of Credit Draws	40,500	36,000	4,500
Bond Proceeds (Capital)	107,234	113,763	(6,529)
Bond Proceeds (Interest/Line of Credit)	81,000	72,000	9,000
Fuel Revenue	85,920	67,760	18,160
Revenues	36,450	36,216	234
Capital Reimbursement	2,183	1,732	451
Line of Credit/Fuel Revenue	65,880	85,920	(20,040)
Working Capital/Receipts from Participants	4,858	5,561	(703)
BPA Decommissioning	4,631	4,212	419
<b>Total Funding Sources</b>	<b>\$ 876,794</b>	<b>\$ 930,519</b>	<b>\$ (53,725)</b>

- (1) See Table 8 on Page 14 of Columbia's Budget Documents  
(2) See Table 5 on Page 9 of Packwood's Budget Documents  
(3) See Table 4 on Page 9 of Nine Canyon's Budget Documents  
(4) See Table 5 on Page 9 of Project 1's Budget Documents  
(5) See Table 4 on Page 7 of Project 3's Budget Documents  
(6) See Table 5 on Page 10 of Business Development's Budget Documents

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**Table 2**  
**Operating & Capital Costs**  
(Dollars in Thousands)

<b><u>Operating Costs</u></b>	<b>FY 2022</b>	<b>Amended</b>	<b>Variance</b>
	<b>Budget</b>	<b>FY 2021</b>	
		<b>Budget</b>	
Columbia (1)	\$ 518,395	\$ 569,532	\$ (51,137)
Packwood (2)	3,226	3,018	208
Nine Canyon Wind Project (3)	16,341	15,724	617
Project 1 (4)	30,737	33,168	(2,431)
Project 3 (5)	27,332	27,018	314
Business Development Fund (6)	13,974	11,665	2,309
<b>Total Operating Costs</b>	<b>\$ 610,005</b>	<b>\$ 660,125</b>	<b>\$ (50,120)</b>

<b><u>Capital Costs</u></b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	
Columbia (1)	\$ 95,668	\$ 112,133	\$ (16,465)
Packwood (2)	673	1,079	(406)
Nine Canyon Wind Project (3)	-	508	(508)
Business Development Fund (7)	537	499	38
<b>Total Capital Costs</b>	<b>\$ 96,878</b>	<b>\$ 114,219</b>	<b>\$ (17,341)</b>

(1) See Table 3 on Page 7 of Columbia's Budget Document

(2) See Table 1 on Page 5 of Packwood's Budget Document

(3) See Table 1 on Page 5 of Nine Canyon's Budget Document

(4) See Table 1 on Page 4 of Project 1's Budget Document

(5) See Table 1 on Page 4 of Project 3's Budget Document

(6) See Table 1 on Page 5 of Business Development's Budget Document

(7) See Table 3 on Page 7 of Business Development's Budget Document

**Table 3**  
**Summary of Full Time Equivalent Positions by Business Unit(1)(2)**

<u><b>Business Unit</b></u>	<u><b>FY 2022 Budget</b></u>	<u><b>FY 2021 Budget</b></u>	<u><b>Variance</b></u>
Columbia	965	977	(12)
Packwood	4	4	-
Nine Canyon Wind Project	12	12	-
Project 1	5	7	(2)
Project 3	1	1	-
Business Development Fund	60	48	12
<b>Total Full Time Equivalent Positions</b>	<u><b>1,047</b></u>	<u><b>1,049</b></u>	<u><b>(2)</b></u>

(1) Includes Full Time Equivalent (FTE) positions for transition of new employees taking positions of retiring employees.

(2) Corporate Programs (A&G) FTE positions of 73 in FY 2022 and 73 in FY 2021 have been allocated and are included in the Business Units above.



# **Fiscal Year 2022 Columbia Generating Station Annual Operating Budget**

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### Summary

Energy Northwest's Columbia Generating Station (Columbia) is a 1,174 megawatt boiling water nuclear power station utilizing a General Electric nuclear steam supply system. The project is located on the Department of Energy's Hanford Reservation near Richland, Washington. The project began commercial operation in December 1984.

This Columbia Generating Station Fiscal Year 2022 Annual Operating Budget has been prepared by Energy Northwest pursuant to the requirements of Board of Directors Resolution No. 640, the Project Agreement, and the Net Billing Agreements. This document includes all capitalized and non-capitalized costs associated with the project for Fiscal Year 2022. In addition, this document includes all funding requirements.

The total cost budget for Fiscal Year 2022 for Expense and Capital related costs are estimated at \$614,063,000 (Table 3), with associated total funding requirements of \$722,881,000 (Table 8). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2022 have been established at \$363,738,000 (Table 1) including escalation. In Fiscal Year 2022, Bonneville Power Administration will be directly paying the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This will take the net billing requirements to zero, for the statements which are normally sent to participants in the project and will be paid in accordance with the terms of the Net Billing Agreements. The Net Billing Agreements are still in place, but the direct cash payments from Bonneville Power Administration will simply take the participant payment amounts to zero. In the Direct Pay Agreements, Energy Northwest agreed to promptly bill each participant its share of the costs of the project under the Net Billing Agreements, if Bonneville fails to make a payment when due under the Direct Pay Agreements. Fiscal Year 2022 Capital costs will be funded by bond proceeds and are not included in the Fiscal Year 2022 direct pay requirements. Total direct pay requirements of \$399,216,000 (Table 8) will be the basis for billing directly to Bonneville Power Administration.

This budget is presented on a cost basis and includes a cost to cash reconciliation (Table 7) converting cost data to a cash basis. The Columbia Generating Station's Annual Budget (Table 8) is required by the various project agreements.

Comparison of the Fiscal Year 2022 Budget to the Fiscal Year 2021 Long Range Plan for Fiscal Year 2022 is included (Table 1). Comparison of the Fiscal Year 2022 Budget is made to the amended budget for Fiscal Year 2021, dated August 27, 2020.

**Key Assumptions/Qualifications**

This budget is based upon the following key assumptions and qualifications:

- Fiscal Year 2022 cost of power is based on net generation of 9,806 GWh.
- There is not a refueling outage planned for Fiscal Year 2022.
- Risk reserves consist of a total of \$10.1 million.
- Unknown NRC mandates are excluded.
- All assumptions associated with Nuclear Fuel are referenced in the Columbia Fuel Plan Section.
- Other Specific Inclusions:
  - Sales tax calculated at 8.6 percent for appropriate items
- All Fiscal Year 2022 Capital expenses are expected to be funded by proceeds of the 2021AB transaction or will be funded by cash held as a result of Independent Spent Fuel Storage Installation Facility settlements with the Department of Energy.
- Fuel Revenue of \$85.92 million is expected to be received by September 30, 2021 from the Tennessee Valley Authority (TVA) related to the Depleted Uranium Enrichment Program (DUEP). Under the TVA Agreement, TVA is obligated to pay prior to September 30, 2021. However, to ensure the benefits are achieved in the appropriate rate period as originally contemplated under the DUEP, revenues will be received or line of credit proceeds will be received to fund the maturing debt prior to July 1, 2021.

**Table 1**  
**Memorandum of Agreement (MOA) (1)**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>FY 2021 (2) LRP for FY 2022 (2)</u>	<u>Variance</u>
Baseline	\$ 129,156	\$ 124,347	\$ 4,809
Allocations O&M	72,493	74,113	(1,620)
Expense Projects	8,248	9,041	(793)
Risk Reserve	3,575	1,668	1,907
<b>Operations &amp; Maintenance Total</b>	<b>\$ 213,472</b>	<b>\$ 209,169</b>	<b>\$ 4,303</b>
Capital Projects	\$ 58,591	\$ 58,579	\$ 12
Allocations Capital	30,597	28,977	1,620
Risk Reserve	6,480	8,112	(1,632)
<b>Capital Total</b>	<b>\$ 95,668</b>	<b>\$ 95,668</b>	<b>\$ -</b>
Nuclear Fuel Related Costs	\$ 54,598	\$ 58,011	\$ (3,413)
<b>Fuel Total</b>	<b>\$ 54,598</b>	<b>\$ 58,011</b>	<b>\$ (3,413)</b>
<b>Total</b>	<b>\$ 363,738</b>	<b>\$ 362,848</b>	<b>\$ 890</b>
<b>Net Generation (GWh)</b>	<b>9,806</b>	<b>9,806</b>	<b>-</b>
<b>Cost of Power (\$/MWh)</b>	<b>\$ 37.09</b>	<b>\$ 37.00</b>	<b>\$ 0.09</b>

- (1) Columbia costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This measure includes operations and maintenance, capital additions and fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, A&G, and information technology expenses).
- (2) Fiscal Year 2021 Long Range Plan for Fiscal Year 2022.

**Table 2**  
**Columbia Station Costs - Memorandum of Agreement Comparison (1)**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>Amended FY 2021 Budget</u>	<u>Variance</u>
<b>Controllable Costs</b>			
Energy Northwest Labor	\$ 74,637	\$ 75,607	\$ (970)
Baseline Non-Labor	60,345	57,570	2,775
Incremental Outage	-	22,952	(22,952)
Expense Projects Non-Labor	6,605	30,779	(24,174)
Capital Projects Non-Labor	54,408	71,797	(17,389)
Allocations	103,090	106,479	(3,389)
FY20 Transfer to FY21	-	2,870	(2,870)
Risk Reserve	10,055	12,001	(1,946)
<b>Subtotal Controllable</b>	<b>\$ 309,140</b>	<b>\$ 380,055</b>	<b>\$ (70,915)</b>
<b>Nuclear Fuel Related Costs</b>			
Nuclear Fuel Amortization	\$ 54,598	\$ 50,064	\$ 4,534
<b>Subtotal Nuclear Fuel Related</b>	<b>\$ 54,598</b>	<b>\$ 50,064</b>	<b>\$ 4,534</b>
<b>Total</b>	<b>\$ 363,738</b>	<b>\$ 430,119</b>	<b>\$ (66,381)</b>
<b>Net Generation (GWh)</b>	<b>9,806</b>	<b>8,731</b>	<b>1,075</b>
<b>Cost of Power (\$/MWh)</b>	<b>\$ 37.09</b>	<b>\$ 49.26</b>	<b>\$ (12.17)</b>

(1) Columbia Costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This cost measure includes operations and maintenance and capital additions, fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, and corporate programs).

**Table 3**  
**Summary of Costs**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Amended</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
<b><u>Controllable Expense</u></b>			
Energy Northwest Labor	\$ 70,454	\$ 72,523	\$ (2,069)
Base Non-Labor	60,345	57,570	2,775
Expense Projects Non-Labor (1)	6,605	30,779	(24,174)
Incremental Outage	-	22,952	(22,952)
Allocations	72,493	79,875	(7,382)
FY20 Transfer to FY21	-	330	(330)
O&M Risk Reserve	3,575	3,893	(318)
<b>Subtotal Controllable</b>	<b>\$ 213,472</b>	<b>\$ 267,922</b>	<b>\$ (54,450)</b>
<b><u>Incremental</u></b>			
Nuclear Fuel Amortization	\$ 54,598	\$ 50,064	\$ 4,534
Generation Taxes	5,297	5,925	(628)
<b>Subtotal Incremental</b>	<b>\$ 59,895</b>	<b>\$ 55,989</b>	<b>\$ 3,906</b>
<b><u>Fixed</u></b>			
Treasury Related Expenses (2)	\$ 126,917	\$ 129,385	\$ (2,468)
Decommissioning (3)	27,515	26,808	707
Depreciation	90,596	89,428	1,168
<b>Subtotal Fixed</b>	<b>\$ 245,028</b>	<b>\$ 245,621</b>	<b>\$ (593)</b>
<b>Total Operating Expense</b>	<b>\$ 518,395</b>	<b>\$ 569,532</b>	<b>\$ (51,137)</b>
<b><u>Capital</u></b>			
Energy Northwest Labor	\$ 4,183	\$ 3,084	\$ 1,099
Capital Projects Non-Labor (4)	54,408	71,797	(17,389)
Indirect Allocations	30,597	26,604	3,993
FY20 Transfer to FY21	-	2,540	(2,540)
Capital Risk Reserve	6,480	8,108	(1,628)
<b>Total Capital</b>	<b>\$ 95,668</b>	<b>\$ 112,133</b>	<b>\$ (16,465)</b>
<b>Total Expense and Capital</b>	<b>\$ 614,063</b>	<b>\$ 681,665</b>	<b>\$ (67,602)</b>

(1) See Table 5B (page 10).

(2) See Table 6 (page 11).

(3) Includes ISFSI Decommissioning.

(4) See Table 5A (page 10).

