



**ENERGY  
NORTHWEST**

# Introduction

**Vic Parrish  
Chief Executive Officer  
March 24, 2009**

# **Agenda - March 24, 2009 (a.m.)**

<b>9:00 - 9:30</b>	<b>Introduction</b>	<b>Vic Parrish</b>
<b>9:30 - 9:45</b>	<b>Budget Overview</b>	<b>Al Mouncer</b>
<b>9:45 - 10:00</b>	<b>Energy/Business Services - Overview/Strategies</b>	<b>Jack Baker</b>
<b>10:00 - 10:15</b>	<b>Energy/Business Services - Business Development Fund</b>	<b>Jack Baker</b>
<b>10:15 - 10:45</b>	<b>Break/Discussion</b>	
<b>10:45 - 11:30</b>	<b>General Services/Facilities</b>	<b>Mike Price</b>
<b>11:30 - 12:45</b>	<b>Lunch</b>	

# **Agenda - March 24, 2009 (p.m.)**

<b>12:45 - 1:15</b>	<b>Generation Sector</b>	<b>Tom Krueger</b>
<b>1:15 - 1:25</b>	<b>Nine Canyon Wind Project</b>	<b>Steve Wotruba</b>
<b>1:25 - 1:35</b>	<b>Packwood</b>	<b>Steve Wotruba</b>
<b>1:35 - 1:45</b>	<b>O&amp;M/Professional Services</b>	<b>Steve Wotruba</b>
<b>1:45 - 2:15</b>	<b>Break/Discussion</b>	
<b>2:15 - 2:45</b>	<b>IT Projects</b>	<b>Keith Cooke</b>
<b>2:45 - 3:00</b>	<b>Debt Service/Investments</b>	<b>John Irvan</b>
<b>3:00 - 3:40</b>	<b>General Business Unit (A&amp;G)</b>	<b>Johnathan Hicks</b>
<b>3:40 - 4:00</b>	<b>Open Issues</b>	

# **Agenda - March 25, 2009**

<b>8:00 - 8:15</b>	<b>Columbia Overview</b>	<b>Scott Oxenford</b>
<b>8:15 - 9:00</b>	<b>Columbia</b>	<b>Brent Ridge</b>
<b>9:00 - 10:00</b>	<b>Columbia Projects</b>	<b>Project Managers</b>
<b>10:00 - 10:30</b>	<b>Break/Discussion</b>	
<b>10:30 - 11:15</b>	<b>Columbia LRP</b>	<b>Brent Ridge</b>
<b>11:15 - 11:45</b>	<b>Columbia 10-Year Fuel Plan</b>	<b>Lisa Ferek</b>
<b>11:45 - 1:00</b>	<b>Lunch</b>	

# Our Vision

"The region's premier source for Public Power energy solutions"

