



Fiscal Year 2021 **BUDGET**



Fiscal Year 2021 Energy Northwest Budget Summary



Prepared 4/22/20

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Summary

This document contains a summary of budgets for all Energy Northwest business units. This section has been prepared for information purposes only.

Energy Northwest operates six business units under various contractual agreements and Energy Northwest Board Resolutions. These business units include Columbia Generating Station, Project 1, Project 3, Packwood Hydroelectric Project, The Business Development Fund, and the Nine Canyon Wind Project. Energy Northwest also manages an Internal Service Fund which acts as an agency clearing account for disbursing agency-wide costs such as employee benefits and corporate programs to the various business units.

Table 1
Funding Requirements
(Dollars in Thousands)

<u>Funding Requirements</u>	FY 2021 Budget	Original FY 2020 Budget	Variance
Columbia (1)	\$ 776,885	\$ 1,038,864	\$ (261,979)
Packwood (2)	3,843	4,109	(266)
Nine Canyon Wind Project (3)	18,796	18,198	598
Project 1 (4)	56,640	45,674	10,966
Project 3 (5)	57,920	46,288	11,632
Business Development Fund (6)	13,293	16,538	(3,245)
General Business Unit (7)	199	354	(155)
Total Funding Requirements	\$ 927,576	\$ 1,170,025	\$ (242,449)

<u>Funding Sources</u>	FY 2021 Budget	FY 2020 Budget	Variance
Net Billing Revenues/Direct Pay	\$ 507,025	\$ 756,816	\$ (249,791)
Note/Line of Credit Draws	36,244	-	36,244
Bond Proceeds (Capital)	111,223	67,781	43,442
Bond Proceeds (Interest/Line of Credit)	72,000	-	72,000
Fuel Revenue	67,760	230,420	(162,660)
Revenues	36,143	31,491	4,652
Capital Reimbursement	1,732	5,640	(3,908)
Line of Credit/Fuel Revenue	85,920	67,760	18,160
Working Capital/Receipts from Participants	5,317	6,066	(749)
BPA Decommissioning	4,212	4,051	161
Total Funding Sources	\$ 927,576	\$ 1,170,025	\$ (242,449)

- (1) See Table 8 on Page 14 of Columbia's Budget Documents
(2) See Table 5 on Page 9 of Packwood's Budget Documents
(3) See Table 4 on Page 9 of Nine Canyon's Budget Documents
(4) See Table 5 on Page 9 of Project 1's Budget Documents
(5) See Table 4 on Page 7 of Project 3's Budget Documents
(6) See Table 5 on Page 10 of Business Development's Budget Documents
(7) See Table 8 on Page 12 of General Business Unit's Budget Documents

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Table 2
Operating & Capital Costs
(Dollars in Thousands)

<u>Operating Costs</u>	FY 2021 Budget	Original FY 2020 Budget	Variance
Columbia (1)	\$ 569,202	\$ 524,169	\$ 45,033
Packwood (2)	3,018	2,674	344
Nine Canyon Wind Project (3)	15,724	15,834	(110)
Project 1 (4)	33,168	31,493	1,675
Project 3 (5)	27,018	26,041	977
Business Development Fund (6)	11,393	10,127	1,266
Total Operating Costs	\$ 659,523	\$ 610,338	\$ 49,185

<u>Capital Costs</u>	FY 2021 Budget	FY 2020 Budget	Variance
Columbia (1)	\$ 109,593	\$ 65,976	\$ 43,617
Packwood (2)	1,079	1,696	(617)
Nine Canyon Wind Project (3)	508	59	449
Business Development Fund (7)	499	1,029	(530)
Total Capital Costs	\$ 111,679	\$ 68,760	\$ 42,919

- (1) See Table 3 on Page 7 of Columbia's Budget Document
(2) See Table 1 on Page 5 of Packwood's Budget Document
(3) See Table 1 on Page 5 of Nine Canyon's Budget Document
(4) See Table 1 on Page 4 of Project 1's Budget Document
(5) See Table 1 on Page 4 of Project 3's Budget Document
(6) See Table 1 on Page 5 of Business Development's Budget Document
(7) See Table 3 on Page 7 of Business Development's Budget Document

Table 3
Summary of Full Time Equivalent Positions by Business Unit(1)(2)

<u>Business Unit</u>	<u>FY 2020 Budget</u>	<u>FY 2020 Budget</u>	<u>Variance</u>
Columbia	977	976	1
Packwood	4	4	-
Nine Canyon Wind Project	12	12	-
Project 1	7	7	-
Project 3	1	1	-
Business Development Fund	48	47	1
Total Full Time Equivalent Positions	<u>1,049</u>	<u>1,047</u>	<u>2</u>

(1) Includes Full Time Equivalent (FTE) positions for transition of new employees taking positions of retiring employees.

(2) Corporate Programs (A&G) FTE positions of 73 in FY 2021 and 74 in FY 2020 have been allocated and are included in the Business Units above.

Fiscal Year 2021 Columbia Generating Station Annual Operating Budget



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Summary

Energy Northwest's Columbia Generating Station (Columbia) is a 1,174 megawatt boiling water nuclear power station utilizing a General Electric nuclear steam supply system. The project is located on the Department of Energy's Hanford Reservation near Richland, Washington. The project began commercial operation in December 1984.

This Columbia Generating Station Fiscal Year 2021 Annual Operating Budget has been prepared by Energy Northwest pursuant to the requirements of Board of Directors Resolution No. 640, the Project Agreement, and the Net Billing Agreements. This document includes all capitalized and non-capitalized costs associated with the project for Fiscal Year 2021. In addition, this document includes all funding requirements.

The total cost budget for Fiscal Year 2021 for Expense and Capital related costs are estimated at \$678,795,000 (Table 3), with associated total funding requirements of \$776,885,000 (Table 8). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2021 have been established at \$427,249,000 (Table 1) including escalation. In Fiscal Year 2021, Bonneville Power Administration will be directly paying the funding requirements on a monthly basis under the provisions of the Direct Pay Agreements. This will take the net billing requirements to zero, for the statements which are normally sent to participants in the project, and will be 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 will simply take 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. Fiscal Year 2021 Capital costs will be funded by bond proceeds and are not included in the Fiscal Year 2021 direct pay requirements. Total direct pay requirements of \$458,270,000 (Table 8) will be the basis for billing directly to Bonneville Power Administration.

This budget is presented on a cost basis and includes a cost to cash reconciliation (Table 7) converting cost data to a cash basis. The Columbia Generating Station's Annual Budget (Table 8) is required by the various project agreements.

Comparison of the Fiscal Year 2021 Budget to the Fiscal Year 2020 Long Range Plan for Fiscal Year 2021 is included (Table 1). Comparison of the Fiscal Year 2021 Budget is made to the original budget for Fiscal Year 2020, dated April 24, 2019.

Key Assumptions/Qualifications

This budget is based upon the following key assumptions and qualifications:

- Fiscal Year 2021 cost of power is based on net generation of 8,731GWh.
- There is a refueling outage planned for Fiscal Year 2021.
- Risk reserves consist of a total of \$12.1 million.
- Unknown NRC mandates are excluded.
- All assumptions associated with Nuclear Fuel are referenced in the Columbia Fuel Plan Section.
- Other Specific Inclusions:
 - Sales tax calculated at 8.6 percent for appropriate items
- All Fiscal Year 2021 Capital expenses are expected to be funded by proceeds of the 2020AB transaction or will be funded by cash held as a result of Independent Spent Fuel Storage Installation Facility settlements with the Department of Energy.
- Fuel Revenue of \$67.76 million is expected to be received by September 30, 2021 from the Tennessee Valley Authority (TVA) related to the Depleted Uranium Enrichment Program (DUEP). Under the TVA Agreement, TVA is obligated to pay prior to September 30, 2021. However, to ensure the benefits are achieved in the appropriate rate period as originally contemplated under the DUEP, revenues will be received or line of credit proceeds will be received to fund the maturing debt prior to July 1, 2021.

Memorandum of Agreement (MOA) (1)
(Dollars in Thousands)

Description	FY 2020 (2)		Variance
	FY 2021 Budget	LRP for FY 2021 (2)	
Baseline	\$ 150,678	\$ 151,087	\$ (409)
Indirect Allocations O&M	79,875	82,661	(2,786)
Expense Projects	33,146	34,489	(1,343)
Risk Reserve	3,893	-	3,893
Operations & Maintenance Total	\$ 267,592	\$ 268,237	\$ (645)
Capital Projects	\$ 85,106	\$ 82,089	\$ 3,017
Indirect Allocations Capital	16,379	14,648	1,731
Risk Reserve	8,108	12,868	(4,760)
Capital Total	\$ 109,593	\$ 109,605	\$ (12)
Nuclear Fuel Related Costs	\$ 50,064	\$ 49,428	\$ 636
Fuel Total	\$ 50,064	\$ 49,428	\$ 636
Total	\$ 427,249	\$ 427,270	\$ (21)
Net Generation (GWh)	8,731	8,731	-
Cost of Power (\$/MWh)	\$ 48.93	\$ 48.94	\$ (0.01)

- (1) Columbia costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This measure includes operations and maintenance, capital additions and fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, A&G, and information technology expenses).
- (2) Fiscal Year 2020 Long Range Plan for Fiscal Year 2021.

Table 2
Columbia Station Costs - Memorandum of Agreement Comparison (1)
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
Controllable Costs			
Energy Northwest Labor	\$ 85,833	\$ 81,858	\$ 3,975
Baseline Non-Labor	57,570	55,710	1,860
Incremental Outage	22,952	-	22,952
Expense Projects Non-Labor	30,779	5,335	25,444
Capital Projects Non-Labor	71,797	37,066	34,731
Indirect Allocations	96,253	90,581	5,672
Risk Reserve	12,001	5,154	6,847
Subtotal Controllable	\$ 377,185	\$ 275,704	\$ 88,962
Nuclear Fuel Related Costs			
Nuclear Fuel Amortization	\$ 50,064	\$ 55,578	\$ (5,514)
Subtotal Nuclear Fuel Related	\$ 50,064	\$ 55,578	\$ (5,514)
Total	\$ 427,249	\$ 331,282	\$ 83,448
Net Generation (GWh)	8,731	9,833	(1,102)
Cost of Power (\$/MWh)	\$ 48.93	\$ 33.69	\$ 15.24

(1) Columbia Costs as defined by the Memorandum of Agreement between Energy Northwest and BPA. This cost measure includes operations and maintenance and capital additions, fuel related costs as well as an appropriate allocation of indirect costs (such as employee benefits, and corporate programs).

Table 3
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
<u>Controllable Expense</u>			
Energy Northwest Labor	\$ 72,523	\$ 71,305	\$ 1,218
Base Non-Labor	57,570	55,710	1,860
Expense Projects Non-Labor (1)	30,779	5,335	25,444
Incremental Outage	22,952	-	22,952
Indirect Allocations	79,875	77,378	2,497
Risk Reserve	3,893	-	3,893
Subtotal Controllable	<u>\$ 267,592</u>	<u>\$ 209,728</u>	<u>\$ 57,864</u>
<u>Incremental</u>			
Nuclear Fuel Amortization	\$ 50,064	\$ 55,578	\$ (5,514)
Generation Taxes	5,925	6,119	(194)
Subtotal Incremental	<u>\$ 55,989</u>	<u>\$ 61,697</u>	<u>\$ (5,708)</u>
<u>Fixed</u>			
Treasury Related Expenses (2)	\$ 129,385	\$ 137,995	\$ (8,610)
Decommissioning (3)	26,808	25,413	1,395
Depreciation	89,428	89,336	92
Subtotal Fixed	<u>\$ 245,621</u>	<u>\$ 252,744</u>	<u>\$ (7,123)</u>
Total Operating Expense	<u>\$ 569,202</u>	<u>\$ 524,169</u>	<u>\$ 45,033</u>
<u>Capital</u>			
Energy Northwest Labor	\$ 13,310	\$ 10,553	\$ 2,757
Capital Projects Non-Labor (4)	71,797	37,066	34,731
Indirect Allocations	16,378	13,203	3,175
Capital Risk Reserve	8,108	5,154	2,954
Total Capital	<u>\$ 109,593</u>	<u>\$ 65,976</u>	<u>\$ 43,617</u>
Total Expense and Capital	<u>\$ 678,795</u>	<u>\$ 590,145</u>	<u>\$ 88,650</u>

(1) See Table 5B (page 10).

(2) See Table 6 (page 11).

(3) Includes ISFSI Decommissioning.

(4) See Table 5A (page 10).