## Summary of Full Time Equivalent (FTE) Positions\*

<u>Organization</u>	<u>Direct Charge</u>	<u>Corporate Allocation**</u>	<u>FY 2022 Budget</u>	<u>FY 2021 Budget</u>	<u>Variance</u>
Chief Executive Officer	-	2	2	2	-
Vice President Corporate Governance & General Counsel	29	14	43	46	(3)
Vice President Nuclear Generation/Chief Nuclear Officer***	761	1	762	769	(7)
Vice President Energy Services & Development	2	-	2	3	(1)
Vice President Chief Financial Officer	17	13	30	29	1
Corporate Services General Manager	88	38	126	128	(2)
<b>Total</b>	<b>897</b>	<b>68</b>	<b>965</b>	<b>977</b>	<b>(12)</b>

**Note:** FY 2021 Staffing has been reclassified for comparison purposes

- \* Includes project positions
- \* Includes employees supporting Capital Projects
- \* Excludes temporary positions
- \*\* Includes allocation of Corporate FTE Positions (93% in FY 2022 and 94% in FY 2021)
- \*\*\* Includes employment "pipeline" for Operations and Security



**Table 5**  
**Projects Non-Labor**  
(Dollars in Thousands)

<u>Description</u>	FY 2022	Amended FY 2021	Variance
	<u>Budget</u>	<u>Budget</u>	
<b><u>Capital Projects</u></b>			
Plant Modifications	\$ 47,654	\$ 65,528	\$ (17,874)
Facilities Modifications	1,390	1,556	(166)
Information Technology	5,364	4,713	651
<b>Subtotal Capital Projects</b>	<b><u>\$ 54,408</u></b>	<b><u>\$ 71,797</u></b>	<b><u>\$ (17,389)</u></b>
<b><u>Expense Projects</u></b>			
Plant Modifications	\$ 5,576	\$ 30,027	\$ (24,451)
Facilities Modifications	1,029	752	277
<b>Subtotal Expense Projects</b>	<b><u>\$ 6,605</u></b>	<b><u>\$ 30,779</u></b>	<b><u>\$ (24,174)</u></b>
 <b>Total</b>	 <b><u>\$ 61,013</u></b>	 <b><u>\$ 102,576</u></b>	 <b><u>\$ (41,563)</u></b>

**Table 5A**  
**Capital Projects Non-Labor Over \$1 Million**  
(Dollars in Thousands)

<b><u>Plant Modifications, Facilities and Information Technology</u></b>	<b>FY 2022 Budget</b>
Moisture Separator Reheater Internals Retrofit	\$ 9,578
Low Pressure Turbine Rotor Replacement	6,052
Security Boundary Wall	5,954
License Renewal Implementation	3,005
Main Turbine Valve Maintenance	2,557
Plant Processing Computer Phase 1	2,487
Reactor Feedwater Drive Turbine Refurbishment	2,400
Service Water Pump 1 A/B Replace/Refurbishment	2,100
Spent Fuel Pool Cleanup	1,769
Rector Recirculation Motor 1A/B Replacement	1,365
All Other Projects < \$1 Million	17,141
<b>Total Capital Projects Non-Labor</b>	<b>\$ 54,408</b>

**Table 5B**  
**Expense Projects Non-Labor Over \$250 Thousand**  
(Dollars in Thousands)

<b><u>Major Maintenance and Facilities</u></b>	<b>FY 2022 Budget</b>
Emergency Diesel Generator Maintenance	\$ 1,518
Cooling Tower and Circulating Water Preventative Maintenance	782
Plant Valve Project	513
Vital Area Roof Program	464
Vessel Services	432
Valve Program Project	322
Buried Piping Integrity Program	300
Kootenai Building Roof Re-Coat	300
All Other Projects < \$250 Thousand	1,974
<b>Total Expense Projects Non-Labor</b>	<b>\$ 6,605</b>

**Table 6**  
**Treasury Related Expenses**  
(Dollars in Thousands)

<u>Description</u>	Amended		Variance
	FY 2022 Budget	FY 2021 Budget	
Interest Expense (1)	\$ 154,701	\$ 151,124	\$ 3,577
Build America Bond Subsidy (2)	(3,925)	(3,917)	(8)
Interest on Note (3)	1,275	2,750	(1,475)
Amortized Financing Cost (4)	(25,450)	(20,266)	(5,184)
Investment Income (5)	(348)	(973)	625
Treasury Svcs/Paying Agent Fees (6)	664	667	(3)
<b>Total</b>	<b>\$ 126,917</b>	<b>\$ 129,385</b>	<b>\$ (2,468)</b>

### Assumptions

- (1) Budget assumes approximately \$268.1 million in principal will be refunded in FY 2022 and approximately \$86.1 million will be repaid during FY 2022.
- (2) Build America Bonds were expected to receive a subsidy from the Treasury for 35% of the interest payments. Reductions have been implemented as part of the Congressional budget cuts.
- (3) A portion of Columbia bond interest expenses has been funded by lines of credit that enable the repayment of Bonneville federal debt obligations as part of the regional cooperation debt initiative.
- (4) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (5) Includes income on investment of monies held in the Interest and Principal Accounts and the Capital Fund which can be transferred periodically to the Revenue Fund.  
Projected investment income earning rates are forecasted to average 0.35%.
- (6) Includes all non-interest costs of banking, debt and internal labor and overheads.

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**Table 7**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

Description	FY 2022 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2022 Total Cash
<u>Operating</u>						
Controllable - Expense	\$ 213,472	\$ -	\$ -	\$ -	\$ -	\$ 213,472
Controllable - Capital	95,668	-	11,966	-	-	107,634
Nuclear Fuel	54,598	(54,345)	42,785	-	-	43,038
Fuel Litigation	-	-	185	-	-	185
Spares/Inventory Growth	-	-	4,000	-	-	4,000
Generation Taxes	5,297	-	-	-	-	5,297
<b>Subtotal Operating</b>	<b>\$ 369,035</b>	<b>\$ (54,345)</b>	<b>\$ 58,936</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 373,626</b>
<u>Fixed Expenses</u>						
Treasury Related Expense						
Interest on Bonds	\$ 154,701	\$ -	\$ -	\$ -	\$ -	\$ 154,701
Build America Bond Subsidy	(3,925)	-	-	-	-	(3,925)
Interest on Note Payable	1,275	-	-	-	-	1,275
Payoff of Note Principal	-	-	105,920	-	-	105,920
Bond Retirement	-	-	86,115	-	-	86,115
Amortized Cost	(25,450)	25,450	-	-	-	-
Investment Income-Revenue Fund	(348)	-	-	222	-	(126)
Treasury Services	664	-	-	-	-	664
Decommissioning and Site Restoration(1)	27,310	(27,310)	4,381	-	-	4,381
ISFSI Decommissioning	205	(205)	250	-	-	250
Depreciation	90,596	(90,596)	-	-	-	-
<b>Subtotal Fixed Expenses</b>	<b>\$ 245,028</b>	<b>\$ (92,661)</b>	<b>\$ 196,666</b>	<b>\$ 222</b>	<b>\$ -</b>	<b>\$ 349,255</b>
<b>Total</b>	<b>\$ 614,063</b>	<b>\$ (147,006)</b>	<b>\$ 255,602</b>	<b>\$ 222</b>	<b>\$ -</b>	<b>\$ 722,881</b>

(1) Decommissioning and Site Restoration paid directly by the Bonneville Power Administration

Note: Controllable cost and cash is equal due to BPA decision to Direct Pay and the institution of contractor time & labor.

**Table 8**  
**Annual Budget**  
**Statement of Funding Requirements (Revenue Fund)**  
(Dollars in Thousands)

<u>Description</u>	Amended		<u>Variance</u>
	FY 2022	FY 2021	
	<u>Budget</u>	<u>Budget</u>	
<u>Operating</u>			
Controllable Expense	\$ 213,472	\$ 267,922	\$ (54,450)
Controllable Capital	107,634	114,063	(6,429)
Nuclear Fuel	43,038	44,933	(1,895)
Fuel Litigation	185	185	-
Spares/Inventory Growth	4,000	6,000	(2,000)
Generation Taxes	5,297	6,213	(916)
<b>Subtotal Operating Requirements</b>	<b><u>\$ 373,626</u></b>	<b><u>\$ 439,316</u></b>	<b><u>\$ (65,690)</u></b>
<u>Fixed</u>			
Treasury Related Expenses			
Interest on Bonds	\$ 154,701	\$ 151,124	\$ 3,577
Build America Bond Subsidy	(3,925)	(3,917)	(8)
Interest on Note	1,275	2,750	(1,475)
Payoff of Note Principal	105,920	84,260	21,660
Bond Retirement (1)	86,115	101,520	(15,405)
Investment Income-Revenue Fund	(126)	(412)	286
Treasury Services/Paying Agent Fees	664	667	(3)
Decommissioning and Site Restoration Costs (2)	4,381	4,212	169
ISFSI Decommissioning Costs (2)	250	235	15
<b>Subtotal Fixed</b>	<b><u>\$ 349,255</u></b>	<b><u>\$ 340,439</u></b>	<b><u>\$ 8,816</u></b>
<b>Total Funding Requirements</b>	<b><u>\$ 722,881</u></b>	<b><u>\$ 779,755</u></b>	<b><u>\$ (56,874)</u></b>
<u>Funding Sources</u>			
Direct Pay from BPA / Net Billing (3)	\$ 399,216	\$ 458,270	\$ (59,054)
Excess Direct Pay from FY2020	-	330	(330)
Note / Line of Credit Draws (4)	20,000	16,500	3,500
Bond Proceeds (Capital) (5)	107,234	113,763	(6,529)
Bond Proceeds (Interest / LOC) (6)	40,000	33,000	7,000
Fuel Revenue	85,920	67,760	18,160
Line of Credit / Fuel Revenue (7)	65,880	85,920	(20,040)
Bonneville Direct Funding Decommissioning (2)	4,631	4,212	419
<b>Total Funding Sources</b>	<b><u>\$ 722,881</u></b>	<b><u>\$ 779,755</u></b>	<b><u>\$ (56,874)</u></b>

(1) \$268.1 million of maturing July 2022 bonds are expected to be extended while \$86.1 million will be repaid.

(2) BPA directly funds the requirements for the Decommissioning and Site Restoration Funds on behalf of Energy Northwest. BPA is also expected to direct fund ISFSI Decommissioning costs in FY 2022.

(3) Bonneville will direct pay the monthly funding requirements under the provisions of the Direct Pay Agreement.

(4) Draws against Note / Line of Credit for Tax-Exempt Interest Expense in January 2022.

(5) Bond Proceeds do not include funding of approximately \$400K related to the Energy Northwest Office Complex.

(6) Approximately \$40 million of interest expense is expected to be extended as part of Phase II of RCD.

(7) Line of Credit / Fuel Revenue includes proceeds related to the scheduled TVA revenue to be received by 9/30/21.

**Table 9**  
**Monthly Statement of Funding Requirements**  
 (Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2022 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<b>Disbursements</b>													
<b>Operating</b>													
Controllable Expense	\$ 30,000	\$ 18,500	\$ 14,500	\$ 19,500	\$ 15,000	\$ 16,000	\$ 18,000	\$ 18,500	\$ 17,000	\$ 17,500	\$ 17,500	\$ 11,472	\$ 213,472
Controllable Capital	11,500	8,000	10,000	8,000	10,000	9,000	9,000	7,500	9,500	8,500	8,000	8,634	107,634
Nuclear Fuel In Process	507	379	3,970	979	379	31,942	379	379	1,248	1,248	1,248	380	43,038
Fuel Litigation	-	-	-	-	5	10	30	45	45	30	20	-	185
Spares/Inventory Growth	-	1,000	-	-	1,000	-	-	1,000	-	-	1,000	-	4,000
Generation Taxes	-	-	-	-	-	-	-	-	-	-	-	5,297	5,297
<b>Subtotal Operating</b>	\$ 42,007	\$ 27,879	\$ 28,470	\$ 28,479	\$ 26,384	\$ 56,952	\$ 27,409	\$ 27,424	\$ 27,793	\$ 27,278	\$ 27,768	\$ 25,783	\$ 373,626
<b>Fixed</b>													
Treasury Related Expenses													
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,350	\$ 154,701
BABs Subsidy	-	-	-	-	-	(1,962)	-	-	-	-	-	(1,963)	(3,925)
Interest on Note	-	-	-	-	-	-	-	-	-	-	-	1,275	1,275
Payoff of Note Principal	-	-	85,920	-	-	-	-	-	-	-	-	20,000	105,920
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	86,115	86,115
Investment Income	(10)	(10)	(10)	(10)	(10)	(13)	(10)	(10)	(10)	(10)	(10)	(13)	(126)
Treasury Services	55	55	56	55	55	55	56	55	55	56	56	55	664
Decommissioning and													
Site Restoration	-	-	4,381	-	-	-	-	-	-	-	-	-	4,381
ISFSI Decommissioning	-	-	250	-	-	-	-	-	-	-	-	-	250
<b>Subtotal Fixed</b>	\$ 45	\$ 45	\$ 90,597	\$ 45	\$ 45	\$ 75,431	\$ 46	\$ 45	\$ 45	\$ 46	\$ 46	\$ 182,819	\$ 349,255
<b>Total Disbursements</b>	\$ 42,052	\$ 27,924	\$ 119,067	\$ 28,524	\$ 26,429	\$ 132,383	\$ 27,455	\$ 27,469	\$ 27,838	\$ 27,324	\$ 27,814	\$ 208,602	\$ 722,881
<b>Funding Sources</b>													
BPA Direct Pay (2)	\$ 30,552	\$ 19,924	\$ 18,516	\$ 20,524	\$ 16,429	\$ 103,383	\$ 18,455	\$ 19,969	\$ 18,338	\$ 18,824	\$ 19,814	\$ 94,488	\$ 399,216
Bond Proceeds (Capital)	11,500	8,000	10,000	8,000	10,000	9,000	9,000	7,500	9,500	8,500	8,000	8,234	107,234
Bond Proceeds (Interest / LOC)	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Fuel Revenue	-	-	85,920	-	-	-	-	-	-	-	-	-	85,920
Line of Credit (Interest Expense)	-	-	-	-	-	20,000	-	-	-	-	-	-	20,000
Line of Credit / Fuel Revenue	-	-	-	-	-	-	-	-	-	-	-	65,880	65,880
BPA - Decommissioning	-	-	4,631	-	-	-	-	-	-	-	-	-	4,631
<b>Total Funding Sources</b>	\$ 42,052	\$ 27,924	\$ 119,067	\$ 28,524	\$ 26,429	\$ 132,383	\$ 27,455	\$ 27,469	\$ 27,838	\$ 27,324	\$ 27,814	\$ 208,602	\$ 722,881
<b>Ending Balance</b>	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

(1) \$251.3 million of 7/1/2021 maturing bonds are expected to be refunded. The remaining \$101.5 are expected to be paid off.