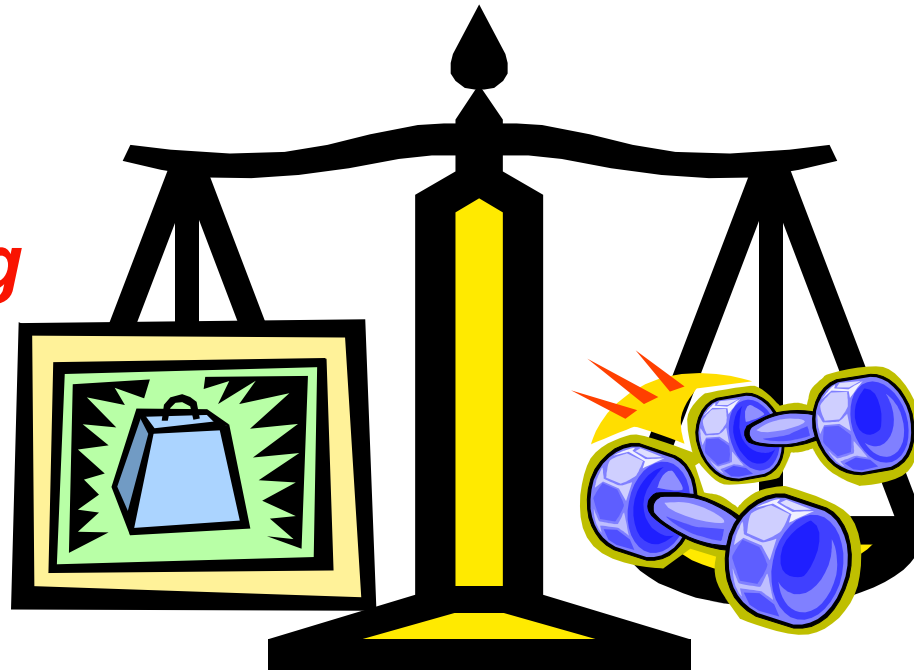
# Energy Northwest Planning Structure



# Budgeting Balancing Act

## • *Generating Facilities*

- Plant Reliability
- Dose Reduction
- License Renewal
- New Generation



## • *People*

- Wages
- Benefits
- Training
- Knowledge Retention

Maintain Safe, Reliable Cost Effective Operation

# Improved Predictability & Value

- ✦ Improving Predictability of our Long Range Plans
- ✦ Efficiency Improvements and Value Assessments
- ✦ Continued Investment in Columbia Project Controls
- ✦ Improved Predictability of Plant Operations and Reliability



# Workforce Planning

- ✦ Improved Workforce Planning has Resulted in:
  - Transition Positions for Retirements
    - Knowledge retention
  - Project Positions for Staffing Peaks
    - Out-year planned reductions
  - Additional Permanent Positions
    - Fatigue order
    - Training

# Managing Our Balance Sheets

- ✦ Packwood Long Term Debt Paid-Off
- ✦ Last Year of Debt Optimization
- ✦ Continue Bond Principal Payments on Net Bill Projects
- ✦ Continue Columbia Capital Financing
- ✦ Advanced Participant Funding on Future Project Development Costs

# Looking Forward to Our Future

- ✦ Staff is taking the Long Term View
  - Including Columbia and Packwood License Extension Efforts
  - Investing in Columbia Equipment Reliability
  - Efficient IT Technology and Obsolescence
  - Investing in Present and Future Employee Development
  - Preparing for the Regional Challenges

# Supporting Regional Challenges

- ✦ Energy Diversification
  - Exploring new thermal resources
  - New wind project
  - Exploring other renewable technologies
- ✦ Stayed Within Last Year's Forecast for Fiscal Year 2010
- ✦ Cost Control and Competitiveness
  - Challenge Fiscal Year 2010 budget

