

Amended Fiscal Year 2025 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 2025 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 2025. In addition, this document includes all funding requirements.

The total cost budget for Fiscal Year 2025 for Expense and Capital related costs are estimated at \$887,140,000 (Table 3), with associated total funding requirements of \$843,200,000 (Table 8). Using the Memorandum of Agreement basis for measuring Columbia's costs, budget requirements for Fiscal Year 2025 have been established at \$630,813,000 (Table 1) including escalation. In Fiscal Year 2025, 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 2025 Capital costs will be funded by bond proceeds and are not included in the Fiscal Year 2025 direct pay requirements. Total direct pay requirements of \$566,341,000 (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.

A comparison of the Fiscal Year 2025 budget is made to the original budget issued for Fiscal Year 2024 (Table 1).

Key Assumptions/Qualifications

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

- Fiscal Year 2025 cost of power is based on net generation of 8,154 GWh.
- There is a refueling outage planned for Fiscal Year 2025.
- Risk reserves consist of a total of \$31.23 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 8.7 percent for appropriate items.
- All Fiscal Year 2025 Capital expenses are expected to be funded by proceeds of the 2024A/B/C transaction or will be funded by cash held as a result of Independent Spent Fuel Storage Installation Facility settlements with the Department of Energy.

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

<u>Description</u>	<u>Amended FY 2025 Budget</u>	<u>Original FY 2025 Budget</u>	<u>Change</u>
Baseline	\$ 173,616	\$ 173,616	\$ -
Allocations O&M	98,521	98,521	-
Expense Projects	51,514	51,514	-
Risk Reserve	3,499	3,499	-
Operations & Maintenance Total	\$ 327,150	\$ 327,150	\$ -
Capital Projects	\$ 177,220	\$ 172,652	\$ 4,568
EPU	12,532	12,049	483
Allocations Capital	41,425	41,425	-
Risk Reserve	27,730	27,730	-
Capital Total	\$ 258,907	\$ 253,856	\$ 5,051
Nuclear Fuel Related Costs	\$ 44,756	\$ 44,756	\$ -
Fuel Total	\$ 44,756	\$ 44,756	\$ -
Total	\$ 630,813	\$ 625,762	\$ 5,051
Net Generation (GWh)	8,154	8,154	-
Generation Cost of Power (\$/MWh)	\$ 77.36	\$ 76.74	\$ 0.62
Production Cost of Power (\$/MWh)	\$ 45.61	\$ 45.61	\$ -

(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).

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

<u>Description</u>	<u>Amended FY 2025 Budget</u>	<u>Original FY 2025 Budget</u>	<u>Change</u>
Controllable Costs			
Energy Northwest Labor	\$ 77,185	\$ 77,185	\$ -
Baseline Non-Labor	70,267	70,267	-
Incremental Outage	34,600	34,600	-
Expense Projects Non-Labor	49,772	49,772	-
Capital Projects Non-Labor	183,058	178,007	5,051
Allocations	139,946	139,946	-
Risk Reserve	31,229	31,229	-
Subtotal Controllable	<u>\$ 586,057</u>	<u>\$ 581,006</u>	<u>\$ 5,051</u>
Nuclear Fuel Related Costs			
Nuclear Fuel Amortization	\$ 44,756	\$ 44,756	\$ -
Subtotal Nuclear Fuel Related	<u>\$ 44,756</u>	<u>\$ 44,756</u>	<u>\$ -</u>
Total	<u>\$ 630,813</u>	<u>\$ 625,762</u>	<u>\$ 5,051</u>
Net Generation (GWh)	<u>8,154</u>	<u>8,154</u>	<u>-</u>
Generation Cost of Power (\$/MWh)	<u>\$ 77.36</u>	<u>\$ 76.74</u>	<u>\$ 0.62</u>
Production Cost of Power (\$/MWh)	<u>\$ 45.61</u>	<u>\$ 45.61</u>	<u>\$ -</u>