(2) BPA is billed, through the Direct Pay Agreements, one month in advance for the following month's expenses.

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# Fiscal Year 2022 Columbia Generating Station Long Range Plan

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BPA Rate Case Columbia Fiscal Year Updated 3-23-21	RC		RC		RC		RC		RC		RC	
	FY22	FY23 (R26)	FY24	FY25 (R27)	FY26	FY27 (R28)	FY28	FY29 (R29)	FY30	FY31 (R30)	FY32	
	1	2	3	4	5	6	7	8	9	10	11	
<b>Operations &amp; Maintenance (O&amp;M) Costs</b>												
Baseline Costs	\$ 129,156	\$ 121,918	\$ 120,941	\$ 120,941	\$ 120,941	\$ 120,941	\$ 120,941	\$ 120,941	\$ 120,941	\$ 120,941	\$ 120,941	
Outage Costs (Incremental)	\$ -	\$ 23,022	\$ -	\$ 23,022	\$ -	\$ 23,022	\$ -	\$ 23,022	\$ -	\$ 27,222	\$ -	
Indirect Allocations ▼	\$ 72,493	\$ 74,876	\$ 77,732	\$ 76,261	\$ 76,475	\$ 78,879	\$ 82,293	\$ 81,493	\$ 80,586	\$ 77,926	\$ 79,666	
Plant Projects	\$ 7,196	\$ 32,421	\$ 7,296	\$ 34,862	\$ 6,031	\$ 38,399	\$ 9,131	\$ 38,179	\$ 7,154	\$ 37,266	\$ 6,790	
Facilities Projects	\$ 1,051	\$ 1,008	\$ 1,007	\$ 1,385	\$ 1,322	\$ 1,697	\$ 1,268	\$ 1,260	\$ 1,180	\$ 1,169	\$ 1,413	
Risk Reserve	\$ 3,575	\$ 1,931	\$ 1,693	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	
<b>Subtotal O&amp;M Costs</b>	<b>\$ 213,472</b>	<b>\$ 255,177</b>	<b>\$ 208,669</b>	<b>\$ 258,472</b>	<b>\$ 206,769</b>	<b>\$ 264,938</b>	<b>\$ 215,634</b>	<b>\$ 266,896</b>	<b>\$ 211,862</b>	<b>\$ 266,525</b>	<b>\$ 210,810</b>	
Escalation (Based on BPA Projections)	\$ -	\$ 5,257	\$ 8,728	\$ 16,466	\$ 17,923	\$ 29,501	\$ 29,667	\$ 43,976	\$ 40,830	\$ 58,772	\$ 52,378	
<b>Total O&amp;M Costs (escalated)</b>	<b>\$ 213,472</b>	<b>\$ 260,434</b>	<b>\$ 217,398</b>	<b>\$ 274,938</b>	<b>\$ 224,692</b>	<b>\$ 294,439</b>	<b>\$ 245,301</b>	<b>\$ 310,871</b>	<b>\$ 252,692</b>	<b>\$ 325,297</b>	<b>\$ 263,189</b>	
<b>Capital Costs</b>												
Plant Projects *	\$ 51,361	\$ 71,518	\$ 40,284	\$ 91,852	\$ 35,704	\$ 50,514	\$ 34,770	\$ 69,483	\$ 47,421	\$ 98,912	\$ 19,623	
Risk Reserve	\$ 6,480	\$ 8,926	\$ 5,723	\$ 13,000	\$ 9,000	\$ 11,000	\$ 10,000	\$ 14,000	\$ 13,000	\$ 18,000	\$ 22,000	
Facilities Projects	\$ 1,390	\$ 1,296	\$ 1,390	\$ 1,956	\$ 2,396	\$ 2,816	\$ 1,826	\$ 892	\$ 844	\$ 999	\$ 1,320	
Information Technology Projects	\$ 5,840	\$ 6,495	\$ 8,294	\$ 6,915	\$ 5,706	\$ 7,154	\$ 7,154	\$ 7,656	\$ 8,586	\$ 7,551	\$ 9,969	
Total Allocations	\$ 30,597	\$ 31,593	\$ 23,703	\$ 30,957	\$ 25,226	\$ 24,820	\$ 19,095	\$ 25,057	\$ 23,344	\$ 29,690	\$ 22,048	
<b>Subtotal Capital Costs</b>	<b>\$ 95,668</b>	<b>\$ 119,827</b>	<b>\$ 79,394</b>	<b>\$ 144,681</b>	<b>\$ 78,032</b>	<b>\$ 96,304</b>	<b>\$ 72,845</b>	<b>\$ 117,088</b>	<b>\$ 93,195</b>	<b>\$ 155,151</b>	<b>\$ 74,960</b>	
Escalation (Based on BPA Projections)	\$ -	\$ 2,468	\$ 3,321	\$ 9,217	\$ 6,764	\$ 10,723	\$ 10,022	\$ 19,292	\$ 17,961	\$ 34,213	\$ 18,625	
<b>Total Capital Costs (escalated)</b>	<b>\$ 95,668</b>	<b>\$ 122,295</b>	<b>\$ 82,715</b>	<b>\$ 153,898</b>	<b>\$ 84,796</b>	<b>\$ 107,027</b>	<b>\$ 82,867</b>	<b>\$ 136,380</b>	<b>\$ 111,156</b>	<b>\$ 189,364</b>	<b>\$ 93,585</b>	
<b>Fuel Costs</b>												
Nuclear Fuel Amortization **	\$ 54,598	\$ 48,472	\$ 54,802	\$ 48,784	\$ 56,857	\$ 50,743	\$ 58,621	\$ 52,189	\$ 61,028	\$ 53,875	\$ 65,834	
<b>Subtotal Fuel Costs</b>	<b>\$ 54,598</b>	<b>\$ 48,472</b>	<b>\$ 54,802</b>	<b>\$ 48,784</b>	<b>\$ 56,857</b>	<b>\$ 50,743</b>	<b>\$ 58,621</b>	<b>\$ 52,189</b>	<b>\$ 61,028</b>	<b>\$ 53,875</b>	<b>\$ 65,834</b>	
<b>Total Costs</b>												
<b>Total Un-escalated Budget</b>	<b>\$ 363,738</b>	<b>\$ 423,476</b>	<b>\$ 342,865</b>	<b>\$ 451,936</b>	<b>\$ 341,658</b>	<b>\$ 411,985</b>	<b>\$ 347,100</b>	<b>\$ 436,173</b>	<b>\$ 366,085</b>	<b>\$ 475,551</b>	<b>\$ 351,605</b>	
<b>Total Escalation</b>	<b>\$ -</b>	<b>\$ 7,725</b>	<b>\$ 12,049</b>	<b>\$ 25,684</b>	<b>\$ 24,687</b>	<b>\$ 40,225</b>	<b>\$ 39,689</b>	<b>\$ 63,268</b>	<b>\$ 58,791</b>	<b>\$ 92,984</b>	<b>\$ 71,003</b>	
<b>Total Cost - Industry Basis</b>	<b>\$ 363,738</b>	<b>\$ 431,201</b>	<b>\$ 354,914</b>	<b>\$ 477,620</b>	<b>\$ 366,345</b>	<b>\$ 452,210</b>	<b>\$ 386,788</b>	<b>\$ 499,440</b>	<b>\$ 424,876</b>	<b>\$ 568,535</b>	<b>\$ 422,607</b>	
<b>Generation/Cost of Power</b>												
Total Net Generation (Gwh)	9,806	8,731	9,935	8,822	10,026	8,927	10,053	8,927	10,026	8,762	10,053	
Outage Days		40		40		40		40		46		
Cost per MW/h (Production)	\$ 27.34	\$ 35.38	\$ 27.40	\$ 36.70	\$ 28.08	\$ 38.67	\$ 30.23	\$ 40.67	\$ 31.29	\$ 43.27	\$ 32.73	
Cost per MW/h (Generating)	\$ 37.09	\$ 49.39	\$ 35.73	\$ 54.14	\$ 36.54	\$ 50.66	\$ 38.47	\$ 55.95	\$ 42.38	\$ 64.88	\$ 42.04	
<b>Key Assumption/Qualifications (Revision - 3/23/21)</b>												
Escalation Rate = Variable: Based on BPA Projections; may result in minor rounding differences												
Net Generation 1160 Mwe; assumes 1% unplanned/ 2.5% planned loss; FY24 12M we increase MSR; FY26 14M we increase Main Turbine Upgrade; Every fourth year, generation increases slightly due to leap												
▼ Potential Financial Risk; * Includes moveable capital ** Does not include fuel costs associated with generation increase ± Planning is based on Total Costs (capital/OM), line items within totals can vary as funds are allocated based on												

# **Fiscal Year 2022 Packwood Lake Hydroelectric Project Annual Operating Budget**

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### Summary

The Packwood Lake Hydroelectric Project (Packwood), the first electrical generating project undertaken by Energy Northwest, began commercial operation in June 1964. Occupying 660 acres of the Gifford Pinchot National Forest in south central Washington, Packwood consists of a dam at Packwood Lake; a five-mile-long system of pipeline, tunnels and Penstock; and a 27,500 kilowatt-rated, underground powerhouse located 1,800 feet below the lake elevation. The reservoir is fed by Upper Lake Creek and several small tributaries that rely exclusively on direct rainfall and snow melt for their water supply.

The total net Fiscal Year 2022 operating and capital cost combined is estimated to be \$3,899,000 (Table 1), with associated funding requirements of \$3,628,000 (Table 5). The difference between total program cost and net funding requirements is due to depreciation (Table 4).

**Key Assumptions/Qualifications**

- The Project budget is still being reviewed by the participants.
- Generation is estimated at 83,747 MWh, which reflects 5-year average of the plant output and further reduced by approximately 10% due to impacts of actions required under the new operating license.
- The Fiscal Year 2022 Budget includes costs for mitigation activities required under the new operating license which was obtained in October 2018.

**Table 1**  
**Summary of Operating and Capital Costs**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>Original FY 2021 Budget</u>	<u>Variance</u>
<u>Operating Costs</u>			
Operating & Support Services	\$ 2,924	\$ 2,717	\$ 207
Generation Taxes	22	22	-
Depreciation	271	254	17
Subtotal Operating Costs	<u>\$ 3,217</u>	<u>\$ 2,993</u>	<u>\$ 224</u>
Interest/Financing (Net)	9	25	(16)
<b>Total Cost</b>	<b><u>\$ 3,226</u></b>	<b><u>\$ 3,018</u></b>	<b><u>\$ 208</u></b>
<b>Total Net Generation (MWh)</b>	<b><u>83,747</u></b>	<b><u>83,782</u></b>	<b><u>(35)</u></b>
<b>Cost of Power (\$/MWh) (1)</b>	<b><u>\$ 38.52</u></b>	<b><u>\$ 36.02</u></b>	<b><u>\$ 2.50</u></b>
<b>Total Capital Cost</b>	<b><u>\$ 673</u></b>	<b><u>\$ 1,079</u></b>	<b><u>\$ (406)</u></b>
<b>Total Operating and Capital Cost</b>	<b><u>\$ 3,899</u></b>	<b><u>\$ 4,097</u></b>	<b><u>\$ (198)</u></b>

(1) Cost of Power includes Operating & Support Services, Generation Taxes, Depreciation, and Net Interest/Financing costs.

**Table 2**  
**Summary of Revenues**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Original</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
<u>Revenues</u>			
Participant Billings	\$ 3,014	\$ 3,324	\$ (310)
Substation Interconnection Billings	301	-	301
<b>Total Revenues</b>	<b>3,315</b>	<b>3,324</b>	<b>(9)</b>
<b>Variance - ( ) Unfavorable</b>			

**Table 3**  
**Summary of Full Time Equivalent Positions \***

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
Operations & Maintenance	4	4	-

\* Includes Allocations of Corporate Full Time Equivalent Positions



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**Table 4**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2022 Total Cost</b>	<b>Non-Cash Items</b>	<b>Non-Cost Items</b>	<b>Deferred Cash Requirements</b>	<b>Prior Year Commitments</b>	<b>FY 2022 Total</b>
Operating						
O&M and Support Services	\$ 2,924	\$ -	\$ -	\$ -	\$ -	\$ 2,924
Generation Taxes	22	-	-	-	-	22
Depreciation	271	(271)	-	-	-	-
Subtotal Operating	\$ 3,217	\$ (271)	\$ -	\$ -	\$ -	\$ 2,946
Licensing						
Maintain License & Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Licensing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest/Financing						
Interest Income	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ (4)
Interest on Note	-	-	-	-	-	-
Treasury Services	13	-	-	-	-	13
Subtotal Net Interest/Financing	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ 9
Capital	\$ 673	\$ -	\$ -	\$ -	\$ -	\$ 673
Refund to Members	-	-	-	-	-	-
Total Disbursements	\$ 3,899	\$ (271)	\$ -	\$ -	\$ -	\$ 3,628
Funding Sources						
Participants Billings	\$ 3,014	\$ -	\$ -	\$ -	\$ -	\$ 3,014
Substation Interconnection Billings	301	-	-	-	-	301
Beginning Packwood Funds	-	-	1,570	-	-	1,570
Total Funding Sources	\$ 3,315	\$ -	\$ 1,570	\$ -	\$ -	\$ 4,885
Ending Working Capital	\$ (584)	\$ (271)	\$ 1,570	\$ -	\$ -	\$ 1,257