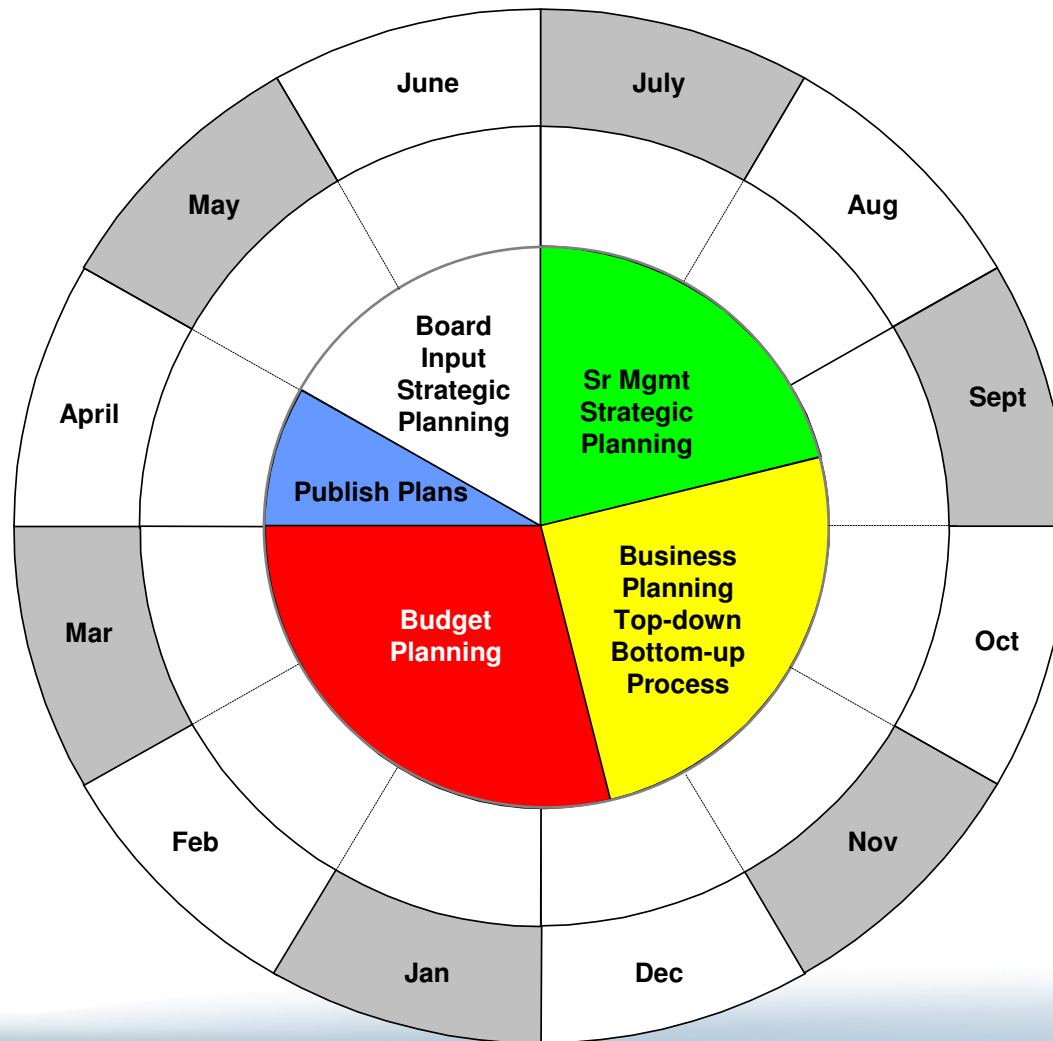


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