Summary of Full Time Equivalent (FTE) Positions*

Organization	Direct Charge	Corporate Allocation**	FY 2021 Budget	FY 2020 Budget	Variance
Chief Executive Officer	-	2	2	2	-
Vice President Corporate Governance & General Counsel	5	16	21	22	(1)
Vice President Nuclear Generation/Chief Nuclear Officer***	769	-	769	767	2
Energy Services & Development General Manager	3	-	3	3	-
Vice President Corporate Services/Chief Financial Officer	131	51	182	182	-
Total	<u>908</u>	<u>69</u>	<u>977</u>	<u>976</u>	<u>1</u>

Note: FY 2020 Staffing has been reclassified for comparison purposes

* Includes project positions

* Includes employees supporting Capital Projects

* Excludes temporary positions

** Includes allocation of Corporate FTE Positions (94% in FY 2021 and 94% in FY 2020)

*** Includes employment "pipeline" for Operations and Security

Table 5
Projects Non-Labor
(Dollars in Thousands)

<u>Description</u>	FY 2021	Original FY 2020	Variance
	<u>Budget</u>	<u>Budget</u>	
<u>Capital Projects</u>			
Plant Modifications	\$ 65,528	\$ 26,855	\$ 38,673
Facilities Modifications	1,556	603	953
Information Technology	4,713	9,608	(4,895)
Subtotal Capital Projects	<u>\$ 71,797</u>	<u>\$ 37,066</u>	<u>\$ 34,731</u>
<u>Expense Projects</u>			
Plant Modifications	\$ 30,027	\$ 4,395	\$ 25,632
Facilities Modifications	752	940	(188)
Subtotal Expense Projects	<u>\$ 30,779</u>	<u>\$ 5,335</u>	<u>\$ 25,444</u>
 Total	 <u>\$ 102,576</u>	 <u>\$ 42,401</u>	 <u>\$ 60,175</u>

Table 5A
Capital Projects Non-Labor Over \$1 Million
(Dollars in Thousands)

<u>Plant Modifications and Information Technology</u>	<u>FY 2021 Budget</u>
Reactor Water Clean-up Heat Exchanger Replacement	\$ 16,228
Rector Recirculation Motor 1A/B Replacement	7,670
Low Pressure Turbine Rotor Replacement	7,546
Control Rod Drive Repair/Refurbishment	5,806
License Renewal Implementation	3,537
Rector Recirculation Pump 1A/B Replacement	2,864
Main Turbine Valve Maintenance	2,659
Replace/Rebuild Main Steam Relief Valves	1,901
Motor Operated Valve Compliance	1,501
Residual Heat Removal Pump 2 A/B/C Replace/Refurbishment	1,396
Local Power Range Monitor Replacement	1,248
Core Plate Wedges	1,093
All Other Projects < \$1 Million	18,348
Total Capital Projects Non-Labor	<u>\$ 71,797</u>

Table 5B
Expense Projects Non-Labor Over \$750 Thousand
(Dollars in Thousands)

<u>Plant Modifications & Major Maintenance(MM)</u>	<u>FY 2021 Budget</u>
In-Service Inspections	\$ 5,628
Main Turbine Maintenance	5,264
Plant Valve Project	4,884
Vessel Services	4,776
Flow Acceleration Corrosion Program	1,245
Outage Temporary Power	1,219
Condenser Eddy Current Support	1,112
All Other Projects < \$750 Thousand	6,651
Total Expense Projects Non-Labor	<u>\$ 30,779</u>

Table 6
Treasury Related Expenses
(Dollars in Thousands)

<u>Description</u>	Original		<u>Variance</u>
	FY 2021	FY 2020	
	<u>Budget</u>	<u>Budget</u>	
Interest Expense (1)	\$ 151,124	\$ 155,341	\$ (4,217)
Build America Bond Subsidy (2)	(3,917)	(4,115)	198
Interest on Note (3)	2,750	9,235	(6,485)
Amortized Financing Cost (4)	(20,266)	(21,505)	1,239
Investment Income (5)	(973)	(1,606)	633
Treasury Svcs/Paying Agent Fees (6)	667	645	22
Total	<u>\$ 129,385</u>	<u>\$ 137,995</u>	<u>\$ (8,610)</u>

Assumptions

- (1) Budget assumes approximately \$247.3 million in principal will be refunded in FY 2020 and approximately \$251.3 million during FY 2021.
- (2) Build America Bonds were expected to receive a subsidy from the Treasury for 35% of the interest payments. Reductions have been implemented as part of the Congressional budget cuts.
- (3) A portion of Columbia Operations and Maintenance and bond interest expenses has been funded by lines of credit that enable the acceleration of Bonneville federal debt repayments as part of the regional cooperation debt initiative.
- (4) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (5) Includes income on investment of monies held in the Interest and Principal Accounts and the Capital Fund which can be transferred periodically to the Revenue Fund.
Projected investment income earning rates are forecasted to average 1.00%.
- (6) Includes all non-interest costs of banking, debt and internal labor and overheads.

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Table 7
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2021 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2021 Total Cash
<u>Operating</u>						
Controllable - Expense	\$ 267,592	\$ -	\$ -	\$ -	\$ -	\$ 267,592
Controllable - Capital	109,593	-	1,930	-	-	111,523
Nuclear Fuel	50,064	(49,821)	44,690	-	-	44,933
Fuel Litigation	-	-	185	-	-	185
Spares/Inventory Growth	-	-	6,000	-	-	6,000
Generation Taxes	5,925	-	288	-	-	6,213
Subtotal Operating	\$ 433,174	\$ (49,821)	\$ 53,093	\$ -	\$ -	\$ 436,446
<u>Fixed Expenses</u>						
Treasury Related Expense						
Interest on Bonds	\$ 151,124	\$ -	\$ -	\$ -	\$ -	\$ 151,124
Build America Bond Subsidy	(3,917)	-	-	-	-	(3,917)
Interest on Note Payable	2,750	-	-	-	-	2,750
Payoff of Note Principal	-	-	84,260	-	-	84,260
Bond Retirement	-	-	101,520	-	-	101,520
Amortized Cost	(20,266)	20,266	-	-	-	-
Investment Income-Revenue Fund	(973)	-	-	561	-	(412)
Treasury Services	667	-	-	-	-	667
Decommissioning and Site Restoration(1)	26,606	(26,606)	4,212	-	-	4,212
ISFSI Decommissioning	202	(202)	235	-	-	235
Depreciation	89,428	(89,428)	-	-	-	-
Subtotal Fixed Expenses	\$ 245,621	\$ (95,970)	\$ 190,227	\$ 561	\$ -	\$ 340,439
Total	\$ 678,795	\$ (145,791)	\$ 243,320	\$ 561	\$ -	\$ 776,885

(1) Decommissioning and Site Restoration paid directly by the Bonneville Power Administration

Note: Controllable cost and cash is equal due to BPA decision to Direct Pay and the institution of contractor time & labor.

Table 8
Annual Budget
Statement of Funding Requirements (Revenue Fund)
(Dollars in Thousands)

<u>Description</u>	Original		<u>Variance</u>
	<u>FY 2021</u>	<u>FY 2020</u>	
	<u>Budget</u>	<u>Budget</u>	
<u>Operating</u>			
Controllable Expense	\$ 267,592	\$ 209,728	\$ 57,864
Controllable Capital	111,523	67,819	43,704
Nuclear Fuel	44,933	20,357	24,576
Fuel Litigation	185	185	-
Spares/Inventory Growth	6,000	5,300	700
Generation Taxes	6,213	5,397	816
Subtotal Operating Requirements	\$ 436,446	\$ 308,786	\$ 127,660
<u>Fixed</u>			
Treasury Related Expenses			
Interest on Bonds	\$ 151,124	\$ 155,341	\$ (4,217)
Build America Bond Subsidy	(3,917)	(4,115)	198
Interest on Note	2,750	9,235	(6,485)
Payoff of Note Principal	84,260	457,420	(373,160)
Bond Retirement (1)	101,520	107,855	(6,335)
Investment Income-Revenue Fund	(412)	(574)	162
Treasury Services/Paying Agent Fees	667	645	22
Decommissioning and Site Restoration Costs (2)	4,212	4,051	161
ISFSI Decommissioning Costs	235	220	15
Subtotal Fixed	\$ 340,439	\$ 730,078	\$ (389,639)
Total Funding Requirements	\$ 776,885	\$ 1,038,864	\$ (261,979)
<u>Funding Sources</u>			
Direct Pay from BPA / Net Billing (3)	\$ 458,270	\$ 668,852	\$ (210,582)
Note / Line of Credit Draws (4)	16,500	-	16,500
Bond Proceeds (Capital) (5)	111,223	67,781	43,442
Bond Proceeds (Interest / LOC) (6)	33,000	-	33,000
Fuel Revenue	67,760	230,420	(162,660)
Line of Credit / Fuel Revenue (7)	85,920	67,760	18,160
Bonneville Direct Funding Decommissioning	4,212	4,051	161
Total Funding Sources	\$ 776,885	\$ 1,038,864	\$ (261,979)

(1) \$251.3 million of maturing July 2021 bonds are expected to be extended while \$101.5 million will be repaid.

(2) BPA directly funds the requirements for the Decommissioning and Site Restoration Funds on behalf of Energy Northwest.

(3) Bonneville will direct pay the monthly funding requirements under the provisions of the Direct Pay Agreement.

(4) Draws against Note / Line of Credit for Tax-Exempt Interest Expense in January 2021.

(5) Bond Proceeds do not include funding of approximately \$300K related to the Energy Northwest Office Complex.

(6) Approximately \$33 million of interest expense is expected to be extended as part of Phase II of RCD.

(7) Line of Credit / Fuel Revenue includes proceeds related to the scheduled TVA revenue to be received by 9/30/20.

Table 9
Monthly Statement of Funding Requirements
 (Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2021 Total
Beginning Balance	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Disbursements													
Operating													
Controllable Expense	\$ 26,100	\$ 20,000	\$ 18,000	\$ 17,000	\$ 16,500	\$ 17,000	\$ 17,000	\$ 16,500	\$ 20,000	\$ 30,000	\$ 45,000	\$ 24,492	\$ 267,592
Controllable Capital	7,500	6,000	5,500	6,000	5,500	6,000	6,000	5,500	10,000	15,000	30,000	8,523	111,523
Nuclear Fuel In Process	528	528	528	528	528	532	549	528	5,558	528	34,393	205	44,933
Fuel Litigation	-	-	-	-	5	10	30	45	45	30	20	-	185
Spares/Inventory Growth	-	1,500	-	-	1,500	-	-	1,500	-	-	1,500	-	6,000
Generation Taxes	-	-	-	-	-	-	-	-	-	-	-	6,213	6,213
Subtotal Operating	\$ 34,128	\$ 28,028	\$ 24,028	\$ 23,528	\$ 24,033	\$ 23,542	\$ 23,579	\$ 24,073	\$ 35,603	\$ 45,558	\$ 110,913	\$ 39,433	\$ 436,446
Fixed													
Treasury Related Expenses													
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,124	\$ 151,124
BABs Subsidy	-	-	-	-	-	(1,959)	-	-	-	-	-	(1,958)	(3,917)
Interest on Note	-	-	600	-	-	-	-	-	1,000	-	-	1,150	2,750
Payoff of Note Principal	-	-	67,760	-	-	-	-	-	-	-	-	16,500	84,260
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	101,520	101,520
Investment Income	(34)	(34)	(34)	(34)	(34)	(35)	(34)	(35)	(34)	(35)	(34)	(35)	(412)
Treasury Services	56	55	56	55	56	55	56	56	55	56	56	55	667
Decommissioning and Site Restoration	-	-	4,212	-	-	-	-	-	-	-	-	-	4,212
ISFSI Decommissioning	235	-	-	-	-	-	-	-	-	-	-	-	235
Subtotal Fixed	\$ 257	\$ 21	\$ 72,594	\$ 21	\$ 22	\$ 73,061	\$ 22	\$ 21	\$ 1,021	\$ 21	\$ 22	\$ 193,356	\$ 340,439
Total Disbursements	\$ 34,385	\$ 28,049	\$ 96,622	\$ 23,549	\$ 24,055	\$ 96,603	\$ 23,601	\$ 24,094	\$ 36,624	\$ 45,579	\$ 110,935	\$ 232,789	\$ 776,885
Funding Sources													
BPA Direct Pay (2)	\$ 26,885	\$ 22,049	\$ 19,150	\$ 17,549	\$ 18,555	\$ 74,103	\$ 17,601	\$ 18,594	\$ 26,624	\$ 30,579	\$ 80,935	\$ 105,646	\$ 458,270
Bond Proceeds (Capital)	7,500	6,000	5,500	6,000	5,500	6,000	6,000	5,500	10,000	15,000	30,000	8,223	111,223
Bond Proceeds (Interest / LOC)	-	-	-	-	-	-	-	-	-	-	-	33,000	33,000
Fuel Revenue	-	-	67,760	-	-	-	-	-	-	-	-	-	67,760
Line of Credit (Interest Expense)	-	-	-	-	-	16,500	-	-	-	-	-	-	16,500
Line of Credit / Fuel Revenue	-	-	-	-	-	-	-	-	-	-	-	85,920	85,920
BPA - Decommissioning	-	-	4,212	-	-	-	-	-	-	-	-	-	4,212
Total Funding Sources	\$ 34,385	\$ 28,049	\$ 96,622	\$ 23,549	\$ 24,055	\$ 96,603	\$ 23,601	\$ 24,094	\$ 36,624	\$ 45,579	\$ 110,935	\$ 232,789	\$ 776,885
Ending Balance	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

(1) \$251.3 million of 7/1/2021 maturing bonds are expected to be refunded. The remaining \$101.5 are expected to be paid off.
 (2) BPA is billed, through the Direct Pay Agreements, one month in advance for the following month's expenses.