**Table 5**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	FY 2022 Budget	Original FY 2021 Budget	Variance
<b>Beginning Packwood Funds Balance</b>	<b>\$ 1,570</b>	<b>\$ 865</b>	<b>\$ 705</b>
<b><u>Funding Requirements</u></b>			
<u>Operating</u>			
Operating & Support Services	\$ 2,924	\$ 2,717	\$ 207
Generation Taxes	22	22	-
<b>Subtotal Operating</b>	<b>\$ 2,946</b>	<b>\$ 2,739</b>	<b>\$ 207</b>
<u>Interest/Financing</u>			
Interest Income	\$ (4)	\$ (7)	\$ 3
Interest on Note	-	10	(10)
Treasury Services	13	22	(9)
<b>Subtotal Net Interest/Financing</b>	<b>\$ 9</b>	<b>\$ 25</b>	<b>\$ (16)</b>
Capital	\$ 673	\$ 1,079	\$ (406)
<b>Total Funding Requirements</b>	<b>\$ 3,628</b>	<b>\$ 3,843</b>	<b>\$ (215)</b>
<b><u>Funding Sources</u></b>			
Participants Billings	\$ 3,014	\$ 3,324	\$ (310)
Substation Interconnection Billings	301	-	301
<b>Total Funding Sources</b>	<b>\$ 3,315</b>	<b>\$ 3,324</b>	<b>\$ (9)</b>
<b>Ending Packwood Funds Balance</b>	<b>\$ 1,257</b>	<b>\$ 346</b>	<b>\$ 911</b>

**Table 6**  
**Monthly Statement of Funding Requirements**  
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2022 Total
<b>Beginning Balance</b>	\$ 1,570	\$ 1,542	\$ 1,517	\$ 1,494	\$ 1,469	\$ 1,445	\$ 1,421	\$ 1,397	\$ 1,372	\$ 1,348	\$ 1,323	\$ 1,278	\$ 1,570
Receipts													
Line of Credit Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Participants Billings	251	251	251	251	251	251	251	251	251	251	252	252	3,014
Substation Interconnection Billings	25	25	25	25	25	25	25	25	25	25	25	26	301
<b>Total Receipts</b>	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ 276	\$ 277	\$ 278	\$ 3,315
Disbursements													
Operations Disbursements													
O&M and Support Services	244	244	243	244	244	243	244	244	243	244	244	243	\$ 2,924
Generation Taxes	-	-	-	-	-	-	-	-	-	-	22	-	22
<b>Subtotal Operations</b>	\$ 244	\$ 244	\$ 243	\$ 244	\$ 244	\$ 243	\$ 244	\$ 244	\$ 243	\$ 244	\$ 266	\$ 243	\$ 2,946
Interest/Financing													
Investment Income	(1)	-	-	(1)	-	-	-	(1)	-	-	-	(1)	(4)
Interest on Note	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Services	5	1	-	1	-	1	-	2	1	1	-	1	13
<b>Subtotal Interest/Financing Related</b>	\$ 4	\$ 1	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ 9
Capital	\$ 56	\$ 56	\$ 56	\$ 57	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 673
<b>Total Disbursements</b>	\$ 304	\$ 301	\$ 299	\$ 301	\$ 300	\$ 300	\$ 300	\$ 301	\$ 300	\$ 301	\$ 322	\$ 299	\$ 3,628
<b>Ending Balance</b>	\$ 1,542	\$ 1,517	\$ 1,494	\$ 1,469	\$ 1,445	\$ 1,421	\$ 1,397	\$ 1,372	\$ 1,348	\$ 1,323	\$ 1,278	\$ 1,257	\$ 1,257

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# **Fiscal Year 2022 Nine Canyon Wind Project Annual Operating Budget**

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### Summary

The Nine Canyon Wind Project is located in the Horse Heaven Hills area southeast of Kennewick, Washington.

Phase I of the project, which began commercial operation in September 2002, consists of 37 wind turbines, each with a maximum generating capacity of approximately 1.3 megawatts of electricity, for a total wind capacity of 48.1 megawatts. Phase II of the project, which was declared operational December 31, 2003, included an additional 12 wind turbines with an aggregate generating capacity of approximately 15.6 megawatts. Phase III of the project, which was declared operational April 1, 2008, included an additional 14 wind turbines, each with a maximum generating capacity of approximately 2.3 megawatts of electricity, for a total wind capacity of 32.2 megawatts. The total project generating capability is approximately 95.9 megawatts.

For Phase I and II the turbines are installed in rows with about 500 feet between turbines. Each three-blade turbine consists of a tubular steel tower 200 feet in height, three 100-foot turbine blades attached to a rotor, and a nacelle that houses a generator, gear box and braking mechanisms.

For Phase III the turbines are installed in rows with about 600 feet between turbines. Each three-blade turbine consists of a tubular steel tower 262 feet in height, three 147-foot turbine blades attached to a rotor, and nacelle that houses a generator, gear box and braking mechanisms.

Electricity generated by the project is purchased by Pacific Northwest Public Utility Districts whose customers have expressed an interest in purchasing at least a portion of their electricity from green power sources. Phase I, II, and III participants have signed a power purchase agreement with Energy Northwest through 2030. The project is connected to the Bonneville Power Administration transmission grid via a substation and transmission lines constructed by the Benton County Public Utility District.

For Fiscal Year 2022, the total funding requirements equal \$19,194,000 (Table 4) with revenue of \$18,448,000 (Table 1) resulting in a net cash withdrawal of \$746,000 (Table 4).

The Fiscal Year 2022 Budget is presented on a cost basis and includes a cost to cash reconciliation (Table 3) illustrating the conversion of the cost data to a cash basis.

A comparison of the Fiscal Year 2022 Budget is made to the original budget issued for Fiscal Year 2021.



### Key Assumptions/Qualifications

This budget will provide funding for continued operation and maintenance of the project. This is based upon the key assumptions and qualifications stated below.

- The Project budget has been reviewed and approved by the participants.
- Billing Price for electrical output is estimated to be \$76.93 per MWh (Table 1) for Fiscal Year 2022. The difference between billing price and cost of power is due to depreciation and debt repayment. Billing price per MWh increase is driven by lower estimated net generation.
- Estimated Generation is set at 230,362 MWh (Table 1) which is based off of the most recent five-year average.
- Turbine manufacturer Bonus A/S provided O&M services and training. Their support of Phase I was completed in August 2005. Phase II support was completed in December 2006. Siemens is currently providing support for Phase III with the Long Term Service Agreement that was extended for a fifteen-year term beginning in August 2013.
- Energy Northwest implemented Governmental Accounting Standards Board (GASB) No. 83- Certain Asset Retirement Obligations as required in FY 2019. GASB 83 required a current estimate of the retirement obligation and a change in accounting on recognizing the liability. The major change is the full liability for the retirement obligation is to be booked at the current estimate in today's dollars. The offset to the liability is a deferred outflow, which is amortized over the remaining life of the asset. The resulting straight line charge each year for decommissioning continues until the end of the asset life. At the point of actual decommissioning, the liability is then reduced accordingly for any incurred cash expenditures each period until the asset is fully decommissioned and retired. Decommissioning costs through FY2020 have not been funded. Estimated Asset Retirement Obligation liability is \$19.1 million in 2021 dollars.

**Table 1**  
**Summary of Operations**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Original</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
<u>Revenue</u>			
Billings	\$ 17,723	\$ 17,723	\$ -
BPA Transmission Revenue	725	725	-
<b>Total Revenue</b>	<b>\$ 18,448</b>	<b>\$ 18,448</b>	<b>\$ -</b>
<u>Operating Costs</u>			
Labor & Overheads	\$ 2,200	\$ 2,015	\$ 185
Equipment/Materials/Services	1,791	1,342	449
Insurance	275	217	58
Site Maintenance & Warranty	1,114	1,114	-
Benton County PUD	139	139	-
Lessee Payments	700	700	-
Risk Reserve	100	100	-
<b>Subtotal Operating Costs</b>	<b>\$ 6,319</b>	<b>\$ 5,627</b>	<b>\$ 692</b>
Generation Taxes	\$ 54	\$ 54	\$ -
Capital	-	508	(508)
BPA Transmission Costs	725	725	-
Decommissioning	741	718	23
Depreciation	6,835	6,838	(3)
<b>Subtotal Operating, Taxes &amp; Capital Cost</b>	<b>\$ 14,674</b>	<b>\$ 14,470</b>	<b>\$ 204</b>
<u>Net Financing</u>			
Interest/Financing (Net)	1,667	1,762	(95)
<b>Subtotal Net Financing</b>	<b>\$ 1,667</b>	<b>\$ 1,762</b>	<b>\$ (95)</b>
<b>Total Cost</b>	<b>\$ 16,341</b>	<b>\$ 16,232</b>	<b>\$ 109</b>
<b>Total Net Generation (MWh)</b>	<b>230,362</b>	<b>220,467</b>	<b>9,895</b>
<b>Cost of Power (\$/MWh) (1)</b>	<b>\$ 67.80</b>	<b>\$ 68.03</b>	<b>\$ (0.23)</b>
<b>Billing Price to Participants (\$/MWh) (2)</b>	<b>\$ 76.93</b>	<b>\$ 80.38</b>	<b>\$ (3.45)</b>

(1) Cost of Power excludes BPA Transmission and Capital related costs.

(2) Billing Price is the cash requirements for O&M, Capital, and Debt Service of the Project.

**Table 2**  
**Summary of Full Time Equivalent Positions \***

<u>Description</u>	<u>FY 2022 Budget</u>	<u>Original FY 2021 Budget</u>	<u>Variance</u>
Project Manager / Supervisor	1	1	-
O&M Technicians	9	9	-
Admin & Technical Support	2	2	-
<b>Total</b>	<b>12</b>	<b>12</b>	<b>-</b>

\* Includes Allocations of Corporate Full Time Equivalent Positions

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**Table 3**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

Description	FY 2022 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2022 Total Cash
Operating Costs						
Operating Costs	\$ 6,319	\$ -	\$ -	\$ -	\$ -	\$ 6,319
Generation Tax	54	-	-	-	-	54
Capital	-	-	-	-	-	-
BPA Transmission	725	-	-	-	-	725
Decommissioning (1)	741	(741)	-	-	-	-
Depreciation	6,835	(6,835)	-	-	-	-
<b>Subtotal Operating, Taxes &amp; Capital</b>	<b>\$ 14,674</b>	<b>\$ (7,576)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,098</b>
Net Debt Service						
Interest Expense	\$ 2,404	\$ -	\$ -	\$ -	\$ -	\$ 2,404
Bond Retirement	-	-	9,755	-	-	9,755
Amortized Cost	(674)	674	-	-	-	-
Interest Income	(110)	-	-	-	-	(110)
Treasury Services	47	-	-	-	-	47
<b>Subtotal Net Debt Service</b>	<b>\$ 1,667</b>	<b>\$ 674</b>	<b>\$ 9,755</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,096</b>
<b>Total Disbursements</b>	<b>\$ 16,341</b>	<b>\$ (6,902)</b>	<b>\$ 9,755</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,194</b>
Revenue						
Billings	\$ 17,723	\$ -	\$ -	\$ -	\$ -	\$ 17,723
BPA Transmission	725	-	-	-	-	725
<b>Total Revenue</b>	<b>\$ 18,448</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,448</b>
<b>Cash (Withdrawal) / Deposit</b>						<b>\$ (746)</b>

(1) Decommissioning costs through FY2020 have not been funded. Estimated Asset Retirement Obligation liability is \$19.1 million in 2021 dollars.

**Table 4**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Original</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
<u>Operating Costs</u>			
Labor/Benefits/Overhead	\$ 2,200	\$ 2,015	\$ 185
Equipment/Materials/Services	1,791	1,342	449
Insurance	275	217	58
Site Maintenance & Warranty	1,114	1,114	-
Benton PUD	139	139	-
Lessee Payments	700	700	-
Risk Reserve	100	100	-
<b>Subtotal Operating Costs</b>	<b>\$ 6,319</b>	<b>\$ 5,627</b>	<b>\$ 692</b>
Generation Taxes	\$ 54	\$ 54	\$ -
Capital	-	508	(508)
BPA Transmission	725	725	-
<b>Subtotal Operating, Taxes &amp; Capital Costs</b>	<b>\$ 7,098</b>	<b>\$ 6,914</b>	<b>\$ 184</b>
<u>Net Debt Service</u>			
Interest Expense	\$ 2,404	\$ 2,855	\$ (451)
Bond Retirement	9,755	9,295	460
Interest Income	(110)	(320)	210
Treasury Services	47	52	(5)
<b>Subtotal Net Debt Service</b>	<b>\$ 12,096</b>	<b>\$ 11,882</b>	<b>\$ 214</b>
<b>Total Funding Requirements</b>	<b>\$ 19,194</b>	<b>\$ 18,796</b>	<b>\$ 398</b>
<b>Funding Sources</b>			
Billings	\$ 17,723	\$ 17,723	\$ -
Participants for BPA Transmission	725	725	-
Cash Withdrawal / (Deposit)	746	348	398
<b>Total Funding Sources</b>	<b>\$ 19,194</b>	<b>\$ 18,796</b>	<b>\$ 398</b>