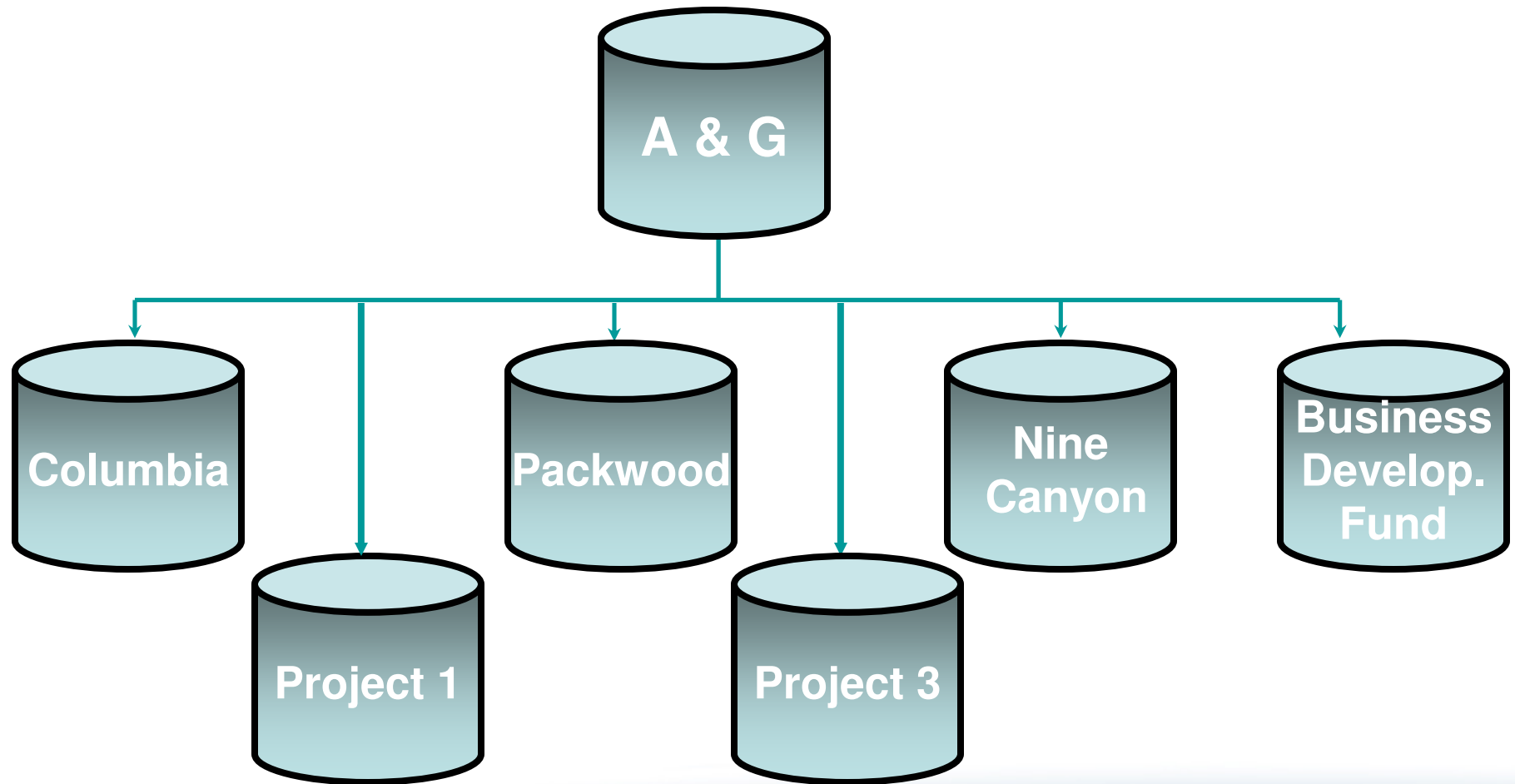
# Energy Northwest Budget Overview

