



**ENERGY
NORTHWEST**

Investments/Debt Service Fiscal Year 2011 Budget Review

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Debt Service

Project 1, Columbia and Project 3

- ✦ Spring 2010 Bond Deal – Face Value of \$474 Million
 - Financed \$75.1 million for FY 2011 CGS capital
 - Build America Bonds used for a savings of approx. \$4 million
 - Converted Variable Debt/Swaps into Fixed Rate Debt
 - Approx. \$400 million of bonds produced a \$12 million savings
 - Saved \$12 million towards 2012-2013 rate case

- ✦ The Debt Optimization Program is Complete

Bond Principal

Project 1, Columbia and Project 3

(Dollars in Millions)

Fiscal Year 2010 Maturities of \$309.8 Million

	<u>Retiring</u>	<u>Extended</u>
Project 1	\$ 75.5	\$ 8.4
Columbia	140.8	16.0
Project 3	<u>44.0</u>	<u>25.1</u>
Total	\$ 260.3	\$ 49.5*

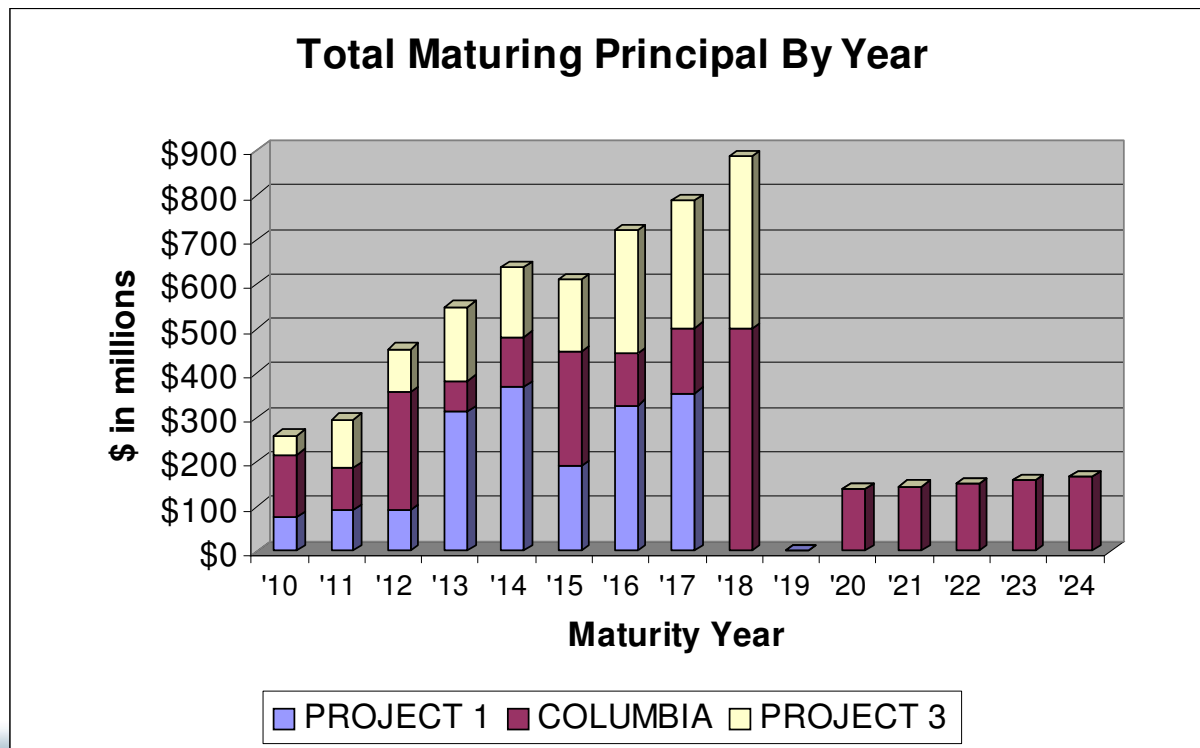
*Extensions enabled us to finance a portion of the deal with tax exempt debt instead of taxable debt.

Bond Principal

Project 1, Columbia and Project 3

(Dollars in Millions)

Budget assumes that all Fiscal Year 2011 bond maturities will be paid off.



Treasury Related Expenses All Business Units (Dollars in Thousands)

<u>Description</u>	<u>FY 2011 Budget</u>	<u>FY 2010 Budget</u>	<u>Variance</u>
(1) Interest Expense	\$ 305,936	\$ 313,522	\$ (7,586)
(2) Amortized Financing Cost	(21,946)	(19,454)	(2,492)
(3) Investment Income	(1,354)	(852)	(503)
(4) Treasury Services	2,409	6,039	(3,630)
Total Costs	\$ 285,045	\$ 299,256	\$ (14,210)

- (1) Approximately \$1 Million of Interest Expense for CGS will be Funded with a Direct Subsidy (35% of the Debt Service) for the Build America Bonds.
- (2) Amortized Financing Cost Driven by Premium Bonds Sold During Recent Years Refinancing.
- (3) Investment Income: Assumed Rate Increased From 0.375% in Fiscal Year 2010 to 0.625% for Fiscal Year 2011.
- (4) Reduction Driven by Elimination of Variable Rate Debt Expenses.

Treasury Services Costs

(Dollars in Thousands)

<u>Description</u>	<u>FY 2011 Budget</u>	<u>FY 2010 Budget</u>	<u>Variance</u>
Banking / Trustee / Operating Costs	\$ 1,343	\$ 1,281	\$ 62
(1) Annual VRD Project Costs	-	3,689	(3,689)
Refinancing/Legal/Advisors	1,066	1,069	(3)
Total	\$ 2,409	\$ 6,039	\$ (3,630)

(1) All Variable Rate Debt was removed in the Spring 2010 Bond Deal.