**Table 5**  
**Monthly Statement of Funding Requirements**  
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2022 Total
<b>Beginning Balance</b>	\$ 14,927	\$ 15,724	\$ 16,796	\$ 17,598	\$ 18,670	\$ 19,742	\$ 19,337	\$ 20,406	\$ 21,478	\$ 22,268	\$ 23,340	\$ 24,357	\$ 14,927
Receipts													
Billings	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 17,723
BPA Transmission	60	60	60	60	60	60	60	60	60	60	60	60	725
<b>Total Receipts</b>	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 18,448
Disbursements													
Operations Disbursements													
Labor & Overheads	\$ 183	\$ 183	\$ 184	\$ 183	\$ 183	\$ 184	\$ 183	\$ 183	\$ 184	\$ 183	\$ 183	\$ 184	\$ 2,200
Equipment/Materials/Services	149	150	149	150	149	149	150	149	149	149	149	149	1,791
Insurance	275	-	-	-	-	-	-	-	-	-	-	-	275
Site Maintenance & Warranty	-	-	269	-	-	275	-	-	280	-	-	290	1,114
Other	78	78	78	78	78	78	79	78	79	78	79	78	939
Generation Taxes	-	-	-	-	-	-	-	-	-	-	54	-	54
Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
BPA Transmission	60	60	60	60	60	60	60	60	60	60	60	60	725
<b>Subtotal Operations</b>	\$ 745	\$ 471	\$ 740	\$ 471	\$ 470	\$ 746	\$ 472	\$ 470	\$ 752	\$ 470	\$ 525	\$ 761	\$ 7,098
Debt Service													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,202	\$ 2,404
Bond Retirement	-	-	-	-	-	-	-	-	-	-	-	9,755	9,755
Investment Income	(9)	(9)	(9)	(10)	(9)	(10)	(9)	(9)	(9)	(9)	(9)	(9)	(110)
Treasury Services	4	3	4	4	4	4	4	4	4	4	4	4	47
<b>Subtotal Debt Service</b>	\$ (5)	\$ (6)	\$ (5)	\$ (6)	\$ (5)	\$ 1,196	\$ (5)	\$ (5)	\$ (5)	\$ (5)	\$ (5)	\$ 10,952	\$ 12,096
<b>Total Disbursements</b>	\$ 740	\$ 465	\$ 735	\$ 465	\$ 465	\$ 1,942	\$ 467	\$ 465	\$ 747	\$ 465	\$ 520	\$ 11,713	\$ 19,194
<b>Ending Balance</b>	\$ 15,724	\$ 16,796	\$ 17,598	\$ 18,670	\$ 19,742	\$ 19,337	\$ 20,406	\$ 21,478	\$ 22,268	\$ 23,340	\$ 24,357	\$ 14,181	\$ 14,181

**Table 6**  
**Bank Accounts**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>Original FY 2021 Budget</u>	<u>Variance</u>
Phase I Bond Reserve Account	\$ 4,360	\$ 4,337	\$ 23
Phase II Bond Reserve Account	803	805	(2)
Phase III Bond Reserve Account	4,670	4,680	(10)
Operating Reserve Account	772	773	(1)
Reserve and Contingency Account	824	830	(6)
Revenue Fund	<u>14,927</u>	<u>15,297</u>	<u>(370)</u>
<b>Total Beginning Balance</b>	<b><u>\$ 26,356</u></b>	<b><u>\$ 26,722</u></b>	<b><u>\$ (366)</u></b>
Addition / (Reduction)	<u>(746)</u>	<u>(210)</u>	<u>\$ (536)</u>
<b>Total Ending Balance</b>	<b><u>\$ 25,610</u></b>	<b><u>\$ 26,512</u></b>	<b><u>\$ (902)</u></b>



**Table 7**  
**Operations & Maintenance – Budget & Forecast**  
**Long Range Plan**  
(Dollars in Thousands)

Description	Budget	Forecast							
	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
<b>Operating Costs</b>									
Labor & Overheads	\$ 2,200	\$ 2,255	\$ 2,311	\$ 2,369	\$ 2,428	\$ 2,489	\$ 2,551	\$ 2,615	\$ 2,680
Equipment/Materials/Services	1,066	1,049	1,134	1,139	1,187	1,278	1,282	1,333	1,432
Insurance	275	282	289	296	304	311	319	327	335
Long Term Service Agreement	1,114	1,142	1,170	1,200	1,230	1,260	1,292	1,324	1,357
Lease Payments	700	700	700	700	700	700	700	700	700
Benton County PUD	139	143	146	150	153	157	161	165	169
Risk Reserve	100	100	100	100	100	100	100	100	100
<b>Subtotal Operating Costs</b>	<b>\$ 5,594</b>	<b>\$ 5,671</b>	<b>\$ 5,851</b>	<b>\$ 5,954</b>	<b>\$ 6,102</b>	<b>\$ 6,296</b>	<b>\$ 6,405</b>	<b>\$ 6,564</b>	<b>\$ 6,774</b>
<b>Taxes &amp; Capital Costs</b>									
Generation Taxes	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Capital	-	68	69	71	73	75	77	79	80
BPA Transmission	725	725	725	725	725	725	725	725	725
<b>Subtotal Taxes &amp; Capital Costs</b>	<b>\$ 779</b>	<b>\$ 847</b>	<b>\$ 848</b>	<b>\$ 850</b>	<b>\$ 852</b>	<b>\$ 854</b>	<b>\$ 856</b>	<b>\$ 858</b>	<b>\$ 859</b>
<b>Total Operating, Taxes, &amp; Capital Disbursements</b>	<b>\$ 6,373</b>	<b>\$ 6,517</b>	<b>\$ 6,699</b>	<b>\$ 6,804</b>	<b>\$ 6,953</b>	<b>\$ 7,149</b>	<b>\$ 7,261</b>	<b>\$ 7,422</b>	<b>\$ 7,633</b>

**Key Assumptions/Qualifications**

Escalation Rate = 2.5% FY22 = Base Year, excluding lease payments and generation taxes.

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**Fiscal Year 2022  
Project 1  
Annual Budget**

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### Summary

The Project 1 Fiscal Year 2022 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 769, the Project Agreement and the Net Billing Agreements. The budget includes all costs associated with the project for Fiscal Year 2022 including reuse funding, fixed and variable costs, and treasury related expenses. In addition, the budget includes all funding requirements identified for the project for Fiscal Year 2022.

The total net cost for Fiscal Year 2022 is estimated to be \$26,450,000 (Table 1). Total Funding Requirements of \$57,620,000 (Table 5) less revenue from restoration/demolition, leasing, and other financing receipts totaling \$34,287,000 will result in \$23,333,000 being direct billed to Bonneville Power Administration. Bonneville Power Administration pays directly the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This takes the net billing requirements to zero, for the statements which otherwise would be sent to participants in the project, and paid in accordance with the terms of the Net Billing Agreements. The Net Billing Agreements are still in place, but the direct cash payments from Bonneville Power Administration simply takes the participant payment amounts to zero. In the Direct Pay Agreements, Energy Northwest agreed to promptly bill each participant its share of the costs of the project under the Net Billing Agreements, if Bonneville fails to make a payment when due under the Direct Pay Agreements.

A comparison of the Fiscal Year 2022 budget is made to the original budget issued for Fiscal Year 2021.

**Table 1**  
**Summary of Costs**  
(Dollars in Thousands)

	<u>FY 2022</u> <u>Budget</u>	<u>Original</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
<b>Revenue</b>			
Restoration / Demolition (1)	\$ 4,281	\$ 7,299	(3,018)
Fixed Costs	<u>6</u>	<u>6</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>\$ 4,287</u></b>	<b><u>\$ 7,305</u></b>	<b><u>\$ (3,018)</u></b>
<b><u>Costs</u></b>			
<b><u>Site Costs</u></b>			
Restoration / Demolition (1)	\$ 4,281	\$ 7,299	(3,018)
Variable Costs	28	28	-
Fixed Costs	<u>292</u>	<u>373</u>	<u>(81)</u>
<b>Subtotal Site Costs</b>	<b><u>\$ 4,601</u></b>	<b><u>\$ 7,700</u></b>	<b><u>\$ (3,099)</u></b>
<b><u>Other</u></b>			
Treasury Related Expenses	\$ 26,136	\$ 25,370	\$ 766
Decommissioning	<u>-</u>	<u>98</u>	<u>(98)</u>
<b>Subtotal Other Costs</b>	<b><u>\$ 26,136</u></b>	<b><u>\$ 25,468</u></b>	<b><u>\$ 668</u></b>
<b>Total Costs</b>	<b><u>\$ 30,737</u></b>	<b><u>\$ 33,168</u></b>	<b><u>\$ (2,431)</u></b>
<b>Total Net Costs</b>	<b><u>\$ 26,450</u></b>	<b><u>\$ 25,863</u></b>	<b><u>\$ 587</u></b>

**Table 2**  
**Treasury Related Expenses**  
(Dollars in Thousands)

<b><u>Description</u></b>	<b>FY 2022 Budget</b>	<b>Original FY 2021 Budget</b>	<b>Variance</b>
Interest Expense (1)	\$ 41,968	\$ 39,472	\$ 2,496
Interest on Note (2)	300	150	150
Amortized Financing Cost (3)	(16,488)	(14,570)	(1,918)
Investment Income (Rev. Fund) (4)	(17)	(48)	31
Treasury Services (5)	373	366	7
<b>Total</b>	<b><u>\$ 26,136</u></b>	<b><u>\$ 25,370</u></b>	<b><u>\$ 766</u></b>

**Assumptions**

- (1) \$395k of bond principal is scheduled to mature and none will be extended during FY2022.
- (2) A line of credit will be utilized to fund approximately \$10.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2022 long-term bond transaction
- (3) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (4) Includes income on investment of monies held in the interest and principal accounts which are transferred periodically to the Revenue Fund. Investment income earnings rates are forecasted to average 0.35%.
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

**Table 3**  
**Summary of Full Time Equivalent Positions \***

<u>Description</u>	<u>FY 2022 Budget</u>	<u>FY 2021 Budget</u>	<u>Variance</u>
Restoration / Demolition	3	3	-
Site Support	1	3	(2)
Treasury	1	1	-
<b>Total Positions</b>	<b><u>5</u></b>	<b><u>7</u></b>	<b><u>(2)</u></b>

\* Includes Allocations of Corporate Full Time Equivalent Positions



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**Table 4**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

Description	FY 2022 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2022 Total Cash
Variable Costs	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 28
Restoration / Demolition (1)	4,281	-	-	-	-	4,281
Fixed Costs	292	-	-	-	-	292
<b>Subtotal Site Costs</b>	<b>\$ 4,601</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,601</b>
<b>Other</b>						
Decommissioning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treasury Related						
Interest Expense	41,968	-	-	-	-	41,968
Bond Retirement (2)	-	-	395	-	-	395
Payoff of Note Principal	-	-	10,000	-	-	10,000
Interest on Note	300	-	-	-	-	300
Amortized Cost	(16,488)	16,488	-	-	-	-
Invest. Income (Rev.)	(17)	-	-	-	-	(17)
Treasury Services	373	-	-	-	-	373
Subtotal Treasury Expenses	\$ 26,136	\$ 16,488	\$ 10,395	\$ -	\$ -	\$ 53,019
<b>Subtotal Other</b>	<b>\$ 26,136</b>	<b>\$ 16,488</b>	<b>\$ 10,395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,019</b>
<b>Total Funding Requirements</b>	<b>\$ 30,737</b>	<b>\$ 16,488</b>	<b>\$ 10,395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,620</b>

(1) Funding will be from BPA Restoration Trust Fund

(2) \$395k of bond principal is scheduled to mature and none is expected to be extended in FY2022.

**Table 5**  
**Annual Budget**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>Original FY 2021 Budget</u>	<u>Variance</u>
Programs			
Variable Costs	\$ 28	\$ 28	\$ -
Restoration / Demolition	4,281	7,299	(3,018)
Fixed Costs	292	373	(81)
<b>Subtotal Site Costs</b>	<b>\$ 4,601</b>	<b>\$ 7,700</b>	<b>\$ (3,099)</b>
Treasury Related Expenses			
Interest Expense (2)	\$ 41,968	\$ 39,472	\$ 2,496
Bond Retirement (1)	395	-	395
Payoff of Note Principal (2)	10,000	9,000	1,000
Interest on Note (2)	300	150	150
Investment Income (Revenue)	(17)	(48)	31
Treasury Services	373	366	7
<b>Subtotal Treasury Related</b>	<b>\$ 53,019</b>	<b>\$ 48,940</b>	<b>\$ 4,079</b>
<b>Total Funding Requirements</b>	<b>\$ 57,620</b>	<b>\$ 56,640</b>	<b>\$ 980</b>
<u>Funding Sources</u>			
Restoration / Demolition	\$ 4,281	\$ 7,299	\$ (3,018)
Fixed Costs	6	6	-
Note / Line of Credit (LOC) Draws (2)	10,000	9,000	1,000
Bond Proceeds (Interest / LOC) (2)	20,000	18,000	2,000
Net Billing/BPA Direct Payments	\$ 23,333	\$ 22,335	\$ 998
<b>Total Funding Sources</b>	<b>\$ 57,620</b>	<b>\$ 56,640</b>	<b>\$ 980</b>

(1) \$395k of bond principal is scheduled to mature and none is expected to be extended in FY2022.

(2) Approximately \$20 million of interest expense is expected to be extended on a tax-exempt basis under the Regional Cooperation Debt 2 Initiative.

**Table 6**  
**Monthly Statement of Funding Requirements - Revenue Fund**  
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2021 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 2,590	\$ 2,180	\$ 1,769	\$ 2,428	\$ 2,018	\$ 3,000	\$ 3,662	\$ 3,251	\$ 2,841	\$ 3,500	\$ 3,088	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,956	\$ 23,333
Restoration / Demolition (2)	-	-	-	1,070	-	-	1,070	-	-	1,070	-	1,071	4,281
Note / Line of Credit (LOC) (4)	-	-	-	-	-	10,000	-	-	-	-	-	-	10,000
Bond Proceeds (Interest / LOC) (4)	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Revenue - Leasing	-	-	-	-	-	3	-	-	-	-	-	3	6
<b>Total Receipts</b>	\$ -	\$ -	\$ -	\$ 1,070	\$ -	\$ 22,380	\$ 1,070	\$ -	\$ -	\$ 1,070	\$ -	\$ 32,030	\$ 57,620
Disbursements													
Treasury Related Expenses													
Interest Expense (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,984	\$ 41,968
Bond Retirement (3)	-	-	-	-	-	-	-	-	-	-	-	395	395
Interest on Note (4)	-	-	-	-	-	-	-	-	-	-	-	300	300
Payoff of Note Principal	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Investment Income	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(1)	(1)	(1)	(1)	(4)	(17)
Treasury Services	30	30	31	31	30	34	30	31	30	31	31	34	373
<b>Subtotal Treasury Related</b>	\$ 29	\$ 29	\$ 30	\$ 30	\$ 29	\$ 21,017	\$ 27	\$ 30	\$ 29	\$ 30	\$ 30	\$ 31,709	\$ 53,019
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	28	28
Restoration / Demolition	357	357	356	357	356	357	357	356	357	357	357	357	4,281
Fixed Costs	24	24	25	24	25	24	24	25	24	24	25	24	292
<b>Total Disbursements</b>	\$ 410	\$ 410	\$ 411	\$ 411	\$ 410	\$ 21,398	\$ 408	\$ 411	\$ 410	\$ 411	\$ 412	\$ 32,118	\$ 57,620
<b>Ending Balance</b>	\$ 2,590	\$ 2,180	\$ 1,769	\$ 2,428	\$ 2,018	\$ 3,000	\$ 3,662	\$ 3,251	\$ 2,841	\$ 3,500	\$ 3,088	\$ 3,000	\$ 3,000

(1) BPA is billed, through the Direct Payment Agreements, one month in advance for the following month's expenses.