**Al Mouncer  
Vice President  
Corporate Services  
March 24, 2009**

# Planning Cycle



# Business Units



# General Budget Information

- ✦ Budget Documents Include White Pages (Cost Basis) and Green Pages (Cash Basis)
- ✦ Both the Budget Documents and Presentations are Available Online
  - ▣ <http://www.energy-northwest.com/who/2010Annualbudget.php>



# Budget Highlights

- ✦ Overall Funding Requirements Decreased by \$5.7 Million
- ✦ Overall Operating Costs Decreased by \$89.2 Million and Capital Costs Decreased by \$8.7 Million
- ✦ Increase of 37 Regular Positions
- ✦ Fiscal Year 2010 Values Escalated Including Labor at 4.1%

# Funding Requirements

(Dollars in Thousands)

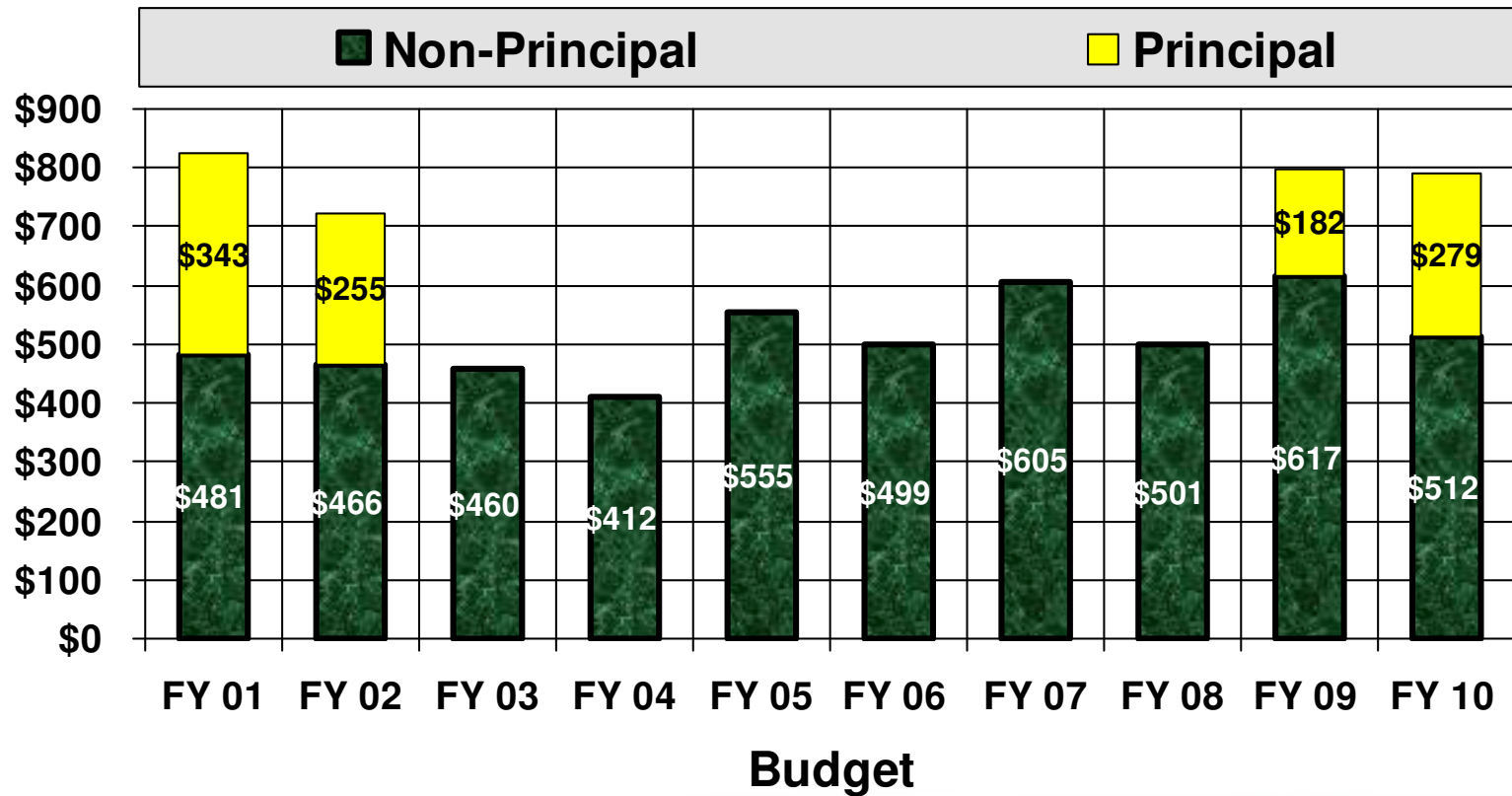
<u>Funding Requirements</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Columbia	\$ 557,991	\$ 565,253	\$ (7,262)
Packwood	2,448	3,588	(1,140)
Nine Canyon Wind Project	16,254	15,923	331
Project 1	179,342	148,132	31,210
Project 3	145,294	175,292	(29,998)
Business Development Fund	11,017	9,888	1,129
<b>Total Funding Requirements</b>	<b>\$ 912,346</b>	<b>\$ 918,076</b>	<b>\$ (5,730)</b>

