

Fiscal Year 2009 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 2009 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 2009 is estimated to be \$91,395,000 (Table 1). The total net funding requirements for Fiscal Year 2009 are \$175,292,000 (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 2009</u> <u>Budget</u> | <u>Original</u> <u>FY 2008</u> <u>Budget</u> | <u>Variance</u> |
|------------------------------|---------------------------------|--|-------------------|
| Interest Expense/Note (1) | \$ 90,665 | \$ 98,954 | \$ (8,289) |
| Amortized Financing Cost (2) | (92) | 954 | (1,046) |
| Investment Income (3) | (1,212) | (1,716) | 504 |
| Treasury Services (4) | 2,034 | 2,229 | (195) |
| Total | \$ 91,395 | \$ 100,421 | \$ (9,026) |

Assumptions

- (1) Interest on variable rate debt was reduced from 4.00% to 3.50%. All prior lien debt maturing in 2009 is expected to be paid off and not refunded. Therefore, Fiscal Year 2009 does not include interest on a note.
- (2) Fiscal Year 2009 does not include any potential impact from the spring 2008 bond deal.
- (3) 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 2.50%.
- (4) Includes all non-interest costs of fixed and variable rate debt and internal labor and overheads of \$178,000.

Table 2
Summary of Full Time Equivalent Regular Positions

| <u>Description</u> | <u>FY 2009 Budget</u> | <u>Original FY 2008 Budget</u> | <u>Variance</u> |
|--------------------|---------------------------|--|-----------------|
| Treasury Related | <u>1</u> | <u>1</u> | <u>-</u> |

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

| Description | FY 2009 Total Cost | Non-Cash Items | Non-Cost Items | Deferred Cash Req'ts | Prior Year's Commitments | FY 2009 Total Cash |
|-----------------------------------|--------------------------|-------------------|-------------------|-------------------------|-----------------------------|--------------------------|
| Treasury Related Expenses | | | | | | |
| Interest Expense | \$ 90,665 | \$ - | \$ - | \$ (16,007) | \$ - | \$ 74,658 |
| Bond Retirement | - | - | 101,735 | - | - | 101,735 |
| Amortized Financing Cost | (92) | 92 | - | - | - | - |
| Investment Income | (1,212) | - | - | 724 | (1,016) | (1,504) |
| Treasury Services/Pay Agent | 2,034 | - | - | - | - | 2,034 |
| Prior Year's R&C Surplus | - | - | (8,634) | - | - | (8,634) |
| Reserve & Contingency Fund | - | - | 7,003 | - | - | 7,003 |
| Subtotal Treasury Related | \$ 91,395 | \$ 92 | \$ 100,104 | \$ (15,283) | \$ (1,016) | \$ 175,292 |
| Total Funding Requirements | \$ 91,395 | \$ 92 | \$ 100,104 | \$ (15,283) | \$ (1,016) | \$ 175,292 |

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

| <u>Description</u> | <u>FY 2009 Budget</u> | <u>Original FY 2008 Budget</u> | <u>Variance</u> |
|-----------------------------------|---------------------------|--|-------------------------|
| Treasury Related Expenses | | | |
| Interest Expense | \$ 74,658 | \$ 79,587 | \$ (4,929) |
| Interest on Note | - | 1,523 | (1,523) |
| Bond Retirement | 101,735 | - | 101,735 |
| Reserve & Contingency Fund | 7,003 | 8,637 | (1,634) |
| Investment Income (Rev) | (1,504) | (1,236) | (268) |
| Prior Year's R&C Surplus | (8,634) | (10,158) | 1,524 |
| Treasury Services | 2,034 | 2,229 | (195) |
| Total Funding Requirements | <u>\$ 175,292</u> | <u>\$ 80,582</u> | <u>\$ 94,710</u> |
| <u>Funding Sources</u> | | | |
| Net Billing/BPA Direct Payments | <u>\$ 175,292</u> | <u>\$ 80,582</u> | <u>\$ 94,710</u> |
| Total Funding Sources | <u>\$ 175,292</u> | <u>\$ 80,582</u> | <u>\$ 94,710</u> |

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 | FY2009 Total |
|----------------------------|------------|----------|----------|----------|-----------|-----------|----------|----------|----------|----------|------------|------------|-----------------|
| Beginning Balance | \$ 3,000 | \$ 7,565 | \$ 7,627 | \$ 7,812 | \$ 7,802 | \$ 34,434 | \$ 8,318 | \$ 8,341 | \$ 8,199 | \$ 8,335 | \$ 8,412 | \$ 105,823 | \$ 3,000 |
| Receipts | | | | | | | | | | | | | |
| BPA Direct Payments (1) | \$ - | \$ 4,816 | \$ 4,812 | \$ 4,802 | \$ 31,434 | \$ 5,318 | \$ 5,341 | \$ 5,199 | \$ 5,335 | \$ 5,412 | \$ 102,823 | \$ - | \$ 175,292 |
| Total Receipts | \$ - | \$ 4,816 | \$ 4,812 | \$ 4,802 | \$ 31,434 | \$ 5,318 | \$ 5,341 | \$ 5,199 | \$ 5,335 | \$ 5,412 | \$ 102,823 | \$ - | \$ 175,292 |
| Disbursements | | | | | | | | | | | | | |
| Treasury Related | | | | | | | | | | | | | |
| Interest Expense | \$ 1,827 | \$ 1,827 | \$ 1,827 | \$ 1,827 | \$ 1,827 | \$ 28,633 | \$ 1,827 | \$ 1,827 | \$ 1,827 | \$ 1,827 | \$ 1,827 | \$ 27,755 | \$ 74,658 |
| Bond Retirement (2) | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 2,493 | 74,312 | 101,735 |
| Interest on Note | - | - | - | - | - | - | - | - | - | - | - | - | - |
| R&C Fund (3) | 308 | 308 | 308 | 308 | 308 | 309 | 859 | 859 | 859 | 859 | 859 | 859 | 7,003 |
| Investment Income | (1,054) | (18) | (18) | (18) | (18) | (69) | (29) | (29) | (29) | (29) | (30) | (163) | (1,504) |
| Prior Year R&C Surplus | (8,634) | - | - | - | - | - | - | - | - | - | - | - | (8,634) |
| Treasury Services | 481 | 130 | 3 | 188 | 177 | 53 | 153 | 176 | 34 | 170 | 248 | 45 | 1,858 |
| Treasury Services Labor | 14 | 14 | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 176 |
| Total Disbursements | \$ (4,565) | \$ 4,754 | \$ 4,627 | \$ 4,812 | \$ 4,802 | \$ 31,434 | \$ 5,318 | \$ 5,341 | \$ 5,199 | \$ 5,335 | \$ 5,412 | \$ 102,823 | \$ 175,292 |
| Ending Balance | \$ 7,565 | \$ 7,627 | \$ 7,812 | \$ 7,802 | \$ 34,434 | \$ 8,318 | \$ 8,341 | \$ 8,199 | \$ 8,335 | \$ 8,412 | \$ 105,823 | \$ 3,000 | \$ 3,000 |

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

(2) It is assumed that all of the Fiscal Year 2009 bond maturities will be paid off and not refunded.

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

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