(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>Amended FY 2025 Budget</u>	<u>Original FY 2025 Budget</u>	<u>Change</u>
<u>Controllable Expense</u>			
Energy Northwest Labor	\$ 70,491	\$ 70,491	\$ -
Base Non-Labor	70,267	70,267	-
Incremental Outage	34,600	34,600	-
Allocations	98,521	98,521	-
Expense Projects Non-Labor	49,772	49,772	-
O&M Risk Reserve	3,499	3,499	-
Subtotal Controllable	\$ 327,150	\$ 327,150	\$ -
<u>Incremental</u>			
Nuclear Fuel Amortization	\$ 44,756	\$ 44,756	\$ -
Generation Taxes	5,039	5,039	-
Subtotal Incremental	\$ 49,795	\$ 49,795	\$ -
<u>Fixed</u>			
Treasury Related Expenses (1)	\$ 117,178	\$ 117,178	\$ -
Decommissioning (2)	41,963	41,963	-
Depreciation	92,147	92,147	-
Subtotal Fixed	\$ 251,288	\$ 251,288	\$ -
Total Operating Expense	\$ 628,233	\$ 628,233	\$ -
<u>Capital</u>			
Energy Northwest Labor	\$ 6,694	\$ 6,694	\$ -
Capital Projects Non-Labor	183,058	178,007	5,051
Indirect Allocations	41,425	41,425	-
Capital Risk Reserve	27,730	27,730	-
Total Capital	\$ 258,907	\$ 253,856	\$ 5,051
Total Expense and Capital	\$ 887,140	\$ 882,089	\$ 5,051

(1) See Table 6 (page 10).

(2) Includes ISFSI Decommissioning.

Table 4
Summary of Full Time Equivalent (FTE) Positions (1)

Organization	Direct Charge	Corporate Allocation (2)	Amended FY 2025 Budget	Original FY 2025 Budget	Change
Chief Executive Officer	-	2	2	2	-
Vice President Corporate Governance & General Counsel	42	15	57	57	-
Vice President Nuclear Generation/Chief Nuclear Officer (3)	789	-	789	789	-
Vice President Chief Financial Officer	14	51	65	65	-
Corporate Services General Manager	51	83	134	134	-
Total	896	151	1,047	1,047	-

Note: (1) Includes project positions, employees supporting Capital Projects and excludes temporary positions
(2) Includes allocation of Corporate FTE Positions (92.59% in FY 2025 and 92.49% in FY 2024)
(3) Includes employment "pipeline" for Operations and Security

Table 5
Projects Non-Labor
(Dollars in Thousands)

<u>Description</u>	Amended	Original	<u>Change</u>
	FY 2025	FY 2025	
	<u>Budget</u>	<u>Budget</u>	
<u>Capital Projects</u>			
Plant Modifications	\$ 160,988	\$ 156,420	\$ 4,568
EPU	10,789	10,306	483
Information Technology	8,509	8,509	-
Facilities Modifications	2,772	2,772	-
Subtotal Capital Projects	<u>\$ 183,058</u>	<u>\$ 178,007</u>	<u>\$ 5,051</u>
<u>Expense Projects</u>			
Plant Modifications	\$ 48,209	\$ 48,209	\$ -
Facilities Modifications	1,563	1,563	-
Subtotal Expense Projects	<u>\$ 49,772</u>	<u>\$ 49,772</u>	<u>\$ -</u>
Total	<u>\$ 232,830</u>	<u>\$ 227,779</u>	<u>\$ 5,051</u>

Table 6
Treasury Related Expenses
(Dollars in Thousands)

Description	Amended	Original	Change
	FY 2025	FY 2025	
	Budget	Budget	
Interest Expense (1)	\$ 155,391	\$ 155,391	\$ -
Build America Bond Subsidy (2)	-	-	-
Interest on Note (3)	-	-	-
Commitment Fee on Note (3)	-	-	-
Amortized Financing Cost (4)	(32,412)	(32,412)	-
Investment Income (5)	(6,517)	(6,517)	-
Treasury Svcs/Paying Agent Fees (6)	716	716	-
Total	\$ 117,178	\$ 117,178	\$ -