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Fiscal Year 2021 Columbia Generating Station Long Range Plan



BPA Rate Case	RC		RC		RC		RC		RC		
Columbia Fiscal Year	FY21 (R25)	FY22	FY23 (R26)	FY24	FY25 (R27)	FY26	FY27 (R28)	FY28	FY29 (R29)	FY30	FY31 (R30)
Operations & Maintenance (O&M) Costs±											
Baseline Costs	\$ 127,726	\$ 121,748	\$ 116,605	\$ 111,299	\$ 116,158	\$ 112,046	\$ 112,414	\$ 106,708	\$ 111,200	\$ 109,916	\$ 109,180
Outage Costs (Incremental)	\$ 22,952	\$ -	\$ 21,804	\$ -	\$ 22,240	\$ -	\$ 22,240	\$ -	\$ 22,240	\$ -	\$ 22,240
Indirect Allocations ▼	\$ 79,875	\$ 73,379	\$ 74,106	\$ 76,448	\$ 75,927	\$ 74,904	\$ 77,501	\$ 78,401	\$ 79,620	\$ 78,328	\$ 79,553
Plant Projects	\$ 32,369	\$ 7,929	\$ 33,537	\$ 7,707	\$ 37,401	\$ 7,787	\$ 38,834	\$ 10,228	\$ 38,459	\$ 8,756	\$ 39,504
Facilities Projects	\$ 777	\$ 1,022	\$ 777	\$ 1,022	\$ 777	\$ 1,022	\$ 777	\$ 1,022	\$ 777	\$ 1,022	\$ 777
Risk Reserve	\$ 3,893	\$ 1,652	\$ 2,000	\$ 1,652	\$ 2,000	\$ 1,654	\$ 2,787	\$ 1,697	\$ 2,300	\$ 1,668	\$ 3,200
Subtotal O&M Costs	\$ 267,592	\$ 205,730	\$ 248,830	\$ 198,127	\$ 254,504	\$ 197,413	\$ 254,554	\$ 198,056	\$ 254,596	\$ 199,690	\$ 254,455
Escalation (3% Labor / 1% Non-Labor)	\$ -	\$ 3,439	\$ 7,692	\$ 9,992	\$ 23,792	\$ 23,992	\$ 36,403	\$ 34,232	\$ 49,626	\$ 45,411	\$ 63,250
Total O&M Costs (escalated)	\$ 267,592	\$ 209,169	\$ 256,522	\$ 208,119	\$ 278,296	\$ 221,405	\$ 290,956	\$ 232,288	\$ 304,222	\$ 245,102	\$ 317,705
Capital Costs±											
Plant Projects *	\$ 78,759	\$ 60,845	\$ 82,751	\$ 50,124	\$ 89,160	\$ 28,717	\$ 44,819	\$ 36,288	\$ 54,445	\$ 40,037	\$ 62,125
Risk Reserve	\$ 8,108	\$ 8,032	\$ 11,199	\$ 8,162	\$ 7,983	\$ 17,637	\$ 12,273	\$ 27,323	\$ 21,966	\$ 24,593	\$ 22,390
Facilities Projects	\$ 1,556	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649
Information Technology Projects	\$ 4,792	\$ 6,045	\$ 6,495	\$ 8,294	\$ 6,915	\$ 5,706	\$ 7,154	\$ 7,154	\$ 7,656	\$ 8,586	\$ 7,551
Indirect Allocations ▼	\$ 16,378	\$ 18,763	\$ 17,754	\$ 12,081	\$ 13,586	\$ 13,234	\$ 12,018	\$ 10,165	\$ 10,333	\$ 10,440	\$ 10,844
Subtotal Capital Costs	\$ 109,593	\$ 94,334	\$ 118,849	\$ 79,309	\$ 118,293	\$ 65,943	\$ 76,914	\$ 81,580	\$ 95,049	\$ 84,305	\$ 103,559
Escalation (3% Labor / 1% Non-Labor)		\$ 1,334	\$ 3,447	\$ 3,405	\$ 12,052	\$ 8,394	\$ 12,309	\$ 14,720	\$ 20,520	\$ 19,871	\$ 28,355
Total Capital Costs (escalated)	\$ 109,593	\$ 95,668	\$ 122,295	\$ 82,714	\$ 130,344	\$ 74,337	\$ 89,223	\$ 96,300	\$ 115,569	\$ 104,177	\$ 131,914
Fuel Costs											
Nuclear Fuel Amortization **	\$ 50,041	\$ 58,011	\$ 52,146	\$ 56,434	\$ 50,780	\$ 58,585	\$ 52,609	\$ 59,728	\$ 53,592	\$ 59,862	\$ 57,129
Subtotal Fuel Costs	\$ 50,041	\$ 58,011	\$ 52,146	\$ 56,434	\$ 50,780	\$ 58,585	\$ 52,609	\$ 59,728	\$ 53,592	\$ 59,862	\$ 57,129
Total Un-escalated Budget	\$ 427,226	\$ 358,075	\$ 419,825	\$ 333,871	\$ 423,576	\$ 321,941	\$ 384,077	\$ 339,364	\$ 403,238	\$ 343,857	\$ 415,143
Total Escalation	\$ -	\$ 4,773	\$ 11,138	\$ 13,397	\$ 35,844	\$ 32,386	\$ 48,711	\$ 48,952	\$ 70,146	\$ 65,283	\$ 91,605
Total Cost - Industry Basis	\$ 427,226	\$ 362,848	\$ 430,963	\$ 347,267	\$ 459,420	\$ 354,327	\$ 432,788	\$ 388,316	\$ 473,383	\$ 409,140	\$ 506,748
Generation/Cost of Power											
Total Net Generation (Gwh)	8,731	9,806	8,731	9,935	8,822	10,009	8,912	10,036	8,912	10,009	8,912
Outage Days	40		40		40		40		40		\$ 40
Cost per MW/h (Production) - escalated	\$ 36.38	\$ 27.25	\$ 35.35	\$ 26.63	\$ 37.30	\$ 27.97	\$ 38.55	\$ 29.10	\$ 40.15	\$ 30.47	\$ 42.06
Cost per MW/h (Generating) - escalated	\$ 48.93	\$ 37.00	\$ 49.36	\$ 34.96	\$ 52.08	\$ 35.40	\$ 48.56	\$ 38.69	\$ 53.12	\$ 40.88	\$ 56.86
Key Assumption/Qualifications (Revision - 4/16/20)											
Escalation Rate = Labor 3% and Non-labor 1% (FY22-FY24) 2% Non-labor (FY25-FY31)											
Net Generation 1160 Mwe; assumes 1% unplanned/ 2.5% planned loss; FY24 12Mwe increase MSR; FY26 12Mwe increase Main Turbine Upgrade; Every fourth year, generation increases slightly due to leap											
▼ Potential Financial Risk; * Includes moveable capital ** Does not include fuel costs associated with generation increase ± Planning is based on Total Costs (capital/OM), line items within totals can vary as funds are allocated based on need in each bucket											
Pending Board Approved - DRAFT 4.16.2020											

Fiscal Year 2021 Packwood Lake Hydroelectric Project Annual Operating Budget



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Summary

The Packwood Lake Hydroelectric Project (Packwood), the first electrical generating project undertaken by Energy Northwest, began commercial operation in June 1964. Occupying 660 acres of the Gifford Pinchot National Forest in south central Washington, Packwood consists of a dam at Packwood Lake; a five-mile-long system of pipeline, tunnels and Penstock; and a 27,500 kilowatt-rated, underground powerhouse located 1,800 feet below the lake elevation. The reservoir is fed by Upper Lake Creek and several small tributaries that rely exclusively on direct rainfall and snow melt for their water supply.

The total net Fiscal Year 2021 operating and capital cost combined is estimated to be \$4,097,000 (Table 1), with associated funding requirements of \$3,843,000 (Table 5). The difference between total program cost and net funding requirements is due to depreciation (Table 4).

Key Assumptions/Qualifications

- The Project budget is still being reviewed by the participants.
- Generation is estimated at 83,782 MWh, which reflects 5-year average of the plant output and further reduced by approximately 10% due to impacts of actions required under the new operating license.
- The Fiscal Year 2021 Budget includes costs for mitigation activities required under the new operating license which was obtained in October 2018.

Table 1
Summary of Operating and Capital Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
<u>Operating Costs</u>			
Operating & Support Services	\$ 2,717	\$ 2,427	\$ 290
Generation Taxes	22	22	-
Depreciation	254	261	(7)
Subtotal Operating Costs	<u>\$ 2,993</u>	<u>\$ 2,710</u>	<u>\$ 283</u>
Interest/Financing (Net)	25	(36)	61
Total Cost	<u>\$ 3,018</u>	<u>\$ 2,674</u>	<u>\$ 344</u>
Total Net Generation (MWh)	<u>83,782</u>	<u>91,060</u>	<u>(7,278)</u>
Cost of Power (\$/MWh) (1)	<u>\$ 36.02</u>	<u>\$ 29.37</u>	<u>\$ 6.66</u>
Total Capital Cost	<u>\$ 1,079</u>	<u>\$ 1,696</u>	<u>\$ (617)</u>
Total Operating and Capital Cost	<u>\$ 4,097</u>	<u>\$ 4,370</u>	<u>\$ (273)</u>

(1) Cost of Power includes Operating & Support Services, Generation Taxes, Depreciation, and Net Interest/Financing costs.

Table 2
Summary of Revenues
 (Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
Revenues			
Participant Billings	\$ 3,324	\$ 2,841	\$ 483
Variance - () Unfavorable			

Table 3
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2021 Budget</u>	<u>FY 2020 Budget</u>	<u>Variance</u>
Operations & Maintenance	4	4	-

* Includes Allocations of Corporate Full Time Equivalent Positions

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Table 4
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2021 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2021 Total Cash
Operating						
O&M and Support Services	\$ 2,717	\$ -	\$ -	\$ -	\$ -	\$ 2,717
Generation Taxes	22	-	-	-	-	22
Depreciation	254	(254)	-	-	-	-
Subtotal Operating	\$ 2,993	\$ (254)	\$ -	\$ -	\$ -	\$ 2,739
Licensing						
Maintain License & Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Licensing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest/Financing						
Interest Income	\$ (7)	\$ -	\$ -	\$ -	\$ -	\$ (7)
Interest on Note	10	-	-	-	-	10
Treasury Services	22	-	-	-	-	22
Subtotal Net Interest/Financing	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ 25
Capital	\$ 1,079	\$ -	\$ -	\$ -	\$ -	\$ 1,079
Refund to Members	-	-	-	-	-	-
Total Disbursements	\$ 4,097	\$ (254)	\$ -	\$ -	\$ -	\$ 3,843
Funding Sources						
Participants Billings	\$ 3,324	\$ -	\$ -	\$ -	\$ -	\$ 3,324
Line of Credit	-	-	244	-	-	244
Beginning Packwood Funds	-	-	865	-	-	865
Total Funding Sources	\$ 3,324	\$ -	\$ 1,109	\$ -	\$ -	\$ 4,433
Ending Working Capital	\$ (773)	\$ (254)	\$ 1,109	\$ -	\$ -	\$ 590

Table 5
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	FY 2021 Budget	Original FY 2020 Budget	Variance
Beginning Packwood Funds Balance	\$ 865	\$ 1,931	\$ (1,066)
<u>Funding Requirements</u>			
<u>Operating</u>			
Operating & Support Services	\$ 2,717	\$ 2,427	\$ 290
Generation Taxes	22	22	-
Subtotal Operating	\$ 2,739	\$ 2,449	\$ 290
<u>Interest/Financing</u>			
Interest Income	\$ (7)	\$ (47)	\$ 40
Interest on Note	10	-	10
Treasury Services	22	11	11
Subtotal Net Interest/Financing	\$ 25	\$ (36)	\$ 61
Capital	\$ 1,079	\$ 1,696	\$ (617)
Total Funding Requirements	\$ 3,843	\$ 4,109	\$ (266)
<u>Funding Sources</u>			
Participants Billings	3,324	2,841	483
Line of Credit	244	-	244
Total Funding Sources	\$ 3,568	\$ 2,841	\$ 727
Ending Packwood Funds Balance	\$ 590	\$ 663	\$ (73)

