

Fiscal Year 2008 Project 3 Annual Budget



Table of Contents

	<u>Table</u>	<u>Page</u>
Summary		3
Summary of Costs	Table 1	4
Summary of Full Time Equivalent Positions	Table 2	5
Cost-to-Cash Reconciliation	Table 3	6
Annual Budget/Statement of Funding Requirements	Table 4	7
Monthly Statement of Funding Requirements - Revenue Fund	Table 5	8

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 2008 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 775 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 cost for Fiscal Year 2008 is estimated to be \$100,421,000 (Table 1). The total net funding requirements for Fiscal Year 2008 are \$80,582,000 (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.

Table 1
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2008 Budget</u>	<u>Original FY 2007 Budget</u>	<u>Variance</u>
Interest Expense/Note (1)	\$ 98,954	\$ 99,507	\$ (553)
Amortized Financing Cost	954	1,406	(452)
Investment Income (2)	(1,716)	(1,941)	225
Treasury Services (3)	2,229	2,098	131
Total Treasury Related Costs	<u>\$ 100,421</u>	<u>\$ 101,070</u>	<u>\$ (649)</u>

Assumptions

- (1) Interest on variable rate debt remains at 4.00%. Interest on the note was increased from 5.60% to 5.80%.
- (2) Includes income on investment of monies held in the Interest and Principal accounts and the Reserve & Contingency Fund which are transferred periodically to the Revenue Fund. Investment income earnings rates are forecasted at 4.75%.
- (3) Amount includes annual costs for the variable rate debt program and internal labor and overheads of \$188,000.

Table 2
Summary of Full Time Equivalent Positions*

<u>Description</u>	<u>FY 2008 Budget</u>	<u>Original FY 2007 Budget</u>	<u>Variance</u>
Treasury Related	<u>1</u>	<u>1</u>	<u>-</u>

* Does not include allocation of Corporate Full Time Equivalent Positions.

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

Description	FY 2008 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2008 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 97,431	\$ -	\$ -	\$ (17,844)	\$ -	\$ 79,587
Interest on Note	1,523	-	-	-	-	1,523
Amortized Financing Cost	954	(954)	-	-	-	-
Investment Income	(1,716)	-	-	1,347	(867)	(1,236)
Treasury Services/Pay Agent	2,229	-	-	-	-	2,229
Prior Year's R&C Surplus	-	-	(10,158)	-	-	(10,158)
Reserve & Contingency Fund	-	-	8,637	-	-	8,637
Subtotal Treasury Related	\$ 100,421	\$ (954)	\$ (1,521)	\$ (16,497)	\$ (867)	\$ 80,582
Total Funding Requirements	\$ 100,421	\$ (954)	\$ (1,521)	\$ (16,497)	\$ (867)	\$ 80,582

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

<u>Description</u>	<u>FY 2008 Budget</u>	<u>Original FY 2007 Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense	\$ 79,587	\$ 78,114	\$ 1,473
Interest on Note	1,523	1,708	(185)
Bond Retirement (1)	-	-	-
Reserve & Contingency Fund	8,637	10,247	(1,610)
Investment Income (Rev)	(1,236)	(1,273)	37
Prior Year's R&C Surplus	(10,158)	(7,739)	(2,419)
Treasury Services	2,229	2,065	164
Total Funding Requirements	<u>\$ 80,582</u>	<u>\$ 83,122</u>	<u>\$ (2,540)</u>
<u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 80,582	\$ 83,122	\$ (2,540)
Total Funding Sources	<u>\$ 80,582</u>	<u>\$ 83,122</u>	<u>\$ (2,540)</u>

(1) The bond retirement requirements will be funded from bond proceeds and extended.

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	FY2008 Total
Beginning Balance	\$ 3,000	\$ 10,673	\$ 7,533	\$ 4,375	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Receipts													
BPA Direct Payments	\$ -	\$ -	\$ -	\$ 1,905	\$ 3,190	\$ 27,710	\$ 3,845	\$ 3,781	\$ 3,824	\$ 3,970	\$ 3,905	\$ 28,452	\$ 80,582
Total Receipts	\$ -	\$ -	\$ -	\$ 1,905	\$ 3,190	\$ 27,710	\$ 3,845	\$ 3,781	\$ 3,824	\$ 3,970	\$ 3,905	\$ 28,452	\$ 80,582
Disbursements													
Treasury Related													
Interest Expense	\$ 2,533	\$ 2,533	\$ 2,533	\$ 2,533	\$ 2,533	\$ 27,129	\$ 2,533	\$ 2,533	\$ 2,533	\$ 2,533	\$ 2,532	\$ 27,129	\$ 79,587
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Note	-	17	35	52	70	87	105	147	189	231	274	316	1,523
R&C Fund (2)	464	464	464	464	464	464	976	976	976	975	975	975	8,637
Investment Income	(767)	(25)	(25)	(25)	(27)	(120)	(25)	(25)	(25)	(25)	(27)	(120)	(1,236)
Prior Year R&C Surplus	(10,158)	-	-	-	-	-	-	-	-	-	-	-	(10,158)
Treasury Services	240	135	135	240	135	135	240	135	135	240	135	136	2,041
Treasury Services Labor	15	16	16	16	15	15	16	15	16	16	16	16	188
Total Disbursements	\$ (7,673)	\$ 3,140	\$ 3,158	\$ 3,280	\$ 3,190	\$ 27,710	\$ 3,845	\$ 3,781	\$ 3,824	\$ 3,970	\$ 3,905	\$ 28,452	\$ 80,582
Ending Balance	\$ 10,673	\$ 7,533	\$ 4,375	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

(1) The bond retirement requirements will be funded from bond proceeds and extended.

(2) Newer bond resolutions have eliminated Reserve & Contingency Fund requirements. The budget reflects Reserve & Contingency Fund for prior lien bonds only.

(Page left intentionally blank)