Assumptions

- (1) Budget assumes approximately \$165.26 million in principal will be refunded in fiscal year 2024 and approximately \$236.80 million new capital bond financed in 2024 bond transaction.
- (2) Build America Bonds subsidy from the Treasury for 35% of the interest payments in prior years will end following fiscal year 2024. As a result \$0 is budgeted for fiscal year 2025.
- (3) The line of credit terms utilized in previous years to fund a portion of interest expense under the Regional Cooperation Debt 2 Initiative will expire in April of 2024. No expenses related to the line of credit are planned in fiscal year 2025.
- (4) The amortized financing costs are driven by the amortization of the premiums on bond issues.
- (5) Includes interest earned on cash holdings and investments. Capital Fund can be transferred periodically to the Revenue Fund. Projected investment income earning rates are forecasted to average 3.75%.
- (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 2025 Total Cost	Non-Cash Items	Non-Cost Items	Deferred Cash Requirements	Prior Year Commitments	FY 2025 Total Cash
<u>Operating</u>						
Controllable - Expense	\$ 327,150	\$ -	\$ -	\$ -	\$ -	\$ 327,150
Controllable - Capital	246,375	-	2,965	-	-	249,340
EPU	12,532	-	-	-	-	12,532
Nuclear Fuel Amortization	44,756	(44,482)	51,520	-	-	51,794
Fuel Litigation	-	-	188	-	-	188
Spares/Inventory Growth	-	-	7,395	-	-	7,395
Generation Taxes	5,039	-	86	-	-	5,125
Subtotal Operating	\$ 635,852	\$ (44,482)	\$ 62,154	\$ -	\$ -	\$ 653,524
<u>Fixed Expenses</u>						
Treasury Related Expense						
Interest on Bonds	\$ 155,391	\$ -	\$ -	\$ -	\$ -	\$ 155,391
Build America Bond Subsidy	-	-	-	-	-	-
Interest on Note Payable	-	-	-	-	-	-
Commitment Fee on Note	-	-	-	-	-	-
Payoff of Note Principal	-	-	-	-	-	-
Bond Retirement	-	-	19,585	-	-	19,585
Amortized Cost	(32,412)	32,412	-	-	-	-
Investment Income-Revenue Fund	(6,517)	-	-	5,401	-	(1,116)
Treasury Services	716	-	-	-	-	716
Decommissioning and Site Restoration (1)	41,683	(41,683)	14,805	-	-	14,805
ISFSI Decommissioning	280	(280)	295	-	-	295
Depreciation	92,147	(92,147)	-	-	-	-
Subtotal Fixed Expenses	\$ 251,288	\$ (101,698)	\$ 34,685	\$ 5,401	\$ -	\$ 189,676
Total	\$ 887,140	\$ (146,180)	\$ 96,839	\$ 5,401	\$ -	\$ 843,200

(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.

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

<u>Description</u>	<u>Amended FY 2025 Budget</u>	<u>Original FY 2025 Budget</u>	<u>Change</u>
<u>Operating</u>			
Controllable Expense	\$ 327,150	\$ 327,150	\$ -
Controllable Capital	249,340	244,772	4,568
EPU	12,532	12,049	483
Nuclear Fuel Amortization	51,794	51,794	-
Fuel Litigation	188	188	-
Spares/Inventory Growth	7,395	7,395	-
Generation Taxes	5,125	5,125	-
Subtotal Operating Requirements	\$ 653,524	\$ 648,473	\$ 5,051
<u>Fixed</u>			
Treasury Related Expenses			
Interest on Bonds	\$ 155,391	\$ 155,391	\$ -
Bond Retirement (1)	19,585	19,585	-
Investment Income-Revenue Fund	(1,116)	(1,116)	-
Treasury Services/Paying Agent Fees	716	716	-
Decommissioning and Site Restoration Costs (2)	14,805	14,805	-
ISFSI Decommissioning Costs (2)	295	295	-
Subtotal Fixed	\$ 189,676	\$ 189,676	\$ -
Total Funding Requirements	\$ 843,200	\$ 838,149	\$ 5,051
<u>Funding Sources</u>			
Direct Pay from BPA / Net Billing (3)	\$ 566,341	\$ 566,341	\$ -
Note / Line of Credit Draws (4)	-	-	-
Bond Proceeds (Capital) (5)	236,708	236,708	-
Excess Capital Funds from FY2024 (6)	25,051	20,000	5,051
Bonneville Direct Funding Decommissioning (2)	15,100	15,100	-
Total Funding Sources	\$ 843,200	\$ 838,149	\$ 5,051

(1) \$19.585 million of taxable bonds maturing July 2025 and are expected to 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) The Note / Line of Credit will expire April, 2024. No funds will be drawn in fiscal year 2025.