Table 6
Monthly Statement of Funding Requirements
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2021 Total
Beginning Balance	\$ 865	\$ 818	\$ 777	\$ 737	\$ 696	\$ 657	\$ 614	\$ 574	\$ 534	\$ 500	\$ 500	\$ 500	\$ 865
Receipts													
Line of Credit Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 40	\$ 62	\$ 133	\$ 244
Participants Billings	277	277	277	277	277	277	277	277	277	277	277	277	3,324
Total Receipts	\$ 277	\$ 277	\$ 277	\$ 277	\$ 277	\$ 277	\$ 277	\$ 277	\$ 286	\$ 317	\$ 339	\$ 410	\$ 3,568
Disbursements													
Operations Disbursements													
O&M and Support Services	226	227	226	227	226	226	227	226	227	226	227	226	\$ 2,717
Generation Taxes	-	-	-	-	-	-	-	-	-	-	22	-	22
Subtotal Operations	\$ 226	\$ 227	\$ 226	\$ 227	\$ 226	\$ 226	\$ 227	\$ 226	\$ 227	\$ 226	\$ 249	\$ 226	\$ 2,739
Interest/Financing													
Investment Income	(1)	(1)	-	(1)	-	(1)	-	(1)	-	(1)	-	(1)	(7)
Interest on Note	-	-	1	-	-	3	-	-	3	-	-	3	10
Treasury Services	10	2	-	2	-	2	-	2	-	2	-	2	22
Subtotal Interest/Financing Related	\$ 9	\$ 1	\$ 1	\$ 1	\$ -	\$ 4	\$ -	\$ 1	\$ 3	\$ 1	\$ -	\$ 4	\$ 25
Capital	\$ 89	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 1,079
Total Disbursements	\$ 324	\$ 318	\$ 317	\$ 318	\$ 316	\$ 320	\$ 317	\$ 317	\$ 320	\$ 317	\$ 339	\$ 320	\$ 3,843
Ending Balance	\$ 818	\$ 777	\$ 737	\$ 696	\$ 657	\$ 614	\$ 574	\$ 534	\$ 500	\$ 500	\$ 500	\$ 590	\$ 590

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Fiscal Year 2021 Nine Canyon Wind Project Annual Operating Budget



Prepared 4/22/20

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Summary

The Nine Canyon Wind Project is located in the Horse Heaven Hills area southeast of Kennewick, Washington.

Phase I of the project, which began commercial operation in September 2002, consists of 37 wind turbines, each with a maximum generating capacity of approximately 1.3 megawatts of electricity, for a total wind capacity of 48.1 megawatts. Phase II of the project, which was declared operational December 31, 2003, included an additional 12 wind turbines with an aggregate generating capacity of approximately 15.6 megawatts. Phase III of the project, which was declared operational April 1, 2008, included an additional 14 wind turbines, each with a maximum generating capacity of approximately 2.3 megawatts of electricity, for a total wind capacity of 32.2 megawatts. The total project generating capability is approximately 95.9 megawatts.

For Phase I and II the turbines are installed in rows with about 500 feet between turbines. Each three-blade turbine consists of a tubular steel tower 200 feet in height, three 100-foot turbine blades attached to a rotor, and a nacelle that houses a generator, gear box and braking mechanisms.

For Phase III the turbines are installed in rows with about 600 feet between turbines. Each three-blade turbine consists of a tubular steel tower 262 feet in height, three 147-foot turbine blades attached to a rotor, and nacelle that houses a generator, gear box and braking mechanisms.

Electricity generated by the project is purchased by Pacific Northwest Public Utility Districts whose customers have expressed an interest in purchasing at least a portion of their electricity from green power sources. Phase I, II, and III participants have signed a power purchase agreement with Energy Northwest through 2030. The project is connected to the Bonneville Power Administration transmission grid via a substation and transmission lines constructed by the Benton County Public Utility District.

For Fiscal Year 2021, the total funding requirements equal \$18,796,000 (Table 4) with revenue of \$18,448,000 (Table 1) resulting in a net cash withdrawal of \$348,000 (Table 4).

The Fiscal Year 2021 Budget is presented on a cost basis and includes a cost to cash reconciliation (Table 3) illustrating the conversion of the cost data to a cash basis.

A comparison of the Fiscal Year 2021 Budget is made to the original budget issued for Fiscal Year 2020.

Key Assumptions/Qualifications

This budget will provide funding for continued operation and maintenance of the project. This is based upon the key assumptions and qualifications stated below.

- The Project budget has been reviewed and approved by the participants.
- Billing Price for electrical output is estimated to be \$80.38 per MWh (Table 1) for Fiscal Year 2021. The difference between billing price and cost of power is due to depreciation and debt repayment. Billing price per MWh increase is driven by lower estimated net generation.
- Estimated Generation is set at 220,467 MWh (Table 1) which is based off of the most recent five-year average.
- Turbine manufacturer Bonus A/S provided O&M services and training. Their support of Phase I was completed in August 2005. Phase II support was completed in December 2006. Siemens is currently providing support for Phase III with the Long Term Service Agreement that was extended for a fifteen-year term beginning in August 2013.
- Energy Northwest implemented Governmental Accounting Standards Board (GASB) No. 83- Certain Asset Retirement Obligations as required in FY 2019. GASB 83 required a current estimate of the retirement obligation and a change in accounting on recognizing the liability. The major change is the full liability for the retirement obligation is to be booked at the current estimate in today's dollars. The offset to the liability is a deferred outflow, which is amortized over the remaining life of the asset. The resulting straight line charge each year for decommissioning continues until the end of the asset life. At the point of actual decommissioning, the liability is then reduced accordingly for any incurred cash expenditures each period until the asset is fully decommissioned and retired. Decommissioning costs through FY2020 have not been funded. Estimated Asset Retirement Obligation liability is \$18.9 million in 2021 dollars.

Table 1
Summary of Operations
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
<u>Revenue</u>			
Billings	\$ 17,723	\$ 17,723	\$ -
BPA Transmission Revenue	725	725	-
Total Revenue	\$ 18,448	\$ 18,448	\$ -
<u>Operating Costs</u>			
Labor & Overheads	\$ 2,015	\$ 2,064	\$ (49)
Equipment/Materials/Services	1,342	1,461	(119)
Insurance	217	223	(6)
Site Maintenance & Warranty	1,114	1,114	-
Benton County PUD	139	189	(50)
Lessee Payments	700	700	-
Risk Reserve	100	100	-
Subtotal Operating Costs	\$ 5,627	\$ 5,851	\$ (224)
Generation Taxes	\$ 54	\$ 54	\$ -
Capital	508	59	449
BPA Transmission Costs	725	725	-
Decommissioning	718	675	43
Depreciation	6,838	6,822	16
Subtotal Operating, Taxes & Capital Cost	\$ 14,470	\$ 14,186	\$ 284
<u>Net Financing</u>			
Interest/Financing (Net)	1,762	1,707	55
Subtotal Net Financing	\$ 1,762	\$ 1,707	\$ 55
Total Cost	\$ 16,232	\$ 15,893	\$ 339
Total Net Generation (MWh)	220,467	227,100	(6,633)
Cost of Power (\$/MWh) (1)	\$ 68.03	\$ 66.53	\$ 1.50
Billing Price to Participants (\$/MWh) (2)	\$ 80.38	\$ 78.04	\$ 2.34

(1) Cost of Power excludes BPA Transmission and Capital related costs.

(2) Billing Price is the cash requirements for O&M, Capital, and Debt Service of the Project.

Table 2
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
Project Manager / Supervisor	1	1	-
O&M Technicians	9	9	-
Admin & Technical Support	2	2	-
Total	12	12	-

* Includes Allocations of Corporate Full Time Equivalent Positions

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

Description	FY 2021 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2021 Total Cash
Operating Costs						
Operating Costs	\$ 5,627	\$ -	\$ -	\$ -	\$ -	\$ 5,627
Generation Tax	54	-	-	-	-	54
Capital	508	-	-	-	-	508
BPA Transmission	725	-	-	-	-	725
Decommissioning (1)	718	(718)	-	-	-	-
Depreciation	6,838	(6,838)	-	-	-	-
Subtotal Operating, Taxes & Capital	\$ 14,470	\$ (7,556)	\$ -	\$ -	\$ -	\$ 6,914
Net Debt Service						
Interest Expense	\$ 2,855	\$ -	\$ -	\$ -	\$ -	\$ 2,855
Bond Retirement	-	-	9,295	-	-	9,295
Amortized Cost	(825)	825	-	-	-	-
Interest Income	(320)	-	-	-	-	(320)
Treasury Services	52	-	-	-	-	52
Subtotal Net Debt Service	\$ 1,762	\$ 825	\$ 9,295	\$ -	\$ -	\$ 11,882
Total Disbursements	\$ 16,232	\$ (6,731)	\$ 9,295	\$ -	\$ -	\$ 18,796
Revenue						
Billings	\$ 17,723	\$ -	\$ -	\$ -	\$ -	\$ 17,723
BPA Transmission	725	-	-	-	-	725
Total Revenue	\$ 18,448	\$ -	\$ -	\$ -	\$ -	\$ 18,448
Cash (Withdrawal) / Deposit						\$ (348)

(1) Decommissioning costs through FY2020 have not been funded. Estimated Asset Retirement Obligation liability is \$18.9 million in 2021 dollars.

Table 4
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
<u>Operating Costs</u>			
Labor/Benefits/Overhead	\$ 2,015	\$ 2,064	\$ (49)
Equipment/Materials/Services	1,342	1,461	(119)
Insurance	217	223	(6)
Site Maintenance & Warranty	1,114	1,114	-
Benton PUD	139	189	(50)
Lessee Payments	700	700	-
Risk Reserve	100	100	-
Subtotal Operating Costs	<u>\$ 5,627</u>	<u>\$ 5,851</u>	<u>\$ (224)</u>
Generation Taxes	\$ 54	\$ 54	\$ -
Capital	508	59	449
BPA Transmission	725	725	-
Subtotal Operating, Taxes & Capital Costs	<u>\$ 6,914</u>	<u>\$ 6,689</u>	<u>\$ 225</u>
<u>Net Debt Service</u>			
Interest Expense	\$ 2,855	\$ 3,297	\$ (442)
Bond Retirement	9,295	8,835	460
Interest Income	(320)	(685)	365
Treasury Services	52	62	(10)
Subtotal Net Debt Service	<u>\$ 11,882</u>	<u>\$ 11,509</u>	<u>\$ 373</u>
Total Funding Requirements	<u>\$ 18,796</u>	<u>\$ 18,198</u>	<u>\$ 598</u>
Funding Sources			
Billings	\$ 17,723	\$ 17,723	\$ -
Participants for BPA Transmission	725	725	-
Cash Withdrawal / (Deposit)	348	(250)	598
Total Funding Sources	<u>\$ 18,796</u>	<u>\$ 18,198</u>	<u>\$ 598</u>

