

Fiscal Year 2014 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 2014 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 2014 is estimated to be \$48,649,000 (Table 1). The total net funding requirements for Fiscal Year 2014 are \$213,540,000 (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 2014</u> <u>Budget</u>	<u>Original</u> <u>FY 2013</u> <u>Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 61,745	\$ 73,164	\$ (11,419)
Amortized Financing Cost (2)	(13,433)	(15,101)	1,668
Investment Income (3)	(86)	(103)	17
Treasury Services (4)	423	423	-
Total	<u>\$ 48,649</u>	<u>\$ 58,383</u>	<u>\$ (9,734)</u>

Assumptions

- (1) Budget assumes no refinancing or restructuring activity will occur.
- (2) The amortized financing costs are driven by the amortization of the premiums on bond issues more than offsetting debt expense and loss on bonds.
- (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 rate is forecasted to average 0.20%
- (4) Includes all non-interest costs of fixed rate debt, internal labor and overheads.

Table 2
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2014 Budget</u>	<u>FY 2013 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 2014 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2014 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 61,745	\$ -	\$ -	\$ (5,603)	\$ -	\$ 56,142
Bond Retirement (1)	-	-	157,300	-	-	157,300
Amortized Financing Cost	(13,433)	13,433	-	-	-	-
Investment Income	(86)	-	-	12	-	(74)
Treasury Services	423	-	-	-	-	423
Prior Year's R&C Surplus	-	-	(4,949)	-	-	(4,949)
Reserve & Contingency Fund (2)	-	-	4,698	-	-	4,698
Subtotal Treasury Related	\$ 48,649	\$ 13,433	\$ 157,049	\$ (5,591)	\$ -	\$ 213,540
Total Funding Requirements	\$ 48,649	\$ 13,433	\$ 157,049	\$ (5,591)	\$ -	\$ 213,540

(1) It is assumed that all \$157,300,000 of the maturing 7/1/2014 bonds will be paid off.

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

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

<u>Description</u>	<u>FY 2014</u> <u>Budget</u>	<u>Original</u> <u>FY 2013</u> <u>Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense	\$ 56,142	\$ 65,020	\$ (8,878)
Bond Retirement	157,300	166,160	(8,860)
Reserve & Contingency Fund	4,698	4,949	(251)
Investment Income (Rev)	(74)	(73)	(1)
Prior Year's R&C Surplus	(4,949)	(3,843)	(1,106)
Treasury Services	<u>423</u>	<u>423</u>	<u>-</u>
Total Funding Requirements	<u>\$ 213,540</u>	<u>\$ 232,636</u>	<u>\$ (19,096)</u>
 <u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 213,540	\$ 232,636	\$ (19,096)
Total Funding Sources	<u>\$ 213,540</u>	<u>\$ 232,636</u>	<u>\$ (19,096)</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	FY2014 Total
Beginning Balance	\$ 3,000	\$ 6,626	\$ 5,273	\$ 4,353	\$ 4,352	\$ 3,898	\$ 10,327	\$ 10,327	\$ 10,328	\$ 10,328	\$ 10,327	\$ 4,126	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -		\$ 432	\$ 1,352	\$ 898	\$ 33,137	\$ 7,327	\$ 7,328	\$ 7,328	\$ 7,327	\$ 1,126	\$ 147,285	\$ 213,540
Total Receipts	\$ -	\$ -	\$ 432	\$ 1,352	\$ 898	\$ 33,137	\$ 7,327	\$ 7,328	\$ 7,328	\$ 7,327	\$ 1,126	\$ 147,285	\$ 213,540
Disbursements													
Treasury Related													
Interest Expense	\$ 452	\$ 452	\$ 452	\$ 452	\$ 452	\$ 25,810	\$ 452	\$ 452	\$ 452	\$ 452	\$ 452	\$ 25,812	\$ 56,142
Bond Retirement (2)	746	747	746	747	746	747	6,179	6,179	6,179	6,180	6,179	121,925	157,300
R&C Fund (3)	120	120	120	120	120	120	663	663	663	663	663	663	4,698
Investment Income	(30)	(1)	(1)	(1)	(1)	(5)	(2)	(2)	(2)	(2)	(2)	(25)	(74)
Prior Year R&C Surplus	(4,949)	-	-	-	-	-	-	-	-	-	-	-	(4,949)
Treasury Services	35	35	35	35	35	36	35	35	36	35	35	36	423
Total Disbursements	\$ (3,626)	\$ 1,353	\$ 1,352	\$ 1,353	\$ 1,352	\$ 26,708	\$ 7,327	\$ 7,327	\$ 7,328	\$ 7,328	\$ 7,327	\$ 148,411	\$ 213,540
Ending Balance	\$ 6,626	\$ 5,273	\$ 4,353	\$ 4,352	\$ 3,898	\$ 10,327	\$ 10,327	\$ 10,328	\$ 10,328	\$ 10,327	\$ 4,126	\$ 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 2014 bond maturities will be paid off and not refunded.
(3) The budget reflects R&C Fund for prior lien bonds only. Newer bond resolutions have eliminated R&C Fund requirements.

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