(2) Funding will be from BPA Restoration Trust Fund

(3) \$395k of bond principal is scheduled to mature during FY2022.

(4) A line of credit will be utilized to fund approximately \$10.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid

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**Fiscal Year 2022  
Project 3  
Annual Budget**

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### Summary

Energy Northwest's Project 3 was terminated in June 1994. Transfer of the Project 3 site to the Satsop Redevelopment Project was completed during Fiscal Year 2000.

This Project 3 Fiscal Year 2022 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 775, the Project Agreement and the Net Billing Agreements. The budget includes all costs and funding requirements associated with the debt on Project 3. No other costs are incurred on this project.

The total net cost for Fiscal Year 2022 is estimated to be \$27,332,000 (Table 1). The total net funding requirements for Fiscal Year 2022 are \$57,089,000 (Table 4). Bonneville Power Administration pays directly the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This takes the net billing requirements to zero, for the statements which otherwise would be sent to participants in the project, and paid in accordance with the terms of the Net Billing Agreements. The Net Billing Agreements are still in place, but the direct cash payments from Bonneville Power Administration simply takes the participant payment amounts to zero. In the Direct Pay Agreements, Energy Northwest agreed to promptly bill each participant its share of the costs of the project under the Net Billing Agreements, if Bonneville fails to make a payment when due under the Direct Pay Agreements.

A comparison of the Fiscal Year 2022 budget is made to the original budget issued for Fiscal Year 2021.



**Table 1**  
**Summary of Costs**  
**(Dollars in Thousands)**

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Original</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 45,939	\$ 45,435	\$ 504
Interest on Note (2)	300	175	125
Amortized Financing Cost (3)	(19,257)	(18,907)	(350)
Investment Income (4)	(14)	(42)	28
Treasury Services (5)	364	357	7
<b>Total</b>	<b><u>\$ 27,332</u></b>	<b><u>\$ 27,018</u></b>	<b><u>\$ 314</u></b>

### Assumptions

- (1) Budget assumes no principal will be repaid or extended in FY2022.
- (2) A line of credit will be utilized to fund approximately \$10.5 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2022 long-term bond transaction.
- (3) The amortized financing costs are driven by the amortization of the premiums on bonds.
- (4) Includes income on investment of monies held in the Interest and Principal accounts which are transferred periodically to the Revenue Fund. Investment income earnings rate is forecasted to average 0.35%
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

**Table 2**  
**Summary of Full Time Equivalent Positions \***

<u>Description</u>	<u>FY 2022 Budget</u>	<u>FY 2021 Budget</u>	<u>Variance</u>
Treasury Related	<u>1</u>	<u>1</u>	<u>-</u>

\* Includes Allocations of Corporate Full Time Equivalent Positions

**Table 3**  
**Cost-to-Cash Reconciliation**  
(Dollars in Thousands)

Description	FY 2022 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2022 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 45,939	\$ -	\$ -	\$ -	\$ -	\$ 45,939
Bond Retirement (1)	-	-	-	-	-	-
Payoff of Note Principal	-	-	10,500	-	-	10,500
Interest on Note	300	-	-	-	-	300
Amortized Financing Cost	(19,257)	19,257	-	-	-	-
Investment Income	(14)	-	-	-	-	(14)
Treasury Services	364	-	-	-	-	364
<b>Subtotal Treasury Related</b>	<b>\$ 27,332</b>	<b>\$ 19,257</b>	<b>\$ 10,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,089</b>
<b>Total Funding Requirements</b>	<b>\$ 27,332</b>	<b>\$ 19,257</b>	<b>\$ 10,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,089</b>

(1) Budget assumes no principal will be repaid or extended in FY2022.

**Table 4**  
**Annual Budget**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Original</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense (2)	\$ 45,939	\$ 45,435	\$ 504
Bond Retirement (1)	-	1,495	(1,495)
Payoff of Note Principal (2)	10,500	10,500	-
Interest on Note (2)	300	175	125
Investment Income (Revenue)	(14)	(42)	28
Treasury Services	364	357	7
<b>Total Funding Requirements</b>	<b>\$ 57,089</b>	<b>\$ 57,920</b>	<b>\$ (831)</b>
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 25,589	\$ 26,420	\$ (831)
Note / Line of Credit (LOC) Draws (2)	10,500	10,500	-
Bond Proceeds (Interest / LOC) (2)	21,000	21,000	-
<b>Total Funding Sources</b>	<b>\$ 57,089</b>	<b>\$ 57,920</b>	<b>\$ (831)</b>

(1) No principal will be repaid or extended in FY2022.

(2) Additionally, approximately \$21 million of interest expense is expected to be extended on a tax-exempt basis under the Regional Cooperation Debt 2 Initiative.

**Table 5**  
**Monthly Statement of Funding Requirements - Revenue Fund**  
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY2022 Total
<b>Beginning Balance</b>	\$ 3,000	\$ 2,971	\$ 2,942	\$ 2,913	\$ 2,884	\$ 2,855	\$ 3,000	\$ 2,971	\$ 2,942	\$ 2,913	\$ 2,884	\$ 2,855	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,944	\$ 25,589
Note / Line of Credit (LOC) (3)	-	-	-	-	-	10,500	-	-	-	-	-	-	10,500
Bond Proceeds (Interest / LOC) (3)	-	-	-	-	-	-	-	-	-	-	-	21,000	21,000
<b>Total Receipts</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,944	\$ 57,089
Disbursements													
Treasury Related													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,969	\$ 45,939
Bond Retirement (2)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Interest on Note (3)	-	-	-	-	-	-	-	-	-	-	-	300	\$ 300
Payoff of Note Principal (3)	-	-	-	-	-	-	-	-	-	-	-	10,500	\$ 10,500
Investment Income	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	\$ (14)
Treasury Services	30	30	30	30	30	32	30	30	30	30	30	32	\$ 364
<b>Total Disbursements</b>	\$ 29	\$ 29	\$ 29	\$ 29	\$ 29	\$ 23,000	\$ 29	\$ 29	\$ 29	\$ 29	\$ 29	\$ 33,799	\$ 57,089
<b>Ending Balance</b>	\$ 2,971	\$ 2,942	\$ 2,913	\$ 2,884	\$ 2,855	\$ 3,000	\$ 2,971	\$ 2,942	\$ 2,913	\$ 2,884	\$ 2,855	\$ 3,000	\$ 3,000

- (1) BPA is billed, through the Direct Payment Agreements, one month in advance for the following month's expenses.
- (2) Budget assumes no principal will be repaid or extended in FY2022.
- (3) A line of credit will be utilized to fund approximately \$10.5 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2022 long-term bond transaction.

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# Fiscal Year 2022 Business Development Fund Annual Budget

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### Summary

The Business Development Fund (BDF) was created by Executive Board Resolution No. 1006 in April 1997 for the purpose of holding, administering, disbursing, and accounting for Energy Northwest costs and revenues generated from engaging in new energy-related business opportunities.

The BDF is managed as an enterprise fund. The budgets are divided by business sector: Business Support, Energy & Professional Services, Laboratory Services, Nuclear Development, O&M Services, and Overhead Costs. Each sector may have one or more programs that are managed as a unique business activity. Revenues, expenses, and margins are reported for each program and sector.

For Fiscal Year 2022, the revenue for the BDF equals \$14,440,000 with \$2,183,000 of reimbursable capital while total funding requirements equal \$16,382,000 creating an increase in fund balance of \$241,000 (See Table 5).

A comparison of the Fiscal Year 2022 Budget is made to the amended budget issued for Fiscal Year 2021.

**Key Assumptions/Qualifications**

- Manage, operate, maintain, modify, and support facilities related to power generation.
- Assist members with generation resources, transmission integration, and power management issues.
- Offer cost competitive resource options that manage risk and promote environmental stewardship.
- Invest in key strategic focus areas:
  - Professional / O&M services
  - Electric Vehicle Infrastructure
  - Demand Side Management Resources

**Table 1**  
**Summary of Revenues and Expenses by Business Sector**  
(Dollars in Thousands)

<b>Description</b>	<b>FY 2022 Budget</b>	<b>Amended FY 2021 Budget</b>	<b>Variance</b>
<b>Revenues (1)</b>			
Business Support	\$ 39	\$ 45	\$ (6)
Energy & Professional Services	1,022	1,009	13
Laboratory Services	6,250	6,293	(43)
Nuclear Development	3,581	712	2,869
O&M Services	3,548	3,056	492
Overhead Costs	-	73	(73)
<b>Total Revenues</b>	<b>\$ 14,440</b>	<b>\$ 11,188</b>	<b>\$ 3,325</b>
<b>Expenses (1)</b>			
Business Support (2)	\$ 34	\$ 40	\$ (6)
Energy & Professional Services	1,331	1,696	\$ (365)
Laboratory Services (3)	5,785	5,977	(192)
Nuclear Development	3,840	1,009	2,831
O&M Services (4)	3,103	2,671	432
Overhead Costs (5)	(119)	272	(391)
<b>Total Expenses</b>	<b>\$ 13,974</b>	<b>\$ 11,665</b>	<b>\$ 2,309</b>
<b>Net Margin</b>	<b>\$ 466</b>	<b>\$ (477)</b>	<b>\$ 1,016</b>

(1) Does not include capital revenue and expenses

(2) Includes \$4,000 in depreciation

(3) Includes \$278,000 in depreciation

(4) Includes \$12,000 in depreciation

(5) Includes \$17,000 in depreciation. Does not include Morris Energy Complex Capital.

**Table 2**  
**Detailed Financial Summary**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Revenue</u>	<u>FY 2022 Cost</u>	<u>FY 2022 Margin</u>
<u>Business Support</u>			
Co-Location Rentals	\$ 39	\$ 34	\$ 5
<b>Total Business Support (1)</b>	<b>\$ 39</b>	<b>\$ 34</b>	<b>\$ 5</b>
<u>Energy &amp; Professional Services</u>			
DVRI/DSM Operations	\$ 34	\$ 34	\$ -
IT & Cyber Security Services	102	102	-
New Project Development & Grant Planning	200	386	(186)
Power Marketing	-	122	(122)
Support / Member Services	497	497	-
Solar Development	74	74	-
Energy Storage	-	1	(1)
Electric Vehicle Initiatives	115	115	-
<b>Total Energy &amp; Professional Services</b>	<b>\$ 1,022</b>	<b>\$ 1,331</b>	<b>\$ (309)</b>
<u>Laboratory Services</u>			
Columbia Calibration Services	\$ 2,324	\$ 2,324	\$ -
Commercial Calibration Services	2,102	1,552	550
Columbia Environmental Services	1,784	1,784	-
Commercial Environmental Services	40	125	(85)
<b>Total Laboratory Services (2)</b>	<b>\$ 6,250</b>	<b>\$ 5,785</b>	<b>\$ 465</b>
<u>Nuclear Development</u>			
Advanced Reactor Development Program	\$ -	\$ 259	\$ (259)
Xe-100 Support	3,273	3,273	-
Sodium Support	308	308	-
<b>Total Nuclear Development</b>	<b>\$ 3,581</b>	<b>\$ 3,840</b>	<b>\$ (259)</b>
<u>O&amp;M Services</u>			
Horn Rapids O&M	\$ 55	\$ 55	\$ -
Portland Hydro Project	1,400	1,195	205
O&M New Project Development	399	399	-
Stone Creek Hydro Project	293	247	46
Tieton O&M Services	1,400	1,195	205
White Bluffs Solar	1	12	(11)
<b>Total Professional Services (3)</b>	<b>\$ 3,548</b>	<b>\$ 3,103</b>	<b>\$ 445</b>
<u>Overhead Costs</u>			
Net Overhead Costs and Allocations	\$ -	\$ (119)	\$ 119
<b>Total Overhead Costs (4)</b>	<b>\$ -</b>	<b>\$ (119)</b>	<b>\$ 119</b>
<b>Total</b>	<b>\$ 14,440</b>	<b>\$ 13,974</b>	<b>\$ 466</b>

Margin - ( ) Unfavorable

(1) Includes depreciation of \$4,000

(2) Includes depreciation of \$278,000

(3) Includes depreciation of \$12,000

(4) Includes depreciation of \$17,000

Note: \$3,180,000 in BDF Business Support is allocated to Energy Services & Development programs.