Table 5
Monthly Statement of Funding Requirements
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2021 Total
Beginning Balance	\$ 15,297	\$ 16,222	\$ 17,363	\$ 18,235	\$ 19,377	\$ 20,518	\$ 19,451	\$ 20,591	\$ 21,732	\$ 22,592	\$ 23,735	\$ 24,820	\$ 15,297
Receipts													
Billings	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 1,477	\$ 17,723
BPA Transmission	60	60	60	60	60	60	60	60	60	60	60	60	725
Total Receipts	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 1,537	\$ 18,448
Disbursements													
Operations Disbursements													
Labor & Overheads	\$ 168	\$ 168	\$ 168	\$ 168	\$ 168	\$ 168	\$ 168	\$ 167	\$ 168	\$ 168	\$ 168	\$ 168	\$ 2,015
Equipment/Materials/Services	112	112	112	112	112	111	112	112	112	111	112	112	1,342
Insurance	217	-	-	-	-	-	-	-	-	-	-	-	217
Site Maintenance & Warranty	-	-	269	-	-	275	-	-	280	-	-	290	1,114
Other	78	78	78	78	78	78	79	78	79	78	79	78	939
Generation Taxes	-	-	-	-	-	-	-	-	-	-	54	-	54
Capital	-	-	-	-	-	508	-	-	-	-	-	-	508
BPA Transmission	60	60	60	60	60	60	60	60	60	60	60	60	725
Subtotal Operations	\$ 635	\$ 418	\$ 687	\$ 418	\$ 418	\$ 1,200	\$ 419	\$ 417	\$ 699	\$ 417	\$ 473	\$ 708	\$ 6,914
Debt Service													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,428	\$ 2,855
Bond Retirement	-	-	-	-	-	-	-	-	-	-	-	9,295	9,295
Investment Income	(27)	(26)	(27)	(27)	(26)	(27)	(27)	(26)	(27)	(27)	(26)	(27)	(320)
Treasury Services	4	4	5	4	4	4	4	5	5	4	5	4	52
Subtotal Debt Service	\$ (23)	\$ (22)	\$ (22)	\$ (23)	\$ (22)	\$ 1,404	\$ (23)	\$ (21)	\$ (22)	\$ (23)	\$ (21)	\$ 10,700	\$ 11,882
Total Disbursements	\$ 612	\$ 396	\$ 665	\$ 395	\$ 396	\$ 2,604	\$ 396	\$ 396	\$ 677	\$ 394	\$ 452	\$ 11,408	\$ 18,796
Ending Balance	\$ 16,222	\$ 17,363	\$ 18,235	\$ 19,377	\$ 20,518	\$ 19,451	\$ 20,591	\$ 21,732	\$ 22,592	\$ 23,735	\$ 24,820	\$ 14,949	\$ 14,949

Table 6
Bank Accounts
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
Phase I Bond Reserve Account	\$ 4,337	\$ 4,150	\$ 187
Phase II Bond Reserve Account	805	795	10
Phase III Bond Reserve Account	4,680	4,620	60
Operating Reserve Account	773	765	8
Reserve and Contingency Account	830	820	10
Revenue Fund	<u>15,297</u>	<u>13,492</u>	<u>1,805</u>
Total Beginning Balance	<u>\$ 26,722</u>	<u>\$ 24,642</u>	<u>\$ 2,080</u>
Addition / (Reduction)	<u>(210)</u>	<u>541</u>	<u>\$ (751)</u>
Total Ending Balance	<u>\$ 26,512</u>	<u>\$ 25,183</u>	<u>\$ 1,329</u>

**Table 7
Operations & Maintenance – Budget & Forecast
Long Range Plan
(Dollars in Thousands)**

Description	Budget	Forecast								
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Operating Costs										
Labor & Overheads	\$ 2,015	\$ 2,065	\$ 2,117	\$ 2,170	\$ 2,224	\$ 2,280	\$ 2,337	\$ 2,395	\$ 2,455	\$ 2,516
Equipment/Materials/Services	1,342	1,325	1,358	1,434	1,427	1,462	1,543	1,536	1,575	1,661
Insurance	217	222	228	234	240	246	252	258	264	271
Long Term Service Agreement	1,114	1,142	1,170	1,200	1,230	1,260	1,292	1,324	1,357	1,391
Lease Payments	700	700	700	700	700	700	700	700	700	700
Benton County PUD	139	143	146	150	153	157	161	165	169	174
Risk Reserve	100	100	100	100	100	100	100	100	100	100
Subtotal Operating Costs	\$ 5,627	\$ 5,698	\$ 5,819	\$ 5,987	\$ 6,074	\$ 6,205	\$ 6,384	\$ 6,479	\$ 6,621	\$ 6,813
Taxes & Capital Costs										
Generation Taxes	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Capital	508	59	60	62	63	65	67	68	70	72
BPA Transmission	725	725	725	725	725	725	725	725	725	725
Subtotal Taxes & Capital Costs	\$ 1,287	\$ 838	\$ 839	\$ 841	\$ 842	\$ 844	\$ 846	\$ 847	\$ 849	\$ 851
Total Operating, Taxes, & Capital Disbursements	\$ 6,914	\$ 6,535	\$ 6,659	\$ 6,828	\$ 6,916	\$ 7,049	\$ 7,230	\$ 7,326	\$ 7,470	\$ 7,664

Key Assumptions/Qualifications:

Escalation Rate = 2.50%; FY 2021 = Base Year, excluding lease payments and generation taxes.

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Fiscal Year 2021 Project 1 Annual Budget



Prepared 4/22/20

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Summary

The Project 1 Fiscal Year 2021 Annual Budget is prepared by Energy Northwest pursuant to the provisions and requirements of Board of Directors' Resolution No. 769, the Project Agreement and the Net Billing Agreements. The budget includes all costs associated with the project for Fiscal Year 2021 including reuse funding, fixed and variable costs, and treasury related expenses. In addition, the budget includes all funding requirements identified for the project for Fiscal Year 2021.

The total net cost for Fiscal Year 2021 is estimated to be \$25,863,000 (Table 1). Total Funding Requirements of \$56,640,000 (Table 5) less revenue from restoration/demolition, leasing, and other financing receipts totaling \$34,305,000 will result in \$22,335,000 being direct billed to Bonneville Power Administration. 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.

A comparison of the Fiscal Year 2021 budget is made to the original budget issued for Fiscal Year 2020.

Table 1
Summary of Costs
(Dollars in Thousands)

	FY 2021 Budget	Original FY 2020 Budget	Variance
Revenue			
Restoration / Demolition (1)	\$ 7,299	\$ 3,992	3,307
Fixed Costs	6	6	-
Total Revenue	\$ 7,305	\$ 3,998	\$ 3,307
Costs			
Site Costs			
Restoration / Demolition (1)	\$ 7,299	\$ 3,992	3,307
Variable Costs	28	16	12
Fixed Costs	373	398	(25)
Subtotal Site Costs	\$ 7,700	\$ 4,406	\$ 3,294
Other			
Treasury Related Expenses	\$ 25,370	\$ 24,463	\$ 907
Decommissioning	98	2,624	(2,526)
Subtotal Other Costs	\$ 25,468	\$ 27,087	\$ (1,619)
Total Costs	\$ 33,168	\$ 31,493	\$ 1,675
Total Net Costs	\$ 25,863	\$ 27,495	\$ (1,632)

(1) Restoration / Demolition receipts from the Bonneville Power Administration restoration trust fund will be used to offset all costs of this initiative.

Table 2
Treasury Related Expenses
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 39,472	\$ 39,353	\$ 119
Interest on Note (2)	150	-	150
Amortized Financing Cost (3)	(14,570)	(15,170)	600
Investment Income (Rev. Fund) (4)	(48)	(95)	47
Treasury Services (5)	366	375	(9)
Total	<u>\$ 25,370</u>	<u>\$ 24,463</u>	<u>\$ 907</u>

Assumptions

- (1) No principal is scheduled to mature or be extended during FY2021.
- (2) A line of credit will be utilized to fund approximately \$9.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2021 long-term bond transaction
- (3) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (4) Includes income on investment of monies held in the interest and principal accounts which are transferred periodically to the Revenue Fund. Investment income earnings rates are forecasted to average 1.00%.
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

Table 3
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2021 Budget</u>	<u>FY 2020 Budget</u>	<u>Variance</u>
Restoration / Demolition	3	3	-
Site Support	3	3	-
Treasury	1	1	-
Total Positions	7	7	-

* Includes Allocations of Corporate Full Time Equivalent Positions

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Table 4
Cost-to-Cash Reconciliation
(Dollars in Thousands)

Description	FY 2021 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2021 Total Cash
Variable Costs	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ 28
Restoration / Demolition (1)	7,299	-	-	-	-	7,299
Fixed Costs	373	-	-	-	-	373
Subtotal Site Costs	\$ 7,700	\$ -	\$ -	\$ -	\$ -	\$ 7,700
Other						
Decommissioning	\$98	(\$98)	\$ -	\$ -	\$ -	\$ -
Treasury Related						
Interest Expense	39,472	-	-	-	-	39,472
Bond Retirement (2)	-	-	-	-	-	-
Payoff of Note Principal	-	-	9,000	-	-	9,000
Interest on Note	150	-	-	-	-	150
Amortized Cost	(14,570)	14,570	-	-	-	-
Invest. Income (Rev.)	(48)	-	-	-	-	(48)
Treasury Services	366	-	-	-	-	366
Subtotal Treasury Expenses	\$ 25,370	\$ 14,570	\$ 9,000	\$ -	\$ -	\$ 48,940
Subtotal Other	\$ 25,468	\$ 14,472	\$ 9,000	\$ -	\$ -	\$ 48,940
Total Funding Requirements	\$ 33,168	\$ 14,472	\$ 9,000	\$ -	\$ -	\$ 56,640

(1) Funding will be from BPA Restoration Trust Fund

(2) No principal is scheduled to mature or be extended during FY2021.

Table 5
Annual Budget
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
Programs			
Variable Costs	\$ 28	\$ 16	\$ 12
Restoration / Demolition	7,299	3,992	3,307
Fixed Costs	373	398	(25)
Subtotal Site Costs	\$ 7,700	\$ 4,406	\$ 3,294
Treasury Related Expenses			
Interest Expense (2)	\$ 39,472	\$ 39,353	\$ 119
Bond Retirement (1)	-	1,635	(1,635)
Payoff of Note Principal (2)	9,000	-	9,000
Interest on Note (2)	150	-	150
Investment Income (Revenue)	(48)	(95)	47
Treasury Services	366	375	(9)
Subtotal Treasury Related	\$ 48,940	\$ 41,268	\$ 7,672
Total Funding Requirements	\$ 56,640	\$ 45,674	\$ 10,966
Funding Sources			
Restoration / Demolition	\$ 7,299	\$ 3,992	\$ 3,307
Fixed Costs	6	6	-
Note / Line of Credit (LOC) Draws (2)	9,000	-	9,000
Bond Proceeds (Interest / LOC) (2)	18,000	-	18,000
Net Billing/BPA Direct Payments	\$ 22,335	\$ 41,676	\$ (19,341)
Total Funding Sources	\$ 56,640	\$ 45,674	\$ 10,966

(1) No principal is scheduled to mature or be extended during FY2021.

(2) Approximately \$18 million of interest expense is expected to be extended on a tax-exempt basis under the Regional Cooperation Debt 2 Initiative.

Table 6
Monthly Statement of Funding Requirements - Revenue Fund
(Dollars in Thousands)

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2021 Total
Beginning Balance	\$ 3,000	\$ 4,158	\$ 3,492	\$ 2,826	\$ 3,984	\$ 3,318	\$ 3,000	\$ 4,159	\$ 3,492	\$ 2,826	\$ 3,983	\$ 3,316	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,333	\$ 22,335
Restoration / Demolition (2)	1,824	-	-	1,825	-	-	1,825	-	-	1,825	-	-	7,299
Note / Line of Credit (LOC) (4)	-	-	-	-	-	9,000	-	-	-	-	-	-	9,000
Bond Proceeds (Interest / LOC) (4)	-	-	-	-	-	-	-	-	-	-	-	18,000	18,000
Revenue - Leasing	-	-	-	-	-	3	-	-	-	-	-	3	6
Total Receipts	\$ 1,824	\$ -	\$ -	\$ 1,825	\$ -	\$ 20,005	\$ 1,825	\$ -	\$ -	\$ 1,825	\$ -	\$ 29,336	\$ 56,640
Disbursements													
Treasury Related Expenses													
Interest Expense (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,811	\$ 39,472
Bond Retirement (3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Note (4)	-	-	-	-	-	-	-	-	-	-	-	150	150
Payoff of Note Principal	-	-	-	-	-	-	-	-	-	-	-	9,000	9,000
Investment Income	(3)	(3)	(4)	(3)	(3)	(8)	(4)	(3)	(3)	(3)	(3)	(8)	(48)
Treasury Services	30	30	31	31	30	31	30	31	30	31	30	31	366
Subtotal Treasury Related	\$ 27	\$ 27	\$ 27	\$ 28	\$ 27	\$ 19,684	\$ 26	\$ 28	\$ 27	\$ 28	\$ 27	\$ 28,984	\$ 48,940
Variable Costs	-	-	-	-	-	-	-	-	-	-	-	28	28
Restoration / Demolition	608	608	608	608	608	608	608	608	608	609	609	609	7,299
Fixed Costs	31	31	31	31	31	31	32	31	31	31	31	31	373
Total Disbursements	\$ 666	\$ 666	\$ 666	\$ 667	\$ 666	\$ 20,323	\$ 666	\$ 667	\$ 666	\$ 668	\$ 667	\$ 29,652	\$ 56,640
Ending Balance	\$ 4,158	\$ 3,492	\$ 2,826	\$ 3,984	\$ 3,318	\$ 3,000	\$ 4,159	\$ 3,492	\$ 2,826	\$ 3,983	\$ 3,316	\$ 3,000	\$ 3,000

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

(2) Funding will be from BPA Restoration Trust Fund

(3) No principal is schedule to mature or be extended during FY2021.