(5) Bond Proceeds do not include any funding related to the Energy Northwest Office Complex.

(6) \$5.051 million of carryover for deferred capital projects from FY 2024.

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

Description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2025 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
<u>Disbursements</u>													
<u>Operating</u>													
Controllable Expense	\$ 22,216	\$ 20,094	\$ 18,301	\$ 22,306	\$ 18,744	\$ 20,742	\$ 20,604	\$ 20,944	\$ 22,828	\$ 40,714	\$ 48,857	\$ 50,800	\$ 327,150
Controllable Capital	16,956	15,994	15,757	16,213	9,972	14,153	17,361	16,382	15,715	27,290	24,739	58,808	249,340
EPU	901	851	801	951	701	801	851	751	851	901	801	3,371	12,532
Nuclear Fuel In Process	653	653	653	653	653	653	653	653	5,211	653	40,191	515	51,794
Fuel Litigation	-	-	-	-	5	10	30	46	45	32	20	-	188
Spares/Inventory Growth	-	2,465	-	-	2,465	-	-	1,232	-	-	1,233	-	7,395
Generation Taxes	-	-	-	-	-	-	-	5,125	-	-	-	-	5,125
Subtotal Operating	\$ 40,726	\$ 40,057	\$ 35,512	\$ 40,123	\$ 32,540	\$ 36,359	\$ 39,499	\$ 45,133	\$ 44,650	\$ 69,590	\$ 115,841	\$ 113,494	\$ 653,524
<u>Fixed</u>													
Treasury Related Expenses													
Interest on Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,695	\$ 155,391
Payoff of Note Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Retirement (1)	-	-	-	-	-	-	-	-	-	-	-	19,585	19,585
Investment Income	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(93)	(1,116)
Treasury Services	60	60	60	60	60	60	60	60	60	60	60	56	716
Decommissioning and Site Restoration	-	-	14,805	-	-	-	-	-	-	-	-	-	14,805
ISFSI Decommissioning	-	-	295	-	-	-	-	-	-	-	-	-	295
Subtotal Fixed	\$ (33)	\$ (33)	\$ 15,067	\$ (33)	\$ (33)	\$ 77,663	\$ (33)	\$ (33)	\$ (33)	\$ (33)	\$ (33)	\$ 97,243	\$ 189,676
Total Disbursements	\$ 40,693	\$ 40,024	\$ 50,579	\$ 40,090	\$ 32,507	\$ 114,022	\$ 39,466	\$ 45,100	\$ 44,617	\$ 69,557	\$ 115,808	\$ 210,737	\$ 843,200
<u>Funding Sources</u>													
BPA Direct Pay (2)	\$ 22,836	\$ 23,179	\$ 18,921	\$ 22,926	\$ 21,834	\$ 99,068	\$ 21,254	\$ 27,967	\$ 28,051	\$ 41,366	\$ 90,268	\$ 148,671	\$ 566,341
Bond Proceeds (Capital)	7,857	6,845	16,558	17,164	10,673	14,954	18,212	17,133	16,566	28,191	25,540	62,066	241,759
Excess Capital Funds from FY2024	10,000	10,000	-	-	-	-	-	-	-	-	-	-	20,000
BPA - Decommissioning	-	-	15,100	-	-	-	-	-	-	-	-	-	15,100
Total Funding Sources	\$ 40,693	\$ 40,024	\$ 50,579	\$ 40,090	\$ 32,507	\$ 114,022	\$ 39,466	\$ 45,100	\$ 44,617	\$ 69,557	\$ 115,808	\$ 210,737	\$ 843,200
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) \$290.8 million of 7/1/2024 maturing bonds are expected to be extended. The remaining \$25.2 million 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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