**Table 3**  
**Summary of Capital**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>FY 2022 Budget Reimbursable (1)</u>	<u>FY 2022 Net Budget</u>	<u>Amended FY 2021 Budget</u>	<u>Variance</u>
<b><u>Business Sector / Project</u></b>					
<u>Energy &amp; Professional Services</u>					
Horn Rapids SS&T Capital	\$ -	\$ -	\$ -	\$ -	\$ -
Electric Vehicle Capital	<u>2,208</u>	<u>2,183</u>	<u>25</u>	<u>201</u>	<u>(176)</u>
<b>Total Energy &amp; Professional Services</b>	<b><u>\$ 2,208</u></b>	<b><u>\$ 2,183</u></b>	<b><u>\$ 25</u></b>	<b><u>\$ 201</u></b>	<b><u>\$ (176)</u></b>
<u>Laboratory Services</u>					
Calibration Laboratory Services	\$ 358	\$ -	\$ 358	\$ 252	\$ 106
Environmental Laboratory Services	<u>35</u>	<u>-</u>	<u>35</u>	<u>46</u>	<u>(11)</u>
<b>Total Laboratory Services</b>	<b><u>\$ 393</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 393</u></b>	<b><u>\$ 298</u></b>	<b><u>\$ 95</u></b>
<u>Overhead Costs</u>					
MEC - ENOC - Capital	\$ 119	\$ -	\$ 119	\$ -	\$ 119
<b>Total Laboratory Services</b>	<b><u>\$ 119</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 119</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 119</u></b>
<b>Total - Capital</b>	<b><u>\$ 2,720</u></b>	<b><u>\$ 2,183</u></b>	<b><u>\$ 537</u></b>	<b><u>\$ 499</u></b>	<b><u>\$ 38</u></b>

Reimbursed by expected Grant Proceeds and or receipts under established Participants Agreements.

**Table 4**  
**Summary of Full Time Equivalent Positions \***

<u>Description</u>	<b>FY 2022</b>	<b>Amended FY 2021</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	
Laboratory Services Sector	22	25	(3)
Energy & Professional Services Sector	4	5	(1)
Nuclear Development	11	1	10
Indirect Support / Overhead Costs	17	12	5
O&M Services Sector	6	5	1
<b>Total Positions</b>	<b>60</b>	<b>48</b>	<b>12</b>

\* Includes Allocations of Corporate Full Time Equivalent Positions

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**Table 5**  
**Statement of Funding Requirements**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022 Budget</u>	<u>Amended FY 2021 Budget</u>	<u>Variance</u>
<b><u>Funding Requirements</u></b>			
Expense Requirements (1)	\$ 13,662	\$ 11,334	\$ 2,328
Capital Requirements	2,720	2,231	489
<b>Total Funding Requirements</b>	<b><u>\$ 16,382</u></b>	<b><u>\$ 13,565</u></b>	<b><u>\$ 2,817</u></b>
<b><u>Funding Sources</u></b>			
Revenues	\$ 14,440	\$ 11,188	\$ 3,252
Capital Reimbursement	2,183	1,732	451
General Fund Transfer	-	4,125	(4,125)
<b>Total Funding Sources</b>	<b><u>\$ 16,623</u></b>	<b><u>\$ 17,045</u></b>	<b><u>\$ (422)</u></b>
<b>Change in Fund Balance from Operations</b>	<b><u>\$ 241</u></b>	<b><u>\$ 3,480</u></b>	<b><u>\$ (3,239)</u></b>

(1) Expenses exclude \$311,000 of depreciation (non-cash item).



**Table 6**  
**Business Development Fund - Cash Flow**  
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2022 Total
<b>Beginning Balance</b>	\$ 11,360	\$ 11,379	\$ 11,399	\$ 11,419	\$ 11,439	\$ 11,460	\$ 11,480	\$ 11,500	\$ 11,520	\$ 11,540	\$ 11,560	\$ 11,580	\$ 11,360
Receipts													
Revenues	\$ 1,203	\$ 1,203	\$ 1,204	\$ 1,203	\$ 1,204	\$ 1,203	\$ 1,204	\$ 1,203	\$ 1,203	\$ 1,203	\$ 1,204	\$ 1,203	\$ 14,440
Capital Reimbursement	182	182	181	182	182	182	182	182	182	182	182	182	2,183
<b>Total Receipts</b>	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,386	\$ 1,385	\$ 1,386	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,386	\$ 1,385	\$ 16,623
Disbursements													
Expense Requirements	\$ 1,139	\$ 1,138	\$ 1,139	\$ 1,138	\$ 1,139	\$ 1,138	\$ 1,139	\$ 1,138	\$ 1,139	\$ 1,138	\$ 1,139	\$ 1,138	\$ 13,662
Capital Requirements	227	227	226	227	226	227	227	227	226	227	227	226	2,720
<b>Total Disbursements</b>	\$ 1,366	\$ 1,365	\$ 1,365	\$ 1,365	\$ 1,365	\$ 1,365	\$ 1,366	\$ 1,365	\$ 1,365	\$ 1,365	\$ 1,366	\$ 1,364	\$ 16,382
<b>Ending Balance</b>	\$ 11,379	\$ 11,399	\$ 11,419	\$ 11,439	\$ 11,460	\$ 11,480	\$ 11,500	\$ 11,520	\$ 11,540	\$ 11,560	\$ 11,580	\$ 11,601	\$ 11,601

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# Fiscal Year 2022 General Business Unit Annual Budget

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### Summary

Presented within the General Business Unit Fiscal Year 2022 budget are the costs for Benefits, Corporate Programs, Organizational Overhead and General Purpose Projects.

The total Fiscal Year 2022 General Business Unit cost is estimated to be \$101,267,000 (Table 1).

Corporate Program costs and staffing are shown separately to identify the services being provided to each business unit as opposed to employee related benefits. Fiscal Year 2022 Corporate costs are estimated to be \$15,234,000 (Table 2).

Benefits which include health care, personal time/holidays, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, and other related costs are estimated to be \$67,236,000 (Table 3).

Organizational Overhead which includes at-risk compensation, tuition and relocation reimbursements as well as other related costs is estimated to be \$15,119,000 (Table 4).

General Purpose Projects are composed of Corporate IT Projects. The Corporate IT Projects are estimated to be \$3,678,000 (Table 5).

The General Business Unit costs are allocated to each Business Unit as explained on page 10. Also, the allocation process is depicted in a diagram on Table 7.

The Fiscal Year 2021 Budget has been adjusted to reclassify certain costs for comparison purposes to the Fiscal Year 2022 Budget.

**Table 1**  
**Summary of Costs**  
(Dollars in Thousands)

<u>Description</u>	FY 2022	Amended FY 2021	Variance
	<u>Budget</u>	<u>Budget</u>	
Corporate Programs	\$ 15,234	\$ 15,689	\$ (455)
Benefits/Personal Time	67,236	70,881	(3,645)
Organizational Overhead	15,119	14,575	544
<b>Total O&amp;M Costs</b>	<b>\$ 97,589</b>	<b>\$ 101,145</b>	<b>\$ (3,556)</b>
General Purpose Project - Capital	\$ 3,678	\$ 3,373	\$ 305
<b>Total Costs</b>	<b>\$ 101,267</b>	<b>\$ 104,518</b>	<b>\$ (3,251)</b>

**Table 2**  
**Corporate Program Costs**  
(Dollars in Thousands)

<u>Description</u>	FY 2022	Amended	Variance
	Budget	FY 2021 Budget	
Information Services	\$ 5,807	\$ 6,027	\$ (220)
Corporate Finance	2,736	2,521	215
Public Affairs	2,278	2,362	(84)
Senior Management	1,948	1,917	31
Human Resources	1,291	1,700	(409)
Legal	553	591	(38)
Organizational Effectiveness	401	320	81
Environmental & Regulatory Programs	315	316	(1)
Other	(95)	(65)	(30)
<b>Total</b>	<b>\$ 15,234</b>	<b>\$ 15,689</b>	<b>\$ (455)</b>

**Table 2A**  
**Corporate Program Full Time Equivalent Positions**

<u>Description</u>	FY 2022	FY 2021	Variance
	Budget	Budget	
Information Services	26	27	(1)
Human Resources	14	14	-
Corporate Finance	13	13	-
Public Affairs	8	8	-
Senior Management	6	6	-
Legal	3	3	-
Environmental & Regulatory Programs	2	2	-
Organizational Effectiveness	1	-	1
<b>Total</b>	<b>73</b>	<b>73</b>	<b>-</b>

**Table 3**  
**Employee Benefit Costs**  
(Dollars in Thousands)

<u>Description</u>	FY 2022	Amended	<u>Variance</u>
	<u>Budget</u>	<u>FY 2021</u> <u>Budget</u>	
Medical Benefits	\$ 17,711	\$ 17,599	\$ 112
F.I.C.A.	9,873	9,694	179
Retirement:			
WA PERS Contribution	14,058	17,791	(3,733)
401(k) Match	3,948	3,983	(35)
Personal Time/Holidays	19,204	18,510	694
Unemployment/Disability/Other	2,442	2,065	377
<b>Subtotal</b>	<b>\$ 67,236</b>	<b>\$ 69,642</b>	<b>\$ (2,406)</b>
Outage	\$ -	\$ 1,239	\$ (1,239)
<b>Total</b>	<b>\$ 67,236</b>	<b>\$ 70,881</b>	<b>\$ (3,645)</b>



**Table 4**  
**Organizational Overhead**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Amended</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
At-Risk Compensation/Retention/ Employee Recognition	\$ 14,301	\$ 13,810	\$ 491
Relocations	675	622	53
Tuition	143	143	-
<b>Total</b>	<b>\$ 15,119</b>	<b>\$ 14,575</b>	<b>\$ 544</b>

**Table 5**  
**General Purpose Projects**  
(Dollars in Thousands)

<u>Description</u>	<u>FY 2022</u> <u>Budget</u>	<u>Amended</u> <u>FY 2021</u> <u>Budget</u>	<u>Variance</u>
<b><u>Capital Projects</u></b>			
Information Technology (1)	\$ 3,678	\$ 3,373	\$ 305
<b>Total Capital Projects</b>	<b>\$ 3,678</b>	<b>\$ 3,373</b>	<b>\$ 305</b>
<b><u>Expense Projects</u></b>			
Information Technology (1)	\$ -	\$ -	\$ -
<b>Total Expense Projects</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total General Purpose Projects</b>	<b>\$ 3,678</b>	<b>\$ 3,373</b>	<b>\$ 305</b>

(1) Information Technology costs are managed centrally within Energy Northwest for the benefit of all Business Units. Items must have a useful life greater than one year, and have a procurement cost of greater than \$1,000. Internally developed software projects must be greater than \$250,000 to be capitalized.

**Table 6**  
**Business Unit Allocation of Costs**  
(Dollars in Thousands)

<u>Business Unit Allocations (Dollars)</u>	FY 2022	Amended	Variance
	Budget	FY 2021 Budget	
Project 1	\$ 377	\$ 435	\$ (58)
Columbia	90,270	95,462	(5,192)
Project 3	87	93	(6)
Packwood	431	449	(18)
Nine Canyon Wind Project	894	861	33
Business Development Fund	5,009	3,790	1,219
<b>Total Allocations</b>	<b>\$ 97,068</b>	<b>\$ 101,090</b>	<b>\$ (4,022)</b>

<u>Business Unit Allocations (Percentages)</u>	FY 2022	FY 2021	Variance
	Budget	Budget	
Project 1	0.39%	0.43%	(0.04%)
Columbia	93.00%	94.43%	(1.43%)
Project 3	0.09%	0.09%	0.00%
Packwood	0.44%	0.45%	(0.01%)
Nine Canyon Wind Project	0.92%	0.85%	0.07%
Business Development Fund	5.16%	3.75%	1.41%
<b>Total Allocations</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

**Note:**

Total Business Unit Allocation dollars shown exclude non-allocated costs, thus, will not agree with Table 1.

### **Overview of Indirect Cost Pools**

Energy Northwest makes use of three indirect cost pools. Allocation of these pools is conducted in three sequential steps. A graphical depiction of allocation steps are provided on the following page (Table 7).

#### **Step 1 - Employee Benefits (Resource Category 703)**

All costs incurred by Energy Northwest for medical and dental benefits, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, Personal Time (e.g., vacation, holiday, sick, etc.) and other costs associated with employee wellness. Employee benefit costs are allocated to business units and other intermediate cost pools based on regular labor costs. Overtime, temporary and special pay costs receive a reduced rate.