(4) A line of credit will be utilized to fund approximately \$9.0 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid

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Fiscal Year 2021 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 2021 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 2021 is estimated to be \$27,018,000 (Table 1). The total net funding requirements for Fiscal Year 2021 are \$57,920,000 (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.

A comparison of the Fiscal Year 2021 budget is made to the original budget issued for Fiscal Year 2020.

Table 1
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
Interest Expense (1)	\$ 45,435	\$ 45,274	\$ 161
Interest on Note (2)	175	-	175
Amortized Financing Cost (3)	(18,907)	(19,507)	600
Investment Income (4)	(42)	(96)	54
Treasury Services (5)	357	370	(13)
Total	\$ 27,018	\$ 26,041	\$ 977

Assumptions

- (1) Budget assumes \$1.5 million in principal will be repaid in FY2021 and \$0.9 million will be extended.
- (2) A line of credit will be utilized to fund approximately \$10.5 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2021 long-term bond transaction.
- (3) The amortized financing costs are driven by the amortization of the premiums on bonds.
- (4) Includes income on investment of monies held in the Interest and Principal accounts which are transferred periodically to the Revenue Fund. Investment income earnings rate is forecasted to average 1.00%
- (5) Includes all non-interest costs of banking, debt, internal labor and overheads.

**Table 2
Summary of Full Time Equivalent Positions ***

<u>Description</u>	<u>FY 2021 Budget</u>	<u>FY 2020 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 2021 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Req'ts	Prior Year's Commitments	FY 2021 Total Cash
Treasury Related Expenses						
Interest Expense	\$ 45,435	\$ -	\$ -	\$ -	\$ -	\$ 45,435
Bond Retirement (1)	-	-	1,495	-	-	1,495
Payoff of Note Principal	-	-	10,500	-	-	10,500
Interest on Note	175	-	-	-	-	175
Amortized Financing Cost	(18,907)	18,907	-	-	-	-
Investment Income	(42)	-	-	-	-	(42)
Treasury Services	357	-	-	-	-	357
Subtotal Treasury Related	\$ 27,018	\$ 18,907	\$ 11,995	\$ -	\$ -	\$ 57,920
Total Funding Requirements	\$ 27,018	\$ 18,907	\$ 11,995	\$ -	\$ -	\$ 57,920

(1) Budget assumes \$1.5 million in principal will be repaid in FY2021 and \$0.9 million will be extended.

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

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
Treasury Related Expenses			
Interest Expense (2)	\$ 45,435	\$ 45,274	\$ 161
Bond Retirement (1)	1,495	740	755
Payoff of Note Principal (2)	10,500	-	10,500
Interest on Note (2)	175	-	175
Investment Income (Revenue)	(42)	(96)	54
Treasury Services	357	370	(13)
Total Funding Requirements	<u>\$ 57,920</u>	<u>\$ 46,288</u>	<u>\$ 11,632</u>
 <u>Funding Sources</u>			
Net Billing/BPA Direct Payments	\$ 26,420	\$ 46,288	\$ (19,868)
Note / Line of Credit (LOC) Draws (2)	10,500	-	10,500
Bond Proceeds (Interest / LOC) (2)	21,000	\$ -	21,000
Total Funding Sources	<u>\$ 57,920</u>	<u>\$ 46,288</u>	<u>\$ 11,632</u>

(1) Budget assumes \$1.5 million in principal will be repaid in FY2021 and \$0.9 million will be extended.

(2) Additionally, approximately \$21 million of interest expense is expected to be extended on a tax-exempt basis under the Regional Cooperation Debt 2 Initiative.

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	FY2021 Total
Beginning Balance	\$ 3,000	\$ 2,973	\$ 2,946	\$ 2,920	\$ 2,893	\$ 2,866	\$ 3,000	\$ 2,973	\$ 2,946	\$ 2,920	\$ 2,893	\$ 2,866	\$ 3,000
Receipts													
BPA Direct Payments (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,133	\$ 26,420
Note / Line of Credit (LOC) (3)	-	-	-	-	-	10,500	-	-	-	-	-	-	10,500
Bond Proceeds (Interest / LOC) (3)	-	-	-	-	-	-	-	-	-	-	-	21,000	21,000
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,133	\$ 57,920
Disbursements													
Treasury Related													
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,805	\$ 45,435
Bond Retirement (2)	-	-	-	-	-	-	-	-	-	-	-	1,495	\$ 1,495
Interest on Note (3)	-	-	-	-	-	-	-	-	-	-	-	175	\$ 175
Payoff of Note Principal (3)	-	-	-	-	-	-	-	-	-	-	-	10,500	\$ 10,500
Investment Income	(3)	(3)	(3)	(3)	(3)	(6)	(3)	(3)	(3)	(3)	(3)	(6)	\$ (42)
Treasury Services	30	30	29	30	30	29	30	30	29	30	30	30	\$ 357
Total Disbursements	\$ 27	\$ 27	\$ 26	\$ 27	\$ 27	\$ 22,653	\$ 27	\$ 27	\$ 26	\$ 27	\$ 27	\$ 34,999	\$ 57,920
Ending Balance	\$ 2,973	\$ 2,946	\$ 2,920	\$ 2,893	\$ 2,866	\$ 3,000	\$ 2,973	\$ 2,946	\$ 2,920	\$ 2,893	\$ 2,866	\$ 3,000	\$ 3,000

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

(2) Budget assumes \$1.5 million in principal will be repaid in FY2021 and \$0.9 million will be extended.

(3) A line of credit will be utilized to fund approximately \$10.5 million of interest expense as planned under the Regional Cooperation Debt 2 Initiative and will be repaid with bond proceeds from the 2021 long-term bond transaction.

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Fiscal Year 2021 Business Development Fund Annual Budget



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Summary

The Business Development Fund (BDF) was created by Executive Board Resolution No. 1006 in April 1997 for the purpose of holding, administering, disbursing, and accounting for Energy Northwest costs and revenues generated from engaging in new energy-related business opportunities.

The BDF is managed as an enterprise fund. The budgets are divided by business sector: Applied Technology and Innovation, Business Services, Facilities, Generation, and Professional Services. Each sector may have one or more programs that are managed as a unique business activity. Revenues, expenses, and margins are reported for each program and sector.

For Fiscal Year 2021, the revenue for the BDF equals \$11,115,000 with \$1,732,000 of reimbursable capital while total funding requirements equal \$13,293,000 creating a reduction in fund balance of \$446,000 (See Table 5).

A comparison of the Fiscal Year 2021 Budget is made to the original budget issued for Fiscal Year 2020.

Key Assumptions/Qualifications

- Manage, operate, maintain, modify, and support facilities related to power generation.
- Assist members with generation resources, transmission integration, and power management issues.
- Offer cost competitive resource options that manage risk and promote environmental stewardship.
- Invest in key strategic focus areas:
 - Professional / O&M services
 - Electric Vehicle Infrastructure
 - Demand Side Management Resources

Table 1
Summary of Revenues and Expenses by Business Sector
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
<u>Revenues (1)</u>			
Business Services	\$ 6,293	\$ 5,963	\$ 330
Facilities	45	7	38
Generation & Technology Development	1,721	718	1,003
Professional Services	3,056	3,082	(26)
Total Revenues	<u>\$ 11,115</u>	<u>\$ 9,770</u>	<u>\$ 1,345</u>
<u>Expenses (1)</u>			
Business Services (2)	\$ 5,977	\$ 5,650	\$ 327
Facilities (3)	40	6	34
Generation & Technology Development	2,705	1,763	942
Professional Services (4)	2,671	2,708	(37)
Total Expenses	<u>\$ 11,393</u>	<u>\$ 10,127</u>	<u>\$ 1,266</u>
Net Margin	<u>\$ (278)</u>	<u>\$ (357)</u>	<u>\$ 79</u>

(1) Does not include capital revenue and expenses

(2) Includes \$315,000 in depreciation

(3) Includes \$4,000 in depreciation

(4) Includes \$12,000 in depreciation

Table 2
Detailed Financial Summary
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Revenue</u>	<u>FY 2021 Cost</u>	<u>FY 2021 Margin</u>
<u>Business Services</u>			
Columbia Calibration Services	\$ 2,386	\$ 2,386	\$ -
Commercial Calibration Services	1,852	1,409	443
Environmental Laboratory Services	260	387	(127)
Columbia Environmental Laboratory	1,795	1,795	-
Total Business Services (1)	\$ 6,293	\$ 5,977	\$ 316
<u>Facilities</u>			
Co-Location Rentals / Other	\$ 45	\$ 40	\$ 5
Total Facilities (2)	\$ 45	\$ 40	\$ 5
<u>Generation & Technology Development</u>			
DVRI/DSM Operations	\$ 112	\$ 176	\$ (64)
IT & Cyber Security Services	311	311	-
Small Modular Research	693	990	(297)
New Project Development & Grant Planning	300	611	(311)
Power Marketing	-	259	(259)
Support / Member Services	116	116	-
UAMPS Carbon Free Power	19	19	-
300 Acres	-	25	(25)
Energy Storage	-	28	(28)
Electric Vehicle Initiatives	170	170	-
Total Generation	\$ 1,721	\$ 2,705	\$ (984)
<u>Professional Services</u>			
Horn Rapids O&M	\$ 55	\$ 55	\$ -
Portland Hydro Project	1,400	1,190	210
Roving Work Force	200	224	(24)
Tieton O&M Services	1,400	1,190	210
White Bluffs Solar (2)	1	12	(11)
Total Professional Services	\$ 3,056	\$ 2,671	\$ 385
Total	\$ 11,115	\$ 11,393	\$ (278)

Margin - () Unfavorable

(1) Includes depreciation of \$315,000

(2) Includes depreciation of \$4,000

(2) Includes depreciation of \$12,000

Note: \$2,415,000 in BDF Business Support is allocated to Energy Services & Development programs.

Table 3
Summary of Capital
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>FY 2021 Budget Reimbursable (1)</u>	<u>FY 2021 Net Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
<u>Business Sector / Project</u>					
<u>Business Services</u>					
Calibration Laboratory Services	\$ 252	\$ -	\$ 252	\$ 303	\$ (51)
Environmental Laboratory Services	46	-	46	102	(56)
Total Business Services	\$ 298	\$ -	\$ 298	\$ 405	\$ (107)
<u>Generation & Technology Development</u>					
Horn Rapids SS&T Capital	\$ 1,050	\$ 1,050	\$ -	\$ -	\$ -
Electric Vehicle Capital	883	682	201	624	(423)
Total Business Services	\$ 1,933	\$ 1,732	\$ 201	\$ 624	\$ (423)
Total - Capital	\$ 2,231	\$ 1,732	\$ 499	\$ 1,029	\$ (530)

Reimbursed by expected Grant Proceeds and or receipts under established Participants Agreements.

Table 4
Summary of Full Time Equivalent Positions *

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
Business Services Sector (1)	25	26	(1)
Generation & Technology Development Sector (2)	6	5	1
Indirect Support (3)	12	12	-
Professional Services Sector (4)	5	4	1
Total Positions	48	47	1

* Includes Allocations of Corporate Full Time Equivalent Positions

(1) Reduced a Supervisor in the Calibration Lab

(2) Added a Manager to support SMR Research and Development

(3) Additional FTEs allocated Corporate support

(4) Added a Project Manager for Tieton

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Table 5
Statement of Funding Requirements
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021 Budget</u>	<u>Original FY 2020 Budget</u>	<u>Variance</u>
<u>Funding Requirements</u>			
Expense Requirements (1)	\$ 11,062	\$ 9,869	\$ 1,193
Capital Requirements	2,231	6,669	(4,438)
Total Funding Requirements	<u>\$ 13,293</u>	<u>\$ 16,538</u>	<u>\$ (3,245)</u>
<u>Funding Sources</u>			
Revenues	\$ 11,115	\$ 9,770	\$ 1,345
Capital Reimbursement	1,732	5,640	(3,908)
Total Funding Sources	<u>\$ 12,847</u>	<u>\$ 15,410</u>	<u>\$ (2,563)</u>
Change in Fund Balance from Operations	<u>\$ (446)</u>	<u>\$ (1,128)</u>	<u>\$ 682</u>

(1) Expenses exclude \$331,000 of depreciation (non-cash item).