# Funding Sources

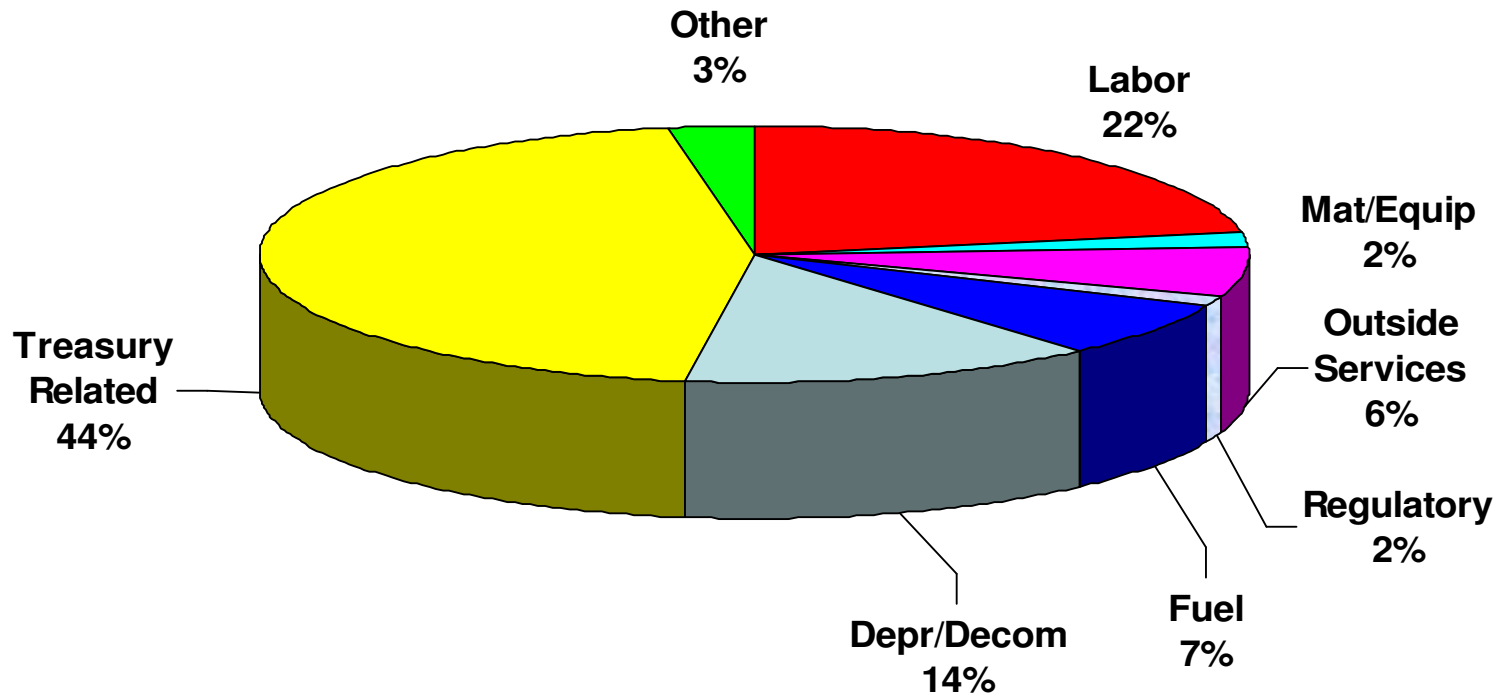
(Dollars in Thousands)

<u>Funding Sources</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Net Billing Revenues/Direct Pay	\$ 791,490	\$ 799,079	\$ (7,589)
Bond Proceeds from Capital Financing	82,462	81,751	711
Revenues	29,356	28,469	887
Working Capital	363	930	(567)
BPA Decommissioning	8,675	7,847	828
<b>Total Funding Sources</b>	<b>\$ 912,346</b>	<b>\$ 918,076</b>	<b>\$ (5,730)</b>

# Net Billing/Direct Pay Requirements (Dollars in Millions)



# Operating Costs by Category



**\$ 664.4 Million\***

\*Excludes Capital

## Operating Costs by Business Unit\*

(Dollars in Thousands)

<u>Operating Costs</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Columbia	\$ 457,663	\$ 529,750	\$ (72,087)
Packwood	1,843	1,849	(6)
Nine Canyon Wind Project	18,682	19,038	(356)
Project 1	89,351	101,690	(12,339)
Project 3	85,865	91,395	(5,530)
Business Development Fund	10,966	9,858	1,108
<b>Total Operating Costs</b>	<b>\$ 664,370</b>	<b>\$ 753,580</b>	<b>\$ (89,210)</b>

\* Excludes Capital

# Capital Costs by Business Unit

(Dollars in Thousands)

<u>Capital Costs</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Columbia	\$ 64,478	\$ 73,339	\$ (8,861)
Packwood	637	533	104
Nine Canyon Wind Project	127	80	47
Business Development Fund	125	106	19
<b>Total Capital Costs</b>	<b>\$ 65,367</b>	<b>\$ 74,058</b>	<b>\$ (8,691)</b>

## Summary of Full Time Equivalent Positions by Business Unit

<u>Business Unit</u>	<u>FY 2010 Budget</u>	<u>Original FY 2009 Budget</u>	<u>Variance</u>
Columbia	1,076	1,046	30
Packwood	5	5	-
Nine Canyon Wind Project	11	11	-
Project 1	3	3	-
Project 3	1	1	-
Business Development Fund	42	40	2
Corporate Programs (A&G)	103	98	5
<b>Total Full Time Equivalent Regular Positions</b>	<b><u>1,241</u></b>	<b><u>1,204</u></b>	<b><u>37</u></b>