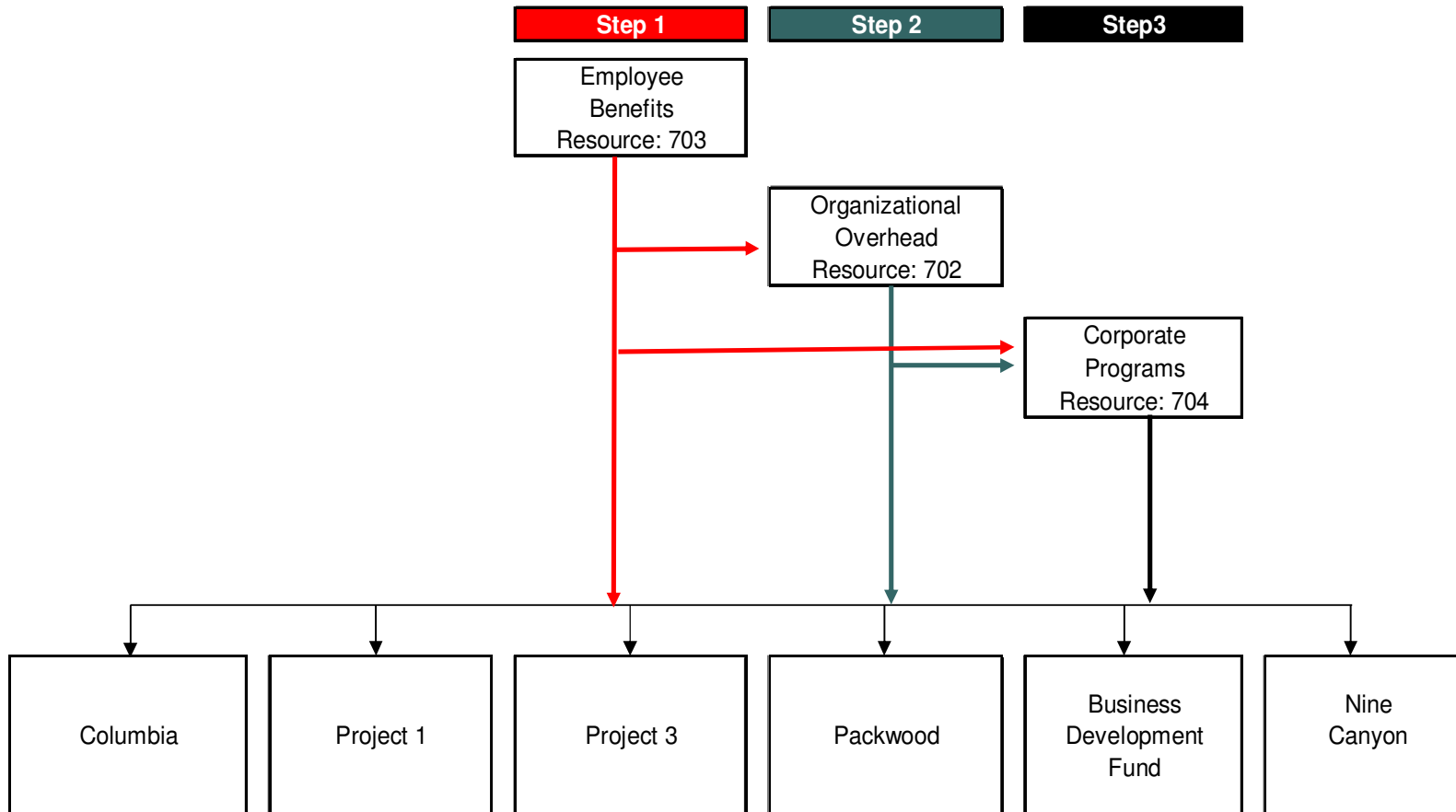
#### **Step 2 – Organizational Overhead (Resource Category 702)**

Contains costs for education reimbursement, new employee relocation, employee labor supporting corporate sponsored initiatives and labor costs determined when goals are evaluated. Also, included is a pro rata allocation of employee benefits and personal time. These costs are allocated to business units and the Corporate Programs cost pool based on regular labor costs.

#### **Step 3 – Corporate Programs (Resource Category 704)**

Contains all costs associated with management of Energy Northwest's corporate activities. These costs include costs of finance, legal, administration, human resources, procurement, and information technology. Also, included is a pro rata allocation of employee benefits, personal time, and Organizational Overhead. These costs are allocated over Total Operating and Capital costs.

**Table 7**  
**Indirect Cost Allocation Diagram**



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**ALLOCATION:** A process to spread indirect overhead costs to other business units based on a common cost pool.

**AMORTIZATION:** A method of allocating (accruing) costs to fiscal periods to match costs with the revenues or benefits generated from a specific activity.

**AMORTIZED FINANCING COSTS:** Reflects the capitalized financing costs that were incurred to issue long-term bonds to finance construction of the project or refinance outstanding project bonds, which are being amortized over the life of the bonds.

**ANNUAL BUDGET:** The amount of resources, expressed in dollars, allocated to a specific project for a given fiscal year.

**BASELINE COSTS:** Columbia Generating Station (Columbia) direct and indirect costs not associated with projects. Estimated labor associated with projects has been included in the project line item budgets.

**BILLING STATEMENTS:** A contractual notification to project participants indicating their percentage and dollar share of a net-billed project's annual budget.

**BOND PROCEEDS:** Monies received from the issuance of bonds.

**BOND RESOLUTION:** A resolution passed by Energy Northwest's Board of Directors establishing a plan and system for the acquisition and construction of a particular Energy Northwest project. Each of Energy Northwest's projects has a bond resolution. Among other things, the resolution authorizes the issuance of bonds to construct the project and establishes special rules pertaining to the accounting and funding of each project. Each resolution mandates that separate funds and books of accounts be maintained and strictly prohibits the payment of obligations of one project with funds of another project.

**BOND RETIREMENT:** Funds deposited into the Bond Fund Principal or Bond Fund Retirement accounts used to retire maturing debt or meet sinking fund requirements.

**BPA DIRECT PAY AGREEMENTS:** Energy Northwest and Bonneville entered into an agreement with respect to each Net Billed Project ("Direct Pay Agreements") pursuant to which, beginning May 2006, Bonneville pays at least monthly all costs for each Net Billed Project, including debt service on the Net Billed Bonds, directly to Energy Northwest. Each Participant pays directly to Bonneville all costs associated with its power sales and other contracts with Bonneville instead of making such payments to Energy Northwest. The Net Billing Agreements provide that Energy Northwest is to bill budgeted costs less

amounts payable from sources other than the Net Billing Agreements to Participants. Direct payments received from Bonneville under the Direct Pay Agreements are considered a source other than the Net Billing Agreements and, therefore, the Net Billing Agreements were not amended. In the Direct Pay Agreements, Energy Northwest agrees to promptly bill each Participant its share of the costs of the respective Project under the Net Billing Agreements if Bonneville fails to make a payment when due under the Direct Pay Agreements.

**BUSINESS DEVELOPMENT FUND (BDF):** A special enterprise fund created for the purpose of holding, administering, disbursing and accounting for Energy Northwest costs and revenues generated from new energy-related business opportunities. Created by Executive Board Resolution Number 1006 in April 1997.

**BUSINESS UNIT:** A plan and system authorized by Energy Northwest's Board of Directors. Columbia, WNP-1, WNP-3, Packwood, Business Development Fund, Nine Canyon Wind Project, and General Business Unit are all Business Units. The General Business Unit includes indirect costs that are subsequently allocated to all other business units.

**CAPITAL ADDITIONS:** Includes improvements and modifications that will be made throughout the operating life of the plant that will be necessary to assure plant safety, reliability, efficiency and cost effectiveness.

**CAPITAL COSTS/EQUIPMENT:** Costs related to improvements and modifications to the plant or the purchase of equipment. Generally, an item is considered to be capital equipment if it exceeds \$10K, except computer equipment which is \$1K, in value and has a service life of greater than one year. Capital items are depreciated over their estimated service-lives.

**CONSTRUCTION FUND:** Established pursuant to Bond Fund resolutions, the Construction Fund pays for all costs of construction.

**CONTROLLABLE COSTS:** Controllable costs include operations, maintenance, capital and overhead costs. They exclude costs related to depreciation, fuel, and financing.

**CORPORATE PROGRAMS:** The administration, management and general programs that support Energy Northwest as a business entity are accumulated into a Corporate Program indirect cost pool. The Corporate Program costs are distributed based upon total Operating and Capital costs charged to Energy Northwest projects or other final cost objectives. Corporate Programs include, but are not limited to, accounting, human resources, legal services and general management.



**COST OF POWER:** A measurement, expressed in dollars per megawatt-hour, designed to measure the cost effectiveness of plant operations. Also see Memorandum of Agreement.

**COST-TO-CASH RECONCILIATION:** A schedule depicting how cost numbers, which are used to manage and control Energy Northwest business units, are converted to cash and funding requirements.

**DEBT SERVICE:** Amounts paid or required to be paid into the applicable Bond and Reserve & Contingency Fund for purposes of paying the semi-annual coupon interest and annual bond principal redemption.

**DECOMMISSIONING:** Refers to the plan of dismantlement and site restoration of Columbia. The decommissioning plan for Columbia reflects a 60-year plant life, three years to prepare for protective storage, 60 years of protective storage, and 3.5 years for facility dismantlement and site restoration. A special fund has been established to provide monies necessary to pay for decommissioning.

**DEPRECIATION:** A systematic and rational basis for allocating capital costs over the service life of an asset. Depreciation may be based on estimated service life in years or production capacity. Depreciation can be viewed as the wear and tear of an asset over time.

**ESCALATION:** The dollar amount or percentage rate that costs are expected to increase in future periods due to inflation, changes in labor contracts, tax increases, etc.

**EXCESS WORKING CAPITAL:** The amount in excess of \$3 million that has been designated as the required amount of working capital for the Revenue Fund. To the extent that on June 30, there is more than that amount of monies in the Revenue Fund, such amounts for the current fiscal year are excess amounts to be used to reduce the funding requirements for the project for the subsequent fiscal year.

**FISCAL YEAR:** The twelve-month period July 1 through June 30. Energy Northwest's accounting and budgeting cycle is based on a fiscal year that spans this period.

**FIXED COSTS:** Includes non-variable costs that will be incurred regardless of plant operations, output or conditions (e.g., bond interest, depreciation, decommissioning, etc.).

**FUND:** Established by bond resolutions, a fund is a pool of money set aside to pay specified obligations of the projects. Typically, Energy Northwest project bond resolutions call for construction costs to be paid from the Construction Fund, operations and maintenance costs to be paid from the Revenue Fund,

bond interest payments to be paid from the Interest Account within the Bond Fund, etc. Fund restrictions were established by bond resolutions as a form of security for bondholders.

**FUNDING REQUIREMENTS:** Identification of the amount of cash required for a given budget period to meet business unit needs.

**GENERAL BUSINESS UNIT (GENERAL FUND):** A fund established for accounting purposes to pay multi-project obligations and collect and allocate overhead costs to projects.

**GENERATION TAXES:** Pursuant to RCW 54.28.025, a tax is assessed on Columbia net generation equal to one and one-half percent of the wholesale value of energy produced. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

**INCREMENTAL COSTS:** Includes those costs that are variable in nature and are directly related to the amount of power produced (e.g., nuclear fuel amortization spent fuel disposal fees, generation taxes, etc.).

**INCREMENTAL OUTAGE COSTS:** Includes those costs that are needed to support an outage that are not specific to an individual project (e.g., overtime, supplies and materials).

**INDIRECT COSTS:** Includes costs charged to intermediate cost pools for later allocation. Includes costs associated with Administrative & General (A&G), Information Technology, Organizational Overhead, Employee Benefits, and Absence (see General Business Unit tab for further definition of these cost pools).

**INTEREST EXPENSE:** The interest on outstanding bonds. Funds are transferred monthly from the Revenue Funds to the Bond Fund Interest Accounts in order to pay the semi-annual coupon interest.

**INVENTORY:** Operational spare parts, common stock and general materials and supplies purchased by Energy Northwest and stored in warehouses for later use.

**INVESTMENT INCOME:** Income earned on investment securities.

**MATERIALS:** Included in materials is the cost of office supplies, software, fuels, oils, chemicals, gases, support materials, and resins.

**NET-BILLING:** A payment procedure established by net-billing agreements. More than 100 Northwest utilities have purchased all of the project capability of Nuclear Project No. 1, Columbia and Energy Northwest's 70 percent ownership

share of Nuclear Project No. 3. Project Participants have resold such capability to BPA and, in return, BPA is obligated to pay annual costs of these projects, including debt service, by a procedure referred to as net-billing. Project Participants pay Energy Northwest their respective share of annual costs, and BPA pays Project Participants identical amounts by reducing amounts due to BPA by Participants under power sales agreements.

**NUCLEAR FUEL AMORTIZATION:** Represents the amortization of nuclear fuel costs in a given fiscal year. The cost of nuclear fuel is first capitalized as an asset in order to reflect the value of the unused fuel. At the time the fuel is placed in the reactor, the cost of the fuel is amortized to fiscal periods on the basis of quantity of heat produced.

**NUCLEAR FUEL IN PROCESS:** The cost of nuclear fuel that is being converted, fabricated, enriched, etc. not having reached a finished state.

**OPERATING COSTS:** Includes controllable and incremental costs.

**ORIGINAL BUDGET:** The beginning fiscal year budget for a Business Unit.

**OUTSIDE SERVICES:** Includes the cost of services provided by outside companies. Energy Northwest uses outside services for various functions including data systems, legal assistance, engineering support, craft support, paying agent and trustee fees, health physics and chemistry, maintenance services and radwaste disposal.

**PRIOR YEAR'S RESERVE AND CONTINGENCY FUND SURPLUS:** Annually, funds remaining are to be transferred back to the Revenue Fund to be utilized to reduce the funding requirements of the project for the subsequent fiscal year. Monies deposited in the Reserve and Contingency Fund can be expended only for special purposes.

**PRIVILEGE TAXES:** Pursuant to RCW 54.28.020, a tax is assessed on Packwood and Nine Canyon net generation equal to five percent of the first four mills per kilowatt-hour of revenue obtained from the sale of energy for resale. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

**PROJECT PARTICIPANT:** Municipalities, public utility districts, investor-owned utilities and electric cooperatives that have purchased a share of project output.

**REFINANCING:** An Energy Northwest and BPA program to refund higher coupon outstanding debt issued for Projects 1, 3 and Columbia with the goal of reducing total debt service of the projects over the life of the bonds.

**RESERVE AND CONTINGENCY FUND REQUIREMENT:** Funds equal to 10 to 15 percent of the aggregate required monthly transfers from the Revenue Fund to the Bond Fund Debt Service Accounts are to be transferred monthly from the Revenue Fund to the Reserve and Contingency Fund.

**RISK RESERVE:** A reserve in the budget set aside for unplanned events.

**SPENT FUEL DISPOSAL FEE:** The Nuclear Waste Policy Act of 1982 specifies that a waste disposal of one mill be paid to the United States Department of Energy (DOE) for each kilowatt-hour of electricity generated. In return, DOE will accept and dispose of spent nuclear fuel.

**STRATEGIC PLANNING:** A process undertaken by key managers and staff, approved by the Executive Board, to establish a vision of what Energy Northwest should be in five or more years.