Table 6
Business Development Fund - Cash Flow
(Dollars in Thousands)

Description	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2021 Total
Beginning Balance	\$ 10,656	\$ 10,618	\$ 10,580	\$ 10,544	\$ 10,507	\$ 10,469	\$ 10,433	\$ 10,395	\$ 10,358	\$ 10,322	\$ 10,284	\$ 10,246	\$ 10,656
Receipts													
Revenues	\$ 926	\$ 926	\$ 927	\$ 926	\$ 926	\$ 927	\$ 926	\$ 926	\$ 927	\$ 926	\$ 926	\$ 926	\$ 11,115
Capital Reimbursement	144	144	145	144	144	145	144	144	145	144	144	145	1,732
Total Receipts	\$ 1,070	\$ 1,070	\$ 1,072	\$ 1,070	\$ 1,070	\$ 1,072	\$ 1,070	\$ 1,070	\$ 1,072	\$ 1,070	\$ 1,070	\$ 1,071	\$ 12,847
Disbursements													
Expense Requirements	\$ 922	\$ 922	\$ 922	\$ 921	\$ 922	\$ 922	\$ 922	\$ 921	\$ 922	\$ 922	\$ 922	\$ 922	\$ 11,062
Capital Requirements	186	186	186	186	186	186	186	186	186	186	186	185	2,231
Total Disbursements	\$ 1,108	\$ 1,108	\$ 1,108	\$ 1,107	\$ 1,108	\$ 1,108	\$ 1,108	\$ 1,107	\$ 1,108	\$ 1,108	\$ 1,108	\$ 1,107	\$ 13,293
Ending Balance	\$ 10,618	\$ 10,580	\$ 10,544	\$ 10,507	\$ 10,469	\$ 10,433	\$ 10,395	\$ 10,358	\$ 10,322	\$ 10,284	\$ 10,246	\$ 10,210	\$ 10,210

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Fiscal Year 2021 General Business Unit Annual Budget



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Summary

Presented within the General Business Unit Fiscal Year 2020 budget are the costs for Benefits, Corporate Programs, Organizational Overhead and General Purpose Projects.

The total Fiscal Year 2021 General Business Unit cost is estimated to be \$104,717,000 (Table 1).

Corporate Program costs and staffing are shown separately to identify the services being provided to each business unit as opposed to employee related benefits. Fiscal Year 2021 Corporate costs are estimated to be \$15,689,000 (Table 2).

Benefits which include health care, personal time/holidays, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, and other related costs are estimated to be \$70,881,000 (Table 3).

Organizational Overhead which includes at-risk compensation, tuition and relocation reimbursements as well as other related costs is estimated to be \$14,575,000 (Table 4).

General Purpose Projects are composed of Corporate IT Projects and the Capital Development Corporation (CDC) facility. The Corporate IT Projects are estimated to be \$3,373,000 (Table 5). The CDC facility is estimated to have \$73,000 in revenue and \$272,000 in costs for a net loss of \$199,000 (Table 5). The CDC facility estimated net loss of \$199,000 (Table 8) will be funded by the Performance Fee Account.

The General Business Unit costs are allocated to each Business Unit as explained on page 10. Also, the allocation process is depicted in a diagram on Table 7.

The Performance Fee account has been established for the purpose of depositing monies related to fees earned by Energy Northwest. Monies within this account are used to fund start-up expenses related to Business Development Fund projects, and for other purposes as directed by the Chief Executive Officer (Table 8).

The Fiscal Year 2020 Budget has been adjusted to reclassify certain costs for comparison purposes to the Fiscal Year 2021 Budget.

Table 1
Summary of Costs
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
Corporate Programs	\$ 15,689	\$ 15,336	\$ 353
Benefits/Personal Time	70,881	67,370	3,511
Organizational Overhead	14,575	13,332	1,243
General Purpose Project - O&M	199	256	(57)
Total O&M Costs	<u>\$ 101,344</u>	<u>\$ 96,294</u>	<u>\$ 5,050</u>
 General Purpose Project - Capital	 <u>\$ 3,373</u>	 <u>\$ 4,239</u>	 <u>\$ (866)</u>
 Total Costs	 <u>\$ 104,717</u>	 <u>\$ 100,533</u>	 <u>\$ 4,184</u>

Table 2
Corporate Program Costs
(Dollars in Thousands)

<u>Description</u>	FY 2021	Original	
	<u>Budget</u>	FY 2020	<u>Variance</u>
		<u>Budget</u>	
Information Services	\$ 6,027	\$ 6,117	\$ (90)
Public Affairs	2,362	2,519	(157)
Human Resources	2,199	1,899	300
Corporate Asset Management	1,645	1,677	(32)
Senior Management	1,418	1,337	81
Finance/Treasury	876	853	23
Legal	591	601	(10)
Organizational Effectiveness	320	253	67
Environmental & Regulatory Programs	316	259	57
Other	(65)	(179)	114
Total	\$ 15,689	\$ 15,336	\$ 353

Table 2A
Corporate Program Full Time Equivalent Positions

<u>Description</u>	FY 2021	FY 2020	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	
Information Services	27	27	-
Human Resources	15	15	-
Finance/Corporate Asset Management	13	13	-
Public Affairs	8	9	(1)
Senior Management	5	5	-
Legal	3	3	-
Environmental & Regulatory Programs	2	2	-
Total	73	74	(1)

Table 3
Employee Benefit Costs
(Dollars in Thousands)

<u>Description</u>	FY 2021 Budget	Original FY 2020 Budget	Variance
Medical Benefits	\$ 17,599	\$ 17,711	\$ (112)
F.I.C.A.	9,694	9,229	465
Retirement:			
WA PERS Contribution	17,791	16,997	794
401(k) Match	3,983	3,408	575
Personal Time/Holidays	18,510	17,818	692
Unemployment/Disability/Other	2,065	2,207	(142)
Subtotal	\$ 69,642	\$ 67,370	\$ 2,272
Outage	\$ 1,239	\$ -	\$ 1,239
Total	\$ 70,881	\$ 67,370	\$ 3,511

Table 4
Organizational Overhead
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
At-Risk Compensation/Retention/ Employee Recognition	\$ 13,810	\$ 12,539	\$ 1,271
Relocations	622	650	(28)
Tuition	143	143	-
Total	\$ 14,575	\$ 13,332	\$ 1,243

Table 5
General Purpose Projects
(Dollars in Thousands)

<u>Description</u>	<u>FY 2021</u> <u>Budget</u>	<u>Original</u> <u>FY 2020</u> <u>Budget</u>	<u>Variance</u>
<u>Capital Projects</u>			
Information Technology (1)	\$ 3,373	\$ 4,239	\$ (866)
Total Capital Projects	\$ 3,373	\$ 4,239	\$ (866)
<u>Expense Projects</u>			
Information Technology (1)	\$ -	\$ -	\$ -
CDC - Downtown Building (2)	199	256	(57)
Total Expense Projects	\$ 199	\$ 256	\$ (57)
Total General Purpose Projects	\$ 3,572	\$ 4,495	\$ (923)

- (1) Information Technology costs are managed centrally within Energy Northwest for the benefit of all Business Units. Items must have a useful life greater than one year, and have a procurement cost of greater than \$1,000. Internally developed software projects must be greater than \$250,000 to be capitalized.
- (2) CDC Building is an asset of the General Business Unit and is revenue producing. The net revenues or losses are transferred to the Performance Fee Account.

Table 6
Business Unit Allocation of Costs
(Dollars in Thousands)

<u>Business Unit Allocations (Dollars)</u>	FY 2021	Original	Variance
	Budget	FY 2020 Budget	
Project 1	\$ 435	\$ 431	\$ 4
Columbia	95,462	90,167	5,295
Project 3	93	88	5
Packwood	449	510	(61)
Nine Canyon Wind Project	861	888	(27)
Business Development Fund	3,790	3,909	(119)
Total Allocations	<u>\$ 101,090</u>	<u>\$ 95,993</u>	<u>\$ 5,097</u>

<u>Business Unit Allocations (Percentages)</u>	FY 2021	FY 2020	Variance
	Budget	Budget	
Project 1	0.43%	0.45%	(0.02%)
Columbia	94.43%	93.93%	0.50%
Project 3	0.09%	0.09%	0.00%
Packwood	0.45%	0.53%	(0.08%)
Nine Canyon Wind Project	0.85%	0.93%	(0.08%)
Business Development Fund	3.75%	4.07%	(0.32%)
Total Allocations	<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>

Note:

Total Business Unit Allocation dollars shown exclude CDC/Other non-allocated costs, thus, will not agree with Table 1.

Overview of Indirect Cost Pools

Energy Northwest makes use of four indirect cost pools. Allocation of these pools is conducted in four sequential steps. A graphical depiction of allocation steps are provided on the following page (Table 7).

Step 1 - Employee Benefits (Resource Category 703)

All costs incurred by Energy Northwest for medical and dental benefits, employer portion of social security and Washington State Employees' Retirement System, 401(k) matching, and other costs associated with employee wellness. Employee benefit costs are allocated to business units and other intermediate cost pools based on regular labor costs. Overtime, temporary and special pay costs receive a reduced rate.

Step 2 – Personal Time (Resource Category 701)

All costs of labor while employees are on Personal Time (e.g., vacation, holiday, sick, etc.) and a pro rata allocation of employee benefits. These costs are allocated to business units and other intermediate cost pools based on regular labor costs.

Step 3 – Organizational Overhead (Resource Category 702)

Contains costs for education reimbursement, new employee relocation, employee labor supporting corporate sponsored initiatives and labor costs determined when goals are evaluated. Also, included is a pro rata allocation of employee benefits and personal time. These costs are allocated to business units and the Corporate Programs cost pool based on regular labor costs.

Step 4 – Corporate Programs (Resource Category 704)

Contains all costs associated with management of Energy Northwest's corporate activities. These costs include costs of finance, legal, administration, human resources, procurement, and information technology. Also, included is a pro rata allocation of employee benefits, personal time, and Organizational Overhead. These costs are allocated over Total Operating and Capital costs.

Table 7
Indirect Cost Allocation Diagram

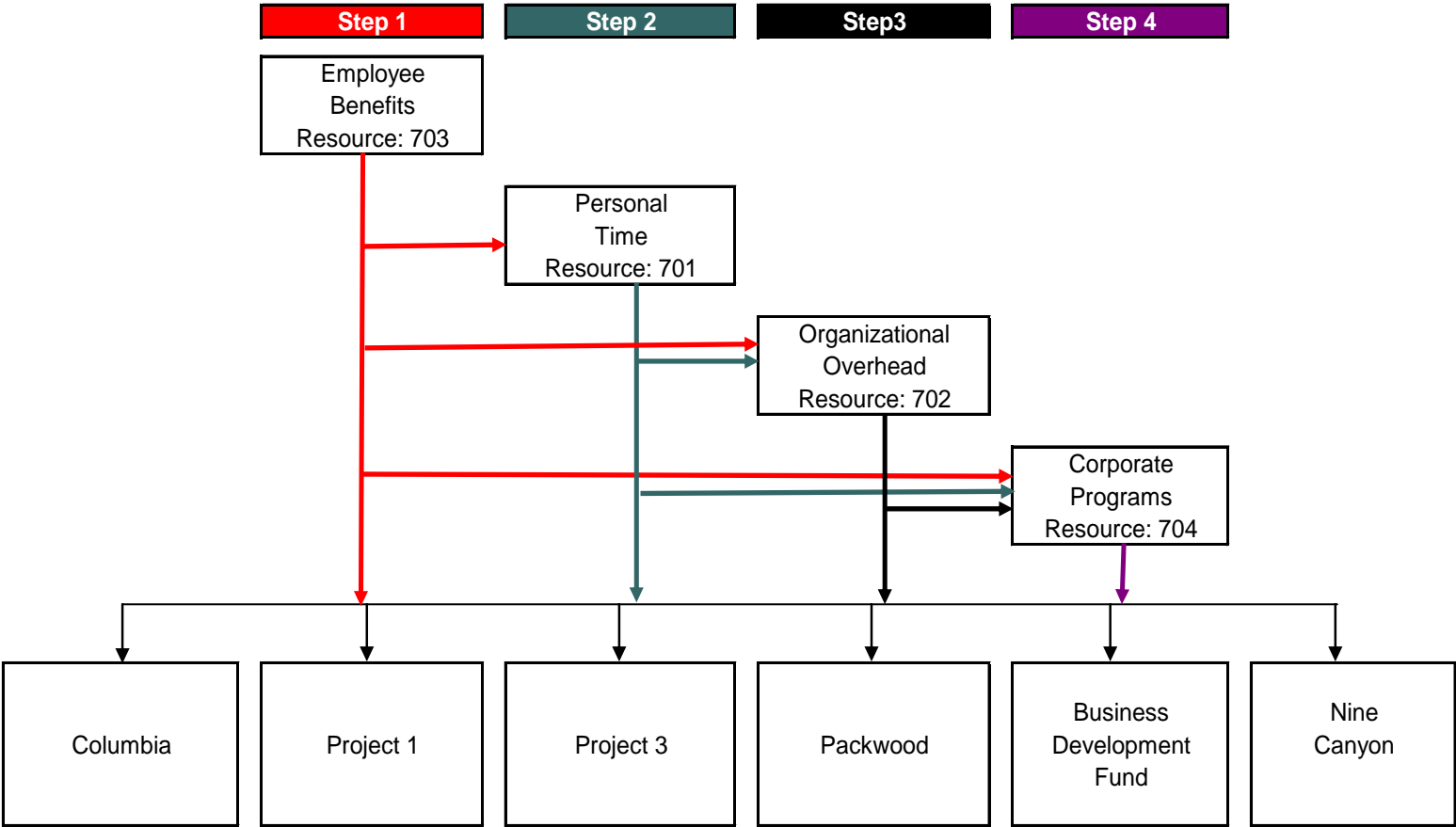


Table 8
Performance Fee Account
Statement of Funding Requirements
(Dollars in Thousands)

	FY 2021 Budget	Original FY 2020 Budget	Variance
<u>Beginning Balance</u>	<u>\$ 4,125</u>	<u>\$ 4,610</u>	<u>\$ (485)</u>
<u>Use of Funds</u>			
Transfer to Bus Dev Fund (BDF)	\$ -	\$ -	\$ -
Total Use of Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Source of Funds</u>			
CDC Margin (1)	\$ (199)	\$ (456)	\$ 257
Transfer from BDF	-	-	-
Investment Income	-	102	(102)
Total Funding Sources	<u>\$ (199)</u>	<u>\$ (354)</u>	<u>\$ 155</u>
Ending Balance (2)	<u>\$ 3,926</u>	<u>\$ 4,256</u>	<u>\$ (330)</u>

(1) CDC Margin FY 2020 includes \$200K in capital related expenses.

(2) Internal policy allows portions of the Performance Fee account balance to be either transferred or encumbered by other Business Units.

ALLOCATION: A process to spread indirect overhead costs to other business units based on a common cost pool.

AMORTIZATION: A method of allocating (accruing) costs to fiscal periods to match costs with the revenues or benefits generated from a specific activity.

AMORTIZED FINANCING COSTS: Reflects the capitalized financing costs that were incurred to issue long-term bonds to finance construction of the project or refinance outstanding project bonds, which are being amortized over the life of the bonds.

ANNUAL BUDGET: The amount of resources, expressed in dollars, allocated to a specific project for a given fiscal year.

BASELINE COSTS: Columbia Generating Station (Columbia) direct and indirect costs not associated with projects. Estimated labor associated with projects has been included in the project line item budgets.

BILLING STATEMENTS: A contractual notification to project participants indicating their percentage and dollar share of a net-billed project's annual budget.

BOND PROCEEDS: Monies received from the issuance of bonds.

BOND RESOLUTION: A resolution passed by Energy Northwest's Board of Directors establishing a plan and system for the acquisition and construction of a particular Energy Northwest project. Each of Energy Northwest's projects has a bond resolution. Among other things, the resolution authorizes the issuance of bonds to construct the project and establishes special rules pertaining to the accounting and funding of each project. Each resolution mandates that separate funds and books of accounts be maintained and strictly prohibits the payment of obligations of one project with funds of another project.

BOND RETIREMENT: Funds deposited into the Bond Fund Principal or Bond Fund Retirement accounts used to retire maturing debt or meet sinking fund requirements.

BPA DIRECT PAY AGREEMENTS: Energy Northwest and Bonneville entered into an agreement with respect to each Net Billed Project ("Direct Pay Agreements") pursuant to which, beginning May 2006, Bonneville pays at least monthly all costs for each Net Billed Project, including debt service on the Net Billed Bonds, directly to Energy Northwest. Each Participant pays directly to Bonneville all costs associated with its power sales and other contracts with Bonneville instead of making such payments to Energy Northwest. The Net Billing Agreements provide that Energy Northwest is to bill budgeted costs less

amounts payable from sources other than the Net Billing Agreements to Participants. Direct payments received from Bonneville under the Direct Pay Agreements are considered a source other than the Net Billing Agreements and, therefore, the Net Billing Agreements were not amended. In the Direct Pay Agreements, Energy Northwest agrees to promptly bill each Participant its share of the costs of the respective Project under the Net Billing Agreements if Bonneville fails to make a payment when due under the Direct Pay Agreements.

BUSINESS DEVELOPMENT FUND (BDF): A special enterprise fund created for the purpose of holding, administering, disbursing and accounting for Energy Northwest costs and revenues generated from new energy-related business opportunities. Created by Executive Board Resolution Number 1006 in April 1997.

BUSINESS UNIT: A plan and system authorized by Energy Northwest's Board of Directors. Columbia, WNP-1, WNP-3, Packwood, Business Development Fund, Nine Canyon Wind Project, and General Business Unit are all Business Units. The General Business Unit includes indirect costs that are subsequently allocated to all other business units.

CAPITAL ADDITIONS: Includes improvements and modifications that will be made throughout the operating life of the plant that will be necessary to assure plant safety, reliability, efficiency and cost effectiveness.

CAPITAL COSTS/EQUIPMENT: Costs related to improvements and modifications to the plant or the purchase of equipment. Generally, an item is considered to be capital equipment if it exceeds \$10K, except computer equipment which is \$1K, in value and has a service life of greater than one year. Capital items are depreciated over their estimated service-lives.

CONSTRUCTION FUND: Established pursuant to Bond Fund resolutions, the Construction Fund pays for all costs of construction.

CONTROLLABLE COSTS: Controllable costs include operations, maintenance, capital and overhead costs. They exclude costs related to depreciation, fuel, and financing.

CORPORATE PROGRAMS: The administration, management and general programs that support Energy Northwest as a business entity are accumulated into a Corporate Program indirect cost pool. The Corporate Program costs are distributed based upon total Operating and Capital costs charged to Energy Northwest projects or other final cost objectives. Corporate Programs include, but are not limited to, accounting, human resources, legal services and general management.

COST OF POWER: A measurement, expressed in dollars per megawatt-hour, designed to measure the cost effectiveness of plant operations. Also see Memorandum of Agreement.

COST-TO-CASH RECONCILIATION: A schedule depicting how cost numbers, which are used to manage and control Energy Northwest business units, are converted to cash and funding requirements.

DEBT SERVICE: Amounts paid or required to be paid into the applicable Bond and Reserve & Contingency Fund for purposes of paying the semi-annual coupon interest and annual bond principal redemption.

DECOMMISSIONING: Refers to the plan of dismantlement and site restoration of Columbia. The decommissioning plan for Columbia reflects a 60-year plant life, three years to prepare for protective storage, 60 years of protective storage, and 3.5 years for facility dismantlement and site restoration. A special fund has been established to provide monies necessary to pay for decommissioning.

DEPRECIATION: A systematic and rational basis for allocating capital costs over the service life of an asset. Depreciation may be based on estimated service life in years or production capacity. Depreciation can be viewed as the wear and tear of an asset over time.

ESCALATION: The dollar amount or percentage rate that costs are expected to increase in future periods due to inflation, changes in labor contracts, tax increases, etc.

EXCESS WORKING CAPITAL: The amount in excess of \$3 million that has been designated as the required amount of working capital for the Revenue Fund. To the extent that on June 30, there is more than that amount of monies in the Revenue Fund, such amounts for the current fiscal year are excess amounts to be used to reduce the funding requirements for the project for the subsequent fiscal year.

FISCAL YEAR: The twelve-month period July 1 through June 30. Energy Northwest's accounting and budgeting cycle is based on a fiscal year that spans this period.

FIXED COSTS: Includes non-variable costs that will be incurred regardless of plant operations, output or conditions (e.g., bond interest, depreciation, decommissioning, etc.).

FUND: Established by bond resolutions, a fund is a pool of money set aside to pay specified obligations of the projects. Typically, Energy Northwest project bond resolutions call for construction costs to be paid from the Construction Fund, operations and maintenance costs to be paid from the Revenue Fund,

bond interest payments to be paid from the Interest Account within the Bond Fund, etc. Fund restrictions were established by bond resolutions as a form of security for bondholders.

FUNDING REQUIREMENTS: Identification of the amount of cash required for a given budget period to meet business unit needs.

GENERAL BUSINESS UNIT (GENERAL FUND): A fund established for accounting purposes to pay multi-project obligations and collect and allocate overhead costs to projects.

GENERATION TAXES: Pursuant to RCW 54.28.025, a tax is assessed on Columbia net generation equal to one and one-half percent of the wholesale value of energy produced. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

INCREMENTAL COSTS: Includes those costs that are variable in nature and are directly related to the amount of power produced (e.g., nuclear fuel amortization spent fuel disposal fees, generation taxes, etc.).

INCREMENTAL OUTAGE COSTS: Includes those costs that are needed to support an outage that are not specific to an individual project (e.g., overtime, supplies and materials).

INDIRECT COSTS: Includes costs charged to intermediate cost pools for later allocation. Includes costs associated with Administrative & General (A&G), Information Technology, Organizational Overhead, Employee Benefits, and Absence (see General Business Unit tab for further definition of these cost pools).

INTEREST EXPENSE: The interest on outstanding bonds. Funds are transferred monthly from the Revenue Funds to the Bond Fund Interest Accounts in order to pay the semi-annual coupon interest.

INVENTORY: Operational spare parts, common stock and general materials and supplies purchased by Energy Northwest and stored in warehouses for later use.

INVESTMENT INCOME: Income earned on investment securities.

MATERIALS: Included in materials is the cost of office supplies, software, fuels, oils, chemicals, gases, support materials, and resins.

NET-BILLING: A payment procedure established by net-billing agreements. More than 100 Northwest utilities have purchased all of the project capability of Nuclear Project No. 1, Columbia and Energy Northwest's 70 percent ownership

share of Nuclear Project No. 3. Project Participants have resold such capability to BPA and, in return, BPA is obligated to pay annual costs of these projects, including debt service, by a procedure referred to as net-billing. Project Participants pay Energy Northwest their respective share of annual costs, and BPA pays Project Participants identical amounts by reducing amounts due to BPA by Participants under power sales agreements.

NUCLEAR FUEL AMORTIZATION: Represents the amortization of nuclear fuel costs in a given fiscal year. The cost of nuclear fuel is first capitalized as an asset in order to reflect the value of the unused fuel. At the time the fuel is placed in the reactor, the cost of the fuel is amortized to fiscal periods on the basis of quantity of heat produced.

NUCLEAR FUEL IN PROCESS: The cost of nuclear fuel that is being converted, fabricated, enriched, etc. not having reached a finished state.

OPERATING COSTS: Includes controllable and incremental costs.

ORIGINAL BUDGET: The beginning fiscal year budget for a Business Unit.

OUTSIDE SERVICES: Includes the cost of services provided by outside companies. Energy Northwest uses outside services for various functions including data systems, legal assistance, engineering support, craft support, paying agent and trustee fees, health physics and chemistry, maintenance services and radwaste disposal.

PRIOR YEAR'S RESERVE AND CONTINGENCY FUND SURPLUS: Annually, funds remaining are to be transferred back to the Revenue Fund to be utilized to reduce the funding requirements of the project for the subsequent fiscal year. Monies deposited in the Reserve and Contingency Fund can be expended only for special purposes.

PRIVILEGE TAXES: Pursuant to RCW 54.28.020, a tax is assessed on Packwood and Nine Canyon net generation equal to five percent of the first four mills per kilowatt-hour of revenue obtained from the sale of energy for resale. An additional surcharge is also assessed pursuant to RCW 82.02.030 equal to seven percent of the generation tax payable.

PROJECT PARTICIPANT: Municipalities, public utility districts, investor-owned utilities and electric cooperatives that have purchased a share of project output.

REFINANCING: An Energy Northwest and BPA program to refund higher coupon outstanding debt issued for Projects 1, 3 and Columbia with the goal of reducing total debt service of the projects over the life of the bonds.

RESERVE AND CONTINGENCY FUND REQUIREMENT: Funds equal to 10 to 15 percent of the aggregate required monthly transfers from the Revenue Fund to the Bond Fund Debt Service Accounts are to be transferred monthly from the Revenue Fund to the Reserve and Contingency Fund.

RISK RESERVE: A reserve in the budget set aside for unplanned events.

SPENT FUEL DISPOSAL FEE: The Nuclear Waste Policy Act of 1982 specifies that a waste disposal of one mill be paid to the United States Department of Energy (DOE) for each kilowatt-hour of electricity generated. In return, DOE will accept and dispose of spent nuclear fuel.

STRATEGIC PLANNING: A process undertaken by key managers and staff, approved by the Executive Board, to establish a vision of what Energy Northwest should be in five or more years.